



**UNIVERSITY OF KWAZULU-NATAL**

**FACULTY OF HUMANITIES AND SOCIAL SCIENCES**

**SCHOOL OF APPLIED HUMAN SCIENCES**

**Money Laundering Risks and the Corruption Factor, its Management within  
the Financial Sector of Zimbabwe (1983-2017+)**

**By**

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THE DEGREE OF DOCTOR OF PHILOSOPHY**

**Criminology and Forensic Studies**

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## **SUPERVISOR'S STATEMENT**

As the candidate's supervisor and co-supervisor, I/we agree to the submission of the thesis:

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## DECLARATION

I, Collins Prosper Chikomba UKZN Student Number 213574229, do hereby declare that:

[1] The research reported in this thesis, except where otherwise indicated, is my Own, unaided work.

[2] This research has not been submitted for any degree or examination at any other University.

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## **DEDICATION**

This thesis is dedicated to all scholars and practitioners of criminology in Zimbabwe, South Africa, and rest of the countries in the Southern African region in particular and, the world in general dedicated to the understanding and management of the twin evil crimes of corruption and ML.



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## ABSTRACT

This empiric contextual study on ML risks and the corruption factor and its management within Zimbabwe's financial sector' covering period (1983 to 2017) was undertaken to explore and bring better understanding of the phenomena: influences, nexus, ramifications and in the final, propose measures to enhance the effectiveness of AC & AML regimes in the country. Built on available conceptual literature and the empirical evaluation of multiple Zimbabwean contextual case studies in which intermediary institutions (banks/financial institutions and public officials respectively: their owner executives/management, and, their opposite in government, (hereinafter) cited as (PEPs) were/are implicated, the study employed a multiple/mixed case study design of quantitative approach, coupled with the utilisation of qualitative secondary data collection approaches dictated to by the aim and objectives of the study. The 'head office' approach, mirrored on the British Retail Consortium (BRC) in their 'Retail Crime Costs' surveys (1994): that of accessing target respondents at various of their organisations outlets to obtain data by postal questionnaire(s), was used on a drop and pick basis, in combination with door to door visits, e-mails and, follow-ups by phone and direct interviews. at (Police HQ, Ministry of Justice and the two banks). The approach is credited for accessing and aggregating large sample size data in good time and, at relatively low cost. Guided also by the overriding aim and objectives, a synthesis of two time-honoured, and, contemporary criminological theories in the main: the rational choice, and, social determinist perspective, complemented by four choice concepts: <sup>1</sup>. 'Public choice concept by Caiden (2001)' et.al., <sup>2</sup>. Bad apple theory by Graaf, (2003); <sup>3</sup>. Situational action theory; and, <sup>4</sup>. Organizational culture theory by Wilkstrom (2004); all, relevant, leading to a discourse that seek to explain factors contributing to corruption and ML and, their control using a triangulation of measures mainly: situational, and social plus tertiary, were employed to benchmark the research.

The findings, broadly considered, reveal among others things that, *firstly* and *secondly*; the link between corruption and ML is symbiotic and, at least two fold in that the proceeds of corruption, particularly when substantial, are prone to be laundered, and that, when conjoined, the effects of corruption and poor governance

can weaken the successful operations of AML regimes. **Third** but not last was/is that, corruption and ML collectively can, prove difficult to accomplish as the mutual relationship between them tends to be historically and bureaucratically skewed. In closing, are recommendations for banks and government to help enhance the effectiveness of existing and new AML structures/regimes, proliferated with justified emphasis on improved enforcement, legislations and regulatory measures (e.g.), emplacement of human, legal, technical and operation capacity (where non exist). Included also is under (Chapter 7), is the ‘premise’ of ‘***cross-organisational isomorphism***’: learning from other organisations, and/or, other people’s grand disaster experiences akin to the grand financial disasters suffered by the Zimbabwean victim banks studied herein – by way of communication through security risk awareness and prevention education and specific training.

**Key words:**

White collar crime, Organised crime, Corruption, Money laundering, Politically exposed persons.

## **ACRONYMS AND ABBREVIATIONS**

ADLA	Authorized Dealers with Limited Authority
AGO	Attorney General's Office
AML	Anti-Money Laundering
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ARINSA	Asset Recovery Inter-Agency Network for Southern Africa.
ATM	Automated Teller Machine
BNI	Bearer Negotiable Instrument
BSD	Banking Supervision Division
BUP Act	Bank Use Promotion and Suppression of ML Act
BUPSMIL	Bank Use Promotion and Suppression of ML/ FIU Unit (Zimbabwe)
CDD	Customer Due Diligence
CID	Criminal Investigation Department
CSD	Central Securities Depository
CFT	Combating the financing of Terrorism
CISNA	Committee of Insurance Securities & Non-Banking Financial Authorities
CEO	Chief Executive Officer
CTR	Cash Transactions Reports
DECIC	Department of Economic Crimes and International Cooperation
DNFBP	Designated Non-Financial Businesses and Professions
EDD	Enhanced Due Diligence
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
EXCON	Exchange Control Division
FATF	Financial Action Task Force
FI	Financial Institutions
FSS	Financial Services Sector
FIU	Financial Intelligence Unit
Fiat Money	Local legal tender (representing real money): Bond Notes – RTGS
FBCZ	First Banking Corporation Zimbabwe
FPR	Fidelity Printers & Refineries (Pvt) Ltd.
GDP	Gross Domestic Report

GNU	Government of National Unit
GRC	Governance Risk Compliance
Gvt	Government
ICRG	International Cooperation Review Group
HOD	Head of Department
Interpol	International Criminal Police Organization
IOs	Immediate Outcomes / Investigating Officers
IPEC	Insurance and Pensions Commission
KYC	Know Your Customer
LEA	Law Enforcement Agencies
LOBs	Lines of business (banks)
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML	Money Laundering
MLA	Mutual Legal Assistance
ML/TF	Money Laundering / Terrorist Financing
MLPC Act	Money Laundering and Proceeds of Crime Act (2013)
MLRO	Money Laundering Reporting Officer
MTAs	Money Transfer Agents
MTOs	Mobile/Money Transfer Operators
MOUs	Memorandum of Understanding
MVTs	Money Value Transfer Services
Mobile	Mobile Money
MBC	Merchant Banking Corporation Zimbabwe
NGO	Non-Governmental Organization
NPA	National Prosecuting Authority
NPO	Non-Profit Organization
NPS	National Payment System
NRA	National Risk Assessment
NTF	National Task Force on AML/CFT
Palermo Convention	United Nations Convention Against Transnational Organized Crime
PEPs	Politically Exposed Persons

PF	Proliferation Financing
POS	Point of Sale
PVOs	Private Voluntary Organizations
RBA	Risk Based Approach
RBZ	Reserve Bank of Zimbabwe
REAC	Real Estate Agents Council
Reg.	Regulation
RTGS	Real Time Gross Settlement
SADC	Southern Africa Development Community
SARPPCO	Southern African Regional Police Chiefs Cooperation Organization
SECZ	Securities and Exchange Commission of Zimbabwe
SFT Convention	UN Convention on Suppression of Financing of Terrorism
SFS	Serious Fraud Squad (of the Criminal Investigation Department)
SI	Statutory Instrument
SR	Special Recommendation
SRB	Self-Regulatory Body
STR	Suspicious Transaction Report
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TF	Terrorist Financing
UK	United Kingdom
UN	United Nations
Merida Convention/ UNCAC	United Nations Convention Against Corruption
UNODC	United Nations Office on Drugs and Crime
UNSCRs	United Nations Security Council Resolutions
Vienna Convention	United Nations Convention against illicit Traffic in Narcotic Drugs & Psychotropic substances
VFI	Vulnerable Financial Institutions
ZACC	Zimbabwe Anti-Corruption Commission
ZBBS	Zimbabwe Banking Building Society
ZIMRA	Zimbabwe Revenue Authority

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# CHAPTER ONE

## INTRODUCTION TO STUDY

### 1.1 Introduction

This Chapter, by objective of the study, is aimed at providing some contextual background to the research problem. Starting with a brief historical purview of the two symbiotically related serious financial/economic - white-collar crimes, the Chapter gives an overview why each or both of them moved from the margins to the centre of international and domestic policy stage(s) of Zimbabwe. The Chapter tries to make it possible to understand what corruption and ML is, and, how the nexus between them work by engaging in their formal conceptual aspects: nature, trends, macro-economic ramifications (perceived/actual), and, the legislative AC/AML domestic laws and prevention structures/regimes, which are heavily influenced by the recommendations of the international Financial Action Task Force (FATF), and regional conventions and protocols; and, their efficacy against the particular challenges by way of impediments corruption creates for the their effective implementation particularly as they obtain within Zimbabwe's banking/financial sector. The referred to AML regime mechanisms advocated by the international/regional protocols conventions endorsements are built around structures of 'prevention', 'law enforcement' and 'international collaboration' on the fight against corruption and ML within and without the afflicted milieu.

Reuter & Truman (2004) posit that, measures to prevent ML are premised on the conception that dissimilarity can be drawn between lawful income and 'dirty' income. Dirty revenue can mix with legal revenue, chiefly through the support of vulnerable entry points. Prevention measures are directed at these weak entry points to alert them to the risk threat or intrusion by soiled, and/or, dirty income. In this study, entry points are the banks, broadly regarded as the doorkeepers of the financial system. In terms of the FATF international standards (40+9) special Recommendations, banks are instructed to know their customers and develop reports

of the transactions anticipated of them. Importance is placed on transaction recording and analysis in order to detect those unusual or suspicious. The unusual transactions are supposed to be reported to the police, the Financial Intelligence Unit (FIU) and other competent authorities (state agencies) (herein) cited as competent authorities. In the case of Zimbabwe and, other (FATF) member countries or territories, the FIU and other AML agencies are obliged to set-up and maintain a regulatory infrastructure to safeguard compliance by the vulnerable banking institutions. Compliance with AML recommendations is enforced applying varied criminal, and/or, administrative penalties.

Included under the structure of law enforcement on prevention against ML in terms of the AML regulations is the requirement to determine and criminalise the ‘act’ connected to a broad range of financial/economic crimes as is defined by the various international agreements on corruption, cross-border crime including smuggling, drugs and terrorism. Measures around the structure are focused at the gaining of or dealing with the proceeds of crime, as much as giving assistance to the criminal, knowingly or negligently. They also include means or mechanisms to enhance the operation capacity of the AML agencies to investigate predicate crimes particularly corruption and ML, and that of prosecuting authorities or agencies to present cases to court. In addition, under the prevention – law-enforcement structure, AML regimes give eminence to the confiscation of the proceeds of crime.

Prevention is also connected to the structure mechanism in order to foster international networking. Under the inspiration of the United Nations Convention against illicit Traffic in Narcotic Drugs and Psychotropic Substances, the FATF Recommendations and the Basel Committee on Banking supervision, the proneness of moving the proceeds of crime across borders was/is the basis for the sustained effort to co-operate, collate and share intelligence within and without borders.

The contributions in this investigation assess the extent to which the three AML prevention structures, and in some cases their capacity to carry out their consigned role, have developed in the period studied (1983 -2017). Qualitatively and quantitatively thus, it is only possible to conduct such assessment against the backdrop of the typical ML typologies in a given country – as what was achieved in

this study: case study of Zimbabwe. The study focused on ML risks and the corruption factor, and, its management within the banking/financial sector of Zimbabwe, in which, intermediary institutions, the banks – (their owner/executives, CEO's, and other senior employees) and, their opposite number(s) in the government/public sector (executive/cabinet ministers, CEO's and other senior civil servants) were/are implicated in the financial/economic scandals, which are dominant typologies of serious crime(s) nature in crisis-afflicted Zimbabwe.

## **1.2 Background of study**

Generally, it is thought that with numerous criminal activities producing ML demands, many counties have differing security risk problems. The International Narcotics Control Strategy Report (INCSR) 1994, state that certain countries in Western Europe for example, do not only produce, export, and/or, import organized crime such as *drug, human, and arms trafficking*, but also a variety of other none drug led financial/economic crimes including corruption and fraud that have a laundering demand. Likewise North America, reportedly a major producer of varying typologies of organized criminal activities, importing illegally its own product lines of drugs and immigrants currency smuggling racketeering also provides a haven for laundered money by East European criminals. Similarly also, countries of South America, Africa and Asia, also, with their many local differences, are producers and exporters of either organized crime products ranging mainly from cocaine, heroin, and methamphetamine, and or, non-drug proceeds converted preferably into United States Dollars transmitted through financial institutions (willing, and or, unwilling), and/or, black-market organised crime networks, specializing in ML/laundrying among them: Nigerian syndicates, Colombian cartels and Chinese Triads.

In Southern Africa the discovery and mining of vast tracts of diamond fields at Chiyadzwa by five companies in the Marange District of Zimbabwe in (2006 – 2007), for example, heralded the emergence of a gem war frontier for the control of the precious metal between private and public sector investor stakeholders. Government for want of involvement in the lucrative diamond gem found itself immersed in an unprecedented tussle by its disposed cluster security organisations chiefs or commanders, all politically exposed persons (PEPs), to register mining company



claims rights for their organisations or themselves. Anecdotally, and qualitatively no sooner, gargantuan corrupt practices by some of the Chief Executives and management of a number of these military and private led companies involving billions of corruption-led laundered and externalised funds capable of wrecking the country's financial system were uncovered. The externalisation and hiding laundered proceeds no doubt has the effect of further expanding the black-market route(s) of choice that notably, meander via South Africa, the United Arab Emirates, and India to feed the moneyed black markets of Britain, some mainland Europe countries, and, the USA, reported the South African Sunday Times on 'illicit of financial flows and inequality...: How to reverse the tide in Zimbabwe, (*South African Sunday Times editorial, July, 26, 2019* ).

The seizure of "R23 million worth of cocaine" from Malawi destined to enter South Africa via the Zimbabwe-South Africa Beitbridge boarder post on December 8, 2013, among a few examples, brought into the spotlight glimpses of diverse corruption and ML activities in which as alluded, banks (wittingly or unwittingly) are used as vehicles. Such, or similar *modus operandi* system(s), bring criminals (corrupt public officials, individual specialized traffickers, and terrorist organizations alike), to exploit the same kinds of ML schemes, and/or, to introduce new patterns of internal, incoming and outgoing laundering, more so, in newer - receptive fertile crisis ridden markets like Zimbabwe, posing serious security and crime risks to the country's economy. Economic crime can undermine the stability of a society. In extreme cases it can also lead to political, social instability and dissatisfaction within, a society that permits such activity to continue (*Magarura, 2010*).

Zimbabwe has had its fair share of documented cases of grand corruption and ML scandals mainly in the spheres of private banking/financial service sector, and, government/public sector enterprises back-dating to 1983. During the period reviewed, disposed banks/financial institutions – (owner/executives, CEO's, and other senior employees) and, their opposite number(s) in the government/public sector (executive/cabinet ministers, CEO's and other senior civil servants) (herein) cited as politically exposed persons PEPS), received widespread media publicity, for the wrong reasons: entering the realms of, and/or, facilitating corruption and (ML)

activities as both active and passive actors in which millions were lost, and, 12 of the banks/financial institutions collapsed.

While majority of the celebrated documented scandals were / are of PEPs identified “*posteriori*” via, and/or, through mainly, the investigative vibrancy of a relatively free press, only a handful of most of these cases have witnessed or seen ‘their’ day(s) in court. Established as part of its findings was/is that, the overbearing control of, and/or, interference with, the functioning of AML agencies by government, especially the executive arm, is one impediment among many found by this empirical research to exhibit the global character of both corruption and ML: their symbiotic relationship and, the impediments the latter creates for the effective implementation of AML regimes. This then, helps to explain the low numbers of actual arrests and prosecutions in the country , relative to the hundreds of identified, and/or suspected published cases, majority of them involving (PEPs) that have not been actively investigated, and/or, their actors being made to avoid trial altogether in the entire reviewed 1983 – 2017).

Available data from this empiric investigation, shows that trend wise, the problem of corruption and ML in Zimbabwe, has quantitatively increased compared to the mid 1980’s, when both topical issues (now) seemed to be non-issues, and/or, hardly recognizable in the country. Granted, this is to say, the climate of opinion on corruption among the general public and policy makers alike has seemingly changed, moving say, from the margins to the centre of government’s policy legislation following decades of well publicized examples of spectacular grand corruption case experiences and its negative effects on the economy’s development. However, in the writer’s opinion, while the current trend basing on the results suggests this shift towards increased anti-corruption and AML legislation and enforcement efforts by government(s) and AC/AML agencies, there is this tendency in developing countries, Zimbabwe being no exception, where leaders are themselves, grand corruption actors and, are known to establish anti-corruption/AML laws and institutions simply to impress the global community, rather than truly addressing the problems. This lukewarm approach to combating corruption by any government, especially the executive arm, is thus, as already been alluded, the major impediment that exhibit the mutual global character of the phenomenon of corruption and the concomitant

growth of financial crimes such as ML, in a country that can safely be argued to be reinforcing its growth and prevalence

### **1.3 Problem statement**

The phenomena of corruption and ML is rampant, and/or, virtually endemic in Zimbabwe. Statistically this is shown by the various catalogues of real grand corruption and ML cases studied extensively (herein), that have littered Zimbabwe's history post-independence since 1983, in which intermediary institutions, (banks/financial institutions) - their owner / executives, and their senior employees mainly, and, their opposed number(s) in Gvt/ public sector to hierarchy: (Cabinet Ministers to the Executive arm) – all politically exposed persons (PEPs), were/have been, and/or, continue to be implicated, suggesting this, to be a dominant typology of white-collar crime, in crisis afflicted Zimbabwe.

The causes and characteristics of the haunting phenomena can, and/or, should be viewed in the framework of the country's complex social, political and economic environment, (past and present). Put into context to support this argument, crime according to research, is, "a dynamic social phenomena, which, to a certain extent, is the barometer of the well-being of society". An economically troubled economy, persistently under siege for close to four decades since independence, due to pressures from 'within' and 'without', the most visible and impacting among them, being: poor governance, and/or, economic mismanagement leading to among other risks, the already experienced long-run decades currency free-fall of local currency, capital flight, foreign currency crunch, and, hyperinflation which by the end of August, 2006, had reached 1,204.6%, the highest in the world (*Fundira, 2006*).

Historically Zimbabwe's economy has relied on farming, tourism. It has also depended on mineral reserves of chromite, gold, coal, asbestos, platinum and nickel. Fast rewind, before independence in 1980, the country was thriving but after 2000, the economy shrivelled markedly resulting in rise in inflation and widespread poverty levels of about 94 per cent (*Matibe, 2008*). Safe to conclude in the writer's opinion that. the major triggers to the economy's contractions, was to do with the government's arbitrary, harsh and sometimes violent implementation of the land

reform programme in (1999/2000). Government designated and took most of the farmland from the minority, (then) predominantly white commercial farmers, and distributed it to majority blacks as a way of addressing historical injustices (Matibe, 2008). Hyperinflation became a serious problem from 2003, triggering a host of other macro-economic negative issues including: capital flight, withering foreign direct investment, cash crunch, fiscal indiscipline: introduction of fire-fighting measures among them, the introduction of 'fiat' money (bearer cheques), fall in industrial productivity and loss of jobs, among other impacts – all prone to the breeding and manifestation of corruption and other related crimes with a laundering demand (Matibe, 2008).

In 2009, with inflation showing no signs of abating, and, the local currency collapsing totally, a new government of national unit was formed, expected to work on remedying the worsening economic conditions. A new currency the United States Dollar was adopted but still this did not help ease inflation long term as corruption and laundering activities increased. Concurrently the Bank Use and Suppression of ML Unit (BUSMLU) now Financial Intelligence Unit (FILE) within (RBZ) in 2005, was formed (Matibe, 2008). One of its daunting tasks in theory and practice, being to combat ML in a country where economic conditions are not very conducive and the mood not reciprocal, by, promoting the use of formal banking/financial channels for purposes of mediating and obviating cash transactions by the public, and also for it, to receive and investigate reported suspicious transactions made by banks.

Qualitatively and quantitatively, the emergence, and/or, the micro foundations of the phenomenon of corruption and ML activities and its macro-economic effects in Zimbabwe can vividly be mirrored first, in the Bernard Paweni (1984) – Grain Marketing Board (GMB) – Maize Importation and Distribution Government irregular Tender Award'. This was followed by the 'Willogate Scandal' - a Bank of Credit and Commerce (BCC) and government approved ministerial car loan scheme to purchase brand new 'Toyota Cressida (sedan) cars from the only Zimbabwean car plant – the Willovale Motor Industry, Harare. The scheme turned sour when Ministers were fingered in underhand corruption and ML deals. Yet still, qualitatively and quantitatively, more documented cases of the twin-evil phenomena

were to come, with the most intense and visible consequences, occurring during the era of (1998 to 2013).

Indeed, adding, to the catalogue of the phenomenon since its emergence in 1983, and particularly during the alluded to, intense period of (1998 - 2013), in which, twelve (12) devianting local-owned banks/financial institutions collapsed within a period of (for some), five years of each, and/or, their being set-up, and several millions in depositors funds were lost to the disposed corrupt-led launderer bank owners/executives in particular, and; their opposite numbers in the public sector enterprises (majority of them), qualitatively and quantitatively, (PEPs). Of the twelve (12) failed banks, five (5) collapsed in the first five (5) years post-dollarization of the economy in (2009) - the most notable having been: Renaissance Merchant Bank (which was bailed out by National Social Security but sooner than later succumbed to a loss of confidence from an unforgiving market); Genesis Banking Corporation which lost its licence after failing to stand the heat; and Interfin Banking Corporation which after spending nearly three years under curatorship was allowed to wither because it was unsalvageable, (*RBZ, Field survey*).

Generally, when allegations of rising corruption and ML are substantiated, the authorities in government, and/or, by the 'politically correct', including the executive, that, the rot is deep-rooted within the various institutions of the State, it is indictment enough, that the country is under real security and economic threats of white-collar crimes of corruption and ML that require to be addressed effort and urgency deserved. .

While tabling a report to parliament, on the in-adequacy of the budget allocated to the Zimbabwe National Army (ZNA) for 2018, by treasury for example, Major General Douglas Nyikayaramba warned that the continued underfunding of the army was negatively impacting on national security issues and military operations to protect the country's borders against terrorism, smuggling and helping to stem the rising tide of ML and illicit flows, a sign of economic 'sickness'. He went as further, to warn that should anything happen in the country (Harare), due to lack of improving the welfare and support for soldiers, there was potential for confusion and instability that could lead to massacres (whatever the latter meant) (*The Standard, November,*

12 to 18, 2017). Somehow he was to stand vindicated, because due to the suffering and confusion caused by the economic meltdown, the then president, Robert G Mugabe was deposed by a quasi-apprising assisted by the military in November 2018

In a veiled attack, confirming the existence and growing prevalence of the scourge of corruption as a grave concern, the then Commissioner General of Police, Augustine Chihuri (Dr), a (PEP) himself by association, on one hand, was quoted by the media while officiating at some police forum(s), warned the police rank-and-file against the transgressory behaviours of taking bribes from the members of the public especially at road blocks. He also took a swipe at gullible motorists in particular who he accused of promoting the scourge by offering bribes when they are caught on the wrong side of the law saying the behaviour was to the detriment of the rule of law, (*Zim Situation com, July 17, 2016*).

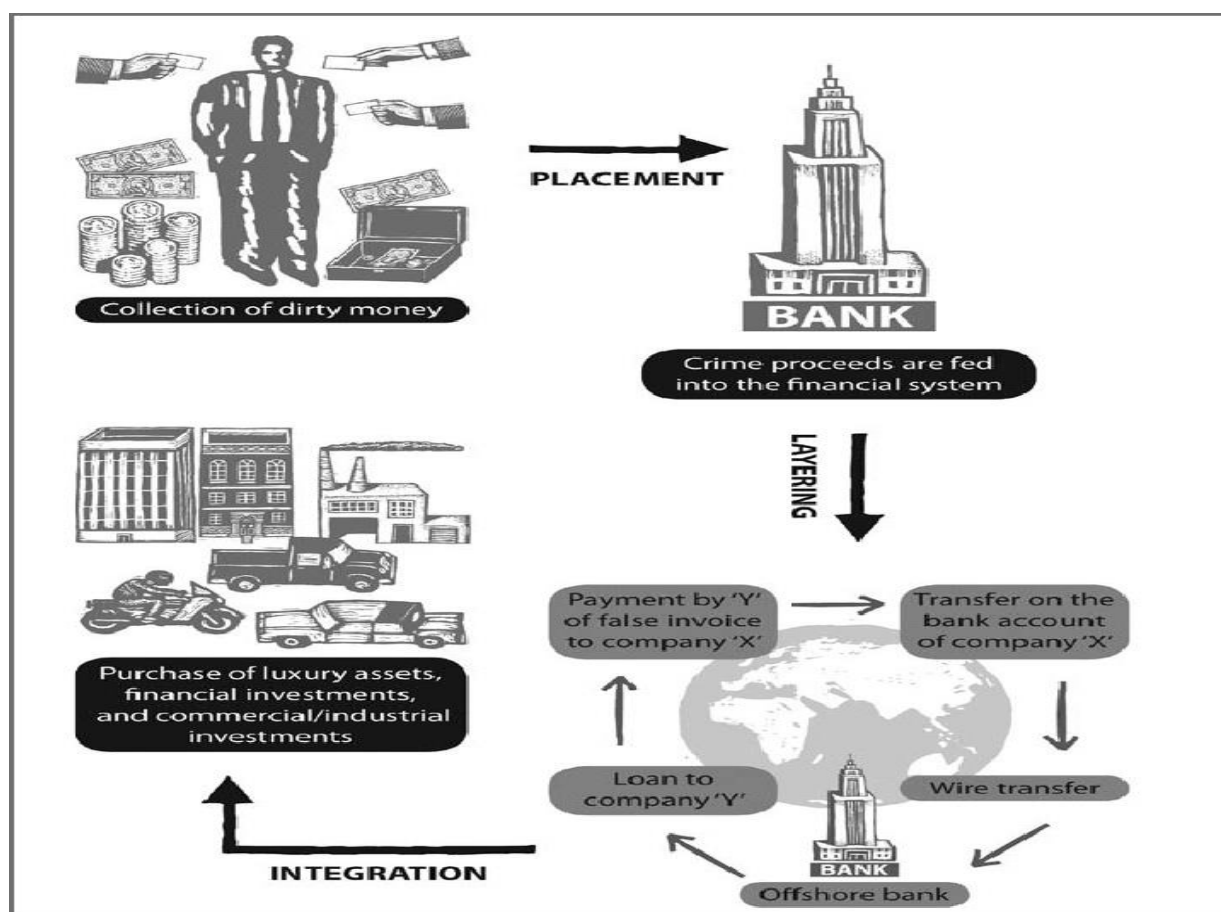
The fact that, generally, because corruption and ML share a relationships in that, both categories of crime involve misappropriation of funds and dishonesty, the former unlike other predicates offences like fraud, involve the abuse of entrusted power – it gives it the special harm effect; that of undermining the effective implementation of the provisions against the latter.

The contextual purview in here therefore, offers insights that help understanding of the problem of the phenomena of corruption and ML that has ravaged and continue to desolate Zimbabwe's economy: its causes, types, nexus, prevalence, effects, relative to its effective management within Zimbabwe's private sector banking/financial institutions in particular for which relatively little is known, except by those in the know both locally and abroad. Because, ***there is/are knowledge gaps*** on how the nexus between corruption and ML works, and, how corruption hinders the effectiveness of the fight against ML, the study sought to support the emerging understanding of the phenomena and other dynamics – giving rise to the need for this criminological research, to be carried out in line with the set aim and objectives.

To help provide the emerging understanding of the dynamics of the phenomena, and its manifestations as it presents in Zimbabwe particularly, and as it does in other external environments in general, within and without, financial infrastructures and

off-shore financial centres, *an end-to-end syllogism* process of a ‘Typical ML Scheme’ marked ‘**Figure 1**’ that illustrates its principal goal (i.e.) legitimization of “dirty money” from say, the twin, ‘**Corruption**’ was adopted. In the syllogism, the three stages: *placement* (entry point); *layering* (dispersing the proceeds to make the origin hard to trace); and *integration* (re-entry into the legitimate economy), are likened to the human body major arteries, dependent on the heart that is working under strain to successfully channel the flow of blood to the brain as all the three stages, are necessary targets of AML combat action, the country and the domestic banking laws attach the greatest significance under the KYC/CDD policy

**Fig. 1.1: Typical Money Laundering (ML) Scheme**



Source: [www.fatf-gaji.org](http://www.fatf-gaji.org)

The above model, **Marked Figure (1)** above, typifies a ML Scheme imitation portraying the bank as the entry point (intermediary) in a legal economy of say a country or environment in which the launderer (e.g. rouge corrupt financial

institutions and personnel) turns to, in order to hide illegal economy-gotten funds, and/or, financial gains (to mix with lawful income and make it legitimate) - as a form of investment, before spending it lavishly.

In the majority, all the select contextual case studies examined (herein), in which intermediary institutions (banks/finance houses) are fingered typify corruption-induced ML activities involving executive/senior government / public sector officials and their opposite number in the private banking / financial sector institutions which appeared and still seems to be a dominant typology in economic afflicted Zimbabwe. Quoting Reuter and Truman (2004), there are three possible model classifications that can explain a dominant typology of grand corruption-led ML activities as shown in crisis torn Zimbabwe's public sector enterprise and, the private financial sector case studies. The first being where the institution was corrupt from beginning, or became corrupted by subsequent change of ownership. The use of such in institution to launder proceeds of crime is inevitable. The second scenario involves an institution with willing or "rogue" employees", who provide ML services on an ad-hoc and non-institutionalised basis. Here the leadership of the institution are not corrupt, but have been infiltrated by corrupt insiders. Thirdly, the case of an institution that facilitates ML transactions unwittingly, either because it has no regimes to detect ML, or because there is dereliction in applying AML mechanisms that exist. The findings herein, exhibit all three scenarios as having inhabited almost all the public parastatal organisations and, the intermediary institutions implicated and studied.

In his monetary statement(s) of July, 2004, preceding one of December, 2003, the then Governor of the Reserve Bank Dr Gedeon Gono confirmed that there were 41 financial institutions including banks and building societies in the country afflicted and under investigation for corruption-led ML crime activities. Out of this number, five were under curatorship, two were in liquidation and, four and more were under 'Troubled Bank Fund'. The table below shows twelve (12) afflicted banks/financial institutions the Reserve Bank Governor was giving reference to.



***Table 1.1: The banking Sector Financial Scandals (1998 – 2013***

<b>Folio</b>	<b>Year of Reg.</b>	<b>Bank/Financial Institution</b>	<b>Curatorship/ Liquidation</b>
1	1995	Roger Boka – United Merchant Bank	-1998
2	-	First Mutual Asset Management	-2004
3	-	ENG Capital Asset Management	2003
4	-	Century Discount House	
5	-	National Discount House (NDH)	-2004
6	-	Royal Bank	-2004
7	-	Renaissance Merchant Bank	-
8	-	Genesis Banking Corporation	-
9	-	Barbican Bank	-
10	-	Zimbabwe Allied Banking Group (ZABG)	-2010
11	-	Trust Bank	-
12	-	Interfin Banking Corporation	-

Source: RBZ Monetary Policy Statement July, 2004: Governor G Gono

Qualitatively, a cursory analysis of the fiscal and economic policy documents at (RBZ), and, listening to the Governor’s Monetary Policy Statement of July, 2004, among other official mouth pieces, a suggestion was that the major causes of the catastrophe was bank deviances: poor corporate governance characterised by improperly constituted boards, over-bearing influences by a minority shareholding, inadequate risk management systems, huge exposures to unsecured insider loans, speculative practices, abuse of depositor funds and spending on none-core banking activities, laundering activities, and, under-reporting of under-performing loans etc.

To cure the deviances, the Banking Finance Amendment Act., (2015), was legislated. Among other things; to enable the RBZ deal more effectively with, corporate governance issues in banks; to make banks more responsive to their clients’ needs; to allow the RBZ to play its oversight role of monitoring and regulating bank holding companies; to increase cooperation between different financial regulatory authorities; to make directors and other senior officers of banks accountable for their

actions; and, last but not least, tightening of the bank promoter/owner licensing vetting rules.

### 1.3.1 The Anti-Money Laundering (AML) Structures

Several pieces of legislation touching on corruption, and ML and terrorist financing were in existence in Zimbabwe before the coming into effect of the ‘Bank Use Promotion and Suppression of ML Act [Chapter 24:24]’ 2004, (RBZ), and Guidelines on AML and Banking Finance Amendment, 2015). (See Table 3 below):

**Table 1.2: Zimbabwe ML/AML & Corruption/AC Legislation(s) 1983-2015 (+)**

The Prevention of Corruption Act (1983);
Public Service Act, (1995);
The Ombudsperson Amendment Act (1997);
Anti-Corruption Commission Bill (2004);
The Criminal law (Codification and Reform) Act (2004);
Bank Use Promotion and Suppression of Money Laundering Act (2004);
Criminal Procedure and Evidence Amendment Act (2004); and
Criminal Law (Codification and Reform) Act of 2006
Money Laundering and Proceeds of Crime Act of 2013
Anti-Sea Piracy and Anti-Trafficking of Persons Act(s) of 2014
The Banking Finance Amendment Act of (2015)

Source: RBZ, Qualitative/literature review data

Under Zimbabwe’s Prevention of Corruption Act (1983), it is an offence to corruptly give or offer any benefit not legally due to a person holding office in the public or private sector with the intention:

1. To influence him/her to do any act or inaction in relation to the powers or duties conferred on that person; or;
2. To reward such a person for having committed or omitted to do any acts constituting an excess of his power or a neglect of his duty.

The Act also makes it an offence for any person holding office (public/private) to corruptly receive a benefit or reward not legally due, even if the giver of that benefit or reward did not have the intention to reward that person for committing a certain act or omitting to do an act.

All said, an all-encompassing but simple generic definition of 'Corruption' was accepted for purposes of this study, to mean: "a favour offered for a favour granted in return, during which transaction damage is done to the entity, body or organisation concerned".

It is because of these, and, other broadened conceptions of the twin crimes, their manifestations and correlations (perceived or real), that Statutory Provisions in the country, and the Financial Action Task Force (FATF); regional member countries, all fighting to combat them, have, and continue to be a priority for legal reviews by their parliament(s). Suffice to conclude however, as put by Sutherland (1940) that, no matter how many laws and systems are established to govern organisations (public / private institutions), and society at large (primarily those in top echelons of the social ladder) who feel less limited, thus inherent corrupt regimes can / will always manipulate the more criminogenic (e.g.) in the context of the case study, owners, and senior banking corporate financiers, to foster their interests.

Qualitatively, in June 2004, as alluded before, Zimbabwe government established, 'The Zimbabwean Anti-Corruption Commission' (ACC) after parliament passed the Anti-Corruption Commission Bill. The (ACC) is a signatory to the Southern Africa Development Community (SADC) Protocol as well as the African Union (AU) and United Nations Convention on Anti-Corruption. However, according to a 2009, report by Global Integrity, the Zimbabwe (ACC), was broadly regarded as highly inefficient and "with very little authority to take steps aimed at stopping corruption in Zimbabwe". This came in the wake of various media exposes and the Commission itself that, out of (147) fraud and corruption case files received from the law-enforcement agencies and reviewed by (it) the Commission in 2006, (alone), only four had been completed and referred for possible prosecution – despite evidence pointing to certain public sector agents, financial institutions that wittingly or unwittingly accept corrupt proceeds, certain lawyers, and accountants, who among

them facilitate corrupt transactions, that would have led to, and/or, can lead to meaningful arrests and perceived subsequent convictions in courts of law.

Contextually substantiated allegations of fraud, bribery and corruption, as alluded by mostly politically exposed (PE) rouge executive/senior public officials/civil servants (PEPS), and their opposite number in private banks/financial institutions scandals, coupled with bureaucratic/petty corruption by some individual members of society including bank customers (directors of parastatals, and, employees of large and small to medium enterprises-SMES alike), reflect the reality of the existence of the twin white-collar crimes in the country. The numerous examples in the excerpt table below (all PEPs) yield insights about the reality of the existence of the cumulative long-run accounts of the twin white-collar crimes, exposed mainly by the private media. The excerpt exemplifies some of the more prominent identified financial scandals which proliferated Zimbabwe in the period examined since 1983.

**Table (1.3)**

***Zim Public Sector Enterprises plagued by financial scandals: Period (1980-2017+)***

<b>Fol.</b>	<b>Date</b>	<b>Public Parastatals Boarded by Grand Corruption</b>	<b>Personal Category</b>	<b>CJ Responses/Action</b>
1	1982	The Paweni-Grain Marketing Board-Maize Scandal	PEP	Arrest(x1)/imprisoned
2	1984	Willogate Scandal	PEPs	Arrest(x1)/imprisoned-accused received presidential pardon
3	1987	ZISCO Blast-Furnace scandal	PEPs	Nil-d/a natural death
4	1987	Air Zimbabwe Fokker Plane scandal-\$100 million	PEPs	Nil-d/a natural death
5	1986	National Railways Housing Scandal	PEPs	Nil-d/a natural death
6	1989	ZRP Santana Scandal	PEPs	Nil-d/a natural death
7	1994	War Victims Compensation Scandal	PEPs	Nil-d/a natural death
8	1995	GMB Grain Scandal (2 <sup>nd</sup> )	PEPs	Nil-d/a natural death
9	1996	Local Government VIP Housing Scandal	PEPs	Nil-d/a natural death
10	1998	ZESA YTL Soltran Scandal	PEPs	Nil-d/a natural death
11	1998	Telecel Scandal	PEPs	Nil-d/a natural death
12	1998	Harare City Council Refuse Tender Scandal	PEPs	Pending in Cr Court(s)
13	1999	NocZim Scandal	PEPs	Nil-d/a natural death

14	1999	DRC Timber and Diamond Scandals	PEPs	Nil-d/a natural death
15	1999	Ministry of Water & Rural Development Chinese Tender Scandal	PEPs	Nil-d/a natural death
16	1999	VIP Land Grab-multiple farms Scandal	PEPs	Nil-d/a natural death
17	2001	Harare Airport Scandal	PEPs	Nil-d/a natural death
18	2008	2014 - Airport Road Tender Scandal	PEPs	Nil happened as at end of 2017: Case likely to suffer a natural death (authorities cover-ups)
19	2014	Premier Medical Aid – Cuthbert Dube–Salary-Gate Corruption Scandal (Unethical practices)	PEPs	A ZAAC investigated case. At time of writing case was said to be still under probe: ...likely to suffer a natural death.
20	2014	Zim Broadcasting Corporation–H M Salary-Gate Scandal	PEPs	Arrest (civil/criminal case):CEO H Muchechetere charged for fraud and corruption. At time of writing case had been heard by a High Court Judge and Judgement deferred.
21	2016	Dema Diesel Plant Scandal	PEPs	Nil progress as at time of writing...case likely to suffer natural death
22	2016	Ex-Harare City Council Bosses (US\$32.K)	PEPs	Accused (x3) + arrested, remanded on bail pending trial
23	2016	Zimra Chief (US\$5K) Corruption Scandal	PEPs	ZAAC investigated case. No progress as at time of writing.
24	2016	Zim Dev Fund (ZIMDEF) (US\$ 400k) Corruption Scandal– by Minister of Educ. Professor JM	PEPs	Pending further probing by ZACC
25	2016	Chiyadzwa Diamond (US\$15billion) – Grand Corruption Scandal in which Gvt apparatuses was/is involved	PEPs	Allegations never investigated: Case likely to suffer a natural death (government cover-ups)

*Source:* Developed for the study – (also see ZIMEYE, editorial of 20<sup>th</sup> October 2016, Transparency International (1999), National Integrity Systems (2007), Deborah Hardson with Finn Heinrich ,(2011) et.al.;

### 1.3.2 The Anti-Money Laundering (AML) Analytical Framework

One of the objectives of this study was to examine Zimbabwean banks AML regime(s) structures, and, in some cases their capacity relative to, performing their given roles, and how far they have developed to withstand inhibitions caused by corruption to effective ML combat. This assessment was conducted successfully against the background of the typical-select corruption and ML real case studies that have obtained in the economic crisis-stricken country during the period reviewed (1983 – 2017), in which as alluded, intermediary institutions were/are implicated

Tracing its proximate inspiration from international instruments to fight corruption and ML, the framework of Zimbabwe's AML mechanisms is heavily influenced by the recommendations of the FATF and the relevant international conventions. Ideally these structures should be constructed on three key pillars: <sup>1</sup>. prevention; <sup>2</sup>. law enforcement and, <sup>3</sup>. international co-operation. In Fundira (2006), quoting Reuter and Truman (2004), each structure comprises discernible sub-structures or elements, as shown in the table below.

**Table (1.4 ): Anti-Money Laundering (AML) Pillars**

<b>Money laundering preventive measures</b>	<b>Anti-money laundering Enforcement measures</b>	<b>Measures to foster trans-National co-operation</b>
Customer due diligence	Criminalisation of predicate (underlying criminal acts) & of ML	Awareness of global trends
Reporting obligations	Investigation of predicate Activities and of money laundering	Co-operation agreements, real-time transnational economic crime situation reviews
Regulation and supervision	Prosecution and punishment	Effective mutual assistance processes
Sanctions for non-compliance	Tracing and confiscating proceeds	Transnational structures to trace and confiscate proceeds

*Source: FATF (global at the moment) – (Reuter & Truman, 2004, Fundira B 2006).*

Qualitatively, the measures, and/or, mechanisms to prevent ML are hypothesised on the idea that a difference can be made between what is lawfully earned, and, that which is not legitimately obtained or gotten. Illegitimate income can be made to mix with legal income, largely through the agency of certain (usually), conventional entry points of choice, most preferable banks that are vulnerable. Widely considered as the gatekeepers of the economic/financial system banks are in terms one of the FATF AML (40+9) recommendations, the “Know Your Customer” (KYC) policy of ‘Due Diligence’ positive identification policy, required to know their customers and develop profiles of the transactions expected of them (i.e.) deposits, transfers, withdrawals, loans or borrowings. This in order to identify unusual or suspicious transactions, the latter which have to be reported to (e.g.), the Central Bank’s Financial Intelligence Unit (FIU) and other designated AML agencies, and where necessary escalated to law-enforcement (police) for further investigations etc.

The AML designated agencies are in turn supposed to, and/or, obliged to set up and maintain a regulatory infrastructure to guarantee compliance with prevention directives by the vulnerable bank/financial institutions. Compliance is enforced by using a range of punitive criminal and in certain circumstances, administrative sanctions.

Guided by one of the three A/C and AML key structures, the **‘law enforcement pillar’** on prevention is involvedly linked to first, against ML itself. Under this structure, the requirement to describe and criminalise ML connected to as wide a range of financial/economic crimes, and/or, white-collar type crimes, as is proscribed by the various international agreements on corruption, drugs, human trafficking, arms trafficking, cross-border violations, terrorism, as well as giving assistance to the criminal, knowingly or negligently is encompassed. The regulations also include mechanisms to augment the scope of the mandated AML agencies to investigate predicate crimes and ML itself, and also, that of prosecuting authorities, and/or, agencies to gather or evaluate evidence and present cases to court. In addition, AML regimes, give importance to the confiscation of the proceeds of crime.

The third pillar of AML prevention – *‘International Co-operation’* which has been forming as a distinct structure since the late 1980s, markedly under the influence of the United Nations Convention against illicit traffic in Narcotic Drugs and Psychotropic type substances, the FATF Recommendations and the Basel Committee on Banking Supervision. The recommendations by FATF and Basel Committee inspired similar governance bodies such as the Eastern and Southern African AML Group (ESAAMLG) and the Southern African Development Community (SADC) Banking Council. Suffice to say, international cooperation depends on collating and sharing intelligence. Its effectiveness is banked on reciprocity.

The pregnant study findings in [Chapter 4] (herein), based on data gathered by quantitative and qualitative techniques using questionnaires, interviews and observations over (7 years), exhibit one, or two, or all the three scenarios above.

#### **1.4 History of banking-Banks/ Building Societies Branch Network & Services in Zimbabwe**

Empirically, Zimbabwe’s gaining of independence in 1980, accompanied by a promising and growing economy, ushered a new era of modern banking in Zimbabwe. Nineteen years on, within a four-year period (1999-2002), an economy that had once propelled, regressed due to a host of negative macro level environment factors particularly that was brought about by the widely publicised, emotive land reform program, changing the growth, operation, significance, and economic driving power of the Zimbabwe’s financial sector. A historical preview will help set the tone and define the banking sector development process to present day.

As it were, between 1980, and 1990, the relatively shallow and undiversified community of banking in Zimbabwe, the Central Bank – Reserve Bank of Zimbabwe excluded, barely consisted of more than fifteen commercial banks, inclusive of nine (9) associated merchant banks, eight (8) discount houses and five (5) building societies all competing with each other for deposits.



Qualitatively and quantitatively also, as late as 2017, Zimbabwe had twenty one 21 registered banks and building societies, thirteen (13) commercial banks, out of which four (4) were major players: Barclays, Stanbic, BancABC Standard Chartered Bank (owned) by, and or with overseas London based holding companies and regional South African based holding companies respectively, meaning they had/have an established international and regional network of group banking offices. The two with regional roots were/are Stanbic a subsidiary of Standard Bank South Africa, and BancABC a subsidiary of Nedbank South Africa. The rest except for one, including associated merchant banks, discount, and finance houses also private owned, are either wholly indigenous or are partnership with various and assorted foreign banks such as in South Africa, and the United Kingdom, Only one of the total thirty-six, the Zimbabwe Banking Corporations had/has a majority Government shareholding.

Post the liberalisation of the banking/financial services sector in 1998, the economy experienced another bout of stress with the collapse of the first indigenous black owned bank, the United Merchant Bank (UMB) owned by Roger Boka (*RBZ*). The Central Bank (*RBZ*), among other of its bankruptcy risk measures, responded by instituting economic reforms including stringent monitoring, and the increase, in capital adequacy requirement, benchmarked on the internationally accepted minimum ratio of (8%). This brought about a greater awareness of the importance of credit policies and the need for regular assessment of assets particularly for the financial sector (*RBZ*).

Qualitatively and quantitatively, in 2017, more that nineteen years after the United Merchant Bank (UMB) first major financial disaster twelve (12) more banks/financial institutions went bust amid the continued subdued investment climate in the country due to a myriad of continued micro/macro-economic negatives that drive corruption and ML. These among them included (as alluded): high interest rates, liquidity crisis that become evident with companies failing, and/or, delaying in payment of salaries across sectors, falling retail turnover values, unsettled debts to banks - suppliers and landlords, and, last but not least, reduced remittances to insurance companies, pension and medical aid funds.

Qualitatively also, one of the major triggers of Zimbabwe's economic down turn, was/has been, and, seemingly continues to be the government's poor economic policy choices and shifts. Also, deeper issues affecting liquidity resulted in the cancellation of the market and collateral value of all the farmland that used to support the greater part of bank lending to support the country's major export earner, tobacco.

Further also the knowledge that property rights might be disregarded and that, savings and bank balances might be appropriated without the owners' consent, impacted negatively, and, undermined confidence that seriously inhibited direct foreign investment inflows that this capital starved country needed/needs to transform its fortunes (media/other qualitative sources). In 2014, the International Monitoring Fund (IMF) in its report on Zimbabwe's Staff Monitored Program – reported that Zimbabwe's banking sector remained a high risk. This was attributed to among other key contributors, poor fiscal planning, skewed government policies and intervention(s), and, poor governance systems, all which did not help the cause to combat debilitating ills of corruption and ML ravaging country (IMF, 2014).

According to the Reserve Bank of Zimbabwe's (first) National Risk Assessment (NRA) report published in July, 2015, Zimbabwe had / has (51) registered Financial Institutions (FIs). Among them are:

***Table (1.5): Registered financial institutions in Zimbabwe (Select List)***

Barclays Bank Zimbabwe Limited (BBZ)
Standard Chartered Bank Limited
Zimbabwe Banking Corporation Limited (ZBCL)
International Finance Corporation – Harare (IFC)
Merchant Bank of Central Africa Limited (UMBCA)
United Discount Corporation Holding Limited (UDC)
First Banking Corporation Limited (FBCL)
First Merchant Bank of Zimbabwe Limited (FMBZ)
Zimbabwe Banking Corporation (Zimbank)
Reserve Bank of Zimbabwe (RBZ)
Central African Building Society (CABS)

*Source: Writer's own elaboration*

Qualitatively and quantitatively, most of these Financial Institutions (FIs) were/are active in diverse sectors of the economy including mining and agriculture. Before the debated controversial land reform programme of (1999/2000), banks with agri-business portfolios provided special credit lines to the tobacco industry, as alluded, the country's (then) mainstay export commodity and foreign currency earner. Exceptionally, the Zimbabwe Development Bank focused on the transport and construction industries. Most of the other banks/ financial houses such as the African Development Bank (ADB) and International Finance Corporation (IFC), also had their presence stamped in the region.

Quantitatively and qualitatively, majority of financial services available in Zimbabwe during the period under review were considered, short to medium term, with the average length of investment ranging from 1-5 years. Also qualitatively, during the reviewed period, the average size of investment in the country would be/was rated moderately very minimal, symptomatic of the general unavailability of long-term finance on the market. Where finance was made available, it was generally made through leasing instruments for say, farming and industry plant and machinery. Why so? because, larger requirements for finance were/are always very much dependent on the level of foreign currency earnings the corporate sector, itself generate. Qualitative thus, the types of finance product and services available in Zimbabwe then and now (even) are thus, described in table below:

***Table (1.6): Types of finance products & services available in Zimbabwe***

1	Term loans (business/personal)	9	Project finance	17
2	Equity finance	10	Overdrafts	18
3	Leasing	11	Trade finance	19
4	Working capital	12		

*Source: Writer's own elaboration*

On size and the sector's contribution to the gross domestic product, of the fifty-one (51) formal financial service institutions that operate in Zimbabwe, (twenty-one) (21) are as alluded commercial banks and building societies which, as of 1 January 2014, had a cumulative base assets of (US\$7.2billion). The assets (then) represented 53% of the country's gross domestic product (GDP) figure which was estimated at US\$ 13.5 billion dollars for the same period of January, 2014, reviewed (RBZ)

Qualitatively and quantitatively, for decades banking institutions in Zimbabwe operated from a branch network providing country-wide retail banking services with coordination and control operations from their Harare Head Offices albeit mainly for prime clients (UNDP 2008). Over time with the advent of high-tech electronic enablers, and regulatory changes to the Banking Act - Framework', banks now operate within and without the old brick and mortar system using the wide-shared networks to offer a diverse array of services via on-line, agencies, money shops, POS machines, ATMs, mobile and internet channels. Under the 'Financial Inclusion Framework' launch of 2007, by the RBZ, a broad array of businesses including among others, the following which service the market sector: (individual, sole trader, partnership, small to medium-size (mainly supermarket and corner shops, large service corporate sector companies, government and parastatals etc.) could be offered a wide array of banking services. The result was the expansion of established financial institutions as well as microfinance institutions. According to the RBZ Monetary Policy Statement of January 2008, as of December 31, 2007, six banks, some which offer remittance services, had opened 37 new branches, 22 agents and 5 mobile banks country-wide.

The wide array of financial services banks thus now provide under the RBZ inclusiveness reforms launch urging banks to cater for different clients are as (hereunder):

***Table (1.7): Financial services offered by commercial banks of Zimbabwe***

1	Savings	9	Wire transfers: (Individuals)
2	Current Accounts	10	Negotiable instruments: (NCD, Bas)
3	Demand Deposits	11	Mobile banking

4	Specialized units for high net worth Customers	12	Electronic banking
5	Loans advances	13	Trust & Asset Management Services
6	Wire transfers / remittances	14	Money Market Deposits
7	Foreign banking services	15	Time Deposits
8	Correspondent Accounts:		

*Source: Writer's own elaboration*

For the purpose of this study, formal banks in Zimbabwe, are classed and described as the financial service sector and are licensed by the Registrar of Banks. In 2003, the Central Bank took over their licencing and control, including asset managers. This followed the earliest findings by the Central Bank in its investigation on the wide-spread ML activities then enveloping the sector, that one of the reasons was that, there was inadequate screening of the promoters of financial institutions in the country (RBZ). The financial service sector and/or, banks, are also bound by the Registrar of Co-operation which lays own minimum charges and commissions on banking transactions. The inter-bank agreement is designed to eliminate pre-cutting beyond a certain point and to ensure to equitable spread of business between the banks (RBZ).

Each of the Country's banks however differ, slightly not only in the range of activities, significance and the strategies they can employ, but also in the relationship they have with their individual clients, and the government via conformity to interests (RBZ).

Generally however, all formal financial institutions, (Building Societies and Post Office Savings Bank included), offer conventional (on one-to-one) counter banking, and (fully fledged) plastic card(s) services, and electronic banking systems, now on re-bound with vengeance after their near extinction because of the economic slump between (2004–2009). That as it may, each of the deposit taking financial institutions, as alluded before, differ a little, not only in functionality, the range of activities, services, and operational techniques they can use but, also in the relationship they have with local, international, small to medium enterprises, as well as corporate customers/users of a wide-spread branch network providing

countrywide retail banking Automated Teller Machines(s) and Point of Sale (POS) services (s). The widespread branch network is convenient to the banking public and advantageous to the economy in that, access to financial services is essential to growth in an economically diminishing environment, gripped by obtaining periodic acute cash squeezes since 2000.

Empirically and qualitatively, during the period of study, six (plus) banks comprising (Barclays, Standard Bank, Stanbic Bank, CBZ Bank) formed/form the Plastic Card Association of Zimbabwe, an informal committee of the card industry (Acquirer and Issuer 'Club): The basic objectives of this Card Business Association within the financial sector Banks Association of Zimbabwe (BAZ) were/are:

- To provide a forum for consideration of matters of policy and mutual interest concerning members (RBZ, Banks Association of Zim):
- To act as a medium for communication with the Government Central Bank – (Reserve Bank of Zimbabwe), the Registrar of Banks and financial institutions, other public bodies, authorities and officials, the press, the general public and other private associations (formal or informal), conveying to them the views of members affecting their activities to deal with advance and promote any other matters of interest to members and to foster cooperation between them whilst maintaining a spirit of competition, (*RBZ, Banks Association of Zim*).

Qualitatively also, membership of the card association was/shall essentially be confined to banks, and or financial institutions who were/are issuers, or, who had/have stated that they intended/intend (soon/within six months) to issue a plastic payment product or who were/are involved in plastic payment product(s) through either a domestic or international acquiring relationship. Invited to participate within the association but only as observers, (and/or), advisors were/are representatives of Visa International Services Association; MasterCard International Incorporated, Amex, and/or, any other international payment card system company/companies, and, the Central Bank - Reserve Bank of Zimbabwe (*RBZ*).

Cumulatively, all local financial institutions (commercial banks and building societies) command an upwards total of 400 automated teller machines and compete for a diverse merchant clientele base (mainly supermarkets, small to medium hardware shops, liquor and bread vending corner shops commanding (plus) 4000 (POS) terminals with Zimswitch access across the country, and potential card customers in a country of eleven million people. The POS terminals provide ease in addition to purchases. Security having been considered as a key factor to the system design, withdrawals is PIN authorized on real time basis. During the past three decades, it is evident that the financial banking sector of Zimbabwe which until the economy started on its decline path around year 2000, had embraced the automated teller revolution and the sophisticated, fast maturing, electronic-banking delivery systems that guaranteed provision of cross-country cash accessibility among other advancements that come with technology.

As part of the sector commitment to further capture the card and electronic banking market, through ability to offer mainly the high net-worthy clients one of the most comprehensive and flexible remote banking service system relatively new in almost all emerging African economies outside South Africa, was/is a national electronic clearing house called Zimswitch, where all participants corresponding Automated Teller Machine (ATM) obligations are meted off and settled promptly on a daily basis was launched ten years ago and has been serving Zimbabweans continuously 24 hours a day since 1995. The payment strategy brought real banking convenience to customers and business ensuring bank account holders transact on-line and in real time at any bank, anywhere in Zimbabwe via ATM, POS, Mobile and Internet. The company which turned 20 years in October, 2014, saw to the first national interbank ATM transaction payment system through its 'switch' in 1994. This was followed by seeing to the first national interbank POS transaction payment system through the 'switch' in 1996.

The alluded to, original six (6) financial institutions, (Standard Chartered Bank of Zimbabwe excluded), to wit; Barclays Bank, Zimbabwe Banking Corporation, Commercial Bank of Zimbabwe, Central African Building Society, Beverley Building Society and Founders (now) Intermarket Building Society, which, before the (2003 – 2013+) phase 3 of the bank deviance era, had grown to eleven (11), all

connected to Zim-Switch an Automated Telling and Point-of-Sale (POS) bank interchange terminal systems facility platform – that gave/gives clients’ easy access to their money 24/7 on real time basis. The numbers shrunk with some of the banks having been caught up in the corruption and ML debacle, and, those that remained like, Barclays, CABS, Standard Chartered Bank, Stanbic, and Zimbank etc., was because they had shown their risk averseness - showing their reluctance to broadening their services fearing a ‘bank-run’ (depositors rushing to withdraw all their savings and bankrupting the intermediary institutions). Some banks went as far as trimming their savings bracket clientele, reverting to focus on the high net worth or upper end of the market for safety guarantees (*Field survey*).

For the purpose of this study, two banks/financial institutions, a commercial bank and, a building society, to wit; Barclays Bank of Zimbabwe Limited and, Central Africa Building Society (CABS), were used as case study representative of (all) banks/financial institutions in Zimbabwe. Profiles of the two banks/financial institutions are detailed below.

#### **1.4.1 Bank / Financial Institution Case Study 1: Barclays Bank Zim Ltd (BBZ)**

Qualitatively, Barclays Bank of Zimbabwe Limited, a subsidiary of Barclays Bank PLC London, found/finds its origin in the Bank of Africa and the National Bank of South Africa that commenced operations in (1895), and (1911), respectively. The two were absorbed by Barclays Bank Dominican Colonial and Overseas which subsequently became Barclays Bank International Limited before local incorporation under the name Barclays Bank of Zimbabwe Limited. One of the oldest banks in Zimbabwe, Barclays had/has been, the benchmark for retail, corporate and merchant banking in the country with—more than 100 years of operating without an unblemished record, an attribution made due to the bank’s prudent lending practices, strong risk management framework and strict adherence to corporate governance best practices.

Barclays, declared a top company in the country in 2013, according to Old Mutual and Financial Gazette partnered sponsored - ‘Top Companies Survey – Banking Sector’s Survey (2014)’, had since (2009), employed a successful business strategy



that ensured/ensures its going- concern status, basing on its solid capital base, and strong liquidity and funding position. This despite the micro/macro socio economic challenges that saw and continued to see both the formal manufacturing, and, the structured agricultural industry vanish and, the increase in competition due to diminishing cumulative profits (all sectors) in the last two decades (Barclays Economic Bulletin, 2013).

Qualitatively also, the bank's ability to apply consistently, high quality and strong risk management processes and controls despite a gripping shrinking economy threatening viability and withholding (by in-house agreed arrangements) to pay dividends, and/or, profit remittances to the shareholder(s) in London, to help it sustain the storm, enabled it to continue growing by a cumulative annual growth rate of 42% while maintaining non-performing loans at less than 1% of their book value over five years (as at 2014, going backwards). Also, since dollarization (2009), deposits at a cumulative low rate of 15%, were achieved by the bank and, expected to improve going forward, through the introduction of new customized product offerings including: [Point of Sale (POS), Automated Teller Machine (ATM), mobile banking, internet banking], and, making sure its clientele base clients have access to Leasing and Higher-purchase facilities, this despite, the obtaining persistent economic challenges including low revenue earnings.

Qualitatively and quantitatively, until the country's economy started to show signs of falling – period (2004-2008), Barclays had a stand-alone card business – (The Barclay Card Centre), as an acquirer and issuer of both Visa International and Master Card International Companies debit and credit cards. This meant, the bank, as is the case with other acquirer and issuer member banks in Zimbabwe (then), and elsewhere in the world, authorized to accept as form of payment, local and international drawn cards under license by the two franchise holders. With its operations network of (43) branches, (55) Automated Teller Machines (ATMs), a total signed merchant base of (1052), 647) of whom over an Electron Point of Sale and the remaining (405) are still using manual voucher imprinter machines (then), Barclays was the largest acquirer and issuer bank in Zimbabwe. It was also the highest employer with a local staff complement of (1846) of whom (1526) permanent and the remaining (320) were/are

temporary. Forty-three (43) of this total workforce, were stationed and worked at Barclay Card Centre in Harare.

Qualitatively and quantitatively, also with increasing technological advancements in the world, and, most certainly all financial banking institutions computerizing their operations to improve productivity and service delivery quality, Barclays remained and continued to be at the fore front in acquiring state of the art computer hardware and software programmers long after year 2000, when the economy started to nose-dive, and, sink deeper into troubled waters, culminating into the economic quagmire the country has since experienced. ‘Satellite Banking’, ‘Voucher Processes (VPC)’, and, the 1990’s ‘Automated Telling Machines’ (ATMs) - (pioneered by Central Africa Building Society), ‘Plastic Money’, and, the electronic banking revolution – the (Debit and Credit Card Acquiring/Issuing business) for example, were all ‘Barclays first’, and/or, the ‘go-to’ bank in Zimbabwe, until the micro-beginnings of the meltdown and with it casualties in the form of bank failures, mainly due to failed prudent practices among them, poor governance issues.

According to the ‘Top Companies Survey - Banking Sector’s Benchmark, 2014’, Barclays bank despite the ‘country’s economic deepening crisis in the context of hyperinflation...’, causing persistent cash shortages among other systemic operational woes facing banks in Zimbabwe during the obtaining periods of study and beyond, guided by local regulatory and the Barclays International Group Corporate Governance tenets strove to maintain principles of international best practice as. The primary focus of the bank’s board of directors and management were/are governance, risk, and control responsibilities to ensure that the bank adheres to sound and prudent practices in its conduct of business. These best practices have ensured the bank remains not only amongst the top companies in Zimbabwe but one of the leading banks unblemished by financial – corruption and ML scandals (*Zim, Top Companies Survey, 2014*).

#### **1.4.2 Bank Study 2: Central African Building Society (CABS)**

Qualitatively and quantitatively, CABS, is the oldest and largest of three Building Societies including ZB Building Society and First Banking Corporation (FBC)

Building Society, remaining in Zimbabwe (today). Historically, in 1980, at the onset of independence, Zimbabwe had four such institutions among them: CABS, Beverley, and Zimbabwe Bank Building Society - (formerly Founders and later Intermarket Holdings). These are private financial institutions which mobilize deposits from which they make advances to the public and corporate bodies on the security of mortgages over immovable property and loans to public and corporate bodies on the security of their deposits with them.

Qualitatively and quantitatively also, building societies ordinarily, require a minimum balance in one's, or, group deposit account(s). They provide savings, fixed, and share deposits. Interest earnings on share deposits are tax free. The largest part of their liabilities is deposits in their various forms. Their assets are liquid assets, loans, and advances. Liquid assets ordinarily, and, for the purpose of this research, include notes and coins, balances with banks call-money with discount houses, various bills, and central government and municipal stocks. Loans are mainly mortgaging and other short- term advances.

Qualitatively, a subsidiary of the Old Mutual Group of companies, CABS is the second biggest banking institution in terms of its balance sheet size of more than (US\$694million), after Commercial Bank of Zimbabwe (CBZ) (the largest commercial bank) (RBZ). With a (US\$1,55billion) of the total banking sector assets of (US\$5,78billion) as at June, 30<sup>th</sup>, 2014; CABS, strove, and, has continued to strive to subscribe to the principles of banking best practice despite the increasing global demands such as the need to meet AML standards, to combat growing white-collar crime risks among other negative economic development events that drive a wedge between weaker and stronger banks (*Top Companies Survey - Banking Sector's Benchmark, 2014, RBZ*). The local economic outlook that for decades has remained fragile and uncertain causing the national savings to remain a challenge. Variables such as low incomes growth, weak investor confidence, depressed industrial productivity and poor delivery and quality of services among other negatives of doing business did have a telling effect on CABS - (The Sunday Mail-Business, 9, November, 2014, report).

From the foregoing, it was safely concluded by the researcher that, CABS alongside Barclays Bank, from revolutionizing the technology driven automated telling machine, card and electronic banking business in Zimbabwe in the early 1990's, continues to strive to evolve, and develop even further by growing newer product and services packages in this age of changing societal values and expectations, despite domineering economic depressing challenges including corruption inhibitions to effective AML prescriptive measures – that promote financial leakages.

#### **Operations (VPC) – Barclays bank / CABS:**

Operationally though, building societies unlike their commercial bank counterparts, do not separate **Back Office** operations from other routine front office lines of business, rather they have single nominee appointees in every of their branches who act as back-office operations resource(s). This to say CABS for example, does not have an integrated centralized operations unit or department dedicated to receiving, capture, call-over, reconcile, query solve, branch balance, dispatch, file etc., similar to the Barclays VPC Processes Centre. Such structures are being adopted into the building societies to meet global and local compliance risk management framework centralization standards. No doubt this will mitigate risks in the troubled economic choppy waters of Zimbabwe continues to increase the cost of doing business for banks as witnessed by the incessant liquidity crunch – an albatross around their necks among other operational challenges.

Qualitatively, as alluded, to ensure that the financial institution remains a going concern, the primary focus of CABS' board of directors has always been to ensure the company continues to adhere to sound and prudent risk management practices by sticking to core business. These best practices have ensured the largest building society not only maintain its top rating status, but one of the leading financial institutions with a record unblemished by corruption-led ML scandals from as back as Zimbabwe's independence in 1980.

Qualitatively and quantitatively, being ultra-conservative and shying away from risks associated with doing business in the minefield of an economy fraught with many unique challenges among them: the use of unconventional monetary systems, worsening economy-wide liquidity squeeze, a crumbling infrastructure, unreliable

utilities, foreign investor apathy and a failing domestic market for most goods and services; proved safer for CABS in the alluded murky waters where no rules exist and in which the super aggressive players with a penchant for risk taking and high rewards drowned. Among them, United Merchant Bank, ENG Capital Asset Management, First Mutual Asset Management, Century Discount House, Trust Bank, Barbican and others, drowned, as alluded, due to corruption-led ML, and other related predicate offences, also at play in the country, whose increased presence even (today) continue to threaten not only banks and shareholder/investor survival, but also, depositor employee livelihoods.

#### **1.4.3 The Central Bank – Reserve Bank of Zimbabwe (RBZ)**

Globally, according to literature, Central Banks by-country differ a little, not only in the range of activities, powers, and monetary payment system techniques they can use, but also in the relationship they have with their governments. Their main function, in the broad sense, is to serve as official bankers to both their country's government and to its commercial banking system. It is through the interaction of these two main roles that central banks play a key part in implementing the monetary policy (maintaining the handiness of currency and credit) and protecting overall financial stability of their country's economic system.

Also qualitatively, the Governors of all the European National Central Banks for example, tend to be political appointee for interludes of not less than five years normally as stipulated under the Articles of the European System of Central Banks. Whilst the Central Banks exist to act as the nation's bankers, they are given varying degrees of autonomy and operational independence in the way in which they execute the responsibilities.

Further also, National Central Banks in Europe, like those the world over, have many specific functions. Through their Monetary Policy Committees, they set interest rates in order to meet inflation target(s); they manage the government's stock register and print the country's bank notes. Also, the Central Banks maintain close ties with the financial markets and operate a national and international payment system(s) 'The Real Time Gross Settlement System' (RTGS). This enables payments to be processed

through the Clearing House Automated Payment System (CHAPS) individually and continuously during the day on real time basis, whereas in the short period in banking history, payments were processed as a single net transaction at the end of the day. Certain National Central Banks are also charged with the responsibility for regulating the activities of commercial banks and building societies operating within their boundaries.

Qualitatively also, Internationally, it is also practice for National Central Banks to monitor developments in financial markets and to collect and publish banking/financial data. Most National Central Banks in Europe for example, also operate a Registrar's Department. The Department acts as the Registrar for stocks issued by government and other issuers of interest-bearing securities and the main characteristic of this service includes, issuing gilt-edged stock, maintaining the register of stockholders, registering changes of ownership and making, and accounting for interest and redemption payments.

Impliedly, in the event of a commercial bank, and/or, any other deposit-taking financial institution failing, the Central Bank(s), is/are required to identify the causes of the failure and to take corrective action to deter, or prevent, a systemic collapse of other banks that might be involved in the 'shackle'. This is particularly relevant when large sums in deposits have been placed with the collapsed bank, or when loans are outstanding and the chances of recovery these funds are low. In the case of a grand financial scandal, and/or, a break-out of series of financial scandals like the ones Zimbabwe experienced, and, others making headlines throughout the world from time to time, a Central Bank may be required to provide funds for the bank in difficult in order to preserve the dignity of the banking system; hence the term associated with Central Banks as 'lenders of last resort', (Dean and Pringle, 1994).

Further also according to literature, globally, Central Banks also have additional roles, these include production of currency and ensuring its availability throughout the banking system, transportation and the storage of bullions and currency reserves. The gold reserves do not belong solely to the individual governments of the Central Banks in which they are stored. The majority of the deposits are owned by third parties (i.e.) bullion dealers, foreign nations, or their corrupt authoritarian leaders

(referred to) as ‘strong men’ who deposit proportions of their gold reserves in Central Banks around the world to ‘spread the risk’ and provide strategic holdings.

Suffice to say that, these functions as in above, make Central Banks individually important in their national domestic economies and, cumulatively, very influential in world financial markets. This despite the views of Arestis and Sawyer that, the powers of Central Banks are dying, as most viewers perceive the status and role of Central Banks as important to guaranteeing the effective administration of government economic policy and, in turn, the financial stability of nations. In England, and Europe at large, the adage ‘as safe as the Bank of England’ is common and known not only for the maximum security (it), the Central Bank of England is renowned to provide for its huge bullion and currency deposits, but also for its reliability and stabilising influence within the UK financial community. This inferring that, the reputation and credibility of Central Banks are ‘key’ factors in maintaining confidence in a country’s economy.

Included in this study, is the Central bank- The Reserve Bank of Zimbabwe (RBZ). A government owned institution the Central Bank is the policy making organisation which apart from the traditional regulatory and supervisory role of the country’s financial banking industry and the financial markets at large, as, in the case with similar Central Banks elsewhere in the world, acts as banker to the country’s government and to the banking financial sector (RBZ Act, Chapter 24:20). The institution is granted varying degree of autonomy and operational independence in the manner in which it executes its responsibilities in terms of Reserve Bank of Zimbabwe Act (Chapter 24:20) and Regulations (SI 205 of 2000), and the Reserve Bank of Zimbabwe (Chapter 22:15) Notices and Regulations. Among its other many roles, the Central Bank also steers the committee on financial reforms on regulations and monitors development in the sector. The bank also operates a Registrar’s Department for stocks issued by government and other issuers of interest-bearing securities (RBZ).

In June, 2014, the (RBZ) Financial Intelligence Unit (FIU), with technical assistance from the World Bank high level political support and commitment, and, corporate Zimbabwe stakeholder by-ins, launched and reported on its first ML and Terrorist

Financing (TF) National Risk Assessment (NRA)' in June 2015. The objective of the NRA was to assist (it) the RBZ, to identify, assess and quantify (ML), and, Terrorist Financing (TF) risks facing the country (if any then and most likely in the future), and in the end, to come up with effective measures to manage, and/or, mitigate such risks (RBZ FIU NRA, June, 2015). An (NRA) helps a jurisdiction to manage and mitigate identified ML and other associated crime risks in a cost-effective manner (RBZ). A (NRA) helps in identifying loopholes for financial leakages and illicit flows within/without the country (RBZ). Financial leakages and illicit flows have a negative impact on both national revenue collection and, on the national current and capital balance accounts (RBZ).

Among the NRA major findings was that: whilst the country's national ML threat in general was 'HIGH', its vulnerability to ML was 'MEDIUM' with a medium score of (0.47) (RBZ). The national vulnerability of 0.47 was driven from a national combating ability rated at (0.58 medium) and overall sectorial vulnerability score of (0.51) also rated 'MEDIUM' (RBZ). Also, Zimbabwe's vulnerability to terrorist financing (TF) was rated 'LOW'. Concluding, the study observed with concern that the multi-currency regime which the country had adopted and using was more than likely, to attract, financiers of terrorism, who may do so using legitimate business (RBZ).

Again, on measuring sectorial vulnerability (1 to 5 key sectors), financial institutions (banks, building societies, POSB etc.), and designated non-financial business and professions (DNFBPS)-(Real Estate, Mining as well as Second-hand car dealers, insurance pensions and securities sector), on a rating of (1-3-5); 1-2 = (HIGH), 3 = ('MEDIUM') and 4-5 ('LOW'): banks and (DNFBPS), were rated 'high' because of the inherent risks associated from predicate offences in their businesses (RBZ).

To mitigate the threats and vulnerabilities (as identified) by the report recommended the need for assessment, enhanced capacity building for most of the AML and ATF regimes – including the (FIU) itself, law-enforcement (Police) and Prosecution Authorities. The format of capacity building recommended ranged/range from simple training to increased availability of resources. The (NRA) report was/is, in the reviewer/writer's opinion, not clear on what is meant by simple training, and what



type of resources and, for what purposes?. Further also, related to its recommendations, the functional relationship between the police, the (FIU), and/or, (FILE), the Attorney General, and, the Minister for Special Affairs in the President's Office responsible for anti-corruption/AML is not as well streamlined. The role of these bodies still need clarification in order to improve the administration of justice (*SADC Protocol against Corruption (2001)*).

Dean and Pringle, (1994:121), as alluded, posit that, if a commercial bank were to fail, The Central Bank is required to identify causes of failure and to take action to prevent a systematic collapse of other banks that might be involved in the chain. This becomes very much relevant when larger deposits have been made with the bank that has collapsed, or even loans are outstanding and the chances of recovering these funds are low. Under circumstances such as these, the Central Bank may be required to provide funds for the bank in difficulty in order to preserve the integrity of the banking system; hence the phrase connected with Central Banks as 'lenders of last resort'.

The present study sprung from among other key desires, to contextualize the state and levels of the phenomenon of ML and corruption risk in Zimbabwe, focusing on the banking/financial sector during period delineated as that between (1983 – 1998), and, (2003 – 2013), and also, (2013), going forward: nature, nexus, prevalence and micro/macro-economic effects, and, interrogating the same against a relatively short gallery of some of the world's legendary empiric financial scandal case studies that led similar bankruptcies featured years back in their time. These include among them: the Bank of Credit and Commerce (BCC) (\$17.billion) financial scandal; and the British-owned - Barings Banking Crisis – 1995, in which plus, (50 million pounds sterling) was lost – bringing both to their knees, and, worse still leaving shareholders, depositors and employees even more miserable. This cursory appraisal of the local corruption-led ML scandals and the few celebrated global case-studies will feature in Chapter (2) and Chapter (4) plus.

Generally and in specific terms as covered in the foregoing discussion(s), while the Zimbabwe's Central Bank (RBZ), may differ little not only in the range activities and powers given the side of the economy in which it operates, compared to other

Central Banks of larger economies world-over, its role in the domestic market is surely important and every influential as that of any other. Its role readiness to prevent systemic collapse of the banking system as that experienced in the period reviewed, by way of effective superintending the AML prevention regimes and processes of banks is discussed in subsequent chapters, particularly Chapter (2) and (5).

### **1.5 Aim of the study**

The overriding aim was to interrogate and contribute to the emerging understanding of the emergence of phenomena of corruption and ML risks, its/their management within the financial sector of Zimbabwe, period (1983-2017): causal factors, dynamics, nexus, and, the macro-economic effects in richer details basing on abundant literature and empirical local case studies. Further assess the efficacy of existing ML and corruption laws and prevention mechanisms against the backdrop of FATF and other relevant international conventions around which they are constructed and thereafter, highlight the nuanced nature of the perceived/actual impediments corruption as a collective, transnational and financially advanced phenomenon, creates for the effective implementation of both international and domestic AML regimes.

To achieve its mission, the empiric, or real case study research would employ the multiple, and/or, mixed case study design of quantitative, coupled with the utilisation of qualitative (secondary) approaches of data collection, from a cross sectoral - three-tiered target respondent grouping, to wit; <sup>1</sup>. Banks/financial institutions employees <sup>2</sup>. The CJS - (Police, Judiciary/Courts and, Prisons/Correctional Services), <sup>3</sup>. Business (other)-(informal/formal) and, members of the general public, would in part, be administered using the ‘head office’ model of employing postal questionnaires to reach the majority respondents in/at their work environments. Mirrored on the British Retail Consortium (BRC) ‘Retail Crime Costs’ surveys (1994); the (1993/1994) British Retail Consortium in the ‘Retail Crime Costs’ surveys, and, the Commercial Victimisation Survey – the ‘Head Office’ postal questionnaire service approach is credited for accessing and aggregating large sample size data in good time and at relatively low cost from hundreds of outlets of a business or organisation.

For example, one head office of a representative research organisation can provide data obtained from hundreds of its outlets with several of their employees thereat, targeted as potential respondents. According to Herriot and Firestone (1983), a multiple or mixed case design is a research method constructed on an in-depth investigation of a group, which relies on multiple sources of evidence. Major aim being to explain quantitative results by surveying certain results in more detail or helping explain unexpected results (e.g., using follow-up interviews to better understand the results of same (*Tashakkori & Teddlie, 2008, P.22*)).

## **1.6 Study objectives**

The following constitute the specific objectives addressed by the study:

1. Analysis and understanding of available background literature and work already undertaken to support the emerging understanding of corruption and ML and their nexus;
2. Identification and evaluation of ML & Corruption techniques as they have obtained and continue to obtain in Zimbabwe in particular (from 1983 to date);
3. Establishing of the impediments which corruption creates in the way of effective implementation on international AML standards in the country.
4. Evaluation of the existence and efficacy of existing AML & Anti-corruptions regimes in Zimbabwe in particular, relative to the banking/financial sector;
5. Identification and discussion of case studies of politically exposed persons (PEPs) and Vulnerable Individuals/Financial Institutions (VI's/VFIs) in Zimbabwe.;
6. Drawing conclusions and proposing AML/AC prevention measures particularly for banks/financial institutions and government institutions (general) in Zimbabwe against the backdrop of peculiar challenges the laws have to confront.

The expected outcome included the provision of a deeper emerging understanding of the nexus between corruption and ML: knowledge about how the former as a collective, transnational and financially advanced phenomenon principal agent undermines the effective implementation of provisions against the latter, and propositions to minimize the vulnerabilities of AML regimes to corruption in Zimbabwe. The latter will cover security education and specific training issues

together with the concept of cross-organisational isomorphism as a learning method for both banks/financial institutions and government.

### **1.6.1 Research Questions**

The following questions aligned to the objectives will be asked in this research:

1. What is ML and corruption and how are these two white-collar crimes linked?
2. How are corruption and ML linked?
3. Are politically exposed persons (PEPs) behind the majority of corruption and ML cases in Zimbabwe?
4. How adequate and effective is/are (AML) regimes in the country today?
5. What lessons have banks/financial institutions and Zimbabwe as a country learnt isomorphically from experiences of corruption and ML attacks in the period reviewed?
6. What measures can Zimbabwean banks/financial institutions and government take to enhance the efficacy of existing AML/AC regimes against the backdrop of the peculiar challenges the laws have to confront?

### **1.7 Structure of Thesis – Chapter Sequence & Content**

The thesis is divided into ‘Eight (8) Chapters’:

**Chapter 1: Introduction/background of study;** which is aimed at meeting the first objective of the study, introduces and provides some contextual background to the research (i.e.) research problem, engages in some definitional elements and legislative processes central to understanding the complex phenomenon of ML and corruption. Giving examples, it also provides an overview of the global trends of corruption and ML, outlines the aim and objectives of the study;

**Chapter 2: Literature review;** provides an in-depth analysis of available literature examined and work already done by relevant international, national bodies and individuals on ML and corruption; the formal legal conceptions of ML and corruption; techniques and trends; the connection, effects, the impediments corruption creates for the effective implementation of AML regimes; Mutual Legal

Agreements with FATF member countries in the region and across the globe; Politically Exposed Persons (PEPs); and suggestions to minimise the negative effects of corruption on the successful implementation of AML regimes;

**Chapter (3): Theoretical concepts and perspectives;** looks at the main plank(s) and complementary choice theories and perspectives that inform on the influencing factors of corruption and ML - two distinct previously understudied serious forms of white-collar, and/or, financial/economic crimes, and, their ramifications, in order to help with a richer understanding on the inter-play between the phenomena and its management, and/or, prevention. Under the influencing factor, and/or, causality framework, the Chapter, also examines the centrality of politically exposed persons (PEPs) in facilitating corruption and ML, and, the adequacy of the country's anti-corruption and AML regime mechanisms and their enforcement particularly against the backdrop of the peculiar challenges the laws have to confront;

**[Chapter (4)]: Research design;** discusses the research case study survey, employing the multiple/mixed method(s) of qualitative and quantitative data gathering and statistical analysis of variables (i.e.) numeric, (in which the numbers have meaning), and, categorical variables (which are commonly words or ranges), approach (defining clearly the boundaries of the research) using applications such as SPSS. The primary and secondary survey results analysis in combination with available reviewed literature, that informed the findings and recommendations that focus primarily on combating corruption and effective implementation of AML measures for banks in particular, government/public enterprises, business (other) and society in general were made;

The next **[Chapter 5]**, dwells on the research study findings. In **[Chapter 6]**, the Zimbabwean identified Politically Exposed Persons (PEPS) and Vulnerable Institutions and Individuals (trends & indications) are discussed. While **[Chapter 7]** digs into discussion of findings and implications thereof, the final **[Chapter 8]** gives a summary conclusion and recommendations of study (i.e.) the main conclusion and recommendations for government: legislative and regulatory authority for banks/financial institutions (RBZ), and, banks/financial institutions services sector of Zimbabwe in particular. The recommendations include among others, suggestions

on regulatory safeguards, awareness education, training programs, and related matters to minimize the inhibition of the successful and effective implementation of AML regimes by corrupt practices that have become intractable in Zimbabwe in particular, the region and countries across the globe in general because of influence peddling or high profile people implicated in various financial/economic scandals.

## **1.8 Conclusion**

This introductory [**Chapter 1**] proffered some contextual background to the research and, also engaged with definitional elements of corruption and ML, the corruption/AC and, the ML/AML legislative processes, the research objectives and questions, all central to helping in the understanding of corruption and ML, the former as a collective, transnational and financially advanced complex phenomena. It concludes with the structure of the thesis [**Chapters 1 - 8**] shown as in 1.7 above. The following [**Chapter 2**], is an analysis of available literature and work already undertaken with respect to the concerns addressed by each of the objectives.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This Chapter is intended at meeting the first objective of the study: an examination of available literature and the work already undertaken by relevant international and national bodies and, individuals alike, particularly on the link between corruption and ML. To wade logically, the literature examination will start by briefly exploring the definitional construct of white-collar crime, before exploring conceptions of the proscribed crimes of ML, corruption: (corruption techniques and trends; the nexus; impediments corruption creates for the effective implementation of AML regimes; and international/regional mutual legal agreements). The literature also covers politically exposed persons (PEPs): their centrality to influencing corruption (both a cause and predicate offence), and facilitating ML.

The study was also, indirectly assisted greatly with established works by Dean and Pringle (1994), and, Arestis and Sawyer (1998). These deeper studies deal with separate facets of the operational environment of Central Banks particularly in relationship to banking supervision. Also, because corruption reflects institutional framework, different forms of corruption are likely to be correlated, says Svensson, (2005). The various other published works and articles, relating to specific areas of criminality, including identification of the environmental and geographical factors that assisted in understanding offender behaviour are also quoted and these include; observations on white-collar crime by several noted researchers (Sutherland, 1983; Rider, (199(a)/1997(b)); Wheeler, Bode and Weisburd, 1982; Levi, 1987; Pepinsky 1974; Kramer, 1984; Goredema, 2004; Araujo, 2008; Fundira, 2007; and, Gilmore's (1999), 'Study of ML Countermeasures'.

Also scored for theoretical literature, are a number of textbooks of 'Security and Crime Risk' that offer explanations of managing organisations, security, crime and criminal behaviour in the context of administrative criminology: Management <sup>8th</sup> ed.; Jones, Gareth and George (2014), Criminology-6<sup>th</sup> ed. Adler, Mueller, Laufer (2007),

Agile Risk Management, Moran (2014), and also Behavioural Risks in Corporate Governance, Okonye (2014).

### **2.1.1 White-collar crime – The definitional construct:**

The legalized (common law) definition of crime refers to it as: ... the violation of criminal or statute laws for which the state alone can exact punishment (*Reiner, 1988*). Put differently, crime is any conduct which common or statute law prohibits and expressly or impliedly subjects to a punishment which is remissible or excusable by the state alone and which the offender cannot avoid by his own act ones he has been convicted (*Tappan, 1947 and Tierney 2013*), goes further to state: “crime only exist because laws exist” – meaning crime does not exist by itself. Under this section, specific to this study, conceptions of proscribed common law and statutory crimes ‘white-collar crimes’ of corruption and ML are discussed.

Gill, (1994), in his works ‘crime at work’..., posits that while the tendency for many a criminologist is to see crime and business in terms of corporate specifically virtually, any crime can occur at the workplace, and staff, customers, contractors or business can be the offender or victim. With the increasing evidence that victimisation rate for business is getting higher than for households, and that some categories of employees are, to an above average degree, at risk of crime, there is a legal requirement to protect staff, clients and the business itself (Gill, 1994). Also trying to understand causality of how, crime, white-collar crime is prevented in the business environment – may provide clues to preventing similar crime elsewhere (*Gill, 1994*). The points discussed in the following pages are of central concern to the topic of study during period reviewed (1983-2017)

Sutherland, (1940), defined, white-collar crime as: ( ...kind of a crime committed by a person /persons of high social status while in the course of his/her, or, their occupation(s). His penning of the term ‘white collar crime’ was an attempt to challenge what he considered to be inequalities and classist nature of the attribution of criminal behaviour – arguing that actions of the well to do could also be classified as criminal. Based on the dealings of several large USA corporations and distinguished individuals. His study attempted to do basically 2 things: <sup>1</sup> Present



evidence that members of upper social class commit many crimes and that these crimes should be included within the general theories of criminal behaviour and, <sup>2</sup>. Present an hypothesis that explained all criminal behaviour – namely that of differential association: “that criminal behaviour is learned in association with those who define criminal behaviour favourably and & in isolation from those who define it unfavourably and that a person in an appropriate situation engages in such criminal behaviour, if and only if the weight of the favourable definitions exceeds the unfavourable definitions.

His definition has since led to extensive debates with the likes of fellow criminologists, (*Aubert 1977; Croall 1992; and Nelken 1997*), arguing that terms such as ‘high status’ or ‘respectable’ were vague and should not be operationalized. Also employees at all levels (not just those in high echelons as Sutherland envisaged long then) steal from their employers, defraud customers and neglect or circumvent regulations (*Levi 1987; Croall 1989*), further argued.

However to some, the most important aspect of Sutherland’s definition is its emphasis on legitimate occupations, and white-collar crime can be viewed as a breach of the trust involved in an occupational. According to *Shapiro et al., (1990)*, people are employed to carry out work which employers or clients can’t do themselves, in some cases because they lack specialist skills, technological expertise or professional knowledge. In this scenario, the employer or client must trust the employee or service provider. This is the case whether the offender is a building labourer or a large corporation like a bank/financial institution; hence some prefer to define it as white-collar crime.

Punch (1996), weighs in with Sutherland’s definition suggesting the wide variety of activities which ‘white-collar crime’ includes...like attempts to develop subcategories. A major distinction is often given between crime against organisations (where individually or in groups, employees or service providers engage in crimes for their own gain); and, crimes for organisations in which the motive is not personal gain but the profitability or survival of the organisation. The former is often described as ‘occupational crime’ and, the latter as corporate crime. Suffice to say, which this

distinction is widely used, it is not watertight – as some crimes like corruption or tax evasion both predicate offences to ML could fall into this category.

Considering the diverse nature of this area of crime, it follows that white-collar crime (WCC) by a number characteristics (albeit not unique to white-collar crimes) be clearly distinguished from those common law and statutory offences described as conventional crimes (*Clarke 1990; Croall 1992/ Logan 1996*). These are: <sup>1.</sup> Invisibility, <sup>2.</sup> Complexity, <sup>3.</sup> Diffusion of responsibility, <sup>4.</sup> Diffusion of victimisation, <sup>5.</sup> lenient sanctions.

Generally, trying to establish accurate figures related to ML, a multinational systemic form of financial/economic crime through the analysis of say, domestic illegal cash in circulation, and, illegal cash-flow between countries can just become an exercise of imagination. However, according to the World Bank (WB), and the International Monitoring Fund (IMF), estimates of the effects of ML on global gross domestic product (GDP) (today), equals 2% to 5% (Quirk, 1996). As for Zimbabwe, the enormity of consequences entailed for the country in terms of damage to the public and the economic sector – particularly banks can only be as good a guess hence the need to explore to identify the types, nexus, and, gurge the volumes, prevalence, dominant characteristics, trends and costs of both ML and corruption not only in the country but also the region general.

Qualitatively and quantitatively, to help understand proscribed ‘predicate’ offences of white-collar nature, below is a table that depicts ‘**crime**’ categories and typologies:

<sup>1.</sup> Traditional and <sup>2.</sup> Non-Traditional ‘predicate’ offences, and/or, crimes with a laundering demand. Included is/are **Corruption** and (it) **ML**, the latter referred to as the... ‘*darker shed*’ of a diverse range of predicate offences (crimes with a laundering demand).

### 2.1.2 Crime by Category and Typology with a Laundering Demand:

**Table 2.1: Crimes by Categories and Typologies**

1. Traditional		2. Non-Traditional	
Expressive / Crimes of Passion	Non-Expressive	Intelligent Crimes	Crimes by Deceit
Violent Crimes	Other Offences/ Common	White-Collar / Comm. Crimes) [Org/Non-Org.	(Fin/Economic crime Organised/Non-Org.
Murder	Theft	Money Laundering	Money Laundering
Robbery		Corruption	Corruption
Terrorism		Embezzlement	Embezzlement
Robbery Arm.		Fraud (all types)	Frauds (all types)
Assault: Com		Forgery and Uttering	Forgery & Uttering
Assault: GBH	Traffic offences	Bribery	Bribery
Rape	Bigamy	Extortion	Extortion
Kidnapping	Arson	Cyber Crime	Cybercrime –Internet
	Stock Theft	Insider Trading	Insider trading
	Boarder Jumping	Espionage	Espionage
	Prostitution	Drug Trafficking	Yes/no
	Malicious injury to prop.	Dealing in precious stones	Yes/no
	Miscellaneous Offences	Dealing in drugs	Yes/no
		Tax Evasion	Tax evasion
		Statement Fraud	Statement Fraud
		Inventory theft	Inventory theft
		Smuggling	Externalization of Forex
Terrorism	Terrorism	Human Trafficking	Yes/no
		Bank robbery	Yes/no
		Sea Piracy	Yes/no
		Kidnapping	Yes/no
		Wildlife Crime	Yes/no

*Source: Criminal Law Act (Codification and Reform) Act, (2006 as amended), Common law Manual (Zimbabwe Republic Police).*

### **2.1.3 Formal Legal Conceptions of ML & Corruption:**

#### **2.1.3.1 Money Laundering (ML)**

Generally, there are numerous definitions available which describe the term money laundering (ML). The United States of America (USA) Congress first enacted the MLC Act., in (1986). This was in reaction to the upsurge of serious crimes related to money laundering and financing of terrorism, drug trafficking and racketeering among others. It defined it as a conduct, and/or, attempt to conduct any financial transaction knowing that property involved in the financial transaction represented the proceeds of some form of specified unlawful activity (predicate offence), and, intending to promote those specified unlawful activities, or control their proceeds, or intending to avoid reporting requirements or taxes (*Gurule, 1995*). The Act. further made the illegal contact a Federal offence upon the USA Congress observing that enormous profits generated by serious crimes organised gangs such as drug cartels – quickly emerging as their ‘life-blood’ created out of necessity, and becoming a new occupation – ‘the professional money launderer’, and/or, ‘white-collar criminal’ constituted by professionals: lawyers, accountants etc. willing to look the other way, or become active participants in laundering illicit funds (*Gurule, 1995*).

Also Article (1) of the draft European Communities (EC) Directive of March 1990, as alluded in Chapter (1), defines it as: “The conversion or transfer of property, knowing that such property is derived from serious crime, for the purpose of concealing or disguising the illicit origin of the of the property or of assisting any person who is involved in committing such an offence or offences to evade the legal consequences of his action; or, the concealment or disguise of the true nature, source, location, disposition movement, rights with respect to, or ownership of property, knowing that such property is derived from serious crime.”

As if that was not enough, the definition was further broadened following the 11 September 2001, twin-tower bombings in New York, United States of America, by the FATF to include the destination of assets as a source of liability, (*Goredema,*

2003). In its adoption of the ‘original’ definition of Money Laundering stated: “laundering is the processing of criminal proceeds to disguise their origins”.

As alluded, under conceptions of crime in Chapter [1], it can be seen and argued safely that, the hallmark of Sutherland’s immense contributions to the field of criminology is imbedded in his contested but largely agreed concepts and definitions which influenced the United States in its enacting the MLC Act., (1986): Firstly; criminology, as the study of social human behavioural science(s) focused mainly on ‘crime and causation’, ‘making of laws’, ‘breaking of laws’ and, ‘reaction to the breaking of laws’. Secondly; “the differential association theory” - (“... hypothesis that criminal behaviour is learned in association with those who define criminal behaviour”). Thirdly; ‘white-collar crime’ – (“...kind of a crime committed by a person/persons of high social status in the course of his/her, or their occupation(s), for example, fraud, tax evasion, bribery, corruption and terrorism – all predicate offences.

Goredema et.al., (2003), Blum, Levi, Naylor, Magarura, Fundira, and, de Koker et.al., (2003, 2004-2006) et al., however, in their works, while in agreement, voice concern with connotation of the full citation of the term ‘money’ laundering (ML) suggesting it could be misleading hypothetically, given that ‘*money*’ is only one of a variety of assets prone to laundering, and that, ‘Asset’ Laundering would be more appropriate a term, as all forms of property are envisaged. Experience has demonstrated that it is more difficult to define ‘laundering’. Various formulations have thus emerged, only to be super-ceded in due course.

The United Nations Convention against Transnational Organized Crime (The Palermo Convention) pursuant to the (FATF) description, and tending to agree with *Goredema et al., (2003)*, also came up with a re-engineered position that: “laundering is the concealment of the proceeds of serious crime punishable by at least four years imprisonment”. Safe to conclude from these attenuated conceptualizations and others lending support, that ‘asset laundering’ would probably be thus, the more befitting considered broadened a term than ‘ML’ as it embraces all modes of prone property (*Goredema, et al., (2003/2004/2006)*).

For the purpose of this study, an all-encompassing generic definition of ‘ML’ generally accepted, to mean: all activities to hide or mask the origins of, or entitlement to cash or property, or rights acquired from white collar, and or, financial/economic crime(s), particularly corruption among other serious crimes, and in as much, all activities that relate to hiding, and/or masking money or assets intended most likely to be used in committing, and/or, enabling the perpetration of further significant crime(s) with a laundering demand will adopted.

The definition, envelopes economic and non-economic misconduct characteristic of symptoms and real laundering activities apparent in Zimbabwe, the region and, many other countries across the globe. ML, outside organized crime circles also serve certain investment objectives for the launderer(s). It may accelerate the rate of asset acquisition or ease the access to capital and new business opportunities (*Goredema, et al., 2003*). Last but not least, it can make easy the launderer’s penetration into, and, take advantage of certain economic systems and shifting socio and politic circumstances or, situations – similar to Zimbabwe’s case since independence and in particular the onset of the land reform in (1999), to date. In the writer’s opinion, these are worthwhile considerations to be observed as being taken advantage of by the launder(s), in the context of the fragile socio-economic and politic system(s) that have obtained and continue to obtain in the country (to date).

Fast forward, qualitatively, Zimbabwe’s own history of enacting of the AML law reminiscent of the United States in 1986, took effect from 2004, with the promulgation of the Bank Use Promotion & Suppression ML Act. Little longer before this, Zimbabwe had in (1983), promulgated the Prevention of Corruption Act. In 2006, following wide media reports of rampant corruption and diamonds racketeering activities, and, a negative evaluation report on existing legislation in some of the requirements under the FATF standards, the country made comprehensive reviews and amendments to its Criminal Law (Codification and Reform) Act, to incorporate and domesticate the requirements of the United Nations Convention against Illicit Traffic in Drugs and psychotic substances thereafter

Qualitatively also, in 2007, the country passed the Suppression of Foreign and International Terrorism Act., to criminalise acts of terrorism. In 2013, the ML and

Proceeds of Crime Act was passed, which among other things; criminalised ML and terrorist financing; set stiffer penalties for ML related offences, comprehensively set out the obligations of reporting institutions; Set out civil and administrative penalties for non-compliance by reporting institutions; provided comprehensive provisions for forfeiture or proceeds of crime (both conviction-based forfeiture and civil forfeiture). Last but not least, in 2014, the country promulgated the Anti-sea piracy Act, and the Anti-Trafficking Persons Act.

According to *Goredema, (2003)*, patterns and dimensions of ML within East and Southern Africa region(s) consists of, three different categories and presence, and these are: Internal ‘money’ laundering; Incoming ‘money’ laundering and, Outgoing ‘money’ laundering. Perhaps it is convenient for purposes of this study to consider in general and specific terms, these three different categories of ML within Zimbabwe. The covert nature of ML in Zimbabwe (a SADC member country), epitomizes, courtesy of this study, the three different categories.

***Firstly; Internal ‘money’ laundering:*** is characterized by laundering of proceeds of crime perpetrated within a domestic or given country, or assets intended for use in committing crime there (*Goredema, 2003*). For example, drug trafficking, is identified with ML influences downstream crimes, most notably: domestic and cross-border motor vehicle theft, tax evasion, illegal currency dealings usually by cross-border traders, and, real estate fraud (*Goredema, et.al, 2003*). Until mid-2001, thanks to illegal cross-border trading, Zimbabwean currency could be traded in the Botswana financial market at a rate of (Z\$10) to the Botswana Pula (*Goredema, 2003*). A street dealer then, could purchase (3,000 BWP for Z\$3000.00) in Botswana and re-sale the same at a profit (*Goredema, 2003*). Wholesalers were also then best positioned to participate in significant ML from say ‘dagga’ peddling (*Goredema, 2003*). Also, drug merchants could open bank accounts using third parties to de-link illicit proceeds (*Goredema, 2003*). Also, exploitation of variations in the availability, and therefore, worth of foreign exchange that became and continued a major concern in Zimbabwe plagued by commodity and currency shortages becoming species of syndicated speculative economic/currency trading crime on the streets (*Goredema, 2003*). Street hard-foreign currency traders (then and now) played/play hide and sick with police, selling the currency of choice, the (US) dollar, the British pound sterling

and South African Rand, but a few to individuals, banks, and corporates, making handsome profits (*Goredema, 2003*).

Also, Zimbabwe's cash-based economy bares itself to the risks of ML (*Goredema, 2003*). The tendency of many a business (retail or corporate) to transact in cash, accelerates the domestic laundering of money (proceeds derived from fraud/embezzlement, drug trafficking/sales, currency trade and other-like predicate offences). (Today), only cash (US dollars, Rand or Zim RTGS) are acceptable and large sums of money regularly change hands in the capital city of Harare, and the commercial city of Bulawayo and all other smaller towns and rural growth points (*Goredema, 2003*). The abolishment of the exchange control regime in (2009), and, the advent of the hard-foreign currencies – commonly referred to by government as the basket of currencies (the US dollar being the currency of choice), exacerbated the risk vulnerabilities of commerce to ML. Qualitatively, it has been established in other researches that retailers mostly trying to evade tax, are most likely not to report tainted transactions, given that they, as receivers of stolen and/or, smuggled commodities/merchandise, will self-expose (*Goredema, 2003*).

Another common avenue for illicit funds in Zimbabwe which falls under the internal ML dimension is the investment in motor vehicles. Qualitatively, car dealers in Zimbabwe are not under any legal obligation to report any suspicious transactions to the police when dealing with individuals buying a car from them with cash. This cash usually finds its way into the mainstream economy after further laundering through the banks/financial institutions including bureaux de changes (*Goredema, 2003*).

Qualitatively thus, drawing from these and other similar theoretical perspectives on this model, internal ML is that which is characterized by the laundering of proceeds of crime committed within a given country or assets to be used in committing further crime there.

**Secondly;** Incoming 'ML': is characterized by laundered assets driven from crimes perpetrated outside the country's borders and made to permeate and be introduced diversely into the economy as 'legit' (*Goredema, 2003*). Generally, by characteristic, launderers are desirous to destroy or complicate the audit trail by moving the



proceeds of economic crime into other territories, and or, jurisdictions. Generally also by characteristic, another factor that drives the moving of the proceeds of economic crime across territorial boundaries can be the existence of better investment opportunities, or weaker law-enforcement, in the destination jurisdiction (*Goredema, 2003*). As for Zimbabwe in its enduring socio-economic and politic challenges phase, the desire for foreign investment and the demands for foreign currency would render it highly vulnerable to the introduction of tainted money from abroad into the banking/financial system. The same can by secondary evidence, be said of many other poor countries in the region.

For example, in 2001, the Reserve Bank of Zimbabwe (RBZ), directed banks to accept foreign currency deposits without querying their origins. In Malawi, according to *Goredema (2003)*, Bureaux de Changes accepted (at the time), foreign currency cash transactions without much due diligence, and/or, fuss. Similarly, Zambian Bureaux de Changes accepted (then), entertained foreign exchange deals also much fuss, and/or, due diligence (*Goredema, 2003*). On the one hand, in other countries of the region such as South Africa (then/now), a prospective investor with semblances of foreign funds above a certain set minimum limit can qualified/qualifies for a permanent residence. This practice if unchecked lures shady characters who enter the country masquerading as genuine investors says (*Goredema, et. al, 2003*).

Generally, when criminals commit crime and value is generated, they see it prudent to transfer the tainted proceeds in such a way as to obscure the criminal proceeds' origin. The more complex and layered the disguise the more the proceeds, particularly funds, can be transferred or laundered by creating fictitious identities and transactions or by setting up front-companies, bank accounts in fictitious names or trusts that cannot be easily traced or investigated. Demands for foreign currency, goods, and commodities like fuel, exposes countries of the region, such as Zimbabwe, prone to be 'receivers' of ill-gotten, and/or, tainted money from across territorial borders.

Generally also, witnessed locally and elsewhere in the region is, the importation of much desired foreign currency due to shortages, ostensibly for the much-needed investment, fronted by State investment agencies such as the 'Industrial

Development Corporation' (IDC). This according to Goredema et al., (2003), has seen the country's continuous crowding with many worthless short to medium term promises of foreign glossed investment fronted by dubious characters.

The nature and direction of these investments seem to depend on factors such as connections between the launderer and the country, his or her perception at the country's socio-economic and politic stability, the levels of risk of detection and arrest, and last but not least, the potential returns says Goredema et al., (2003). Thus, where the launderer enjoys citizenship or just residency of both the country from which the predicate offence originated and the destination of the proceeds, and that destination has a stable micro/macro-economic conditions, the latter (destination country), will attract the launderer to invest and reap rewards (short to medium term) as funds (hard currency) are likely to be transferred between two or more countries (*Goredema, et. al., 2003*).

Another instance of incoming ML is that of using convertible assets such as cars stolen from the production line in South Africa by organized crime syndicates. Qualitatively these have since been traced to Zimbabwe, usually on transit to other destination countries like Mozambique, Democratic Republic of Congo (DRC) and Tanzania, for sale to ready buyers in US dollars. The sellers invest diversely inside the transit or destination country say, Zimbabwe or country of origin of the predicate offence of car theft (e.g.), South Africa.

**Thirdly; Outgoing 'ML':** is whereby proceeds of crime perpetrated within the/a country are exported to one or more countries for cleansing (Goredema, 2003). A more deceptive form of out-bound laundering is that which seeks (partly) to side-step the banking system. It uses a combination of currency speculation and tax fraud proceeds resorting to alternate remittance systems to export to one or more countries for cleansing (*Goredema, 2003*).

Qualitatively the motive is not to invest economically in the destination country or jurisdiction (e.g.) South Africa but to disguise the laundering trail. To succeed in shrouding the audit trail, the launderer first rationalizes whether to involve the conventional banks/financial services network (*Goredema, 2003*).

The alternative can be to involve black market or underground banking services, although the most favoured basic mode of moving the ill-gotten proceeds evading the conventional banks/financial systems is smuggling. Bulk smuggling of currency is reportedly common in Zimbabwe, and other neighbouring countries across the region: South Africa, Mozambique, Malawi and Namibia but to mention a few (*Goredema, 2003*). Further he posits that, outbound ML is common for purposes of externalizing capital (international laundering of funds), proceeds usually from disposal of immovable property and also, convertible high value assets. Also, outbound laundering in Zimbabwe, has been occasioned by a combination of three factors: *firstly*; the disastrous decline in the value of the domestic currency, occasioned from time to time with deaths of same; *secondly*; the drying-up of investor confidence; and *thirdly*, the relocation of nationals to better performing economies of the world, (*Goredema, 2003*).

Drawing from the three typologies of laundering or washing discussed, placement can happen in any of them (*Goredema, 2003*). As much, so can layering and integration of the laundered assets (*Goredema, 2003*). In the case of internal laundering, all three phases, or, stages can occur locally, as it can in other locales where the activity is initiated and played internally (*Goredema, 2003*). What is common in all the three characterised typologies of the act of laundering is that, appropriating ill-gotten proceeds, the launderer can choose methods of camouflaging them. That camouflaging activity, despite its preceding 'placement' in any pecuniary or monetarist system like in a bank business, equals laundering (*Goredema, 2003*). Matter of fact, irrespective of the definition adopted; it is safe to conclude that there is consensus that ML does embrace a systematic (rather than unstructured) traceable pattern, encompassing three main stages: 'placement', 'layering', and 'integration' (*Goredema, 2002/2003*).

The 'placement' stage as alluded, is where the illegitimately acquired or destined assets (cash or kind) are placed in the financial system; the layering stage is where numerous transactions are mixed or dispersed with the rest of assets or proceeds to distort or hide the origin/make it hard to trace; and in the integration stage, (the consequence of placement and layering is bequeathed to the criminal or launderer as

legitimate and for re-entry into the economy) (*Goredema, 2002/2003*). Of importance however is that, not every typology of laundering is a ‘cumulative constituent’ of the three elements of ML - (placement, layering, integration), which should all follow one after the other, and/or, contemporaneously take place before the offence can be deemed to have occurred (*Goredema et.al., 2003*). The commission of any one of them, may be enough for guilt to exist. Thus, in other varieties however, it is implausible that the latter two stages, layering or integration, could take place without placement preceding them (*Goredema et.al., 2003*). A study of ML trends thus require an appreciation of the strategic importance of the phenomena. For the criminal world’s concerns, its chameleon-like characteristics make it strategically important, (*Goredema, et al., 2003*):

In findings, Zimbabwean banks/financial institutions, and some government/parastatal organisations and senior public officials (therein), were during the period investigated (1980-2017+), were found to have manifested in corporate outgoing ML activities in which the three typologies: internal, inbound and outbound, and, using diverse formal/informal channels, in which the three stages take place in the chain process. Among the list of these banks/finance houses and parastatals were/are as alluded before: Roger Boka’s United Merchant Bank, First National Building Society, (2003), ENG Capital Asset Management (2003), First Mutual Asset Management (2004), Grain Marketing financial Scandal (1995), and the Zimbabwe Electricity Supply Authority (ZESA). Picked randomly, only two among them: the United Merchant Bank (UMB) of Roger Boka, and, a few others will summarily be examined qualitatively and quantitatively in more detail (hereunder).

Qualitatively, the United Merchant Bank (UMB) of Roger Boka (first indigenous – black owned bank) was incorporated in May, 1995. Hardly three years later, had the bank collapsed following revocation of its licence after discovery that, it had a low capital ratio and insufficient liquidity to satisfy depositors’ claims and other liabilities amid discovery and revelations of a financial scandal against (he) the founding chief executive and chairman Roger Boka that revolved around corruption, fraud, laundering of depositors funds and externalisation of currency in the tune of millions of United States Dollars. One of the notable cases being that of fraud between the Cold Storage Commission (CSC) and UMB involving government guaranteed bills

worth (Z\$855.16 million - US\$15.55million) equivalent, as security, part of which, (Z (\$1.263billion - US\$15.55million) equivalent, the latter swindled and converted to own use.

Qualitatively also, following its commercialisation the Commission contracted UMB to raise funds to the tune of the said (Z\$413 million – US\$7.5 million equivalent) on its behalf on the local market through the floatation of the referred government guaranteed bills. The bank raised the amount required by the (CSC) and remitted it. Subsequently thereafter, (UMB) sold further bills worth Z\$1.263billion - USD\$15.55 billion) equivalent, money which Roger Boka converted to own use thereby committing fraud.

Qualitatively according to Zimbabwe's Central Bank records, in the short life of Zimbabwe's Roger Boka's United Merchant Bank having opened, (he) Boka, had opened and operated several off-shore personal accounts with foreign banks, to wit; Botswana's (First National Bank), South Africa's (Nedbank, First National Bank, and, Amalgamated Banks of S.A), the United Kingdom's (Westminster Bank Plc), the USA's (Marine Midland Bank), Germany's (West Deutsche Landesbank), Luxemburg's (Hypo Bank), and, France 's (*Banque Societe General*) all which helped him (willingly/unwillingly) to illegally externalise US\$21.million (RBZ, 1995/96)

According to the RBZ (1998/99) report, upon its demise, (UNB) owed over Zim\$1,558billion - (US\$28.32million) equivalent, to depositors (individual and corporates), which could not be recovered by (it) as curator of banks because, records including those on the bank's computer hard drives could not be traced. A self-made business tycoon and heavily connected to the country's political elite, acting alone and sometimes through his lawyer, Boka found himself being charged under the Prevention of Corruption Act - (Serious Offences & Confiscation of Proceeds Act), fraud, ML and externalisation of foreign currency to the tune of about US\$21 million and more. His lawyer was a senior partner at a Harare law firm, and a director on the bank's board and a signatory to the account with the Zimbabwe Banking Corporation (ZBC) (Private) Limited. The law firm acted as corporate 'secretaries' and as legal

advisory to both (UMB) and Roger Boka's diversified Group of Companies-dealing mainly in tobacco and gold dealing/marketing.

Boka died of illness, while on bail before he could be formally charge/arraigned. Soon after his lawyer fled the country. As it latter transpired the lawyer had also opened and operated foreign bank accounts in England. Qualitatively the investigation was handed over to a special investigator appointed by the then Minister of Justice, who as it subsequently turned out, was not only a friend of Roger Boka but acknowledged debtor of the United Merchant Bank (UMB) and, the case suffered a natural death on 21<sup>st</sup> February, 1999. None of the externalised funds by both Boka and his accomplice lawyer are on record as having been recovered or repatriated up to the time of writing this thesis. Also, up to the time of writing it was not clear how much of the fraud and corruptly stolen laundered funds by the failed United Merchant Bank (UBM) were recovered by its let-down clientele among them, government, individuals and, corporate account holders following Roger Boka's death (*RBZ, 1995/96*)

Qualitatively also, in yet another example of bank/financial institution outgoing ML scandal, qualitatively, in February 2003, the First National Building Society (NBS) Zimbabwe's Harare branch, was closed after an audit by the RBZ uncovered a difference of about (Z\$3billion – US\$54.55) equivalent, between funds held and what the building society owed creditors and depositors. Further investigations by the Central Bank's Financial Intelligence Unit (FIU), assisted by the police unravelled evidence that one of its officials arrested as a suspect/accused, had invested part of the loot in South Africa, Cape Town's Real Estate.

Also in yet another example of grant misdemeanours, Minister of Labour and Social Services Prisca Mufumira (a PEP) (not new to controversy) was as recent as 2019, charged for US\$95 million corruption-led outgoing ML. In their latest editorials, Zimbabwe leading government and private run newspaper and media publications: The Zimbabwe Independent Business Weekly, Bulawayo (BYO) 24 Com, The Herald, Daily News, News Day, The South African Sunday Times but to mention a few, on 26<sup>th</sup> July 2019, posted a captive storyline headed; Zimbabwe Tourism Minister Prisca Mufumira (Mrs) charged (finally) with Corruption (criminal abuse

of office) worth US\$96 million and hauled before a Harare Magistrates Remand Court on Friday 25<sup>th</sup> July, 2019, and to be kept behind bars without release for 21 days, in terms of the Criminal Law (Codification and Reform) Act., to facilitate further investigations.

Allegations by the State were that, during her term of office as Public Service, Labour and Social Welfare Minister overseeing the State Pension Fund, “contrary to or inconsistent with her duty as a public official”, she committed a series of offences (partly detailed below) – dipping into the National Social Security Agency (NSSA) coffers to fund unauthorised expensive holiday jaunts mainly in the United Kingdom and South Africa, sponsoring hotel accommodation and airfares for friends and relatives to her daughter’s wedding in Cape town in 2016, buying a new Ministerial car way above threshold. She also leaned into property development deals with a local bank with regional links and offshore bank accounts into which US\$15.7 million (on fraudulent housing transactions alone) was siphoned and exported to variously, to the actual loss and prejudice of the State, (*NSSA Global Forensic Audit Report, 2019, Auditor General Forensic Audit Report on State Pension Fund, March 2019, Various newspapers and electronic media reports, 2017-2019*).

Surveyed in this study also were Harare and Bulawayo Real Estate Agents to reveal their desire for receiving payment(s) from sales of residential properties in hard foreign currency. It was established that payment(s) to offshore bank accounts in almost all cases of notable transactions was preferred as it guaranteed receipt of foreign currency by local or resident foreigners in Zimbabwe – which by itself is illegal externalization. Featuring among the destinations of choice for externalized funds from Zimbabwe through bureau de changes and couriers were/are: South Africa, United Kingdom, United States, and Canada.

In the outgoing discussion(s), it has become clearer as to by one of the major objectives of this study as alluded to at the beginning of this (Chapter 2) that laundered proceeds tend to be prone to flowing in certain trends. Why that is the case? Blum, Levi, Naylor and Williams, in their study report on ML quoted in Goredema, (2003), conclude by opining that offshore financial systems are amenable

to manipulation by money launderers due to predisposing factors characteristic to this. These include:

- An environment in which banking institutions can easily be established with minimum pre-occupation with basic capitalisation requirements.
- Availability of instruments and mechanisms to facilitate anonymous conduct of investment business while allowing the creator to retain a beneficial interest – among some of the examples being trusts, bearer shares and international business corporations.
- Bank secrecy laws that create formidable impediments to the discovery of beneficial holders of bank accounts
- Availability of free-trade-zones.
- Facilitation by intermediaries in establishing corporate entities, opening accounts dishonestly or without any kind of due diligence; and
- Permissibility of shell companies
- Proliferation of loosely regulated Casinos.
- Availability of walking or mobile accounts e.g. (eco-cash, internet, and telephone banking services in Zimbabwe). These accounts are opened on the understanding that any funds above a certain credit limit to the account, should be transferred to another location.

The involvement by shrewd intermediaries helps to increase the scope for abuse of off-shore financial systems says Goredema concurring with Blum, Levi et al., (2003). Lawyers were used in the outgoing laundering, as evident in the Boka ML and corruption case(s). Similarly, there are indicators that stockholders may also be prone to being used as a medium for ML. Shares for example can be issued in the names of nominees, to disguise beneficiaries. This camouflages launders involved in criminal activities (Goredema, 2003).

Because of among others, the various predisposing risk factors adverted qualitatively (herein), that determine a country's attractiveness to the three models, and or, dimensions of ML (internal ML and outgoing ML), a conclusion can safely be drawn, that Zimbabwe possesses the majority, if not all making it amenable to manipulation by money launders within and without, and, organised or not. This makes Zimbabwe one of (SADC/ESAAMLG) constituent member countries a high-risk corruption-led



ML jurisdiction. Alluding to this conclusion are study surveys by, organisations such as Transparency International (TI), Financial Action Task Force (FATF), and, also by writers such as Goredema, (1998, 2001-2002, 2003), (all) whose results show the country as a perceivably, and, in real terms a laundering haven.

According to Goredema (2003), Placement can take place in any of the three scopes of laundering. So also, can layering and integration of the laundered assets. In the case of internal laundering, it is clear that all three stages would occur in this territory. In the case of incoming laundering, it can be that the assets may have been kept out of the formal institutions, in this case, banking, and/or, financial institutions pending their induction into the area in which placement will take place. The same could follow to outgoing laundering (Goredema, 2003). Following gaining the proceeds of crime, the launderer (singly, and/or as a functionary of organised syndicate) may conceal the same, with the objective of smuggling them to a foreign territory. The camouflaging act by its own constitutes laundering, within or without a bank/financial set-up system in which placement takes precedent.

Generally, and qualitatively, when talking of laundering/ML in the sphere of organized economic crime(s), it is thought that the nature and frequencies of occurrences are of particular handiness, in as much as they point to origins of proceeds to be, and or, proceeds laundered. In some of the grand financial scandal case studies in Southern African region, (herein) showcased, syndicated drug trafficking of, for example, dagga, mandrax and ecstasy illegal trade (most familiar to organized crime syndicates), is as alluded, identified and feature most graciously with ‘internal’ ML virtually everywhere in the region including Zimbabwe, among the origins and transit of illegal proceeds (funds). As alluded also, substantial amounts are also generated. Generally, the illegal drug market is identified with prompting trends of other exigency crimes, including bribery, corruption, tax evasion, and bank frauds – which for the purpose of this study are defined as ‘commercial crimes’ and or financial/economic crime(s), (all predicates) to the offence of laundering.

Similarly, drug peddlers also use front companies and shell companies to authenticate their dealings in ill-gotten gains. Notably, shell companies, unlike ‘front-

concerns/entities', don't trade, but can be utilised to open and manage accounts with banks (Goredema, 2003). Front companies, on one hand, are perceptibly operating concerns, employed as mediums, managing cash-based outlets such as Shebeens, restaurants, loan sharking, cell phone front shops and street flee-markets through which they channel illicit proceeds into the micro/macro financial system (Goredema, 2003).

Foreign exchange dealers as earlier alluded to (a sizeable population of them university graduates), buy foreign money at cheaper rates and sell it at inflated rates to the public and, those other foreign currency starved banks and businesses. The business of illegal exchanging of money is so lucrative, the street dealers no longer mind the police who can easily be bribed (Goredema, 2003).

Also, fraud, particularly debit/credit card pervasion(s) (a predicate offence), is identified most quickly with ML domestically and regionally. Various studies have shown that the credit card criminal industry like the drug industry, involves a number of role-players for the purposes of ML and as such, it is pertinent to identify the diverse and important role players (e.g.) card machine vendors, corporate and retail businesses, wholesalers, motor vehicle dealers, currency traders (some operating from streets), cross boarder merchants, real estate agents and exporters, (all, so-called entrepreneurs), for the purposes of laundering through rouge banks, and or, their employees who accept by design or default, corrupt funds. Qualitatively, other kinds of frauds for purposes of ML in Zimbabwe include deceitful claims for refund of value-added tax (VAT), and, 'ghost freight' which can be very difficult to detect and deal with by law enforcement agencies. This by itself underscores the importance of international cooperation in fighting ML.

As earlier alluded to in **[Chapter 1]**, the country has had a history of banking/financial institutions embroiled in one or other related corruption-induced scandals of ML models: ('internal', 'incoming' and, 'outgoing money laundering') linking banks/financial institutions (their owners/CEO's, and/or, senior employee managers and other staff, that made and continue to make, newspaper/electronic owned of their years aiming to retire gracefully.

A cursory analysis of fiscal and economic policy documents (RBZ), pertaining to the referred error(s) shows, the major causes of the catastrophic bank collapses of the nature Zimbabwe experienced as: poor corporate governance characterised by improperly constituted boards, over-bearing influences by a minority shareholding, inadequate risk management systems, huge exposures to unsecured insider loans, speculative practices – abuse of depositor funds and spending on none-core banking activities, ML and under-reporting of under-performing loans etc. These happen to be the deviances which the later Amendment Act., of 2015, sought to cure. Dominant among improvement changes were/are: the enablement to deal more effectively with improving corporate governance issues of banks in particular to make banks more responsive to their clients' needs; to allow the RBZ to monitor and regulate bank holding companies (play its oversight role); to increase cooperation between different financial regulatory authorities, to make directors and other senior officers of banks accountable for their actions, and last but not least, tightening of the bank promoter/owner licensing vetting rules.

Also, qualitatively and empirically, virtually (albeit) with the exception of a few banks (Barclays and Standard Chartered Bank Zimbabwe) majority of banks did at some point or other during the phased obtaining period studied (-1995-2017), desecrated Zimbabwe's Exchange Control Regulations - particularly before 'dollarization' (deregulation) in 2009, by soliciting for and selling foreign currency at unofficial exchange rate(s). According to the RBZ, in 2001, three commercial banks were fined for illegally trading in foreign outside the controlled exchange rates. Also according to RBZ official records, government corporations (parastatals) among them: National Oil Company of Zimbabwe (NOCZIM), and, Air Zimbabwe were reported having corruptively procured foreign currency outside the official, 'parallel' market exchange rate(s), to benefit not the government (wholly) per se' but their rouge officers for laundering purposes, thereby infringing on the law. As if that was not enough, in November 2002, bureaux de changes were closed on government instructions, after the Minister of Finance issued a statement in parliament accusing them of illicit dealings in foreign currency exacerbating inflationary trends in the country. The move by government confirmed the hypothesis that speculative activities related to foreign currency underground dealings for purposes of ML were running high in Zimbabwe.

According to Goredema, (2003/2004/2006), by estimation six years up to 2003, Zimbabwe lost (+ US 55 billion) to all kinds of laundering. Of this, US\$20 billion was laundered within, and/or, without the financial services sector systems of Southern African region constituent member countries in 1998, alone. While + US\$15.7 billion permeated from outside the region, with East Asia accounting for US\$21 billion, North America for US\$5K billion and Europe US\$21 billion. Although unsubstantiated, the underlying predicate offences were identified as fraud/embezzlement, theft, corruption, illicit dealings in precious metals, currency speculation and illegal currency exportation. Also, in a study conducted by the International Forensic Auditors, Price Waterhouse-Coopers in 2002, Zimbabwe was rated among the 50% of ESAAMLG countries regarded as high-risk in terms of susceptibility to laundering/ML.

On a global scale, a substantial amount of literature (as alluded before), shows banks having been found to bear, or, having manifested in serious corporate irresponsibility involving ML (both outgoing and incoming). These include among them: the Singaporean-UK's Barings Bank (1762-1995), which collapsed with losses and debts amounting to US\$1.3 billion. This after its unsupervised speculative 'rogue' Trader Nick Leeson adulterated stock market deals and siphoned off millions from clients – depositing them into 'phantom' bank accounts among other laundering activities for his benefit to the bank's loss); secondly'. Also, the Bank of Credit and Commerce International (BCCI) (*christened: 'The Bank of Crack, Cocaine and Ice'*) (which collapsed in (1991), from massive fraud and corrupt-led ML practices by its founder Pakistan born Abedi, and former CEO Swaleh who swindled (US\$20 billion) from depositors around the world). Then last but not least, the Italian – Banco Ambrosiano (Vatican Bank), which collapsed in 1982, with debts US\$1.3 billion stemming from unsavoury ML deals involving large businesses and middlemen by its rouge chairman archbishop Roberto Calvi (who in the aftermath was found hanging rather, under grisly circumstances beneath London's Blackfires bridge in June of the same year, (Jaffa, 1998, *Transparency International (TI)*, *International Monetary Fund (IMF)*, *World Bank (WB)*, *Network of Global Agenda (NGA)*, *FATF, et.al., 2011-2012*).

Concluding, there is consensus statistically to back all these and other assertions that, laundering/ML is occurring not only in the region, notably Zimbabwe alone, but also across the globe. The present study therefore, sought to investigate ML and Corruption, (the latter, an impediment to the global and local AML regimes/systems), focusing mainly on Zimbabwe's macro banking/financial sector, their disposed bank executives/employees (other), and, government/parastatals – its/their officials/senior civil servants in the main, as facilitators of corruption-led laundering scandals exhibited in all three models /dimensions of (internal, incoming and outgoing) that have taken place in the period of study (1983-2017+), as contextually shown/discussed in some of the case-by-case studies examples (herein).

### **Corruption**

Examining corruption should start by scrutinizing the general conception and formal meaning relating to the offence. The general tendency is starting with an overview of the many definitions for example: “behaviour of public officials which deviates from accepted norms in order to serve private ends” (*Huntington, 1989*). The definition put forward by *Huntington (1989)*, is one of the most cited definitions put forward for corruption and emphasises social constructivism approach: Corruption is a matter of “dishonest or illegal behaviour especially by powerful people” including, for example, government officials or the police; and primary examples of corrupt behaviour are, bribery and any other inducement by improper or unlawful means.

The United Nations Convention against Corruption (2003), did not seek to describe it per se', but dealt with its diverse manifestations. The United Nations The African Union (AU) Convention against Corruption, sought to describe it only as “the acts and practices including related offences (organized or not) prescribed in that convention.

While Article (1), of the draft European Communities (EC) Directive of March 1990, defines it as: the configuration of property, knowing that the same property is derived from crime, for the purpose of hiding or disguising its criminal ancestry, and/ or, aiding or abating any being who is involved in committing such a crime, or, to escape the lawful result of his/her wrongful deed; or, the camouflaging of the exact disposition, source, location, movement, claims with regard to, or possession of

property, knowing that such property, and/or, asset is obtained from profound criminal activity.”

For the purposes of this study however, it would be enough to conceptualize and accept corruption to mean the abuse and/or misuse of public or private-corporate office for private gain, monetary or otherwise.

It is also seen as convenient at this juncture to consider the patterns of corruption internationally/locally as consisting of three dimensions - firstly and secondly; grand/political corruption, private sector systemic-corruption, and thirdly; petty corruption: all characterised by laundering of proceeds of crime committed within and outside Zimbabwe, or assets to be used to undermine the country’s capacity to harness the global framework against ML.

Two main types of corruption pertinent to this contextual study is grand/political corruption, and systemic corruption (organizational/public and private business sector). They are discussed qualitatively portraying elected political leaders, principal officers / civil servants cited as (PEPS); and also, banks/financial institutions and corporate bodies and their employees including lawyers, and accountants who also facilitate corrupt transactions. These individuals are viewed as the first link in the chain in the legal economy responsible for significant diversions or control over political, economic, and legal systems employed to hide the illegal under-handed deals or bribery as a form of investment, before spending lavishly. Petty corruption which generally, takes place on both small and medium scale and usually goes unnoticed occurring at the junction between public officials and the public are also examined.

In this thesis it was necessary to consider and argue that the pernicious effects of impropriety in any corruption-plagued society, like Zimbabwe, need to be studied not only to minimize but to eradicate it for sustainable economic development to take place. Corruption doesn’t only erode governmental legitimacy but also, emboldens social pathologies - making society deviate from search of correct path(s). Left unchecked, corruption ultimately:

1. Undermines political decisions, leads to inefficient use of resources and benefits the unscrupulous at the cost of the law abiding (*Rose-Ackerman, 1978*).
2. It involves the loss of moral authority, weakens the efficiency of government operations, increases opportunities of organised crime such as ML, encourages Police brutality, adds to taxpayers' burden, and affects the poor directly (*Benson Maaranen, and Heslop 1978*).
3. It is the scourge affecting everybody either, directly or indirectly (*Gardner and Lyman 1978*).
4. It allows immunity for criminal acts so that the law is for sale to the topmost bidder(s) (*Sherman, 1978*).

Qualitatively and quantitatively, the Government of Zimbabwe started approaching anti-corruption and subsequently the AML laws at country level by enacting the 'Prevention of Corruption Act ' in 1983, followed by the ML and Proceeds of Crime Act, in 2013, albeit without first putting in place corporate (public/private) institutional systems, first, to prevent the scourges from occurring by way of incentives, and second, to constrain those on the top of the social stratum – a primary location of transgressor behaviour to stop corrupt and laundering activity. Generally, government's failure to implement institutional control systems and disincentives to prevent corruption a major predicate crime guided by the (FATF) AML global standards have impeded and continue to impede local efforts. It was therefore convenient to consider during the period under examination all corruption/anti-corruption, and ML/AML pieces of legislation(s) enacted by government for all-and-sundry including government/public sector and banking/financial services sector business enterprises in Zimbabwe as discussed in the legislative framework of the country following.

## **2.2 AML /Anti-Corruption regimes in Zimbabwe – 'The Legislation(s)'**

As implied in the introduction, the prevention pillar encompasses legislation and regulations that are passed from time to time, to prevent the commission of ML, and

corruption by both individuals and organisations. The following legislation has thus been proclaimed in Zimbabwe to criminalise both money laundering and corruption respectively as far back as 1983 (*RBZ*). It is therefore important to consider the following corruption/anti-corruption, and, ML/AML legislation(s), as intent on Banking Supervision, corporate public/private business (other), government parastatals, and civil society in general.

**Table 2.2: Zimbabwe's AML / AC Regimes – The Legislation(s)**

1.	The Prevention of Corruption Act (1983);
2.	The Serious Offences (Confiscation of Profits) Act (1990) ;
3.	The Presidential Powers (Temporary Measures) Amendment of Criminal Procedure and Evidence Act) Regulations (2004)
4.	The Bank Use Promotion and Suppression of Money Laundering Act (2004)
5.	The Exchange Control (Money Transfer Agencies) Order (2006)

**Source:** Qualitative/literature review data

- 1. The Prevention of Corruption Act (1983):** makes it an offence to corruptly give or offer any benefit not legally due to a person holding office in the public or private sector with the intention:
  - To influence him/her to do any act or inaction in relation to the powers or duties conferred on that person; or;
  - To reward such a person for having committed or omitted to do any acts constituting an excess of his power or a neglect of his duty (ref needed).

The Act also makes it an offence for any person holding office (public/private) to corruptly receive a benefit or reward not legally due, even if the giver of that benefit or reward did not have the intention to reward that person for committing a certain act or omitting to do an act.

It is on the basis of the broadened conceptions of corruption, its manifestations and correlations (perceived or real), that Statutory Provisions



in the country, and the region should continue to be a priority for legal reviews by the Zimbabwean legislative authority, parliament.

2. **The Serious Offences (Confiscation of Profits) Act (1990):** criminalised ML as far back as the early 1990. According to the Section (63) of the Act, a person or body commits ML if he/she, or it, engages directly or indirectly, in transaction, whether in or out of Zimbabwe, which involves the removal into or from Zimbabwe, of money or other property which is the proceeds of a crime: or receives, possesses, conceals, disposes of, brings into or removes from Zimbabwe, any money or other property which is the proceeds of crime: and knows or ought to have reasonably known that the money or other property was derived or realised, directly or indirectly from the commission of an offence.
3. **The Presidential Powers (Temporary Measures) (Amendment of Criminal Procedure and Evidence Act) Regulations 2004:** were apparently published to enable investigations in cases of economic crime. Because ML falls into the category of economic crime, the regulations are used as part of the AML prevention pillar. This to say, the effect of the regulations was to facilitate police to arrest and detain individuals involved in predicate crimes such as corruption, illegal grain transactions, foreign exchange transactions and ML itself, for 21 days in order to complete their investigations.
4. **The Bank Use Promotion and Suppression of ML Act (Act 2 of 2004):** was legislated to merge legislation and regulations that were fragmented to the extent that they negated both the prevention and the enforcement of the anti-money laundering regime(s). This is the reason why it mentions in some sections, to the Serious Offences (Confiscation of Profits) Act., regarding the application of the law. To date it is one of the most inclusive piece of legislation in the country on ML. Suffice to say, the Act., tries to promote the use of the banking system so that an audit trail can be established to detect ML.

## **5. The Exchange Control (Money Transfer Agencies) Order (2006):**

sought/seeks to regulate the transfer of ML from Zimbabweans in the diaspora. Money transfer agencies essentially took over the role that was played by bureaux-de-change, which were outlawed in 2002 on the excuse that they were being used to support illegal foreign currency externalisation activities. In October 2006 however, all money transfer were ordered to close by the Central Bank, with the exception of Homelink, the agency operated by the Central Bank itself.

It is worth to mention that bureaux-de-change and money transfer agencies were outlawed because they were deemed to be enablers of ML and not part of the combat prevention pillar.

Qualitatively, the Central Bank (RBZ) is on record lamenting and conceding that despite the good intentions, the government in its approach to enacting the AML/AC laws, did not prioritise the putting in place of institutional systems and incentives to prevent the plagues from occurring in the first place. Impliedly, the result of paucity of AML regimes was the corruption and ML scandals that engulfed the country in which intermediary institutions were implicated in the period reviewed - 1983 – 2017.

Only as late as June, 2004, did government establish ‘The Zimbabwean Anti-Corruption Commission’ (ZACC) by passing the Anti-Corruption Commission Bill in parliament. The (ZACC) is a signatory to the Southern Africa Development Community (SADC) protocol as well as the African Union (AU) and United Nations Convention on Anti-Corruption. However, according to a 2009, report by Global Integrity, the ZACC is on record of being highly inefficient and, “has very little authority to take steps aimed at stopping corruption in Zimbabwe”. Part of the reason among many, being inaptitude/lack of capacity by its rank-and-file officers and institutionalised corruption in both the ZACC and the police organisation – a weakness in the country’s AML regime. Supporting the argument is the fact that, out of (147) fraud and corruption related cases reviewed by the Zimbabwe Anti-corruption Commission in 2006, (alone), investigations for only four were completed, albeit, without their being prosecuted successfully even where there was

substantiated allegations of fraud, corruption, and ML against the facilitator-beneficiaries.

The global (FATF) and the Basle Committee AML principles regulatory framework for banking supervision is underscored by the 40 + 9 recommendations to which every member, and/or, aspiring member country/jurisdiction Zimbabwe included, should ascribe to. The recommendations by the two principal Global AML bodies apart from aiming to guide banks to adopt and design Governance Risk Compliance (GRC) transaction management systems to prevent and combat the diverse manifestations of corruption and other white-collar crime related ML also sought/seek to deliver a framework for banks to identify: legal, regulatory and financial methods a country or territory can adopt in order to implement effective information technology (IT) enhanced (GRC) AML/AC risk management systems to prevent losses.

This study helped to advance the argument that in its various features, corruption undermines a country's capacity to harness the global agenda on (ML). By contention, the FATF and Basle Committee's envisaged global AML agenda cannot prosper in enhancing the AML combat in an inherently corrupt governance systems similar to ones apparent in Zimbabwe. The study draws parallels from select global corruption case studies first, and, local case study examples second to demonstrate the centrality of corruption in the facilitation of ML and why it is necessary to accord the same twin serious white-collar economic crimes similar attention in order to succeed in the fight against organised crime of corruption and ML primarily targeting banks.

Against the backdrop of globalisation, technological advances, serious and organised crime is changing fast. Banks and law enforcement agencies need new investment in institutional systems and incentives over and above existing ones to detect potential risks and help combat ML, said Lynne Owens, director general of the UK National Crime Agency (NCA) (Guardian online, Sun, 12 May, 2019). Suffice to say, as well as address modern communication resource shortage weaknesses inherent in Zimbabwean banks, their intermediaries, and law-enforcement, need to adopt and implement new communication technology systems (*which they lack*) as an integral

part of tools of intelligence sharing (bank-to-bank and bank to police) to successfully combat local and transnational serious crime underlying both corruption and ML. Qualitatively, one area of present/future concern being the use by transnational criminal networks of encrypted and anonymisation technology, the latter primarily used on the 'dark web' to erode the ability of AC/AML investigators.

Empirically, studies have shown that failure by a country to adopt and implement robust AML/AC systems, and/or, regime structures, hinders success in enhancing the fight on ML. Anecdotally Zimbabwe has been found to lag in the adaptation and implementation of the global AML/AC regimes to enhance the fight against the two transnational global problems that require global solutions. Due to a host of impediments among them, two decades (plus) of experiencing economic growth-pains, acute cross cutting economic output decline by business, banks in Zimbabwe tend to heavily rely on available use of antiquated, semi-automated and unsophisticated intelligence communication tools of 'land line' telephone systems, and conventional manual (on-boarding) methods of sourcing or collecting and analysing transactional data to satisfy for example, the KYC and CDD operational policy requirements to win AML enforcement.

Suffice to say that without significant investment Zimbabwean banks, primarily the indigenous local banks which comprise all the (13) plus, banks / financial institutions that fell to fraud and corruption-led ML scandals during the 2003-2013, era, will fall further behind the lead by local/transnational criminals seeking to exploit weaknesses in security and risk management systems lacking enhanced, and/or, advanced technologies such as encrypted communications and the 'dark web' anonymity, among other newer types.

According to Goredema, et al., (2003/2004/2006), ML schemes as those afflicting Zimbabwe, are inseparably connected to corruption. Corruption, a more serious form of white-collar crime and its pernicious effects, is perceived as a cause for ML. Its causes are many, and vary from society to society where it has established roots. Either the laundered funds, or assets are proceeds of corruption or, the processes of laundering are enabled by corrupt rogue law enforcement agencies or bank / financial institutions staff / employees to funnel the funds into the legal economy. As defined

corruption is: [...], the abuse of a public office, either to commit some act in breach of their duty or to demand some kind of favour in return for doing something which they are bound to do anyway, that is, for a private gain (*Alexander, 2009*).

As implied, corruption's centrality to facilitating ML related threats such as currency speculation, externalisation of currency (foreign and local), fraud/embezzlement, drug trafficking, prostitution, child trafficking, smuggling, dealing in precious metals, small arms trafficking and robbery etc. has destroyed the myth that the cancerous scourge is a domestic political issue to be left for individual countries to deal with, (Goredema, 2004-2006, Munyoro, 2007). As such, it is compelling that the design of anti-corruption policy measures as those underscored by the FATF and the Basle Committee principles, should embrace robust and effective implementation strategy particularly for banks of, Know your customer (KYC) and, customer due diligence (CDD) for fitting enforcement.

By law, funds or assets accumulated from corrupt activities comprise illicit property in terms of the FATF 40+9 AML/AC recommendations frameworks. According to the United Nations Convention against Corruption (2003), and African Union Anti-Corruption Convention (2003), ill-gotten property is defined as "property of any kind that one knows or suspects to be or having been derived from criminal activity". Criminal activity or conduct encompasses not only offences committed in Zimbabwe, but also any act which, although it was committed abroad, would have constituted an offence had it been committed locally. By inference, the remit of this description of criminal act, can harness those who while in positions of power (political or in-charge of organisations), in their own countries, embezzle government or corporate organisations money for their own benefit. This to say, if someone occupying a position of authority in which he/she is expected to work or deliver service in the interest of the state, and or even a private firm like a bank/financial institution, and then embezzles government or company funds, or abuses property without (owner's consent), will have committed a criminal offence (*Alexander, 2009*).

Another befitting example could be where an elected government official or his/her representative accepts a bribe or gift from a representative of, or an agent of, a

private/public company in return to influence a tender bid for a contract. As alluded causes of corruption are many and vary from one society to the other where the cancer has caught up. According to Alexander (2009), there is a complicit culture of corruption caused by greed and ostentatious lifestyles in developing countries that cannot be sustained by people's poor earnings. A moral hazard indeed that is eating away the core of many a society. The fact that corruption as a culture varies from society to society leads me to concur with Alexander, and concede, it is relative. This to say, the action that may be viewed as constituting corruption as a criminal conduct in one society may be viewed differently in another and in some way be taken as just another opportunity that passes without notice. Whatever the perception, corruption according to Alexander (2009), is inextricably linked to ML and other related forms of financial abuse characteristic of the bank deviance scandals that rocked Zimbabwe culminating in thirteen (13) (plus) institutions closing shop during the period (1985-2013).

Quoting Goredema (2003), much has been written during the last decade, concerning the phenomenon of ML, both, a manifestation of organised crime activity and a catalyst to it. Globally enough studies have shown that the nexus between petty and serious corruption, and, ML has, and continues to manifest itself in the form of currency counterfeiting, tax evasion, and other forms including swindling of government funds that result in monumental losses of public resources (*Transparency International, World Bank Group, 2001-2003+*).

To confirm the pernicious effects of the symbiotic relationship of the two white-collar nature serious crimes, a study conducted by international forensic auditors, Price Waterhouse in early 2002, revealed that Zimbabwe had lost and estimated US\$55 billion in only six years of a period ending 2003, to ML and corruption. These included, but not limited to bank malfeasants such as, fraud and thefts of depositor's funds, illicit dealings in precious metals, currency speculations/exchange, cash smuggling, and political graft by the ruling elite (PEPS). These threats have become difficult to forestall because of diverse corruption types: (grand/political, systemic, and petty), which have (now) become a culture in the Zimbabwean people (Private newspaper publications 2016, 2017+). This, despite the enactments of the anti-corruption (AC) and anti-money laundering (AML) laws, (1983 - 2013), and the

subsequent amendments bills to comply with AC/AML international 40+9 recommendations of the FATF and Basle Committee principles on Banking Supervision Governance Risk Compliance laws (GRCs).

The situation of corruption and ML typologies dominant in crisis-stricken Zimbabwe is exasperated by kickbacks, commissions, or representation fees that are often sought primarily by politicians in return for rigging mega government projects tender bids by mostly, international investor conglomerates. There is also the issue of corruption where Judges, Magistrates, Public Prosecutors, and other court officials may simply choose to overlook relevant facts and evidence to corruption, serious financial/economic crimes, and laundering related cases, having received “a kick-back” from the launderer usually connected politically (PEP) (Mugarura, 2010). Similarly, there is arbitrary enforcement of laws where law enforcement officers rigorously enforce engendered laws on the powerless or those less apologetic to the ruling government e.g. members of the opposition etc. According to Susan (1998), apart from weakening support for deregulation and the promotion of market reforms, this also creates laxity in creating laws to govern the same. For Zimbabwe, lax financial regulations before reforms post the bank financial scandals and other laws such as those relating to mines and minerals, had attracted money launderers because, to a large extent in such environment, the authorities do not fully co-operate in international efforts focused at suppressing the threat of ML (*Goredema, 2004, 2006, 2007*).

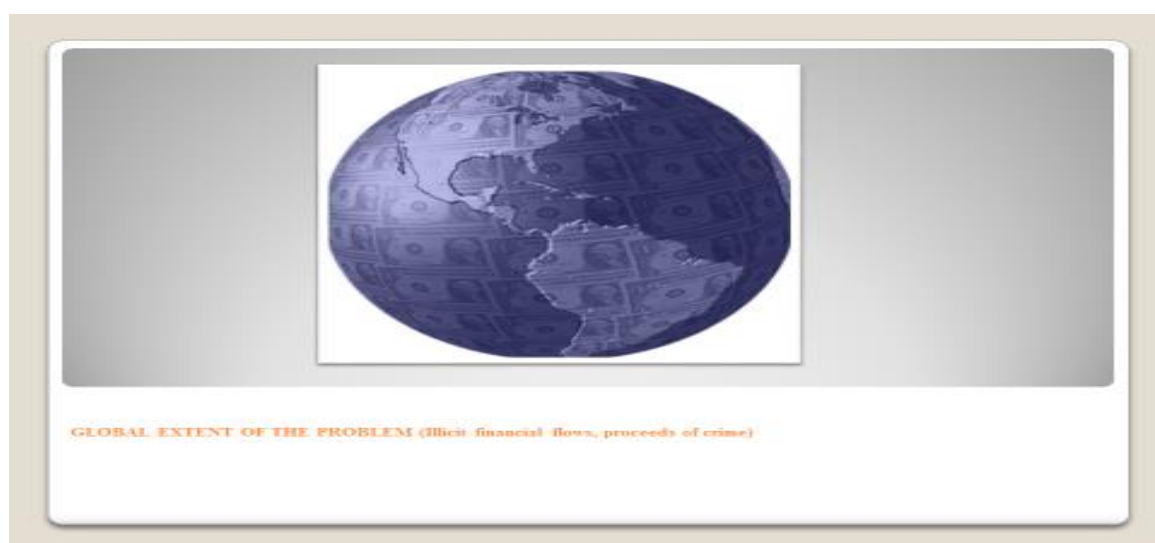
In theory and practice, there is evidence to suggest a symbiotic connection between corruption and the concomitant growth of financial /economic crimes such as ML. According to Rose-Ackerman (1978/1999), Rider (1997), Caiden and Dwivedi (2001), corruption takes many forms including Grand /Political corruption, systemic corruption, and bureaucratic corruption. Firstly, grand/political corruption is whereby, through misuse of power by heads of state, ministers and top government officials who corruptly steal from state coffers and launder the illicit proceeds for private pecuniary profiteering. Secondly, systemic corruption where, heads of corporations (private/public enterprises) infrastructures converge to take advantage of weaknesses in an organisation’s structures, or its procedures, practices, or methods, to exert monopolistic authority, to embezzle and extort bribes. Thirdly,

bureaucratic corruption, where public and private entity officials take bribes to manipulate policies, institute rules and procedures, entrench authority, and award contracts among others. Empirically there is growing trends showing that where money launderers fail to achieve their aims by use of threats, force or violence, corruption kicks-in as an alternative.

Generally also, there is swarming evidence to show that the world is not short on cases of grand/political and, systemic corruption as demonstrated in some of the countries ‘case studies’ (herein) contextually choreographed. The select-few global grand corruption case studies consequently follow (hereunder), but first, starting with the illustration of the scale of the problem globally in figurative/explanatory terms.

### **2.2.1 Global Extent of the problem of ML:**

***Fig.(2.1): ML & Globalisation – Estimating the Illicit Financial Flows:***



*Source: “IMF ML/AML Guidance Note - 2013”*

According to International Monetary Fund (IMF) (2016), The 20<sup>th</sup> Century was characterized by a number of structural changes in the World economy. In the last decade of this century, Globalization became the buzz word: bringing together nation states to make the world a “global village”. The main pillars of this process were Liberalization and Deregulation of national economies. Some of the prominent



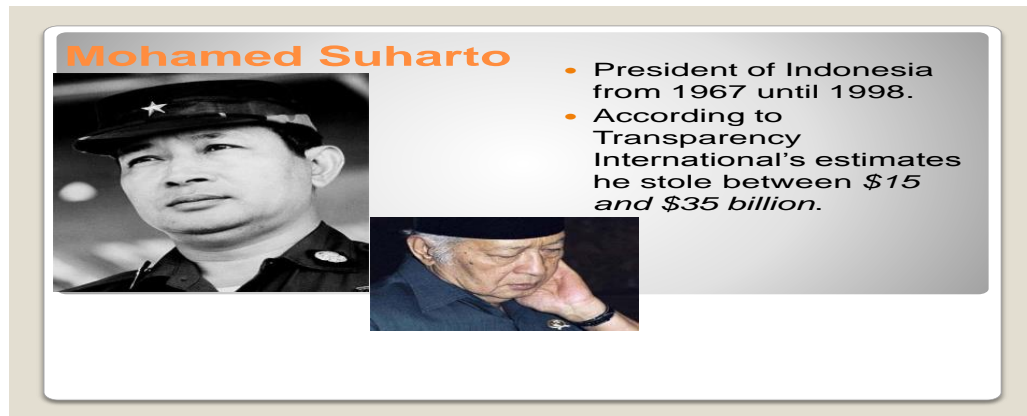
changes in this century were rapid developments in financial information, exponential growth of technology and communication which allowed money to move anywhere in the world with speed and ease.

These developments combined, created both opportunities and risks for the society. One of these risks is the increase crime and criminality. The phenomenon of ML is an aspect of organized crime. Many a society has witnessed the proliferation of organized criminal groups, operating across national boundaries and sovereignties. Given the emerging awareness that ML activities and off-shore financial infrastructures of organised crime legal investments sustain corruption – the latter, a collective, transnational and financially advanced phenomenon, one can only estimate the amount of money laundered every year. The International Monetary Fund, for example, had stated in 1996, that the aggregate size of ML in the world could be somewhere between 2- 5% of the world's gross domestic product. This is \$800billion - \$2trillion in (current) US dollars (*IMF, 1996*).

Suffice to say, Schneider and Windischbauer (2008), in their works on ML and legal economy: theory and simulations, further attempted a quantification of the volume and development of ML in (20) highly developed countries. Findings were that, in the years 1994-95, the volume of laundered money was USD554billion and increased to USD742 billion in 2002-2003. On a worldwide basis, USD1.038billion are estimated to have been laundered from the drug crime business only in 2005. The authors acknowledged that these figures were very preliminary.

### 2.2.2 CASE STUDIES [A1-A5] Global extent of the problem of Corruption & ML (Excesses by former Heads of State):

#### Case Study (A1-A5): Malaysia: General M. Suharto (1967-1998)



*Source: Study by Global Financial Integrity (December 2008)*

In Malaysia, former president Mohamed Suharto and his family were accused of having amassed a US 45 billion of wealth during his 32 years in power (Johnson, 2001). The money was siphoned away to friendly countries both in Asia and abroad among them Switzerland, through banking/financial channels.

#### Case Study (A2-A5):

**The Philippines: President Ferdinand Marcos & 'First Lady Aquino Marcos'-(Madam Boss)-(1972-1986).**

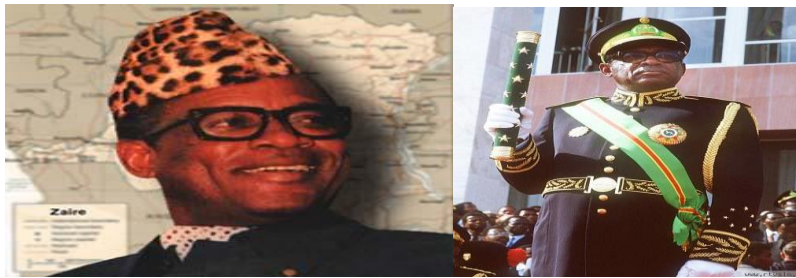


*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

President of the Philippines between 1972 and 1986, qualitatively it is estimated that he embezzled varying amounts between \$5 and \$10 billion during his reign.

### **Case Study (A3 of A5):**

#### **The D R Congo (Zaire): General Mobutu SeseSeko (1965-1997)**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

Mobuthu SeseSeko, better described as the “archetypal” African leader, in his 30-year reign (1965-1997), as president Zaire (now) the Democratic Republic of Congo became notoriously known for human rights abuses, corruption, nepotism, embezzlement and believed to have stolen plus/minus (US\$30.billion), money given to (Zaire) a “kleptocracy” - in developmental aid or accrued from illegal mineral deals with international business connections. The money was siphoned away to friendly countries both in Africa and abroad among them Switzerland, through banking/financial channels (*Johnson, 2001; Svensson, 2005, et al.,*).

### **Case Study (A4 of A5):**

#### **Nigeria: General Sani Abacha (1993-1998)**



*Source: Reuters*

In **Nigeria, San Abacha**, in his ten-year rule (1993-1998), as President of Nigeria, is said to have stolen a total of US\$5.billion some of it humanitarian aid money from world bodies including World Bank and the World Health Organisation to treat diseases such as malaria, TB and AIDS that he spirited/siphoned out to friendly countries mainly abroad through banking / financial channels. In its investigations the Swiss Federal Banking Commission found US660 million belonging to the former president stashed in Swiss Banks US\$ (Johnson, 2001). A further US540

million was identified in Luxembourg and Liechtenstein. Further unspecified amounts found allegedly deposited in Barclays Bank International foreign domiciled accounts that the Nigerian Government tried to recover but whose efforts faded and failed seemingly on technicalities (Johnson, 2001). Abacha died of cardiac arrest in 1998, without being taken to account for his/her corruption and ML scandals (Johnson, 2001).

Still in Nigeria and speaking of political meddling and monetization of the budget deficit wherever and whenever it occurs on the African Continent, recently, the 11<sup>th</sup> Central bank governor of Nigeria, Gordon Emefiele, also tinkered with monetary policy when oil prices dipped, prompting questions about the independence of the Central Bank (Yvonne Mhango, Sunday Times-Business News, 23, July, 2017).

#### **Case Study (A-5):**

##### **Uganda: General ‘Dada’ Idi Amin (‘the last King of Scotland’)**



*Source: Reuters*

General Idi Amin, self-christened “The Last King of Scotland” and also assumed the ‘title’ “Butcher of Uganda” because of his notoriety and callousness, was the president of Uganda for eight years from 1971 to 1979.

Uganda’s documented history of grand corruption influenced primarily by political meddling officiated (first) by Idi Amin in the Central Bank’s independence and, lack of governance prudence by private sector commercial banks date back to the 1970’s lives on today, (Mhango, Speckman, Ndlovu: South African Sunday Times Editorial

dated, 23/7/2017). Abundant literature has it that during his reign Idi Amin did more than kill political opponents. His reach far outstretched to perceived economic opponents of his rule, too. As Uganda's economy teetered on the brink of collapse, Amin ordered the bank of Uganda to print more money. Central governor Joseph Mubiru refused to bankroll Idi Amin's ballooning expenditure in this way and was executed. This it is said, made it very painfully clear that in Africa, when some rulers come under pressure to finance their activities – and even to stimulate economic growth – they see their “independent” Central banks as the surest means (Yvonne Mhango, *Sunday Times-Business News*, 23, July, 2017).

The hardest job would be that of being at the helm of the Central Bank of a country take for example Zimbabwe. The role player would pass for being very courageous given he/she has to content with loss of independence to perceived, and/or, actual meddling by politicians. One former Governor gained notoriety for keeping the mint turning-over, to finance the government's insatiable demand for money in the mid-2000s. In 2008, at the height of hyper-inflation in the country, the former governor Dr (X), printed the world's highest denomination banknote (local currency) (in recorded history) a \$100-trillion bill. Resultantly the valueless domestic currency capitulated and was abandoned, paving way for the United States Dollar (USD) adaptation as the currency of trade of ‘choice’ in 2009.

Yvonne Mhango an economist at Renaissance Capital, South Africa, in her works on monetisation titled “*don't mess with me on my right to print money*” was quoted by Columnist Messrs: Asha Speckman and Ray Ndlovu on the South African Sunday Times (23/07/17), as having said, the question of central bank's independence had/has to be separated from the monetisation of the budget deficit. Monetisation of the deficit, which occurs on the continent, was/is not a reflection of the degree of political interference as “there are certain times and instances when the government of the day needs” to do so, said Mhango.

Monetisation off the budget deficit, occurs when the government issues debt and the central bank buys it and holds it until the debt matures. Having the debt in the system, leads to increased money supply culmination to high inflation. “If you are printing, that means more money is chasing goods and inflation goes up. That has implications

for the exchange rate. If you have a lot more local currency in the system you see the exchange rate weaken (*Mhango (2017)*).

Monetisation is an option allowing central banks and governments to collaborate if there is a revenue issue in the country – but this is usually supposed to be temporary according to Mhango (2017). . She further posits that, while relationships between governments and central banks on the continent were largely well managed in the past, it's not the case anymore. Badly managed and contracting economies have and continue to experience revenue shortfalls particularly in commodity-exporting countries heralding a pick-up in the monetisation of the budget deficit as a result. In the writer's opinion, despairingly, for some countries like Zimbabwe the monetization of the budget deficit has become re-current and probably a permanent as the currency and cash shortage issues continue to dog the economy. This has and continues to open a plethora of 'events-risks' to the already suffocating and bankruptcy-facing local commercial banks such as heightened corruption and currency laundering.

The preceding examples while on General Idi Amin's case study example, illustrate the prevalence and audacity with which government leaders, across the globe, have in the past and present continue to engage with corrupt activities. In some extreme cases such activities have turned fatal. For those inherently corrupt leaders, the main responsibility of Central Bank governors was/is to print money for their governments, and, ultimately for themselves to launder. For the Central Bank Governors themselves, the only thing that mattered was to master the orders to speed up the processes, a rather simple instruction for these educated men and women in the administration of treasury. Still an ongoing phenomenon even today, such wayward behaviour revealed and continues to reveal the disregard for the inflationary dragon it could and can ultimately unleash, for example the resultant collapse of the (domestic/local) currency, fall of the industrial manufacturing output below potential, and, the collapse of the real economy culminating in acute cash shortages.

### 2.2.3 CASE STUDIES [B1 – B10]: Global Extent of Corruption & ML in Banks/Financial Institutions

#### Case Study (B1 of B10):

#### Singapore's Barings Bank Financial Crisis (1890-1995)



Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)

Britain's Singaporean-Barings Bank (1762-1995), (which collapsed with losses and debts amounting to US\$1.3 billion after its unsupervised speculative trader Nick Leeson adulterated stock market deals and siphoned off millions from clients – depositing them into 'phantom' bank accounts among other laundering activities for his benefit to the bank's loss).

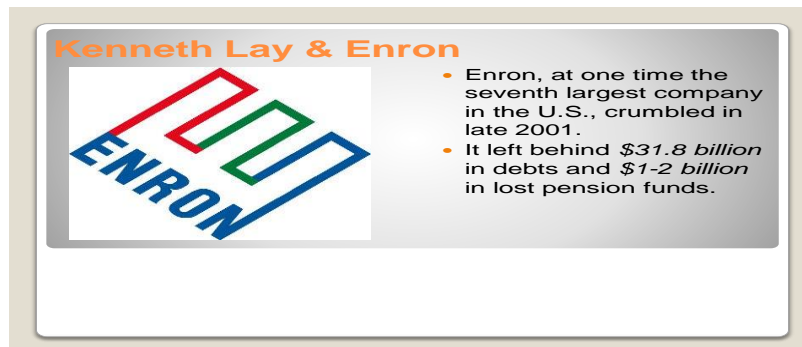
#### Case Study (B2 of B14):

#### Italy: Banco Ambrosiano, the Vatican Bank Financial Scandal:

Qualitatively, the Italian Banco Ambrosiano bank in which the 'all' powerful 'Roman Catholic' – *the Istituto per le Opere di Religione (IOR)* - Vatican Bank had a large shareholding stake and other assets including swats of investment deposits and, the nominal control of the former's shell companies in European cities/countries such as Luxembourg and Panama, collapsed in 1982, with debts of more than \$1.3 billion stemming from unsavoury ML deals involving large businesses and middlemen and culminating to charges of fraudulent bankruptcy in the Italian Courts: from which the latter was and did loss heavily, under pressure from the Italian Government - (\$504 million) in voluntary 'cover-up' contribution to creditors, but without admitting wrongdoing on its part.

**Case No. (B3 of B14):**

**Kenneth Lay & Enron Bank Financial Scandal (USA)**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

Enron energy giant at one time the seventh largest company in the U.S., crumbled in late 2001. The corporate financial structure was accused of systemic fraud by among other unethical practices /ignoring every principle of sound banking (e.g.) engaging and or facilitating ML practices, dereliction in applying AML governance principles and evading international and national banking laws so that its corrupt practices would be unsupervised and remain undiscovered. The result, not surprisingly, was that the group soon had a huge volume of high-risk loans. It left behind *\$31.8 billion* in debts and *\$1-2 billion* in lost pension funds.

**Case No. (B4 of B14):**

**Madoff Ponzi and (The 'Ponzi' Scheme Financial Scandal)**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

Qualitatively, at the height of his Ponzi scheme(s), Madoff Ponzi fraudulently Swindled an estimated total of (*\$13 to \$21 billion*) from unsuspecting depositor (Members of the public) victims. Akin to the fraud immortalized by the Italian-American Swindler, Charles Ponzi, during the 1920's, after whom such scams are



named, Madoff Ponzi offered depositors returns well above market expectations, and to make them believe he dipped into the money sent to him by other investors. This fraud works well whilst the money keeps on pouring in, but eventually it produces an ever -widening hole in the accounts which simply cannot be plugged. Charles Ponzi for his cause, he collected more than \$15 million in less than a year, by offering to double depositors' money within six months; for a while he himself prospered and was able to move from a shabby top-floor apartment to a twenty-acre estate with a heated swimming pool—all at the expense of the unsuspecting, and or gullible depositors/customers.

Upon his arrest Madoff, himself said (*\$50 billion*) *was swindled*, but it was/is thought this reflects an inflated value of his ML accounts, not the real value swindled from victims of the Ponzi scheme worldwide and proceeds of which he invested in real estate to hide the origins of the dirty proceeds.

#### **Case No. (B5 of B14):**

##### **Bernard Ebbers WorldCom (PLC) - Corporate Fraud and Abuse**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

The second born in a family of five children born to a travelling salesman, and holder of a Doctoral PhD in mathematics and, other degree qualifications and work-related achievements, Bernard Ebbers co-founded the telecommunications company Worldcom and is a former Chief Executive Officer of the company. In 2002, the telecom company WorldCom fell apart as its former CEO, Bernard Ebbers, was arrested and later sentenced in 2005, upon conviction on charges of fraud and conspiracy to false financial reporting to 150 years in jail for an *\$11 billion* accounting scam. He was convicted and sentenced.

The World-com scandal was until the Charles Madoff 'Ponzi' Schemes came to light in (2008), the largest accounting scandals recorded in the United States of America history. In 2009, 'Time' named Ebbers the tenth most corrupt CEO for all time. In 2013, Portfolio Com and CNBC named him as the first worst CEO in American history.

#### **Case Study (B6 of B14):**

#### **Bank of Credit & Commerce Int. (BCC) Financial Scandal**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

In 1991, the Bank of Credit & Commerce (BCCI), christened 'The Bank of Crack, Cocaine and Ice' founded in 1972, with US\$2.5 million by Agha Hassan Abedi, a Pakistani businessman and a Shi'ite Muslim, whose operations in 70 countries with 400 branches worldwide, finally started to collapse due to mainly grand looting of (US\$20 billion) worth of depositors funds to cover up rolled-over insider bank fraud related losses: theft and false accounting practices by its shareholder executives and associates.

Dubbed 'the largest bank fraud in the world financial history, Robert Morgenthau Manhattan's District Attorney reporting, following a Price Waterhouse (US) audit 'Sandstorm Report' (1991), accused 'BCCI of being corrupt from the start. That, its operations constituted intention to deceive from the start, by way of evading international and national/local banking laws so that its corrupt practices would be unsupervised and remain undiscovered. The modus operandi involved among other irregular practices: insider high risk unsecured loans/lending and dealings with politically exposed persons (PEPS) including the United Arab Emirates (UAE) ruling family members, Panama's General Noriega who just about the time he took over as president of Panama in 1991, started moving millions of drug money into convenient

BCCI bank accounts of high ranking drug barons of the Medellin Cartel grouping set up(s) in Panama itself, Netherlands, Cayman Islands and whose links stretched to other renowned financial institutions in and beyond New York. Certain rogue employees also went on to systematically falsify the capital structure of BCCI to make it appear as though the bank was solvent, profitable and secured.

In 1996, following the conviction of BCCI executives, there were many harrowing stories of small businessmen and women across the globe whose lives went into ruins due to losses of undisclosed millions. Companies collapsed and individuals, some who had retired as successful entrepreneurs and had put their savings into BCCI to cushion them in their twilight years ahead, were forced back on to the job market. In January 1995, after a gruelling three and a half years' of legal battle, depositors received a worldwide settlement of US\$ 2.4 billion (UK 1.2 billion pounds sterling) equivalent by the majority shareholders (US Financial Times, 1996, Sam Jaffa, 1998).

**Case Study (B 7 of B 14):**

**(USA) Stanford Financial Group Plc. Ponzi' Scheme Financial Scandal (2009):**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

Controlled by Sir Allen Stanford, HQ Texas, and operated in several countries, including a bank, in Antigua the financial group managed US\$ 8.5 billion for > 30,000 clients in 136 countries. In February, 2009, Stanford was charged for alleged Ponzi-scheme type fraud involving \$8 billion.

**Case No. (B8 of B14): France: *Societe Generale* Bank: ‘Rogue trader’- Jerome Kerviel (Mr) Financial Scandal (2008):**



*Source: Network of Global Agenda Councils 2011-2012 Report, 2012 (World Economic Forum)*

Qualitatively, in January 2008, the French Bank *Societe Generale* was rocked by a \$7 billion loss caused by a rogue trader. The financial scandal by Jerome Kerviel a 31 year old ‘rogue trader’ who created fraudulent transactions using computers to make attacks, and, create forged documents was reported five times bigger than Nick Leeson’s *Barings Bank* US\$1.3 billion grand fraud-led laundering case in 1995, (World Economic Forum- Network of Global Agenda 2011-2012). Formerly charged on 28 January, 2008 with abuse of office and illegal access to computers ... which charges carried a maximum of three-year term in prison, Kerviel was later to be charged for financial fraud. He was later to be sentenced to five years in jail with two years suspended, a full restitution of US\$ 6.7 billion lost, and a permanent ban from working in financial services sector.

**Case Study (B9 of B14):**

**Malawi’s Dr B Muluzi -Tax Fraud:**

Qualitatively, quoting, Goredema et.al, (2006), works on corruption and ML in Southern Africa region, in Malawi, in the month of September 2004, the Malawi Revenue Authority (MRA) suspended three employees for undervaluing goods or failing to charge duty. Also in about the same period in time, the MRA intercepted two truckloads and arrested its occupants for undervaluing goods arriving from outside the country in order to evade tax to the tune of MWK8.8 million (US\$70,968K). Further also, in January, of 2006, the MRA dismissed (27) employees for corruption. Last but not least in another incident of corruption and ML, a Dr B Muluzi, was arrested and charged for diverting MWK1.4 billion (US\$10 million) of government money into his personal account.

**Case Study (B10 of B14):****Dr Kashiwa Bulaya – Corruption:**

Qualitatively, quoting Goredema et.al,(2006) in his works on corruption and ML in Southern Africa region, in Zambia, a certain Dr Kashiwa Bulaya former permanent secretary in the Ministry of Health, was charged for three (3) counts of corruption involving US\$226.700 in cash payment as inducement or reward money for engaging a drugs supplier company Butico A1.

**South Africa:** Qualitatively moving forward, in the global context, relative to examples of numerous cases of corruption in other countries, South Africa generally has its own several ‘textbook’ examples of its own models of corruption and financial scandals falling back into the apartheid era. The prominent once include: <sup>1</sup> The Wouter Basson “Dr Death’s” R150-million trial of fraud and theft of state funds’ (The Citizen, Johannesburg 4 August, 1999); <sup>2</sup> The Piet Meyer “Mr Bag’s” plus/minus R1.-million corruption and ML case(s) (The South African Star, Sunday Times, July, 1999);<sup>3</sup> The Fidentia Asset Management, R1.-billion fraud -Ponzi scheme scandal (The Cape Times, South Africa, 28 May, 2013). A cursory appraisal of each of these three notable cases reveals the actual nature of criminalization and deviantization: that is, to how crime is constructed within a particular society or environment, and or similar societies or environments:

**Case Study (B11 of B14):****The Wouter Basson “Dr Death” Fraud/ML Scandal(s) (1999).**

First the man dubbed as South African’s “Dr Death” – former South African Defence Force Military Chemist Dr Wouter Basson – set up complex network of interlocking companies on three continents with money allegedly siphoned off state funds between periods: March, 1988, and November 1992. Proceeds of his laundering activities worth an estimated whopping figure of R44.-million spread from the Caribbean Cayman Islands to the United States and a country cottage in Berkshire County, England.

On October, 4, 1999, alongside the charges of systemic fraud and theft, “Dr Death” stood before the Pretoria High Court to face : 6 counts of murder by chemical poisoning of (200) Swap members whose bodies were allegedly dropped from an aircraft into the sea and 11 counts of conspiracy to murder of prominent political figures in President Mbeki’s government among them Frank Chikane and Ronnie Kasrils, and Pallo Jordan, as well as 67 counts of theft and fraud committed when he was project officer for ‘Project Coast’ set up by the former SA Defence Force, during the apartheid era. He was later to be found guilty and convicted on most if not (all) the charges preferred against him to which appropriate sentence including recovery of assets and restitution to the state in terms of the new US style Asset Forfeiture-Prevention of Organized Crime Act, was ordered.

**Case study (B12 of B 14):**

**The Piet Meyer “Mr Big” Corruption and ML Scandal:**

In July, 1999, a rogue senior police superintendent and provincial head of the SAPS’s organized crime unit in KwaZulu-Natal, Piet Meyer, ‘turned’ biggest gangster - boss of the Durban police ‘mafia’, was arrested and hauled before the South African High Court to stand trial for systemic corruption and ML calculated at plus/minus (R1.million) that occurred between 1994, and 1997. Piet’s ill-gotten fortunes stemming from: conducting organized illegal corrupt business deals, obstructing the law, fraud, theft and perjury, owning and using unlicensed gambling machines and blackmailing unlicensed gambling machine owners, release of cocaine smugglers and counterfeit traffickers -all leading to profiteering and living an extravagant lifestyle, ran out following a spat in a love triangle when scorned and bitter wife Tokkie, turned him over to the Durban anti-corruption unit at the beginning of July, 1997, (*The Star /Sunday Times, July, 24, 1999*).

The aftermath of the arrest saw Meyer’s seized by the Assets Forfeiture Unit that July 1999. The recovery action by the law enforcement agents applauded (as it were), was however short-lived as at that time, the US style draft Prevention of Organized Crime Act was pending enactment in January 2000 (following), and as such, the law could not be applied retrospectively, leading to Judge Noel Hurt ordering their release. This however did not stop Meyer from being charged with serious fraud, theft and

defeating the course of justice (while the forfeiture act itself also went on trial to validate retrospectively) for which, he was later found guilty, sentenced and convicted by the state - (*The SA Star*, 11 August 1999).

**Case File (B13 of B14).**

**The Fidentia Asset Management Fraud - J Arthur Brown (Mr):**



*Source: Cape Times, Cape Town S.A. (Nail Baynes, 28/5/13)*

Qualitatively, the Fidentia Asset Management (FAM) financial scandal involved a massive financial services company raiding funds allocated to widows and orphans in the 2000s. Fidentia had plush headquarters in Cape Town's Century City and financial services professionals were queuing to join the company known for its extravagant perks. Heading the operation was J. Arthur Brown, a former lawn salesman, and wily accountant Graham Maddock. There were others who knew they were playing with other people's cash, including Brown's wife, who set up a pole-dancing operation in a Cape Town building bought specially for her company, Facets.

Prior to it being bought-off by Fidentia Asset Management, (formerly Marco Asset Management) and (then) also known as Living Hands, was a trust administration company that managed the trusts of widows and orphans. According to the NPA papers, Marco had a current account fund, with at least R69 million, used for the daily needs of beneficiaries in various trust funds. It also had a surplus investment with Old Mutual "which covered the future needs of these funds of more than R1bn."

Based on the NPA court papers and the 2010, document:

- On October 6, 2004 - Brown "was directly involved in the proposal" to buy Matco for R93million and on this day signed an agreement,

- On October 14, 2004 - A letter with Brown's signature describes him as (Matco's) "incoming Director",
- On October 15, 2004 - Fidentia Holdings instructs Standard Bank in writing to transfer R93million, "seemingly from the Fidentia Holdings account at Standard Bank... to the account of Matco."

A letter from Fidentia Asset Management (FAM) to Old Mutual said: "We hereby instruct you to liquidate the R150million of Marco assets with immediate effect and transfer such proceeds into the following account: Fidentia Asset Trust Management". Responding, Old Mutual writes to Marco to say it is unsure about Fidentia's instructions and will only act on (Marco's) instructions. Then in a letter to Old Mutual again, Marco confirms that Fidentia Asset Management was appointed investment manager with effect from October 14, 2004, and had full authority to deal with the investment portfolio, including moving "a portion of the entire investment" from Old Mutual.

The NPA's court papers also revealed Brown tried to get the R150m from Old Mutual "by deceit".

October 16, 2004, the balance of the Fidentia Holdings account from which the payment to Fidentia Asset Management was to be made stood at R353 316.97 – a sum nowhere near the R93m purchase price.

***Fidentia scandal: 'more money is missing' – (the preliminaries)*** ...these were the headlines in newspapers. In the beginning, according to news making headlines in the South Africa media on 28/03/17, funds missing from the Fidentia Asset Management group were "close to R1-billion" - far more than the R680-million originally suggested when the Financial Services Board initially applied to have the group placed on curatorship (a month before).

At the same time, Money web investigative journalist Julius Cobbett writing on the fraud (Ponzi-skim type roller-coaster), revealed Fidentia Asset Management had received other investments from a number of a number of other companies, which



were in turn used to pay amounts owed to existing investments. Among these companies were Antheru Beleggings Trust, Baltron and Tetra.

In its grand fraud driven investment schemes, Fidentia's acquisitions included: a 10-bedroomed Sante Hotel bought for R86.5million; Gym Equipment valued at R2.9million; Interest free "loan" to a businesswoman a certain, Danisa Baloyi from Living Hands United Trust (LHUT). An intriguing aspect that emerged from the evidence-based curator's report was that, despite the hotel having been extravagantly expensive there was no evidence to link Arthur Brown getting a kick-back on this one.

Fast forward; Judge Fourie allowed an application by the Transport Education and Training Authority (Teta) to join as a second applicant(s) in the curatorship order, agreeing that it had "a substantial interest in the matter bordering on suspected fraud and laundering by respondent impacting seriously from non-payments to beneficiaries (widows and orphans)". Teta was the second biggest investor in Fidentia Asset Management, with an R245million stake. The largest investment (as alluded) having been that of R1, 47 billion from the Living Hands Umbrella Trust, which paid out money from the Mineworkers' Provident Fund to widows and orphans of workers killed in mine accidents.

Gihwala, another of the curator(s) appointed together with accountant George Papadakisi, had stated while giving gory details of the fraud scheme in the Cape High Court, there was no money in the kitty', and that he, and, other co-curators had found evidence of theft and fraud by Fidentia. That the shortfall caused by the fraud had reached "around R1-billion". Gihwala revealed further that (they) had secured close to R20.million in refunded VAT from the South African Revenue Services (upon the authority) having managed to reverse one among other transactions confirmed to be absolute fraudulent.

Also, the fact that, the group had "some significant assets", which included "pristine" property near Plettenberg Bay and Port Elizabeth, the Fidentia office park at Century City, the Facets lifestyle centre, also at Century City - which is owned by the wife of Fidentia Asset Management Boss, J Arthur Brown - and Sante Winelands wellness

centre in Franschhoek Valley meant that, these would provide the much-needed source of recoveries from Fidentia. Curators (as at-March 2007, or thereabout), went on to recover a cumulative sum of R300 million which was distributed back to (LHUT).

The report which made/makes for grim reading, deals not only with the R1.5 billion in the alluded Living Hands Umbrella Trust (LHUT), but also with other mentioned investments received by Fidentia, including R200million invested by the Transport Education & Training Authority, R45m from Antheru Beleggings Trust, R38.6million from Balltron, and R48.9million relating to Evertrade. In total R1.8bn was invested.

In this referred to report, George Papadakis described the (former) Fidentia chairman J Arthur Brown (Mr) as a “serial Ponzi-schemer”. Papadakis notes that Brown used money received from new investors to pay amounts owing to existing ones. For example, the report notes that from the Teta money, R17.5million “was paid to persons and entities that had not previously invested funds with FAM [Fidentia Asset Management], but appear to have invested with Maddock Inc.” Maddock Inc. was the firm of former Fidentia financial director Graham Maddock? Papadakis said/says, this payment of R17.5million to Maddock’s investors “illustrates the existence of a Ponzi scheme in operation prior to Fidentia Group commencing with its operations”. Talking of Living ‘Hands Umbrella Trust’, Fidentia Asset Management’s largest investment was the Living Hands money. It initially got R1.13billion from Old Mutual in 2004. This money was for the benefit of about 46 000 widows and orphans. Over time until the date of curatorship the trust received an extra R337.million in “source funds” or retirement fund money.

The report went on to say that, the way in which the money was spent could hardly be described as a suitable investment for widows and orphans. In fact, the majority of the cash was not even spent for their benefit. For example, one of the single biggest payments was R90.million to Cornerstone (Limited) company, an entity associated with the late Angus Cruikshank, an acquaintance of J Arthur Brown. This payment was allegedly to plug a ‘black hole’ that had been created by Cruikshank, who had stolen money from his own investors.

The list of payments contains extravagant and seemingly unnecessary expenses. Fidentia used (LHUT) money to pay R6.1million for Leapfrog, a company used to generate marketing and printing material for the Fidentia Group. It also spent R750 000 on its own printing press. Gym equipment was bought at a cost of R2.9million. All of this contributed to very comfortable work environment: Fidentia's employees had their own gym, free meals, high salaries, and had grown accustomed to business class travel. Papadakis said when he arrived he had a fight to get employees to fly economy class to meetings. Says Papadakis: "I told them 'I fly Kulula, you're also going to fly Kulula.'"

The other single biggest 'investment' was Infinity (Limited), a technically insolvent rewards company. The company was bought for R160.3million from Mel Cunningham. It cost a further R2.9million in operating expenses. Infinity formed part of Fidentia's 'private equity portfolio', a motley collection of companies which were not registered in investors' names or in the name of a nominee company. The companies in the private equity portfolio were either held in the name of Fidentia Holdings or its subsidiary Bramber.

Then also, there was Sante (Limited), a ten-bedroom, loss-making hotel which Fidentia bought for R86.5million. A spa suite and villas were added at a cost of R26.9million, bringing the total cost to R113.4million. The hotel's operator, Sante Wellness, squandered R31.8million in operating expenses, and its successor, Sheckels (Limited), went through another R9.6.million. The operators were Fidentia companies.

Yet also, 'Thaba Manzi' a game farm, was purchased for R32.million and a further R4.3.million ploughed into its operating losses. Says Papadakis: "A portion of the game farm was registered in Brown's personal trust. He said it was a mistake. You know what's so coincidental about this 'mistake'? The farm was made up of eight portions, most of them undeveloped land. The one portion, on which properties were built – the most valuable portion – that was the one that was registered in Brown's Trust. "Brown and his co-shareholders also extracted a lot of Living Hands money

for themselves. And an R40.million 'dividend' was paid to Brown Brothers as Fidentia shareholders.

By the end of the long trial, because of complexities involved in the white-collar type crimes, the State could only manage to prove and proceed on two charges/counts of misrepresentations regarding investments entrusted to him out of the original 192 charges/counts against Arthur Brown, to which he pleaded guilty and was sentenced as follows:

Total R150 000.00 fine for both counts – meaning R75 000.00 fine applied for each count, or alternatively, 36 months in prison. All of the R150 000.00 restitution amount was ordered for distribution back to beneficiaries through their original investments: LHUT, Tetra, Antheru Beleggings, Trust and Baltron.

Imprisonment for a further 36 months for both counts (18 months on each) which was suspended for 4 years on condition accused did not commit fraud or any case involving dishonesty again.

The National Prosecuting Authority (NPA) had applied to appeal against this sentence arguing it was too lenient considering the gravity of the several and serious other charges bordering on ML and corruption which brought the cumulative fraud loss figure to (plus) R1 billion (actual). Originally, funds missing from the Fidentia Asset Management group when the Financial Services Board applied to have the group placed in curatorship a month before were a (measly) R680-million. In this case, one of the counts Arthur Brown was charged and convicted of involved Fidentia Asset Management and its lightening takeover of yet another (widows and orphans) Asset Trust Company, Manaia-(Marco) which had taken barely two weeks for the former to gain control and, subsequently allowing the flow of millions and walloping of same in Ponzi-scheme style fraud activities. Resultantly on the court list in the (Marco) matter including former directors and shareholders of Marco, including JA Brown himself, and also, other directors later appointed by (his) Fidentia Management Board.

In its Judgment, the court had found out that Arthur Brown and other 19 defendants that had appeared on the court list had “acted recklessly” by breaching their duty to the (Marco) Fidentia Asset Management Trust and its beneficiaries. The presiding Magistrate bemoaned the seriousness with which the State considered Arthur Brown’s crimes and that had it not been the willingness by him the accused to reimburse to the victims, he would not have hesitated to give the maximum prison term of 15 years as had been called for by the Public Prosecutor. This suggesting the presiding magistrate still thought the sentence he had passed was not commensurate enough to deter or prevent the accused or any other person thinking of acting in the same manner doing so in future.

More than a decade after the Fidentia group was placed in curatorship, investors have recovered only a quarter of the R1, 3bn in claims. (*Daily Maverick-Business*, S.A, May, 21, 2013, *Eye Witness News*, S.A. May, 15, 2023, *BizNews Digest*, S.A, August, 19, 2019).

#### **Case Study (B14 of B14):**

##### **Namibia - ‘Mafia-type’ Organized Crime: Corruption and ML:**

In Namibia, Windhoek, writing in the Sunday Times on 1 August, 1999, Tangeni Amuphandi published a photo and article of an alleged ‘Mafia’ money launderer Vito Palazzolo (Mr) (alias) ‘*Robert von Palace Kolbachenko*’– headed, (Wanted at Interpol’s request: Now Namibia hunts ‘resident’ Palazzolo). Officially declared a prohibited immigrant ‘*persona non-grata*’ in 1990 shortly after Namibia’s independence, Palazolo of East European (Ciskeian) origins and carrier of varying identity documents and passports (as then discovered), and also, highly connected politically and in business circles obtained Namibian permanent residence status in 1987.

Having demonstrated the global scale and effects of grand corruption and ML by errant Heads of States, senior government officials/civil servants (herein) referred as (PEPS), and owners/directors, senior bank officials, and, heads of economic corporations (other), the narrative will now move to draw on some of Zimbabwe’s own serious corruption-led laundering financial/economic scandals the majority by

elected serving government public officials (PEPS) - (Ministers / Political Party Officials, Police and Civil Service rank and file) at some of Zimbabwe's Government Parastatals, during the researched period (1980-2017+)

be seen that (herein) that, Zimbabwe's history littered with incidences of grand corruption and ML by sequence of events can be traced back to the early years after independence that commenced with the Bernard Paweni- Gvt's Grain Marketing Board-Maize financial scandal, the Willowvale (Willogate) Gvt's Ministerial (senior public officials) car loan scheme scandal, the Roger Boka's United Merchant Bank (UMB) (1988) financial crisis, and the ENG Capital Asset Management plus (12+) other notable cases that took place during period (2003 – 2013), and beyond up to, 2017+.

To help the reader in appreciating the history of the phenomena and its underlying causes in Zimbabwe, a précis of these and, the select few of many a littering of chronicles of the grand corruption in which government enterprises public sector officials (executive, ministers, parliamentarians etc.) and, intermediary institutions (banks/financial houses) - their owner/executives, management and senior employees other, were/are involved, appear (herein to follow) under: **Section 2.1.4: Sub-section 2.1.4.1 - Case studies** 'Tables 2.3' and 'Table 2.4' marked C10 - C10 and D1 – D13 respectively], precede the précis' discussions.

Historically thus, as early as post-independence, period (1980-1990), the government Zimbabwe focused on expanding education and healthcare for many of the formerly disadvantaged black Africans. The country at first posted increased literacy rates, reduced child mortality, and expansion of government services. However, due to unsustainable government spending among other shortcomings, the country's micro/macro -economic fundamentals showing cracks, started to shift downwards: (*International Monetary Fund, World Bank Group country economic review reports, Transparency International, Independent international /local newspapers - several issues -1996, 1997, 1998, 1999, 2000 to 2017+ - to date*). According to the IMF and World Bank, public expenditure made up approximately (45%) of Zimbabwe's GDP during the (1980's). Consequently, Zimbabwe had to be forced to adopt the resented Economic Structural Adjustment Programme (ESAP 1 &2), which meant huge cuts

in public development spending expenditure programmes, civil service reforms, privatisation of public sector enterprises and so forth.

ESAP combined with successive draughts during the early (1990's), worsened the situation for both business (including banks / financial institutions), and for the average Zimbabwean, heralding the start of the deindustrialisation, increased industry closures, and high unemployment rates. The economy began to perform poorly, shrinking as much as 7.5% in 1982, alone said/says the (International Monetary Fund (IMF), World Bank (WB)). In 1999–2000, government pushed ahead with his land reform programme which ultimately lead to devastating consequences and costs, (18+) years on (to date), and in its wake breeding institutionalised grand corruption primarily in the government Parastatal enterprises and the banking financial sector (*IMF, WB*).

The fall of the Boka United Merchant Bank due to fraud-led ML activities ignited the match which was followed by the unprecedented fall of (12) other banking institutions within a period of a decade due to among others, a myriad poor governance issues, corruption and fraud related scandals mainly by senior management. Consequentially this resulted in among other micro/macro effects, investors (foreign and local), becoming untrusting of the banking sector, heralding death of agriculture and the incessant cash crunch (lack of liquidity) that dogged the country.

The Zimbabwean banking sector in general and specific terms, is an area that has never before been the subject of serious criminological research, and, the levels of ML and the associated specific *environment-related* security risks are generally unknown outside each individual bank and the central bank (The Reserve Bank of Zimbabwe) itself. This to say, there is very little academic seminal published works that deal specifically with the security risks faced by banks/financial institutions including the central bank. Indeed, also, there is very little published work on the level of ML and the associated security risks paused by the growing diverse crimes in particular corruption among others (herein), referred to as predicate offences, considering that the statistical fact sheets (where available), are not in the public domain. No wonder this gave rise to the need for an investigation into activities

within and without the sector threatening not only its micro-macro viability but also that of the entire economic development of a country struggling (then/now) to re-emerge from decades of devastating economic issues.

The demographic information of the two-representative sample banking financial institutions chosen in the first instance, their security, operations risk and (AML) compliance departments management systems and strategies to prevent and combat corruption, frauds (card and cheque fraud), embezzlement, armed robbery (among the endless list), and (herein) referred to as predicate offences to ML, is thus, included.

The findings of the field survey (primary data) largely considered; the existence of theoretical literature – global grand corruption case files /study on the actual individual public corruption cases/actual study of bank deviance case files/newspaper reports literature (all secondary data), and, ethnography study (qualitative): were/are ominously, and/or, substantively assenting of the available existing literature (international and local) - on all the terms of references, revealing the crime of corruption (organised/non-organised) as most dominant global causality of money-laundering/laundering. Stemming from the simmering debate between the two strands of criminological theory: determinism and rational choice perspectives which have separate implications for managing security risks (i.e.), the latter suggesting reliance on ‘traditional’ protective measures such as locks, alarms, and surveillance to protect the target and, the former, suggesting that the intervention must start where the offence started , recommendations are thus brought forth to contribute to enhancing among other practical prevention policies, the adoption of crime situational, and, social prevention driven measures or systems against corruption including as alluded, surveillance, and, massive information gathering and dissemination, auditing, and aggressive enforcement of a wide array of criminal, social and administrative controls. In other words, the adoption of holistic situational, social and operation systems approach and implementation of AML, global risk compliance (GRC) standards, for the banking/financial institutions, and the business general will/is recommended.



The aspect of risk generally tends to be understood as a negative phenomenon, ‘...the product of a hazard (a situation that can lead to harm) and vulnerability to hazard or loss. Okoye (2014), states: “there is no single definition of the term, but the numerous definitions of risk provide an indication of its connotation. Risk is defined as the potential for unwanted negative, consequences of an event or activity, the chancing of a negative outcome, the numerous types of threats caused by environment, technology, humans, organisations, politics etc. ...”. Moran (2014), “risk is commonly described in terms of its components of likelihood and impact”.

Further also, because ‘risk’ is a term prone to various meanings and interpretations, is usually understood as a calculation under conditions of uncertainty: as to whether a loss, damage or harm will occur (Brearley, 1982). While, risk management, generally can be defined conceptually as ‘the action taken to deal with potential for injury, loss or damage. The term ‘security risks’, and or, ‘crime risk was thus, used widely throughout this study. The word ‘security’ and ‘risk’ are inexorably linked, and, when used together within the study they refer to any risk with a laundering activity, and or, cause effect relationship, characteristic of in particular: systemic corruption, and, ML, that may have an adverse impact on Zimbabwe’s banks / financial sector. According to Ulrich Beck, risk is endemic and unavoidable in modern society (1992). Adding to that, Hemming (1996), states that we all, consciously or unconsciously, measure risk on two bases, the probability of a threat becoming an event, and the criticality of the event should it happen. Further Pidgeon wades in and contends that the individual’s perception of risk is largely subjective: somewhat surprisingly, individuals often hold a relatively sophisticated view of risk, involving important qualitative factors that are missing in formal reliability theory and risk assessment techniques (1992).

Maslow’s widely quoted concept of ‘security’ is concerned with hierarchical needs (Johannsen and Page, 1975), whereas another authoritative definition is ‘freedom or protection from danger or worry’ (Oxford Advanced Learner’s Dictionary). The working definition provided by Post and Kingsbury (1991), is generally accepted as providing an accurate description of security in commerce and industry:

Security provides those means, active or passive, which save

to protect and preserve an environment that allows for the conduct of activities within the organization or, society without disruption.

Literature has it that, 200 hundred years ago, a major crime risk facing the bank of England was armed robbery of the horse-drawn bullion coaches (the Cash-in-Transit – of the day!), and however, in those days armed scouts were provided by the army. This relationship between armed escorts by solders and banks only ended as recently as 1973, or thereabout as the risks facing Central Banks and the banking sector in general have taken more modern forms as criminals, always ahead of law-enforcement for example AML regimes, devise complex methods of committing and or, adapting to newer forms of crime using technology and other systems platforms, and, the former develops customized approaches of prevention and combat. True therefore, significant threats today also involve security and integrity of ICT systems, economic information, fraud and the use of computers per se, to commit such crimes. Also, as abundant literature would have it, for the United Kingdom, computer crime has only been experienced over the last 30 years, following the widespread introduction of computers in the business sector.

Unlike the major security/crime risk of the alluded 200 years ago, significant threats today involve the security and integrity of computerized IT systems, to protect them against being used for perpetuation of crimes such as fraud, robbery, theft and hacking. As alluded thus computer technology and applications facilitative solve complex business problems and day-to-day tasks, such as communication, word processing, storage and securing of data for small and large enterprises. While bringing with it such opportunities, the digital age has also bred opportunities for new risks ...increase in 'crime against business', across the globe. Cyber risk for example, which is here to stay, but not necessarily in its current format, leaves businesses including banks and the wide financial sector worrying about data privacy and information property (IP) theft. Particularly at risk generally are mid-size businesses which compared to their multi-national counterparts, are generally less equipped to deal with the consequences of attacks with potential to inflict damage on not only infrastructure, but even mass production etc.

Writing on the increased risk of cyber-attack threats to business in Zimbabwe, one of the local newspapers, the ‘Zimbabwe Independent Business Digest’ of 16-22<sup>nd</sup> February, 2018, Tatenda Mujati, an information technology manager with audit firm, Grant Thornton (Private) Limited confirmed the frequency of ‘crypto locker’ and ‘ransom ware’ attacks against Zimbabwean companies. These have a direct impact on organisations operational fitness and bottom line he pointed. While hackers are not shy about re-inventing their way of working, businesses may not be as nimble when it comes to counteracting the threat, he said. In its (2017), International Business Report (IBR), Grant Thornton highlights on this and other effects, stating that only 52% of organisations have a cyber-security strategy in place. The Zimbabwean government has as recent as (2017), also acknowledged this gap, and launched the national Cyber Security Bill, with the intention to directly address the need for cyber risk measures adaptation by businesses - all types and sizes, including banks. These revelations supports the author’s arguments that banks in Zimbabwe in particular, and, business general lack intelligence-sharing tools to effectively implement the (40+9) Recommendations of the Financial Action Task Force (FATF) and, principles of the Basle Committee on Banking Supervision on AML and more so the financing of terrorism (CFT) more so the KYC/CDD policy frameworks. Such is the case surrounding Zimbabwe making the country an area for criminal exploitation.

Because banks in Zimbabwe particularly emerging indigenous banks have not been managing their risks well enough in the last (plus) three decades, they are generally not pretty good at managing most of them (Benjamin Witty on line, 21/11/16). Empirically, the biggest risks banks face, are the most complex to change or adapt and these are:

<b>Credit risk</b>	Arising from excessive risk concentration and failure counterparties to discharge their obligations;
<b>Liquidity risk</b>	Arising from failure by a bank to meet obligations associated with financial liabilities that are settled by developing cash or another financial asset;

<b>Reputational risk</b>	The current and prospective impact on earnings and capital arising from negative public opinion which can expose the institution to litigation and financial loss, or a decline in its customer base;
<b>Strategic risk, Market risk and Country risk:</b>	The risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as rise in interest rates, foreign exchange rates, and equity prices; PLUS various Operational risks – (arising from systems failures, human error, fraud or external events).
<b>Compliance risk</b>	Emanating from non-conformance with laws, rules and regulations, internal policies and procedures or ethical standards), is/are inherent in all its/their activities, but is/are managed through a process of ongoing identification, measurement, and monitoring, subject to risk limits and other controls.
<b>Market risk</b>	Emanating from change of environment
<b>Regulatory risk</b>	Coming from policy/regulatory requirements and related compliance requirements. Highly complex this is also, as it helps banks to stay in safe zone.

Literature review, also comprised exploring established works on primary prevention measures, such as those of Clarke's (1992/1997) - 16 techniques of situational crime prevention based upon the concept of *opportunity reduction*: typically entailing, <sup>(1)</sup> measures directed at highly specific forms of crime, e.g. economic/financial economic crimes of fraud, corruption, tax evasion among others (predicates to laundering), <sup>(2)</sup> measurement, design or manipulation of the immediate environment in as systematic and permanent way as possible, <sup>(3)</sup> increasing the effort and risks of crime and reducing the rewards as judged by a wide range of those spawning the criminal realm and the offenders. Also reviewed the views of Pease (1994), on crime prevention, Brantingham, and, Faust, (1976), and, Angel's (1968), on concept of crime prevention through environmental design.

Further also, Gill's (1988), study of security risk countermeasures was carried out. His model of crime risk management techniques is a repackaged and condensed but wider version of Clarke's (1997), sixteen (16) techniques of situational crime prevention measures embedding a five (5) staged or level risk assessment and countermeasure(s) decision making process agenda that must precede any action of risk reduction (i.e.): [<sup>1</sup> Risk assessment, <sup>2</sup> Making a decision, <sup>3</sup> Risk threat Focal Identifications (X3 FOCIs = organisation, situation and society giving rise to risk threats), <sup>4</sup> Actions: (Application of Clarke's Situational Crime Prevention Measures), <sup>5</sup> Evaluation and the assessment of threats as, a continuous process.

James Q. Wilson, and, George Kelling (1982), proponents of debatable integrated bio-criminological theories on crime, also add to the literature on causation, the 'broken window' concept which together with the trio of situational theories of crime – sometimes referred to as “opportunity theories “on disorder (physical and social) theories (environmental, the rational choice and routine activity approaches) – but for some specific crimes only, to buttress the practical facets / aspects of AML, crime prevention methods emanating from their practice, and employed by banks including the Central Banks. A companion theory to the three criminological predecessor(s) - (social disorganization and socio-economic theories) developed by Ronald Clerk and Derek Cornish, to which it is triangulated, it has its advantages in that it enables initiatives within the realm of criminal justice policy to effect change by quickly focusing on attacking disorder rather than relying on policy – from which solutions come but rather costly and very slowly (James Q. Wilson and George Kelling, 1982). Banks which apply maximum-security and risk management techniques, are regarded as 'ultra' safe, may cause certain types of crime to be deflected or displaced, especially to smaller players - money transmitters (Barr and Pease, 1990).

Qualitatively, while the emergence and burst of private security in pluralistic policing is definitely a new phenomenon, i.e. security and risk management, consultancy, investigative forensics, accounting, administration, , accounting and forensic auditing, guarding, access control, fire systems engineers, and, fence and razor-wire installers”); and security guarding and products, (“...detection and intruder alarm systems, CCTV, fire systems and bio-metric apparatus among others”), its evolution and that of many of its occupations can be traced to pre-modern era (1892-1945);

period associated with among them, the ‘blacksmith’ and ‘locksmith’ age(s): when man claimed ownership to means of production and the product itself as others, simply sought to steal it. In tandem with the evolutionary developments, locks and alarms, were designed, dogs, private guards and even, private armies were first used. Period 1945, onwards, thus saw the development of more distinct security roles that can easily be linked and identified with modern-day private security industry. Weighing-in into the argument, Kidd, (1998), discusses the Saxon system of *frankpledge* where a group of 10 villagers was held mutually accountable for each other’s good behaviour. Reinforcing these views, Johnston (1992), describes the developments over the last (plus) 300 years of various private and state police associations in Britain for example, that often work together on crime prevention issues. Johnson’s work tends to be reinforced by Heidenshon’s (1994), views that effective policing can be achieved by a pluralistic approach involving a partnership between the state, private sector business and the society, to combat even more serious crime that underlie ML such as fraud, and corruption among others.

In Zimbabwe while the majority of banks are private owned entities, the Central Bank as an example is a wholly owned State institution and the great majority of its assets are protected by in-house security. Private or contracted security is assigned to protect buildings at its main Reserve Bank House Harare, second Reserve Bank Office, Bulawayo and Fidelity Printers, Msasa, Harare. Globally and, across the region, the research, in its findings, established, except for South Africa whose Reserve Bank in contrast is not State owned, the same facts that, in the majority, the Central Banks are state owned, and their assets including infrastructure are policed and protected either by in-house security and or, contract security teams (depending with environment and needs). This confirming the pluralistic approach to protecting assets which Wilson, and, Slater argue, the responsibility rests with the owner (1990). Reiner (1994), upholding the views that pluralistic policing is commonplace, defines ‘police’ as a social institution, while ‘policing’ is viewed as a set of processes with specific social functions. Reinforcing this view further, he goes on to state that, the role of policing maybe carried out by a number of different processes and institutional arrangements. Reiner, in his discussions on pluralistic policing, it can be reasonably inferred that, he had private security in focus.

While this study was/is not designed to debate the subject of private policing per se, this narrative was/is useful as part of the literature review in engaging the respondents' on their perceptions and views on bank security and crime risk threats (prevalence of), - focusing mainly on ML and corruption, (the latter a major underlying cause for the former) and, the micro/macro effects or consequences, and, their management within the banking/financial services sector, government parastatals, and, business (other).

As alluded, the word 'risk' is often applied to a variety of functions in everyday life. According to Pidgeon, (1972), the individual's perception of risk is largely subjective: One dictionary definition of risk is '...the chance of injury, damage or loss ...' (Collins). Chamber's 20<sup>th</sup> century dictionary (1974), describes risk as both a noun and verb: "[n] hazard, danger, chance of loss or injury – degree of probability of loss; thing or factor likely to cause loss or danger, to expose to hazard – to incur the chance of unfortunate consequences." The term 'security risks' is used widely throughout this study. The symbiotically related words 'security' and 'risk' are inexorably linked and when used together within the context of this study, they refer to any risk with a security characteristic that may have an adverse impact on the banking and financial sector organisations. Ulrich Beck believes that risk is endemic and unavoidable in modern society (1992). Hemming (1996), states that we all (people and organisations), consciously or unconsciously, measure risk on two bases: the probability of a threat becoming an event; and the criticality of the event should it happen.

In July 2014, The Reserve Bank of Zimbabwe (RBZ), carried out its first National Risk Assessment (NRA), whose main objective was to assist the authorities to identify, assess and quantify money ML and terrorist financing (TF) risks (if any facing the country), and, in the final, come up with measures effective enough to mitigate any such risks as maybe identified as obtaining culminating in its findings report of June, 2015. It is a necessary prerequisite for a country undergoing, and/or, is to undergo mutual evaluation in terms of the (FATF) Recommendation (No.1), to assess their ML and TF risks (the NRA) in order to identify, quantify, manage and mitigate ML and other associate crime risks in a cost-effective manner –resources permitting, using best practice risk audit based oriented approaches (RBZ). Suffice

to say a (NRA) helps in identifying loop-holes for financial leakages and illicit flows within and outside the country. Among the major findings was that: Zimbabwe's ML threat was HIGH and, its vulnerability to ML MEDIUM with a medium score of (0.47) (RBZ). The national vulnerability of 0.47 was driven from a national combating ability rated at (0.58 medium) and overall sectorial vulnerability score of (0.51) also rated MEDIUM (RBZ). Also, Zimbabwe's vulnerability to terrorist financing (TF) was rated LOW.

Further in its conclusion, the NRA observed with concern that the multi-currency regime which the country had adopted was more than likely to attract, financiers of terrorism and other threats - who may do so that is, using legitimate business (RBZ). To mitigate this threat and vulnerabilities the NRA in its findings recommended the need for assessment, enhanced capacity building for most of the AML and ATF regimes – including (it) the FIU, Law-enforcement - (Police) and Courts / Prosecution Authorities. The format of capacity building recommended ranged/range from simple training to increased availability of resources for these AML agencies.

However, in evaluating the NRA report this study observed that it was/is not clear what was/is meant by 'simple training': what type of training?, and also, what type of resources?, and, for what purposes etc.?. Despite this small ambiguity, this research found the reviewing of available literature from work previously undertaken in the country such as of this kind (The National Risk Assessment (NRA)) (the first of kind) by the Central Bank in Zimbabwe (RBZ), on ML (alone), Corruption (alone), and/or both, offering some insights (albeit) to a limited extend commensurate of course, with the scope and terms of reference on ML and other identified predicate offence risks facing wide Zimbabwe, and, their management.

At this juncture it is prudently convenient to mention that, by its nature the NRA was a precursor to a scheduled second round 'Mutual Evaluation Assessment' (MEA) by (ESAAMLG)) in July, 2015, in terms of FITF, World Bank, IMF, and, other international compliance bodies regulatory requirement. The July, 2015, Mutual Evaluation Assessment report offered/offer insights on the Zimbabwean banking sector again particularly focusing on ML and Terrorist Financing risks that wide Zimbabwe faced, and/or, was likely to face, and, the need for the country to comply



with FITF recommendations on effective measures to manage and/or, mitigate same. Literature that helped this report was also extracted from this, the (MEA) report of July, 2015.

Also, in furtherance to its mission to analyse and understand from local available literature the research also reviewed monetary policy statements from the Reserve Bank of Zimbabwe (RBZ), as alluded before (herein).

Broadly considered, this study concluded that the findings of both the RBZ's (NRA) and (MEA) by (ESAAMLG), were / are a significant, and / or, substantial confirmation of the small quantum of available literature (secondary data) on Zimbabwe that speaks on the existence of ML, and, (albeit) non-committantly on corruption, considering that the overriding aim of their terms of references were/was: ML, and, Terrorist Financing (TF) risks facing Zimbabwe - (only). Whereas inn this study the parallel overriding aim was/is to provide a contextual better understanding of the relationship between corruption, and, ML risks and the micro/macro effects, particularly in the context of Zimbabwean banks in order to enhance among other expected outcomes, the adoption and implementation of international and regional FITF, Basel Committee ... standards of risk management/governance in the country.

The review of literature went further to extensively glean mainly local sample articles on fraud, corruption and other related serious financial/economic pervasions that underlie particularly the twin crimes of corruption and ML in Zimbabwe. Analysis of their texts, excerpt(s), were carried out mainly to check for sensationalist reporting style(s) in much of the discourses, and/or, presentation(s) of headlines and article feature stories. Other media coverage data from a smaller sample of other print media articles and business communications reports were also analysed qualitatively by, coding for corroboration with the texts content analysis of the alluded to six (6) + major newspapers.

Also, the works of Reuter and Truman (2004), established works, ***“ML-The Analytical Framework”***, assisted in analysing the emergency and actual corruption-led ML activities in the phased period (1983-2017+) studied. one of the major findings of the research was, the death of, and/or, nil, or, paucity of accurate data in

authority records locally, on the two international highly toxic criminal problems of corruption and ML, the latter, (a ‘darker shed’ of white-collar-crime), or, the lead predicate offence to the latter, among other exigencies that target in general and primary, the banking sector, and, associate economic business sectors.

Reuter and Truman (2004), as alluded in Chapter 1, says characteristically there are three typical scenarios that best describe business environments relative to Zimbabwe’s financial/economic institutions, that are, or, get habited by corruption and ML. **Firstly;** scenario one, where the institution involved in laundering activities was corrupt from start, and/or, is/gets corrupted by consequent variations in ownership, or, changes in the obtaining socio-economic and politic climate. Under this scenario, ML targeted on banks and the economic market in general to launder the proceeds of crime, is inevitable.

Truman is supported in Emily Durkheim (1858-1917), writings about social change and the normalcy of crime in society, in which he opines that social change (whether brought about by a major economic depression or unexpected prosperity), brings about breakdown of social order culminating to a state of anomie. In the second scenario, are business institutions that harbour “disposed or rogue” employees who provide or facilitate ML services on an ad-hoc, and/or, non-institutional -sized basis. What this, means is that, the management of the particular institution has been introduced to, or, permeated by corrupt insiders and outsiders alike. The third scenario is characteristic of businesses that promote ML dealings unintentionally, a result of the fact they do not have technology or mechanisms to deter and detect ML, and/or any other crimes with a laundering demand for that matter. It could also be a case of dereliction in applying existing resources or mechanisms to manage the problem(s).

Published works of: Blum, Levi, Naylor, Williams, FATF, Transparency International, Goredema, Mugarura, Fundira, Goba, and de Koker, (1998, 2001-2002, 2003, 2004-2005), regarding ML as a phenomenon of materialisation of organised crime groups and their criminal activities, and/or, as stimulus to it, were used extensively to help broaden the search for literature. Also carried out extensive reviews of published seminal works on corruption, ML and their control in

internationally accredited journals including those of: the Institute of Security Studies Africa (ISS), Journal of ML Control (JMLC), and, International Journal of Risk, Security and Crime Prevention among a multitude of others by renowned authors on financial/economic crimes security risks faced by banks/financial institutions including Central Banks of other countries, especially on levels of activities, and the micro/macro socio-economic and politic effects in many of the afflicted countries, Zimbabwe being no exception.

Further, the academic labours by Krueger (1993), together with Rose Ackerman's theories on the bureaucratic corruption (1998), and, Bardhan (1997) et al., views on corruption: definitions, theories and concepts of causation, effects, were also indirectly used to examine and help understand the aetiology of white-collar crimes of corruption and ML, their nexus, management, and/or, prevention in relation particularly focusing on banking supervision, governments institutions, and, businesses (public/private) general.

Management per se' is described as 'the administration of business concerns' (Concise Oxford Dictionary'. The theory of 'scientific management' was, first spelt by Frederic W Taylor (1911), in his book 'The Principles of Scientific Management'. To manage successfully involves balancing the key variables in an organisation, the culture, and, the technology available (Cole, 1993). Henry Fayol, the French Industrialist, and, management theorist, divided industrial activities into six categories, which he described as: 'technical, commercial, financial, security, accounting and managerial', and his description of management in the business realm, is still held by many to be the agreed definition.

The theoretical aspects of the management of crime and security risks were therefore examined in this study. Fay, (1987), defines Security Management as 'management by persons who are not necessarily uniformed or armed and who direct the security activities of an organisation'. Risk Management is defined as the 'the context of identifying the threats and or, cause of crime, and, understanding prevention's two connected processes, firstly; being able to predict the outcome of a chain of events and, secondly being able to devise a way of intervening without altering that predicted outcome (Walklate, 2007). The management of security risks in business,

maybe divided into three categories; the high-consequence risks associated with *containment and control*, and the, mundane, everyday risks associated with the culture of the institution or business (Brearley, 1982). Today's security managers are now recognized as being able to engage in more wide-ranging functions such as loss prevention, and, disaster/crisis risk management (Purpura, 1989, and, Toft, 1997); and this is cemented by the results of other researches and the findings in this research also, confirming the functions and additional responsibilities that managers, and/or, security officers in security departments of Central banks and banks in general, are today required, and/or, are expected to undertake.

“To manage is to forecast and plan, to organize, to command,  
Co-ordinate and to control, (Fayol, “Administration to  
Industrially et’ Generale”, 1916, translated 1949)”.

Cumulatively this research argues throughout that, the majority of financial institutions: (owner/director–executives, CEO’s, and, line operations managers / supervisors) in Zimbabwe, particularly those for emerging small/medium indigenous banks, did not during the period of the bank/financial scandals (1983-2013), banking financial scandals rocked the country, give the highest priority to their duty relative to managing the security risk threats associated with bribery, corruption and, other crimes with a ML demand (the kinds and trends identified in the study).

In furtherance to harness relevant literature (secondary evidence), organisational policy statements, annual strategic planning board(s) meetings minutes/reports, official national statistical data – [drawn mainly from police, and compiled by the Gvt Central Statistical Office – commonly referred to, or known as (ZIMSTATS)]; and, crime statistics drawn also from banks - (crafted and maintained by their investigative security departments); and, Suspicious Transaction(s) Reports (STRs) information from the two study banks/financial institutions - Barclays and CABS, and the Central Bank (RBZ); were reviewed where plausible upon request. The results were used to test not only the hypothesis, but go further to anecdotally prove that, risk management policies and the level of management including record keeping in corporate Zimbabwe (private/public enterprises), was/is weak to the extend it was

by itself not only a contributor to the frauds that ravaged/ravages banks, but also, an impediment to the AML international standards crusade by the FATF.

Qualitatively, in measuring crime, the use of reliable information should be a key feature of security management and crime prevention policy, and it is in this context that the role of crime analysis was also examined. Ekblom, (1988), also confirms the conception, implementation and evaluation of measures to prevent crime, as the inhibition process, the development of a theory attributed to Goldstein (1979) model of “problem” oriented approach to policing (1979). His Goldstein's (1979) problem-oriented policing includes, evaluation as a key element. The purpose of evaluation in all cases is to provide feedback that will generate corrections to and refinements in crime prevention theory, policy and practice in the same vein, it is confirmed that the process of crime pattern analysis and interpretation of data consists of devising appropriate deterrence measures, implementation, and their continuous evaluation.

Also as part of secondary evidence sampling and evaluation was published/unpublished works on plastic and electronic banking crimes (also predicates to ML). Corporate banking crimes, including cheque and electronic bank card frauds (debit/credit) and, other of its computer related forms: phishing (internet pervasions), counterfeiting, merchant fraud, fuel card fraud, mail-order/telephone order fraud, multiple imprint, fraudulent applications, cash advance fraud, card not present, postal intercept, ATM fraud (card switch), and, lost/stolen fraud often target financial institutions and their customers (Nelken, 1994). The crime(s) is/are widely regarded as victimless by an un-informed public, because indeed victims, are often unaware of their victim exposure status, or, are unwilling to admit to their vulnerability (Nelken, 1994). With white-collar plastic, and or electronic driven criminal activities, dependent with the medium, and or, platform of transaction, it is not a requirement for the perpetrator to be present at the ‘scene of crime’, and as a result, some offences of fraud including card electronic pervasions can remain undetected for years (Nelken, 2007). Joanna Shapland (1995), describe the predicate offence of fraud by employees and management as ‘one of the most dangerous crimes for any company as they can involve far greater damage in loss value and lead to the collapse of the business’.

Qualitatively and quantitatively, studies have proven that, by and large, it is not only business organisations that suffer losses, but also their clients and employees as seen in several reported and recorded grand corruption and spectacular financial scandal cases especially those by Heads of States, rouge financial traders and organised criminal syndicates etc. Most notable are international and of course, local cases that have captured global attention in the press: The Barings Bank Plc; BCCI; ENRON Bank; Banco Ambrosiano; United Merchant Bank, ENG Capital, First Mutual, Century Discount, NDH, Royal Bank, Genesis Bank, Barbican, Trust and Interfin), which over time, have resulted in countries afflicted with corruption-led fraud and ML losing millions to looting by public officials, and equally, thousands of individuals losing their livelihoods, millions to white-collar criminals (organised/non-organised) in countries across the globe.

Perhaps, the most useful figures for assessing the impact of plastic card fraud are those which involve the relationship between loss (to fraud) and turnover. The projected fraud to sales rate(s) for Barclays Bank's by VISA International in its 3<sup>rd</sup> Quarter 1998, report. Auditors for example, helped to reflect on the declining volumes of plastic card problem in Zimbabwe (then). This was after a sharp increase during the same period, the previous year. Such can happen anywhere in the world depending on the prevailing market conditions of course. Basing on the report, Barclays Zimbabwe's acquirer 'controllable' fraud was USD 18 145 K while the acquired 'controllable' fraud to sales rate was 0.39 percent. Accordingly, the bank was commented for succeeding to reducing its fraud losses to below the parameters defined by VISA's Acquirer Monitoring Program for fraud reported during the second quarter of 1998. As it were, the bank's second quarter 1998, 'controllable' fraud was USD 29,738K, its acquirer 'controllable' fraud to sales being 0.50%. These results showed that the fraud-to-turnover ratio had fallen from 0.50% to 0.30% between the second quarter, 1998, and third quarter, 1998. However, 1999s' first quarter heralded a dramatic increase of acquired counterfeit merchant fraud to sales ratio figures of up to 0.70%. The net result was an increase to the cost of fraud (VISA's Acquirer Monitoring Program 'work-out-period' – Progress Advice Report, March, 17, 1999).

Savona, and, Verroti, et.al., (1997/2009), in their works, “Globalization of crime: the organizational variable” and, “evaluating the cost of crime from a comparative analysis perspective”, confirm to the alluded view (herein), that contemporary crimes such as the plastic card fraud phenomena, and the costs induced by its various dimensions, and growth, depended on the environment, period, prevailing macro-socio economic and politic conditions, ‘the players’ and or, perpetrators, and modus operandi (MO) among other factors such as corruption and its exigencies is, global and, cause immeasurable economic damage.

Safe to conclude that, since its’ difficult to quantify volumes of domestic and world ML activities, it would certainly be incorrect to assume that the direct costs of plastic card fraud and other predicate economic crimes including corruption (organized / non-organized) to the victim banks, their corporate and non-corporate individual clientele are purely monetary. Research evidence has since shown, The effects can also be far reaching in that the potential gains of a stolen, or, lost card for example, may well have an influence on the number of other street crimes by ‘card bandits’ such as: muggings, theft from car, house breaking and theft, gang fights, retail merchant frauds, and, card counterfeiting, online shopping and ATM fraud but the latter only happening with aid of pin compromise. More advanced Card ‘bandits’ use technological devices such as card skimming devices (that get attached to the card reader on the ATM), false key-board, binoculars, miniature-cameras, to steal pin and magnetic stripe data. The information can then be used to illegally produce ‘white-plastic’ or counterfeit cards for committing further card and electronic banking type frauds locally and abroad, and also, fund terrorism. McCarthy et.al., (1997), and, Miller, (2001), concur in the works on social change and street crimes and gangs. Away from the street, criminals, commit ‘phishing’ fraud. This is fraud committed by tricking somebody into providing bank or credit card information by first sending a fraudulent e-mail purporting to be coming from a bank.

Bank electronic and plastic card fraud – (as alluded severally), a predicate typology to ML, occurs when a criminal, directly, or, through an intermediary, unleashes one form of card illegal activity or other, and or, as also alluded to already, the gains of a stolen card can have an influence on the type and number of crimes on the street. The attraction to a professional car thief is greater where, the demand for a foreign

‘issued’ or ‘drawn’ card pays handsomely on the black market. Qualitatively by comparison, in that period (-1999 – 2001), the going selling black market rate for a United Kingdom (UK), bank drawn credit card fetched upward of (Z\$ 2 000.00 / UK Pounds 200.). On the other hand, a local bank drawn debit/credit card fetched upward of (Z\$ 200.00/ UK 20 K+ Pounds Sterling). Charge cards like American Express (Amex) or Diners’ Club with no credit limit, fetched twice the amounts (i.e.) (Z\$ 4 000.00). If the card were to be used by its (new owner), to defraud and **launder** the proceeds the dividends had a dramatic increase effect. From abundant research surveys drawn evidence, many a time, the guaranteed returns of sale, far outweigh the ‘temporary’ ownership of what may already be a hot-wired bank card (stolen/lost). These practices except for card skimming counterfeit were rampant in countries with poor or less secure risk management systems Zimbabwe included – in the period mainly (1993-2011), (Visa and MasterCard International, 1998).

Levi, 1987; Pepinsky, 1974; Sutherland, 1983; Wheeler, Bode and Weisburd, 1982; and Kramer, 1984, among other noted researchers, observed in their studies on the links between the predicate offence of plastic electronic card fraud, and ML, positing that, the number of credit and debit cards issued to the public around the globe, around the year (2002), translated to billions in US dollars. That, translated to; daily, monthly and yearly figure transactions, gave equally impressive figures. By the same token, total cost of fraud (general) against major commercial/retail banks at the time had increased by (97%), while that of plastic card fraud alone had increased by (126%). According to Levi (1991), Barclaycard United Kingdom alone, had during about the same period, witnessed an increase in card related fraud(s) rising from (Pound sterling 2.6 million in <sup>1980</sup>) to (Pound sterling 25. million in 1990).

To indicate the severity of cost to business caused by exigencies of systemic fraud and corruption: ML (inward/outward bound), and externalisation of hard currency during stated period for example, Barclays Zimbabwe’s Barclaycard Zimbabwe business division recorded (Z\$34 million) worth of losses due to (local/transnational) syndicated card-led laundering crime in 1999, alone. This against a backdrop of (350 000) active debit and credit cards and a total card spending of about (170%) in 2001, making it one of the fastest growing card markets in Africa (then), (Visa CAMEA - Africa Report– No. 17 July 2002, issue).



Helpful to re-cap at this juncture on the generic definition of crime. Generally, crime is defined as the deliberate or negligent infringement of one's personal rights or property. Crime reveals itself in forms like theft, robbery, and, commercial fraud(s) - including banking plastic and electronic card pervasions all predicate(s) to ML and targeting banks as prime victims in Zimbabwe. The common law defines crime as:

“An act of omission or commission to which  
The state alone can exact punishment”.

Qualitatively, the term/phrase plastic and electronic banking crime is a collective term referring to the context within which all card crime pervasions including theft through computing and information technology are perpetuated by individual opportunists, and organized/non-organized criminals, within and outside a country or environment, mainly for ML purposes and its manifestations including currency externalization. In context thus, almost all payment card crimes, fall under the collective term of “Fraud”. The ‘common law manual’ for Zimbabwe Police Training, defines fraud as:

“Consisting of the unlawful making with intent to defraud, a  
Misrepresentation which causes actual, or, which is potentially  
Prejudicial to another”.

As also alluded in Chapter [1], the phenomena of corporate, and or, commercial fraud, and, banking plastic and electronic card related crime that demand ML/laundrying using banks/financial institutions as vehicles, also fit into the wider framework of the common and statutory law offences relative to corruption also a predicate offence).

In his published works, “The Prevention of Fraud”, Michael Levi says, there are two categories of fraud. The first embodies those which are perpetuated against the individual. The Second includes those which are perpetuated against business- (banks, their intermediaries and corporate/retail, and sole trader business alike). The latter can be classed into three sub-groups: <sup>1</sup> Internal or employee fraud, <sup>2</sup> external

and, <sup>3</sup> collusive frauds manifesting sometimes from corrupt activities. By inference the corruption can be systemic, or, by those leveraging political power (PEPS) to bribe or to be bribed for a favour.

Visa and MasterCard International ‘two international card issuer companies’, confirm in findings from researches they carried out in the US and Britain among other economically well to do countries, that, “the relationship between loss -to fraud, and, turnover”, was/is not only banks that get ripped off in high-tech computer and internet-type fraudulent scams, or even in other forms of crimes of economic nature like extortion and bribery which by themselves have appetite for ML. Retailers for example suffer losses if it can be proven, they did not adequately take necessary steps to verify the signature and positively identify the card user in terms of the (40+9) recommendations of the FATF/Basle Committee on Banking Supervision. In the end, the real losers of course are the customers who indirectly suffer increased shop prices and bank debit/credit card interest charges for example. Targeted victims: banks and business enterprises (other) usually tend to, pass on increases in cost of doing business, (operational risk realized losses potential/actual), to end-users by way of higher interest charges, thereby eroding customer profits. In turn clients lose confidence in bank services or products like Visa and Master-card(s) or even other payment brands like Amex, which has its own micro/macro-economic huge negative effects.

Widely acknowledged in some of the study findings on failed banks in the United States of America during the mid-1980’s, for example, is that employee share schemes, for example, get affected by corruption-led fraud losses depending on the ‘*modus operandi*’; the magnitudes of actual criminal activity targeting the victims in this case mainly banks and their intermediaries, their customers, and actual costs involved etc. (1994). Back home, the Zimbabwean Roger Boka – United Merchant Bank (1998), and, the 2003, ENG Capital and associates, fraud laced financial scandals leading to bankruptcy are some of the good examples. Preventing and minimizing the impact of fraud through employing of prudent risk management systems then becomes highly beneficial to all stakeholders including macro-society at large all the time. Asserting to this fact, Gill (1994), says:

“The cost of crime may affect a business in a number of ways, and, It is the Staff and, public who suffer most through job loss, reduced service and increased prices”.

Concluding, it was imperative therefore that a study on the emergence, causes and cost of the phenomenon of white-collar type crime of ‘plastic’ and electronic banking fraud which took a defined pattern from (1997), with money ML related manifestations of bank electronic transfer based transaction based cash advance-fee scam rip-offs, card account take-overs’, counterfeiting bribery, and extortion among others mimicking systemic corruption, that (outside other banks) cost Barclays alone plus (Z\$ 2, 036269.69 million) of a total (565) transactions and a record 66 fraud files against a few number of arrests of individuals that worked independently, and/or, in syndicated cells of four to five local and foreign based specialised members. In the same vein it was also prudent that the appropriateness and effectiveness of existing security management preventive and remedial strategies that individual banks employed (then), as those being employed (today) be evaluated and, appropriate best practice remedial, and/or, treatment measures for appropriate crimes such as corruption and ML and their exigencies be recommended.

### **2.3 Zimbabwe’s Own Experiences of Epic Corruption and ML Scandals**

After portrayal of the case studies of selected countries and their experiences [see **Point 213**], the study, conducted a comparative gap analysis-based research using both qualitative and quantitative data to measure the twin crimes i.e. their changing nature (in-kind/pecuniary), extent, impact/ effects (micro/macro) levels, in the banking/financial sector in particular and predominance in Zimbabwe as a country in general. The focus having been to analyse and draw perspectives on the resources and use of the banks institutional transactional transfer mechanisms (formal/informal), that is, their deterrence/prevention and combat preparedness in line with local environmental dictates and the international AML governance risk compliance (GRC) regulatory framework standards among other key issues.

The literature here is concerned with relatively long period(s) in the developments of firstly; corruption in the Government Public and Parastatal institutions of the economy in general, and, secondly; ‘deviancy’ in the banking sector, and or financial

money market(s) of Zimbabwe in particular, delineated as that between, (1983 – 1986), *plus, (and continuing to date)*, (1998-2003), and, (2003–2013), (*up to 2017*), leading to more than thirteen banks/financial institutions: <sup>1</sup>United Merchant Bank (UMB), <sup>2</sup> ENG Capital, <sup>3</sup> First Mutual, <sup>4</sup> Royal, <sup>5</sup> Barbican, <sup>6</sup> Capital Alliance, <sup>7</sup> Century Discount House, <sup>8</sup> National Discount House, <sup>9</sup>Allied Bank, <sup>10</sup>Trust Bank, <sup>10</sup> Afri-Asia Bank, <sup>11</sup> Interfin Bank, <sup>12</sup> Genesis Bank, <sup>13</sup> Universal Merchant Bank, <sup>14</sup> First National Building Society, and an unregistered entity- which to a large extend, influenced the promulgation of the Banking Amendment Act, 2015, [hereinafter the “Amendment Act”].

This literature, a short of the long, ‘rogues’ gallery of some of the major and minor players on the stage of financial wrongdoing in Zimbabwe documented by, mainly the private media, business biannual reports, police and court records (for some), but not surprisingly nowhere in official statistics history of the time(s) and period(s) mentioned, gives some idea or, presents a cameo of the enormity of the conundrum of corruption and ML giving rise to their investigation – divided into two-in-one sections so as to answer:

1. What factors and circumstances set this/these period(s) as being different to the erstwhile regime of banks in particular?
2. What environmental (socio-economic and politic) changes (if any), were brought during this/these two-in-one phased period(s) which perceptibly changed the dominant ethos of banks/financial sector in particular?
3. What ‘ended/stopped’ if any, so that in the future the period(s) will be adjusted to have been a transitory era of change in the banking/financial sector in particular?

Whilst some of the corruption and financial scandals described may look and sound sophisticated or even hard to follow through minefields of but short transactional figure details – in most examples the various scams were/are simply summarized case-by-case:(**1 of 10**) and (**1–12**) respectively starting with public and Parastatal corruption and financial scandals:

### 2.3.1 Case Studies [C10 of 10] - Public Sector Corruption/ML (1983-2017):

The following is a list of some ten (10) out of hundreds of the prominent government/public sector and parastatal organisations, plagued with corruption and financial scandals in Zimbabwe in the period researched (1983 to 2017+).

#### Select Case Studies [C10 of C10]

*Table (2.3) Zimbabwe's Grand Corruption-led ML Fin Scandals: (2013-2013)*

Fol.	Date	Public and Parastatal Organisation (Zimbabwe)	Criminal Justice responses / action
1	1983	The Paweni- Gvt Grain Marketing Board (GMB) – Z\$5 million Draught Relief Maize Fraudulent Tender Award: Corruption and ML Scandal-(PEPs)	Suspect/accused: Bernard Paweni arrested, tried, convicted and sentenced to a 6 yr. prison term. Prison term. A Government Minister suspected of involvement in the fraudulent tender award and authorising invoices (now late) got off the hook with not even the slightest of sanction. Paweni died in prison while serving his term.
2	1984	Willowgate Motor Industry Zimbabwe Ministerial – BCC Bank VIP motor vehicle purchasing scheme: Corruption and ML Scandal-(PEPs)	Two government senior cabinet ministers arrested, prosecuted and convicted for Corruption and Perjury respectively. Minister (1) commits suicide upon being released on bail pending appeal. Minister (2) spends brief 3 days in jail before being released on a Presidential pardon.

3		Mutumwa Mawere – African Associated Mines (AAM) – USD18Million ML/(Currency Externalization) Scandal - (PEP	Suspect/accused Mutumwa Mawere who left Zimbabwe in the midst of the State trying to successfully indict him in 2013/2014 has remained holed-up in SA where he holds a citizenship. He professes his innocence.
7	1994	War Victims Compensation C/Scandal (PEPs)	Nil happened (then). There was no ZACC at the period in time. All the suspects/accused were/are among them Government ministers, army, police and intelligence senior officers Case died a natural death.
3	2016	Chiyadzwa Diamond (US\$15billion) –Grand Corruption and ML Financial Scandal	Nil happened as at end of 2017: Case likely to suffer a natural death (government cover-ups)
5	2011	Ministry of Transport: Zimbabwe National Roads Agency (ZINARA) Special Projects cornered for corruptly flouting Public Tender procurement procedures (2011-2016)- (US\$105.5million) (PEPs).	Office of President commission of enquiry in terms of Sect. 46 of the Procurement Act.: Special Investigations. Four (4) Directors involved, suspended& arrested in Aug, 2017.
6	2014	Zim Broadcasting Corporation (ZBC) – HM Mr charged on allegations of corruption (Salary-Gate Scandal) - (PEP)	Suspect/accused H. Muchechetere CEO of ZBC was arrested prosecuted for financial corruption (abuse of office) and ML. His sentence was reserved following his being found guilty

			of misappropriation of (millions), At the time of writing judgement remained reserved 6+ years after investigations started and closed.
7	2016	Dema Diesel Plant US 194 Corruption and ML Financial Scandal: This was yet another of the corrupt-led fraudulent tender flouting scandals that cost Zim a whopping US 194 million-a-year in potential prejudice. (PEPs)	With the suspects/accused prisons identified ZACC when probed for answers why the case/the accused not having seen their day in courts said it was still investigating. Nil- happened – case died a natural death.
8	2016	Central Mechanical Engineering Dept. (CMED): Fuel Procurement Financial Scandal. (PEP)	In April, (2016), the government Central Mechanical Engineering Department (CMED) managing director, Davison Mhaka, was dragged through the courts and arraigned over his alleged involvement in a fuel scandal which prejudiced the State-owned company of US\$3 million.
8	2016	Former Harare City Council Executives arrested and arraigned for (US\$32.K) Corruption and ML Scandal - (PEPs)	Nil-d/a natural death. At time of writing ZACC was understood to have said it was still investigating.
9	2016	Zimra Chief GP Mr to face (US\$5K) Corruption scandal charges -(PEP)	Nil-d/a natural death. At time of writing ZACC was understood to have said it was still investigating
10	2017	Minister of Finance and Secretary for Administration in (R.G. Mugabe's ruling ZANU-PF governing party	Suspect/Accused: Arrested on 14/11/17, and charged for public corruption, criminal abuse of office. ZRP

		Ignatius Morgan Chiminya-Chombo (Dr): (PEPs). Arrested and charged for several millions (USD)	Police Harare Central C.R. 1176/11/17 & 1257/05/08: ZRP Law & Order DR 18/11/17 & 77/08/06: HRE Magistrates Court CRB 11633/17 refers. Case(s) pending prosecution on several counts – with the suspect/accused (at time of writing) out on bail.
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**Source:** *Press/media publications:* (ZIMEYE (2016), *Global integrity* (2011), *National integrity Systems*, 2007, *TI*, (1999), *Financial Gazette* (2011, *Diamond Dealers New York et.al.*,: *on country Reports*, *Public Opinion: corruption, ML and diamond exports*).

A descriptive review of some of the randomly selected case-studies inform on the important literature of ‘expose’ criminology, used to analyse the symptomatic inklings of the illegal activities of corruption and ML, in government/public sector enterprises – particularly parastatals, in their wholesale undermining Zimbabwe’s economy, infrastructure and institutional integrity, during the phased period(s) studied of (1983-2017+) – more pronounced, the banking financial deviances era of [1998-2013].

Worth noting is that all the cases cited (hereunder and elsewhere herein), involved actual or suspected ML criminal offences in Zimbabwe during period studied. It is significant that in the majority of cases, suspects, and or, accused involved were/has not been indicted successfully for the principal offence or its competent verdicts, in this case - underlying offences. One of the major reasons as established by the research being that many of the cases happened between 1995 – 2013, a period prior to comprehensive ML legislation had been enacted and or amended (2016), and also the knowledge void existing before and then between law enforcement and the acidulous crime of modern era making it difficult for them to navigate heightened the stakes in favour of the suspects/accused.



**Case Study No. [C1 of C10]: State V's Bernard Samson Paweni GMB  
Z\$6Million Corruption & ML Scandal (1982-84) - (PEPs).**

Qualitatively, as alluded in the opening chronologies of this and, the preceding [Chapter 1], the first known and documented Zimbabwean corruption and ML related crime case series is the GMB Drought Relief Import Transportation Corruption and Fraud-led ML Scandal (1982-84), of Bernard Paweni (then) a prominent indigenous businessman highly politically connected to the ruling party ZANU PF and its leadership, the likes of (Hon) Kumbirayi Kangai (then) Minister of Agriculture.

In the reviewed Z.R. Police and the Harare Magistrates Criminal Court summary charge sheets, Bernard Samson Paweni was in (1983/1984), arrested, prosecuted and jailed, leaving the then Minister of Agricultural, one, 'Honourable' Kumbirayi Kangayi, who was allegedly linked to the awarding - by his principle the Government of Zimbabwe, an irregular huge Grain Marketing Board of Zimbabwe (GMB) contract to (he) Bernard Samson Paweni's transport company to import grain from South Africa and distribute to the affected draught hit provinces throughout the country without going through formal tender. The (Hon) Minister of Government allegedly subsequent thereafter went further to authorize (Z\$6million+) payment of heavily inflated invoices – to the loss and prejudice of the Grain Marketing Board (GMB).

Qualitatively, Z\$6.Million (+) fraudulent proceeds received by Samson Paweni were channelled and laundered variously through his local bank accounts from which, convenient payments were also variously made (directly/indirectly) to the benefit of his political associates/cronies among them, the (then) said, Minister of Agriculture Kumbirai Kangai - suspected of involved in the financial scam. The characteristics of the scam were/are reminiscent to ML practice and procedures of: placement, layering and integration. It was, and/or, would be seen, typical of most sleaze laced corruption-led ML schemes involving the powerful political elites across the globe, police investigators professed not having been able find direct evidence to link the Minister in his personal capacity to the abuse of office (i.e.): influencing the awarding of an irregular Government Tender and authorising treasury to pay inflated payment invoice claims, and last but not least, ML or illegal benefiting from illegal proceeds

of the predicate corruption or fraud, and, in all this (he) the Minister having not been called upon to account directly/indirectly, and or, called to sanction criminally for his suspected hand in the scam by his ‘boss’ the president. Bernard Samson Paweni on the one hand was arrested, arraigned before the courts on several counts of invoice fraud (only). He was found guilty on own plea of guilty (all counts) that led to the loss and prejudice of the Grain Marketing Board (GMB) and its principal the State as alluded. At the time of this study being carried out, both Bernard Samson Paweni and Kumbirai Kangai had long since died. Bernard Samson Paweni died while saving his (10 of 15 years after an appeal), time at Chikurubi Maximum Prison Harare around early 1990’s. But in spite of the country’s public sector and financial world’s experiences with Mr Paweni, this case was not to be the last in which corruption is shown to underlie ML/laundering in Zimbabwe and elsewhere. ( *Newsday*, July 21, 2018://, <https://www.newsday.co.zw>) ).

#### **Case Study No. [C2 of C10]: State V’s Morris Nyagumbo et.al: The Willovale**

##### **‘Willogate’ Corruption & ML Scandal-(PEPs)-(1988-1989):**

Qualitatively, the Willovale ‘Willogate’ was a 1988-89, Zimbabwean political financial scandal in which the Zimbabwe, Bulawayo Chronicle newspaper revealed illegal resale of Toyota Cressida automobile(s) bought on a Gvt/Bank of Credit and Commerce (BCC) preferential financial arrangement scheme for Gvt Ministers and other anointed senior public officials alike by the very beneficiary Ministers. The ensuing investigations saw the President, then Prime Minister Robert Mugabe appoint a commission of enquiry dubbed the ‘Sandura Commission’ to probe the damaging scandal. This resulted in resignations of five members of the cabinet. Two of them notably: Maurice Nyagumbo and Frederick Shava were the first PEPs to be exposed to prosecution under the Commission and worth to chronicle their stories, but first a brief on the Sandura Commission:

The Sandura Commission was/is the shortened version of the commission that was appointed by President Mugabe on 3<sup>rd</sup> January, 1989, under the Commissions of Inquiry Act. Its principal purpose was to carry out investigations into the distribution of motor vehicles by the state-owned motor vehicle assembler Willowvale Motor Industries (Pvt) Ltd, (hereafter “Willowvale”) to persons other than car dealers.

The Commission heard that this resulted in some “undesirable practices” such as part-exchange deals where dealers asked for second-hand cars if the customer wanted a new car. The dealers would put a very low value on the second-hand car and then sell it at a much higher price. Sometimes dealers got around price controls by selling to a connected third party who then sold it on at an uncontrolled price for a profit which went to the dealer.

It was in this context that political elites found an opportunity to make money through buying and selling vehicles using their proximity to and influence over Willowvale because of their positions. It resulted in the growth of a thriving black market in which Ministers, MPs, and senior civil servants (political elites) were key players and beneficiaries.

***Maurice Nyagumbo:***

Nyagumbo was a Senior Minister in Mugabe’s government. He was widely regarded as one of Mugabe’s most loyal lieutenants. They had spent years together in jail during the liberation struggle and Nyagumbo played a role in Mugabe’s ascendancy to the leadership of ZANU as founding president, Reverend Ndabaningi Sithole lost power.

The Commission found that he had assisted several individuals to acquire vehicles from Willowvale using the name of the ruling party, ZANU PF, and sometimes claiming that authorization was from the President (Mugabe) when there was none. In most cases, the vehicles which were acquired from Willowvale were subsequently sold at a high profit. One of those who benefited from Nyagumbo’s intervention was the wealthy businessman Sam Levy. Levy approached Nyagumbo for help to acquire a vehicle from Willowvale. Nyagumbo facilitated the purchase claiming that the vehicles were for ZANU PF. Levy paid \$ 29 821, 58 for the vehicle which was the dealer’s price, \$5,000 less than the retail price. Levy then sold it to Lion Insurance Company for \$105,000 a year later, making a big profit.

The Commission found that Nyagumbo was assisting people in the name of the ruling political party (ZANU PF), claiming that the cars were for the party when they were for individuals who made “fantastic profits”. The Commission was not happy with

Nyagumbo's performance on the witness stand. "In fact, generally speaking, he was an unimpressive witness," said the Commission. "His evidence did not have a ring of truth".

While Nyagumbo claimed he had not received a financial benefit from the transactions, the Commission did not believe him. It also refused to believe Sam Levy's evidence that he had not paid the minister for his assistance in buying two cars from Willowvale. The Commission concluded that that Nyagumbo had abused his position and powers. "It was highly improper and dishonest for the Minister to tell Willowvale that the allocation of motor vehicles to the party had been authorized by the President when he knew that to be untrue".

Nyagumbo died on 28<sup>th</sup> April, 1989, in the wake of the scandal. The official report was that he committed suicide. The suggestion was that he was generally an honest and proud man who could not live with the shame of having been exposed in this corrupt scheme.

### ***Frederick Shava***

Qualitatively, Fredrick Shava (Mr), was a senior minister in Mugabe's government and one of the most academically decorated when the scandal was exposed. The Commission heard that he purchased 4 cars from Willowvale Motor Industries and, other car dealers and resold them at a profit. The first was a Mazda 323 purchased in an arrangement with one, Mohamed (Mr).

Shava bought several cars under the Willogate Motor Industry Government Ministerial Bank Facility Purchase Scheme and resold them at whopping profits. Mentioned among these was a Mazda 323 purchased in an arrangement with one, Mohammed (Mr). There were many more other serious money transactions ranging from \$187 220.00 + from which he, his wife, relatives and cronies benefited

The Commission found that Shava and other witnesses had committed perjury and hoped that the Attorney General would institute proceedings. The Attorney General took action and Shave's was the first case to be prosecuted for perjury. It found his and (others) testimonies "incredulous" and/or, unbelievable as real evidence showed

he had purchased the car(s) before selling at substantial profit(s). He was convicted and sentenced to nine months' imprisonment. However, he was rescued by President Robert Mugabe under a presidential pardon, after one night in prison, making his time spent behind bars, *just a few hours*. . Mugabe had a lame justification for the pardon. "Who amongst us has not lied?" Mugabe said. "Yesterday you were with your girlfriend and you told your wife that you were with the Prime Minister. Should you get nine months for that?"

That is how Shava escaped prison. However, it was not just Shava who got away with it. All the others (*fingered senior public officials*) who had been flagged by the Commission as having breached the law and also, of having committed perjury were let go by Patrick Chinamasa (Mr), the then Attorney General. In dropped all cases related to the scandal. His justification to drop all the cases related to the scandal was recorded and pronounced in the Gvt newspaper, 'The Herald' of 14 July 1989, as: "In light of 'that' possibility of [a presidential pardon], it is certainly not in the public interest ... to expend the energies of my staff, or, to marshal or commit prosecution and judicial resources in bringing charges against persons who might at the end receive a free pardon. I think for me to do that would bring the whole machinery of justice into disrepute, and, will make a mockery of the whole judicial process". (*Bulawayo Chronicle*, 1988; *Newsday*, July 21, 2018://, <https://www.newsday.co.zw>).

**Case Study No. [C3 of C10]: State V's M Mawere - African Associated Mines (AAM) – Currency Externalization ML-(PEP) (2004):**

In 2004, a (USD18Million) fraud stemming from an alleged fraudulent transfer of the same by Zimbabwe's Shabani-Mashaba Mine (SMM), to Petter Trading (Private) Limited a sister company under Africa Resources Limited, a consortium of owner Mutumwa Mawere, and sequestration proceedings (on-going since 2012), by Shabanie-Mashaba Mine (SMM) against the former (said owner) formed the basis of this financial scandal. Stretching further into history of the SMM timeline, after acquiring Zimbabwean and Zambian assets belonging to United Kingdom-domiciled T&N Plc in March, 1996, Mutumwa Mawere (Mr) as the sole Africa Resources Limited effectively gained control of SMM. SMM was incorporated in Zimbabwe while Southern Asbestos and Petter Trading were registered in South Africa.

Qualitatively, Mutumwa Mawere (Mr) a major shareholder and Chairman of Africa Associated Mines (AAM), and also, a (PEP), who for some reason fell out of favour of government, was charged in absentia for allegedly siphoning currency out of the country to various off-shore accounts in South Africa and the United Kingdom, following the collapse of his business empire. It has been and continues to be the ‘State’ case since 2004, that Mutumwa Mawere and/or, his (AAM) business empire, violated the exchange control regulations by failing to account for foreign currency charged earnings of his company to the Reserve Bank as required by the law. The indictment focused on three huge transaction amounts of US\$50, 293, 797.80, C\$11, 491,423.75 and ZAR19, 350, 170.80, which Mawere according to the RBZ, regulations was required to declare by completing – Control Document 1 (CD1) to confirm foreign currency received within (90) days, but which he didn’t and failed to account, giving credence to charges of externalization of foreign currency.

During period of this study (2013-2017+), Mutumwa Mawere had not set foot in Zimbabwe, preferring to remain holed-up in the country of residence of choice – South Africa, in which he continues to do business under the flagship “Africa Resources”. Efforts by the Zimbabwean police to try and extradite him to face charges for currency externalisation continue to wane as days and years go by.

*(The Standard-Newsday, July 21, 2018://,https: [www.newsday.co.zw](http://www.newsday.co.zw)).*

#### **Case Study No [C4 of C10]: Chiyadzwa Diamond Mines Zim – Diamonds Looting by Mafia Style Gangs - (PEPs/Non-PEPs) (2009-2017):**

Qualitatively, in (2017), by the expose of the newspaper and electronic media, a former Mines and Minerals Development Gvt Minister, one Obert Mpofu (a PEP) was fingered in what has now become known as the ‘Chiyadzwa diamonds’ scandal in which suspected off-shore financial infrastructures of the private and public spheres transnational corruption network including the Chinese allegedly helped to siphon a cumulative (US\$15 billion) worth of diamonds from the country. Speaking on this, an executive of one of the leading diamonds mining company at Chiyadzwa, Canadile Miners (Pvt) Ltd, one, Lovemore Kurotwi, arrested and arraigned for what looked like massive flimsy charges of investment fraud against the government

involving USD2billion (or equivalent), was, as it were, to accuse the (then) Mines and Minerals Minister Obert Mpofu during his trial in 2013, of seeking an underhand kickback of USD10 million from his company in exchange for a licence to mine at one of the diamond rich mine areas (thereat) in Chiyadzwa. After his acquittal, Gvt's Treasury, qualitatively admitted that it did not know the going's on at the diamond mines where dealings were scandalously shrouded in so much opaqueness, such that (it) Government, could not account for the missing revenues of up to (US\$15billion) generated from the consortium of the diamond mines (thereat). Commitment by government to launch a commission of inquiry to cause the investigation into the missing (US\$15billion), had at the time of writing this thesis, not yet been initiated, and/or, taken off the ground several years on. (*The Financial Gazette Zim. October 20, 2016; nehandaradio.com/2015/03/26/Kurotwi-saysinnocent-of-2-billion-fraud*).

**Case Study No. [C5 of C10]: Looting of War Victims Compensation Fund by Public Officials - (PEPs) (1994-1995+):**

Qualitatively and quantitatively, set up by government in 1994, with the intention of compensating those who had suffered injuries, and or, been maimed during the country's bitter and protracted 1970s' war of liberation, the '**War Victims Compensation Fund**' was hijacked by among others well deserving, political elites, and or, the politically exposed (PEPs), including serving government ministers, led by the late Dr Chenjerai Hunzvi, who exaggerated their injuries so as to inflate claims from the fund. Disability percentages varied from 20% to 100% (percent) albeit being able-bodied resulting in them pocketing handsomely in yet another scandal that hardly benefitted the intended beneficiaries. Despite the cumulative vast amounts of money: US\$50K (+) (then a lot of money) that the 'State' lost to the glaring corruption, as confirmed by a commission of inquiry, led by the now late, Chief Justice Godfrey Chidyausiku, no one was arrested, and/or, ever prosecuted. (*The Financial Gazette Zim. October 20, 2016, zimSitRep M/June 2-4, 2017*).

**Case Study No: [C6 of C10]: Dema Diesel Corruption/ML Scandal: Gvt Tender Fraud - (PEPs) (2016):**

Qualitatively, in yet another of the tender flouting scandals that came to allegedly see the government lose millions, in 2016, the Energy Minister, one Samuel Undenge (Mr), to his peril, ignored technical and expert advice that, the US\$194 million-a-year Dema Diesel Power Plant deal would leave Zimbabwe Power Company (ZPC), already financially struggling, in deeper dire straits. The Dema Diesel Power Plant project, a public-private partnership deal between government and a petroleum company, Sakunda Holdings (PEP owned diversified company), proceeded to take off (albeit) without going to tender despite advices given flagging it down for among other economic reasons, corruption, being too expensive and unsustainable for a country struggling financially/economically. The government parastatal organisation, the Zimbabwe Power Company (ZPC) would be obliged to pay US\$16.1 million upfront every month for electricity generated at Dema. The 200 megawatt project did not go through the tender process. (*The Financial Gazette Zim. October 20, 2016, zimSitRep M/June 2-4, 2017*).

The Mugabe-era, Gvt Cabinet Minister Samuel Undenge (Mr) one of the very few (the second to be precise), senior public official (PEP) to be tried and convicted, was in July, 2018, convicted after being found guilty on ‘ Abuse of Office/Corruption’, and jailed for 4 years – effective two years, after one year was suspended on condition of good behaviour ( *Newsday, July 21, 2018://,https: [www.newsday.co.zw](http://www.newsday.co.zw)*)

**Case Study No. [C7 of C10]: Zimbabwe National Roads Agency (ZINARA) Tender Fraud (2011-2016):**

Zimbabwe’s National Road Administration Agency (ZINARA) (a parastatal body of government), also appointed ‘as collector of vehicle licence fees’ in 2012, embroiled in a US\$105+million financial scandal reported (The Herald Newspaper, July 2015, 28 Aug, 2016). Four directors suspended and an Audit Report opens Pandora’s Box’). Allegedly, the four senior public officials, including two directors in the Ministry of Transport and Infrastructural Development, had on 27<sup>th</sup> August, 2017, been suspended on the recommendation of the State Procurement Board (SPB) executive chairperson a decision drawing strength from a presidential appointed commission of inquiry by Grant Thornton Forensic Auditors to investigate for flouting of SPB tender awards under ZINARA special projects valued at (US\$71.5



million), (US\$31.5 million), and (US\$2.5 million) – all totalling (US\$105.5million) – covering a five-year period (2011-2016), and causing prejudice to state by inflating or overcharging values of (plus/minus) US\$ 450 884.77 – being variances between three separate inflated interim payments certificates (IPC's) to contractors, and, actual payments reflecting in the ledgers of ZINARA as flagged by the forensic audit.

As preliminary circumstantial part-evidence would have it, the four suspects/accused persons, embroiled in this complex and likely to be a long drawn unravelling case, acting in their various capacities as directors and senior technicians under the employ of ZINARA, to wit; Messrs': Angeline Karonga (legal director), Eric Gumbie (Engineer and director of roads), Moses Juma (Engineer-technical director, and, Trust Madhovi (CEO-Goromonzi RDC), connive with accomplices, also senior public officials in other parastatal/public enterprises like The Civil Aviation of Zimbabwe (CAAZ) Chief Executive Officer and his co-directors, diverse on different occasions and with intent to prejudice the state, flouted several procurement tender award procedures by foisting on various rural road authorities throughout the country among them Gutu, Zaka, and Goromonzi Rural District Councils (RDCs), companies in which they had interests as directors or contractors to carry out roads rehabilitation works funded by ZINARA , and upon which during period and dates flagged by the alluded preliminary and (ongoing) forensic audit, raised irregular drawn requisitions or interim payments certificates (IPCS) worth millions before the respective RDCS had even resolved to adopt the contract, against actual total payments of inflated figures (over and above the former) – culminating to proven variances (overpaid) fraudulent amounts of, among them - (US\$316 000.00 + US\$ 89 365.77) (herein) cited as charges -count [1] and [2] totalling (US\$ 450 884.77)– duly pocketed and converted to own use by each, other, and or, all of four suspect/accused persons – causing loss (actual) to the state.

At the time of writing (August, 2017), it was too early to further comment or speculate on the fate of the 4 suspect/accused directors/senior officials of public and or, public sector enterprises who were now on court remand pending further investigations. (*The Financial Gazette Zim. October 20, 2016, zimSitRep M/June 2-4, 2017*).

**Case Study No. [C8 of C10]: Central Mechanical Engineering Dept (CMED): Fuel Procurement Fraud:**

In April, (2016), the government Central Mechanical Engineering Department (CMED) managing director, Davison Mhaka, was dragged through the courts and arraigned over his alleged involvement in a fuel scandal which prejudiced the State-owned company of US\$3 million. Mhaka acted fraudulently when he authorised a deal with a company called 'First Oil' in February 2013, after a tender was issued for the supply of five million litres of fuel. Prosecutors say Mhaka authorised a tender award to First Oil at a time the company did not have a valid import licence and was also not listed on the State Procurement Board's list of bulk fuel suppliers. CMED subsequently transferred US\$2.6 million to First Oil's ZB Bank account. The courts were later told that US\$100 000 was also paid into the same account, but no fuel was ever delivered to CMED. (*The Financial Gazette Zim. October 20, 2016, zimSitRep M/June 2-4, 2017*).

**Case Study No. (C9 of C10): State V's (ZBC) CEO H. Muchechetere: 'Salary Gate' Corruption/ML Scandal-(PEP) (-2013-2014):**

In 2014, the public media revealed that parastatal executives in connivance with their boards were taking home excessive amounts of money in salaries, The Chief Executive Hapison Muchechetere and his board of directors and senior managers were implicated variously in cases of corruption, procurement fraud and ML costing the state parastatal corporation whopping millions. The Chief Executive Officer was later arrested and arraigned for fraud and abuse of office (*zimSitRep May/June 2-4, 2017*).

**Case Study No. (C10 of C10): State V's I M Chiminya - Harare City Council Housing/Land Grab Corruption Scandal - (PEP) (2004-2017+):**

Minister of Finance and Secretary for Administration in (R.G. Mugabe's ruling ZANU-PF governing party *Ignatius Morgan Chiminya-Chombo (Dr)*: Grand

Corruption and Fraud-led ML perpetrated over (20) years (2004-2017), involving several millions: (US\$10million, US\$900k, and US\$2.7 million), ZR Police Harare Central C.R. 1176/11/17 & 1257/05/08: ZRP Law & Order DR 18/11/17 & 77/08/06: HRE Magistrates Court CRB 11633/17 refers. \*Pending criminal prosecution (several counts): (*The Financial Gazette Zim. October 20, 2016*).

### 2.3.2 Zimbabwean Banking /Financial Sector Corruption & ML Scandals:

#### Case Studies [D1 – D13] - (1988 – 2013 / 2013 - 2017+)

**Table (2.4) Case Studies [D1-13+]: Zimbabwean Banks Financial Scandals**

<b>Zimbabwe's Banking/Financial Sector Corruption and ML Scandals – Case Studies [D1 – 13]- (1988-2013/2017+)</b>			
Folio	Date	Bank/Financial Institution	Criminal Justice / Regulatory Authority (RBZ) & Banking Industry Boards Response(s)
1	1995	Roger Boka – United Merchant Bank	1998– Bankruptcy
2	-	First Mutual Asset Management	2004 – Bankruptcy
3	2003	ENG Capital Asset Management	2004 – Bankruptcy
4	-	Century Discount House	0000 – Bankruptcy
5	-	National Discount House (NDH)	2004 – Bankruptcy
6	2003	Royal Bank	2004 – Bankruptcy
7	-	Renaissance Merchant Bank	0000 – Bankruptcy
8	-	Genesis Banking Corporation	0000 – Bankruptcy
9	2002	Barbican Bank	2003 – Bankruptcy
10	-	Ellen Susie (Private Fin Provider)	2003 - Bankruptcy
11	1996	Trust Bank	2013 – Bankruptcy
12	-	Interfin Banking Corporation	2014 – Bankruptcy
13	-	Afro-Asia Bank	2012 – Bankruptcy

**Source:** Press/media publications: (ZIMEYE (2016), Global Integrity (2011), National Integrity Systems, 2007, TI (1999), Fin Gazette (2011), Diamond Dealers New York et.al., : on Country Reports, Public Opinion: Corruption, ML & Diamond Experts).

A descriptive review of each / some of the case-studies (selected randomly) informs on the important literature of ‘expose’ criminology, used to analyse the symptomatic

inklings of the illegal activities of corruption and ML in government/public sector enterprises – particularly parastatal organisations, in their wholesale undermining Zimbabwe's economy, integrity, infrastructure and institutions more key, the banking/financial sector during the period(s) obtaining during period (1982 – 2017+).

Worth taking note is that all the cases cited (hereunder) involved actual or suspected ML criminal offences in Zimbabwe during period studied. It is significant that in the majority of cases, suspects, and or, accused involved were/has not been indicted successfully for the principal offence or its competent verdicts in this case - underlying offences. One of the major reasons as established by the research being that many of the cases happened between (1995 – 2013), the period prior to comprehensive ML legislation had been enacted, and/or, amended (2016), and also the knowledge void existing before and then between law enforcement and the acidulous crime of modern era making it difficult for them to navigate heightened the stakes in favour of the suspects/accused.

**Case Study (No. D1 of D13): The State V's Roger Boka/ (UMB) Financial Scandals: Fraud & ML (1995-1998):**

Qualitatively and Quantitatively, Roger Boka was born on 5/11/46. The third of nine children born to a family in a poor rural area of eastern Zimbabwe, his father a carpenter in then Rhodesia worked at a general store Qualitatively it is said that he always won the best-maths-student award at school. Later, the story continued, that, his maths smarts helped him build a business empire encompassing interests in publishing, banking, mining and tobacco. He started working as a temporary science teacher at a school in Highfields, Harare in the early 1960's, to become an entrepreneur in a number of business ventures that saw him owning the following companies along the way: Boka Watch Repairs (Pvt) Limited; Boka Cosmetics (Pvt) Limited; Boka Book Sales (Pvt) Limited; Boka Gold Mining (Pvt) Limited; Boka Tobacco Auction Floors (Pvt) Limited; Boka: United Merchant Bank (Pvt) Limited

Suddenly however in 1998, his arithmetic failed him, as his business empire crumbled, triggered by his corruption-led frauds and ML at his short lived United Merchant Bank. His fall from grace, and, that of his vast business empire (by

Zimbabwe's standards) is best explained in the corruption, fraud, and, ML/laundering crime series summary (hereunder), the third in the country's earliest known financial scandals. Embroiled in the scandal as victim number one, was/is the State owned Cold Storage Commission (CSC) a meat processing company that had just privatised in 1995, which in search of operations capital, in 1997, sought the services of the newly established United Merchant Bank (UMB), of Roger Boka.

As it were, qualitatively and quantitatively, in 1994, Roger Boka became the first black person to get a tobacco merchant's license in Zimbabwe after he persuaded President Mugabe to give government financial guarantees to black traders for all their tobacco purchases. He argued that the guarantees were necessary because Zimbabwe's white-owned banks were financing white tobacco merchants so they could depress tobacco prices and cheat the country of revenue (RBZ). Top on his agenda being to break what he termed, the dominance of the (then) two Harare's existing tobacco auction floors in the country, which he lambasted for being closely tied to Zimbabwean white farmers (RBZ). Therefore, in order to finance the project, he figured he would need to set up his own bank. As the old adage says: "if you want to steal money open your own bank". The government fast-tracked his banking licence application by dropping requirements for additional shareholders (RBZ). In January 1995, Boka's United Merchant Bank thus, opened its doors to the public, again making him the first black person once again to obtain a banking licence. Boka got government business, including a deal to issue debt on behalf of The Cold Storage Commission Ltd., the alluded to a State-owned meat-processing firm that had just privatised/been incorporated (RBZ).

Backed by (UMB) as the financier, the construction of a 50,000-square-foot Boka Tobacco Auction floor was completed in 1997, at a reported cost of more than (US\$8.6 million). On its debut inauguration the auction floor reportedly managed to capture 8% of the tobacco merchant market after deliveries (RBZ).

In 1997, following its unbundling and incorporation as a private entity, Gvt authorized UMB to raise \$19 million working capital from the money market for its former Cold Storage Commission meat-processing parastatal company through short-term bills that (it) government guaranteed. On Boka's instructions to UMB's Market Dealers (Messrs:

Changara, Dulani and Gatora) unlawfully printed (15) extra short-term bills and laundered them by way of selling the same to the public through money market dealers – among them Rapid Discount House for (Z\$25 million), which same bills the Cold Storage were later not capable of honouring because they were a fraud.

In terms of the procedural agreement between it CSC and UMB to raise the capital, from the financial market, CSC Senior management board would decide on the amount it needed to be raised (RBZ) (RBZ). CSC senior management board would direct the finance manager, and/or, his assistant to give instruction to UMB to issue on its behalf a specific number of “bills” or “promissory notes” at a time, to raise and the amount required (RBZ). UMB treasury ‘dealers’ would with that authority, process and issue short term ‘commercial bills’ in the form of promissory notes to tread with accepting money market financiers to raise the specific capital requirements. One of the financial market lenders or financiers turn-victim to Boka’s orchestrated fraud in this crime series was Rapid Discount House (RBZ).

In the immediately preceding period that followed authority was given by telephone and confirmed in writing by CSC for a certain number of short-term bills, among them, ones, identifying with Z\$36million worth of short-term commercial bills / promissory notes. Within *twenty-four hours* of receipt of the instruction, UMB through one of the money market dealers, sent to CSC a ‘discount statement’ or, ‘deal slip’ confirming compliance with the instructions entered into with the lenders. The statement advised Rapid Discount House (Pvt) Limited, for example on: amount to be received/received, discount rate, the date of issue and due date, interest rate and net proceeds. It transpired, in order to enable UMB to carry out its agreed mandate, the CSC (Limited) company provided it UMB with an authentic ‘specimen signature’ of its general manager. From the authentic specimen signature of the financial general manager, UMB must have generated a computer specimen which it then placed on the “promissory notes” (genuine and fictitious ones) among the latter, the fifteen (15) intended for issue and was issued without authorisation to financier of Z\$125million, to wit; the said Rapid Discount House (Pvt) Limited (*Media, RBZ* ).

The five (5) fraudulent short term “commercial bills” and promissory notes worth for (Z\$25 million) issued to Rapid Discount House by UMB on behalf of its client

CSC Limited on 2<sup>nd</sup> March, 1998 as well as the further ten unauthorised (10) short term 'commercial bills' and 'promissory notes' worth Z\$100million issued to (it), Rapid Discount House on 3<sup>rd</sup> March, 1998, became the basis upon which (it) Rapid Discount House commenced a Civil Claim in the High Court of Zimbabwe for a cumulative Z\$125million on 21<sup>st</sup> Jan, 1999. This after (it) CSC Limited, refused to honour the same fifteen (15) (10 + 5) short term commercial bills and corresponding promissory notes upon their presentation for payment on the stated due date (s) (i.e.), 15<sup>th</sup> April, on the basis of their being fraudulent (i.e.) that the signatures were forged by a certain person/persons known to Roger Boka of United Merchant Bank (UMB).

Qualitatively, it came to transpire that, months before: in February 1998, Boka had actually, persuaded the tobacco industry to open its annual auction season a month earlier than usual, a move according to the tobacco merchant world, that was intended to leverage Boka Auction Floors' commercial advantage. His friends who were interviewed the RBZ, observed that the move was motivated by Boka's desperation to cover non-performing debts. Anecdotally, an early opening of the floors causes a market slump as tobacco buyers traditionally only came to the country in April of every successive year they argued. Not to have gone unnoticed, the media began reporting of trouble at some indigenous black-owned banks/financial houses among the suspected being Boka United Merchant Bank. At about the time Boka sensing danger of imminent arrest, reportedly wrote to President Robert Mugabe asking that his bank be bailed out as it had lent more than US\$26 million to government companies and war veterans. The bank's collapse, he said, would have "serious consequences" to the economy, but the government could not help (RBZ).

Qualitatively in a belated move, acting on the ever growing rumour of a troubled financial discount house linked to CSC Limited fraudulent commercial short bills that had been floated on the market by UMB, and a resultant run on the bank by holders of short term "commercial bill" / promissory notes seeking to redeem or cash them before the latter sunk deeper into troubled waters haunting the entire banking sector (then), the RBZ finally withdrew Boka's banking licence on 29 April 1998. The result was soon to image that the troubled financial institution (UMB) had plunged into serious financial difficulties, caused mainly by poor financial

malpractices: imprudent lending and poor debt collection policies, corruption, fraud and ML that produced loss and prejudice of about (USD800 million) at the time.

Suffice to conclude by the research findings that, Boka's micro-beginnings of abusing the banking system using his newly form UMB Bank as a vehicle, were as described in the preceding details: siphoning-off targeted proceeds of the fraudulently raised and signed (5) + (10) extra (CSC) short term 'commercial bills' /promissory notes cumulatively worth Z\$125million plus (35%) interest rate, and also, other abuses of depositors funds worth several other (millions) traded in a similar fashion on the unsuspecting financial market by him Boka and or UMB with his authority, to his associates' actual/potential benefit(s). The (Z\$125million) broken down as (5 promissory notes at Z\$5million each = Z\$25million + 10 promissory notes at Z\$10million each = Z\$100million) plus 35% interest rate. Boka allegedly traded these vast amounts illegally, for millions in US Dollar currency equivalent (then), proceeds of which he with the assistants of his lawyer a certain Gregory Slatter externalised mainly to off-shore accounts in the United States, United Kingdom, Botswana, South Africa and others via transnational banks.

Qualitatively also, by his own admissions, some of the money which he chose to purport as genuine business (other) and bank loans was splashed locally by him, loaning to mainly local political elites government agents and their associated companies with little or no security; and indeed, without guarantees of repayment. The spirit of the scheme was to convince investment depositors and other banking and financial institutions, through false pretences, and misrepresentations, that United Merchant Bank was a safe and fit financial institution to be trusted with savings and investment deposits by the public (*Media, RBZ*). Not concerned with the profitability of the bank but rather liquidity from deposits from which to launder by way of financing personal obligations among them: illegal foreign currency deals, and, transferring the proceeds illegally to accounts in local and foreign banks, and, investing into properties locally and abroad – the most notable; the purchase of a prime industrial swath of land in Harare upon which (what he himself loved to call) the (world's) largest tobacco auction floor was built for (US\$8.6 million). By employing a professional launderer, his lawyer, he sought to portray his ill-gotten proceeds as relatively safe so as to prevent public and ordinary business scrutiny



Qualitatively, despite all the red flags popping at his, Boka's UMB bank and Tobacco Auction Floor, Government did not until as belated as (29/4/98), consider ordering criminal charges on fraud, corruption and ML against him. This led to his being declared a specified person (*'persona non-grata'*), and belatedly criminally charged under the Prevention of Corruption (Serious Offences and Confiscation of Profits) Act,. He fell ill shortly after the pronouncements and flew to seek medical attention in Atlanta Georgia and this delayed his arrest and cases being heard in the courts of law even further (*RBZ*).

On 21 February, 1999, Boka aged 54, died in a plane 30 minutes before landing as he was on his way back to Zimbabwe. At the time some of his fraud, corruption and ML criminal series scandals were still being investigated and others at the courts - (pending authority to prosecute or, partially heard). None of the fraudulently stolen moneys had been recovered by the Police Serious Fraud Squad or the Reserve Bank's Financial Intelligence Unit. The alluded to 'Civil Case' in the High Court of Zimbabwe brought against CSC and UMB by Rapid Discount House involving (Z\$25million ) in sum prejudice had been partially heard in the High Court of Zimbabwe at the time of his death. Z.R. Police Harare Central: Harare Magistrates Courts – Court Case (1998), and, Zim High Court Civil Appeal Case No 366\2000 plus, Judgment No S.C. 127/2002 refer. (*RBZ*).

Qualitatively , it has since transpired that majority of the several hundreds who lost money as a result of the collapse of the 'budding' United Merchant Bank have over the decades been compensated following the establishment of the "Failed Banks Relief Fund" by government (*RBZ*). Gvt as guarantor to the CSC commercial short term bills UMB commercial bills also issued five-year bonds to honour those that the latter had fraudulently issued to unsuspecting victim finance houses among them Rapid Discount House (*RBZ*).

**Case Study (No. D2 of D13): ENG Capital Asset Mgmt. P/L: Pyramid Scheme ‘Fraud’ (2003-2004):**

Qualitatively, ENG Capital Asset Management a Zimbabwean wholly owned financial house can qualitatively best be empirically described as having consisted of a ML business model from the onset. Reuter and Truman (2004), posit that there are three kinds of scenarios in ML – The first being that of the institution involved being corrupt from inception, ‘or corrupted by subsequent changes in ownership or changes in the economic environment – within these the laundering of proceeds of crime is inevitable. The Second scenario involves institutions with “willing or rogue” employees who facilitate activities conducive to ML, and third, consisting of institutions that partake in ML unwittingly, either because they lack resources (e.g.) technology and trained personnel to detect ML, or because of disregard for duty.

Set up in (2003), ENG Capital Asset Management’s founding promoters/directors, Gilbert Muponda and Nyasha Watyoka set up a pyramid scheme of partaking in the illegal foreign exchange market, among other non-core activities of the institution, as a way to lure capital, using other (unwitting) third party financial houses among them: Royal Bank, Capital Alliance, First Mutual, NHD, Century Discount House to offer a gullible public unrealistic high interest rates or above average market returns on deposit investments, conducive to ML. What the founders/directors of ENG Capital Asset Management were doing was similar the fraud immortalized by the Italian-American con artist, Charles Ponzi, during the 1920’s and after whom similar scams are named. Ponzi offered returns well above market expectation, and to make them, he dipped into the money sent to him by the investors.

Qualitatively also, at about that period in time (2003), the monitoring of banks and financial institutions (other) by the Central Bank was not stringent enough (*RBZ, 2003*). All this changed overnight following the maiden monetary policy statement by the then newly appointed Governor of the Reserve Bank Gideon Gono, on December, 18, 2003: in which he observed obtaining events in the financial sector as indicative of its being at the very core of activities conducive to ML in the country and, consequently, instructing banks to refrain from undertaking non-core activities,

and warning – those caught flouting new banking rules would be excluded from liquidity support (*RBZ, 2003*). What this meant was that the monitoring of banks and financial institutions by the Central Bank was from then, going to be more stringent, and that asset management firms that had hitherto been unregulated (then) had to be licensed by the Central Bank after rigorous screening procedures (*RBZ, 2003*).

The immediate aftermath of the December, 18, 2003, RBZ governor's monetary policy statement, ENG Capital already under judicial and criminal investigation for ML, placed advertisements in the press to the effect that their business was experiencing growth pains including the stigma of associating with other investment companies under its umbrella, and or alongside it and the increasing economic challenges coupled with the tightening of the monitoring measures-a new economic order would only but break the company's back (*RBZ, 2003*). Investors who had placed money with the Asset Management institution in the hope of getting a high interest, or above average market returns were advised in the advertisements that their funds would be turned to equity (*RBZ, 2003*).

Qualitatively, events that followed saw the principal fraud schemers the said, Messrs' Gilbert Muponda and Nyasha Watyoka arrested by the police for fraud but a follow up of their cases did not yield the State's desire to see the two have their day in Court. The pair skipped the country to neighbouring South Africa where one of them even got a job as a senior lecturer at one of its prestigious universities. Suffice to say, local police made no significant efforts to obtain assistance from their counterparts in South Africa to have the two fugitives extradited and face trial in Zimbabwe (AG's Office). On the one hand, their lawyer, Oscar Ziweni (Mr) was 'specified' in terms of the Prevention of Corruption Act (*Gvt. Gazette, 2004*). He went underground for a long time but resurfaced after his relatives had paid back to some of the creditors – (Z\$124 Million-Zimbabwean dollar old currency). As alluded, he died a few months after his reappearance and so his criminal case was not concluded (*AG's Office, Zim 2004/5*).

## **ENG Capital Asset Mgmt. P/L & Other FIs –Frauds, Corruption & ML Contextualized Links:**

As alluded, it, ENG Capital Asset Management Ltd, can be classified into a category of those business models set up with the focus to carry out activities consistent with ML from the on-set. This view stems from those of Reuter and Truman (2004), who in their research works on corruption and organisations, established and or, distinguished three kinds of scenarios as already been alluded to at the onset of this Case Study (No. D2 of D13) continuing discussion.

The founding promoters/directors, Gilbert Muponda and Nyasha Watyoka (as it were), set up a pyramid scheme to partake in the illegal foreign exchange market, among other non-core activities of the institution, as a way to lure capital, using other (unwitting) third party financial houses among them: Royal Bank, Capital Alliance, First Mutual, NHD, Century Discount House to offer a gullible public unrealistic high interest rates or above average market returns on deposit investments, and the abuse of depositor's funds, irregularities highly conducive to ML that led to each one final demise as graphically explained (hereunder):

### **Case Study (No. D3 of D13): ENG Capital Asset Mgmt. & First Mutual / Capital Alliance (Pvt) Ltd ML: (the nexus)**

Qualitatively, at about the very time of the unfolding of the ENG Capital Asset Management abuse of depositors' investment funds unfolding saga (2003-2004), in which it found itself entangled, First Mutual was the second largest insurance company after Old Mutual - demutualized. Its management proceeded to form and register a company under the name, Capital Alliance (Private) Limited (cited, or referred to, hereinafter as Capital Alliance) in order to purchase a 20% equity, share in the former - First Mutual. This made ENG to become one of the largest investors in Capital Alliance. Prudent and suffice to mention also that in the ML puzzle that had many twists and turns, First Mutual Asset Management had invested in ENG Capital Asset Management, an amount that was equivalent to that which led to the latter's demise. Also *qualitatively*, First Mutual Asset Management became both villain and victim/claimant of large depositors' funds invested into ENG Capital

Asset Management and other financial houses associated with it that got abused and the holes failed to be plugged.

Prosecution charges against First Mutual directors for which they were convicted, rested on the accusations of setting up a back-to-back arrangement with third parties (witting/unwitting) as illustrated in the Royal Bank (ENG-case study 3.2-hereunder), to finance the purchase of equity shares from (it) First Mutual, and indirectly using policy holders and other investment depositors' funds as collateral security resulting in policy holders losing money as did depositors in Royal Bank (*RBZ, 2004*). Investors in First Mutual Asset Management lost their investments because the company declared bankruptcy due to the back-to-back loans (*RBZ, 2004*).

Qualitatively, consequent to the 'pyramid' ML scam, Royal Bank as alluded before (herein) was sued by First Mutual for more than (Z\$60 million) – (hyperinflation valued Zimbabwean currency-of the 2004, era). Qualitatively also, when efforts to recover the claim failed, First Mutual applied for the judicial liquidation of Royal Bank. In turn, to protect itself from what it termed 'the inevitable run on deposits' Royal Bank issued press advertisement to the effect that the amount claimed by First Mutual was indeed security for funds invested on behalf of the management in (First Mutual off-shoot) new (third-party) equity asset management company, Capital Alliance (Private) Limited (*RBZ, 2004*).

By secondary evidence, on August, 4, 2004, Robert McIndoe of the Chartered Accountancy firm Ernest and Young was appointed curator of Royal Bank. On the same day, the acting Minister of Finance placed First Mutual and the control of KPMG another firm of Chartered Accountancy. KPMG was charged with the task of investigating the company's affairs, while the Commissioner of Insurance was mandated with powers of management of First Mutual. During that obtaining period, First Mutual was barred from underwriting new insurance policies and the powers of all directors and management personnel were removed.

**Case Study (No. D3 of D13): State V's ENG Capital Asset Mgmt. & Royal Bank Zimbabwe - Fraud/ML: (the nexus)**

Royal Bank Zimbabwe Limited, which went by name and commonly traded as Royal Bank, was an indigenous-wholly private owned small commercial bank in terms of both equity and asset valuation, founded in 2001, to carry out banking/financial services in line with regulatory requirements of the Banking Act Chapter 24, (RBZ), which got embroiled in the ENG Capital Asset Management abuse of depositors' funds ML (2003-2004), financial scandal.

As of June 2012, Royal Bank, headquartered in Harare, maintained a network of branches at the following thirteen (13) locations countrywide: Harare 'main', Karoi, Gwanda, Nyanga, Hwange, Rusape, Kadoma, Ascot Bulawayo, Chipinge Branch Main Street, Marondera, Masvingo, Gweru and Kwekwe Branches.

In 2004, the Reserve Bank of Zimbabwe (RBZ), the national banking regulator, in what later turned out to be a temporal move, closed the bank, together with two other indigenous-wholly owned financial institutions: Barbican Bank and Corporation for suspected flouting of banking regulations, this after detecting certain worrying trends for example, phenomenal growth rates (loan book growth) - a sign of reckless lending and trading without paying enough attention to issues of security, and abuse of depositors funds a recipe likely to carry too heavy a risk burden. As one of its supervisory role to steer an institution from disaster, the RBZ routed the assets of the three struggling banks to merge and form what became known as the Zimbabwe Allied Banking Group (ZABG).

In September 2010, the RBZ reversed its liquidation order(s) and re-issued licenses to the three commercial banking entities that it had closed. In the aftermath (i.e.) six months later, in February 2011, Royal Bank re-opened its doors to the public, this after six years of administrative compulsory closure. ZABG also managed to retain its new-found banking license. This brought the number of licensed commercial banks in Zimbabwe to nineteen as at, December, 2010, (RBZ).

In March, 2012, Zimbabwean media reported that Commercial Bank of Africa Group, a Kenyan financial services conglomerate, had agreed to acquire a 62% stake in Royal Bank of Zimbabwe, however, both parties failed to finalize on the deal within given regulatory time frames leading to the collapse of same (*RBZ*).

On July, 27, 2012, the board of directors of Royal Bank Zimbabwe resolved to surrender the institution's banking license and shut down its operations in the country, this following a determination by the Reserve Bank of Zimbabwe that the institution was no longer in a "fit, safe and sound financial condition" to carry on the business of proper banking. Board of directors' resolution was due to under capitalization of the bank, accumulated losses due to evidence of plundering from depositors routed through other accounts to cover-up what was happening, and thus prevent the whole edifice from crumbling; liquidity challenges and high level of non-performing large loans (internal) in the hands of a small number of individuals.

Creditors, among them, First Mutual, were the first claimants to sue for more than (Z\$60 billion–Zimbabwean inflationary-rate valued old currency). Because its efforts and those of other creditors had ran aground, First Mutual applied for liquidation order against Royal Bank (*RBZ*). The bank was liquidated leaving the RBZ saddled with the administrative duty to seeing to the process of paying off depositor funds and civil fines (*RBZ, 2012*).

**Case Study (No. D4 of D13): State V's ENG Capital Asset Management & (NDH) Fraud/ML: (the nexus):**

The National Discount House was/is another of the (5) financial houses that got embroiled in the ENG Capital Management – abuse of depositors' funds and ML saga that followed the aftermath of the monetary policy statement of the December 18, 2003, by the then newly appointed governor of the Reserve Bank (*RBZ*) Gideon Gono.

Like other institutions, qualitatively, National Discount House, a financial institution established legally and operating as a going concern for a long period of time before and taken over by ENG Capital Asset Management to operate as a special purpose

vehicle, may have unwittingly through corrupt employees engaged in pyramid scheme-type back-to-back deposit accepting financial arrangements set up with, and or, from gullible third parties in order to finance management laundering activities. National Discount House (NDH) offered deposits to ENG and another third party, **Ellen Susie** (an unregistered financial provider company) in an agreement that, as alluded seems to have been done in good faith but ran into serious laundering troubles. The full case and magnitude is magnified in the landmark (ENG) Capital Asset Management ML case study – the flagship carrier of all ML activities that hit Zimbabwe's financial sector (2003-2013).

**Case Study (No. D5 of D13): State V's ENG Capital Asset Mgmt. / Ellen Susie (Ms) & NDH– Fraud/ML: (the nexus):**

When National Discount House (NDH) deposit money with ENG, it also extended its lending hand to Ellen Susie, an unregistered financial provider company. Coupled with the country's experiences of a deteriorating economy, NDH like other financial institutions, started experiencing the lack of ability to earn and pay depositors alike-creating an impasse close to more than a year, after which – post liquidation and curatorship, a restoration arrangement was applied by the RBZ – which included switching (millions) of depositors funds to equity (RBZ).

**Case Study (No. D6 of D12): ENG Capital Asset Mgmt. & Century Discount House – Fraud/ML: (the nexus):**

Another of the (5) financial institutions caught up in (ENG) Capital Asset Management - abuse of depositors' funds ML scandal. Qualitatively, an entity of the Century Holdings expanded financial services group, with interests in leasing, asset management and commercial banking, the Century Discount House operation was disposed-off to (ENG) Capital Asset Management by the parent company, as a strategic move to capitalise (RBZ). However, after the sale, six months elapsed before ENG could finalise regularising of the ownership to its name – resulting in its continued operating as Century Discount House. Consequently, because ENG directors had purchased significant shares Off-Century Discount House, its placement on liquidation during the immediate-after obtaining period, they remained



owing twenty percent (20%) of the publicly quoted Century Holdings Group equity shares (RBZ).

Consequently, also, the management of Century Discount House were charged with negligence and acting contrary to their duties in terms of the Companies Act by letting the new ENG Capital Asset Management owners engage in ‘pyramid scheme type’ fraud and abusing gullible public investment deposits setting a ML trend (RBZ). Qualitatively the deposits were used in non-core activities by ENG, including the purchase of shares in Century Holdings Group, and paying extravagant gifts to dealers in the market in order to attract more deposits to the institution’s pyramid scheme (RBZ).

**Case Study (No.D2 of D13): Barbican Bank Zim. - Financial Scandal (2003):**

Barbican Bank Ltd is one of the collapsed banks that had amalgamated with Trust and Royal banks to form controversy-plagued Zimbabwe Allied Banking Group (ZABG). One of the emerging indigenous banks falling under the Barbican Group led by Muthuli Ncube and other director shareholders, was issued with a banking license in December 2002, and started operations in July 2003. It had subsidiaries in South Africa, Botswana and the United Kingdom, but found itself under curatorship by the Reserve Bank on March 15, 2004, on accusations flouting of banking regulations, this after the regulator bank, detected certain worrying trends including, phenomenal growth rate in loans, signifying reckless lending and trading without paying enough attention to risks associated with its borrowers, or too much concentration of unsecured loans to a small group of borrowers particularly insiders, a recipe likely to have generated too heavy a risk burden on the bank, and, looting of deposits to cover-up millions of losses in real dollar terms. These among other irregular banking practices would have led to bankruptcy and expose of shareholders and depositors funds, to (it) the bank, shareholders and clients loss and prejudice (actual/potential), (RBZ, 2004).

**Case Study (No. D9 of D12): State V's Trust Bank–Financial Scandal (s)  
(1996 – 2013):**

In 2013, Trust Bank was liquidated after the Reserve Bank of Zimbabwe cancelled its banking license over allegations of abuse of depositors' funds and violation of the provisions of the Banking Act (reckless lending and trading – and the looting of deposits to cover-up losses etc.) Efforts to recapitalize the bank had all been futile and the institution was no longer a safe and sound to continue doing business. The closure marked the second time in eight years that the bank has lost its banking license. Efforts to get official comments from the RBZ and DPC were fruitless.

In its report as regulating authority, the RBZ stated Trust Bank was financially unsound and was not operating in line with sound administrative and accounting practices and procedures. The bank, which was said to be critically undercapitalized with core capital of (US\$1,9 million), had been posting persistent losses since its banking license was re-issued in September, 2011. In terms of its phased regulatory capital thresholds, commercial banks are required to have (US\$75million) at hand by end of May, 2014, and (US\$100million) by, June, 2014. The institution had been facing critical liquidity challenges emanating from the poor loan book, inadequate working capital as well as gross abuse of depositors funds such that, maintaining the bank was no longer desirable in the interests of its depositors, members and creditors. Suffice to conclude said the RBZ, that, the bank could no longer maintain the prescribed minimum amounts of capital and reserves and was also accused of engaging in undesirable methods of conducting business.

Upon liquidation, the RBZ appointed the Deposit Protection Board as provisional liquidator in terms of the Act,” and with the appointment, small depositors (at least) could be paid up to (US\$500) with the remainder being paid from the money raised through assets disposal. “Cumulatively, the scale of the losses (actual/potential), could be calculated at least in part to top depositors, according to insiders, including the National Social Security Authority about (US\$3,7million) secured, PTA Bank (US\$2,5million secured), one Dr Chitiyo (US\$1,8million (unsecured), Mohamed Musa (US\$1,6million)(unsecured) and, Africa Export and Import Bank (US\$1million)(unsecured), all totalling (US\$9million) (equivalent).

There were no criminal prosecution charges brought against Trust Bank or its employees for reasons among others in the absence of proof to the contrary, that in the opinion of the writer, those charged with investigations seriously lacked both intellectual and professional knowledge on the financial/economic crimes nature that required identification, categorization and forensic investigation expertise – a weakness embedded in the public police body of the Zimbabwe Republic Police even today.

**Case Study (No D10 of D12 +): State V's Interfin Bank - Financial Scandal (2014):**

Interfin Bank was reported by the Registrar of Banks and the Deposit Protection Corporation (DPC) in November 2015, as among six banks including (Renaissance, Genesis and Afri-Asia) that had fallen on the way-side after 2012, all with the same ailments: undercapitalization, poor corporate governance, and other violations of the provisions of the Banking Act (reckless lending and trading – and the looting of deposits to cover-up losses etc.) Efforts to recapitalize the bank had all been futile and the institution was no longer a safe and sound to continue doing business. The Deposit Protection Corporation paid out US\$2.6 million to a total of (9495) depositors who fell victim to the bank's financial scandals.

**Case Study (No. D11 of D13 +) Genesis Bank - Financial Scandal (2013):**

Genesis Bank was reported by the Registrar of Banks and the Deposit Protection Corporation (DPC) in November, 2015, as among six banks including (Renaissance, Interfin and Afri-Asia) that had fallen on the way-side after 2012, (all) against allegations of undercapitalization, poor corporate governance, and other violations of the provisions of the Banking Act (reckless lending and trading – and the looting of deposits to cover-up losses etc.) Efforts to recapitalize the bank had all been futile and the institution was no longer a safe and sound to continue doing business. The Deposit Protection Corporation paid out US\$ 2.6 million to a total of 9495 depositors who fell victim to the bank's ML shenanigans.

**Case Study (No. D12 of D13): Renaissance Bank - Financial Scandal (2013):**

Reported by the Registrar of Banks and the Deposit Protection Corporation (DPC) in November 2015, as among six banks including (Genesis, Interfin) that had fallen on the way-side after 2012, (all) over allegations of undercapitalization, poor corporate governance, and other violations of the provisions of the Banking Act (reckless lending and trading – and the looting of deposits to cover-up losses etc.) Efforts to recapitalize the bank had all been futile and the institution was no longer a safe and sound to continue doing business. The Deposit Protection Corporation paid out US\$2.6 million to a total of (9495) depositors who fell as victims to the bank's laundering shenanigans.

**Case Study (No. D13 of D13): Afri-Asia Bank US\$2.6 million - Fin Scandal (2014).**

Afri-Asia Bank was reported by the Registrar of Banks and the Deposit Protection Corporation (DPC) in November, 2015, as among six banks including (Renaissance, Interfin and Afri-Asia) that had fallen on the way-side after 2012, (all) against allegations of undercapitalization, poor corporate governance characterized by improperly constituted boards, and other violations of the provisions of the Banking Act (reckless lending and trading – and the looting of deposits to cover-up losses etc.) Efforts to recapitalize the bank had all been futile and the institution was no longer a safe and sound to continue doing business. The Deposit Protection Corporation paid out US\$2.6 million to a total of (9495) depositors who fell as victims to the bank's financial scandals.

**2.3.3 Other Financial Scandals Linked to the (13+) Banks Corruption & ML Deviance Case Files - (2003 2013/2017):**

**Case Study (No.13): Dr G Gono-Ex-Governor RBZ; Financial Scandal Allegations:**

In a letter dated 8<sup>th</sup> October 2012, to the Zimbabwean Anti-Corruption Commission a certain Mr DD Chirindo, Munyaradzi Kereke (Dr) a former Reserve Governor

Director (Assistant to the Reserve Bank Governor himself), and, an aspiring Bikita (North) constituency MP (now serving 40 year jail term for raping a minor, following a 2015, High Court of Zimbabwe conviction, made damning allegations against the former governor of the Central Bank (RBZ) Dr X (his former boss) for involvement in grand corruption, while at the helm of the country's mother bank. The full text of the report (not meant for public consumption but spilled into public domain via social media), and also later made public when Munyaradzi Kereke (Dr) testified on it to the Parliamentary Portfolio Committee (on Corruption) titled: "Formal Report Of Multiple Acts Of Corruption, Theft And Abuse Of Office By Dr Gideon Gono, Governor Of The (RBZ)" By Munyaradzi Kereke - reads as follows:

**"Dear Sir/Madam**

Mr Chairman I would like to submit, for the Commission's investigation, several acts of corruption, theft, and abuse of office by Dr Gideon Gono, Governor of the Reserve Bank of Zimbabwe.

This formal report follows due advice I recently received from the Parliament of Zimbabwe which determined that the criminality of matters I had raised with Parliament required your Commission to fully investigate to bring about justice.

I wish to state upfront that all these cases were fully documented and handed over long back to State Security, by the writer of this letter given the sensitivity of Ridgeon Gono's portfolio but State Security instead acted in direct contravention of their own mandate and tipped Dr Gono who then summarily locked me out of the Reserve Bank of Zimbabwe as a way to mask the multiple crimes.

Some members of State Security are also heavily involved in the corrupt activities DR Gideon Gono did and I stand ready to constructively work with the Commission in bringing them to account.

Undeterred by this abuse, I am taking this step to make this report, (albeit) at

great personal risk, so that as a country we stand firm in the fight against corruption in all its forms.

The fair, balanced and professional hand of the Commission is also called upon to act objectively given that some members of the old 'Anti-Corruption Commission' who remain part of the present team were heavily involved in corrupt activities with Dr Gideon Gono.

Dr Gideon Gono has been roundly informing the country's vital organs, particularly STATE SECURITY that I was seeking to cause fractures in the Government through exposure of STATE Secrets etc.

This resulted in me being a pursued breathing object of elaborate operations to disable me financially, spiritually, conjugally and physically, including intrusions into my own bedroom by forces I knew neither as to their origins nor cause.

Mr Chairman, I remain fearless and unmoved, driven by my rock-solid conviction that those in positions of authority at the Reserve Bank of Zimbabwe and elsewhere in STATE Security, whose tenures in office are naturally not up to infinity, will one day understand that my cause was the just quest for justice and nothing else.

Mr Chairman, I do not and will never seek to compromise any matters relating to the security of the State, but my mission is simply that of playing a modest role in the fight against the now horned creatures called corruption and abuse of office in our country. Period.

Why then must formal structures of the State be used to fight and seek to vainly destroy me when all that I stand for is nothing but justice in defines of Public Interests? "Mr Chairman, short of being killed, I shall not and I will not retreat.

**Theft, Fraud & Abuse Of Office, Excessive Borrowings From Troubled**

**Banks, Some In Which Dr G Gono Had Interests:**

As at the end of July, 2011, Dr Gideon Gono's directly owned companies, being his (new) Donnington Farm and Lunar Chickens P/L collectively owed US\$ 40.1 million to local banking institutions. Dr Gideon Gono is the principal owner and Chairman at the said operations.

At the end of July, 2011, being DR Gideon Gono's farm New Donnington Farm, owed the following local banks the following amounts: CBZ Bank (US\$25.9m); Premier Bank (Eco Bank) (US\$358K); Metropolitan Bank (US\$ 987thousand); Stanbic Bank (US\$ 1.5 million); and ABC Bank (1.5million; whilst Lunar Chicken owed Interfin Bank (US\$ 1.85million), (Kingdom Bank (US\$ 6.9 million) & Renaissance Capital Bank (US\$ 1.2 million). There are a number of documents at hand which present proofs of these borrowings. It is important to note that even in cases where the loans would have been secured offshore say from Afreximbank or PTA Bank, it is standard banking procedure that such exposures are duly recorded on the balance sheet of the local disbursing bank of all purposes of determining the bank's credit risk and capital adequacy prudential requirements".

"Whilst it is not criminal for Dr Gideon Gono or his own companies to borrow any amount from the banking sector per se', the following factors attract serious moral and criminal blame on Dr Gideon Gono on account of both abuse of office and misuse of public funds by Dr Gideon Gono:

As Governor of Zimbabwe's Central Bank, excessive borrowing from almost every other bank, directly undermines his independence and objectivity in firmly supervising banks in Zimbabwe. It is largely the reason why Zimbabwe in the recent past experienced repeated bank failures due to lax supervision by the Central Bank owing to the fact that the governor was highly compromised by his excessive borrowings from his regulatory subjects.

As (then) Reserve Bank Governor Dr Gideon Gono must produce the list of assets

he used to serve as collateral for the US\$ 40 million plus borrowings from banks. He must list when those assets were bought and how they were paid for. In the case such assets are held in shelf companies DR Gideon Gono must reveal to the Commission who the directors of those companies are and how they funded those assets. This would explicitly bring about the truthful submission that Dr Gideon Gono used assets bought using the Reserve Bank to secure his own private borrowings. Dr Gideon Gono cannot argue for the lack of security attached to his loans as such, as this would render his defence inadmissible considering that it is the very Reserve Bank of Zimbabwe's credit Risk prudential rule on banks, he as governor, was/is, mandated to strictly enforce in the interest of public.

Two banks that were/are heavily owed money by Dr Gideon Gono virtually collapsed (Renaissance Bank and Interfin Bank) on the back of bad loans, and, Dr Gideon Gono as Governor of the Central Bank was a significant cause of such bad loans. The High Court recently ruled in favour of Capital Bank for the bank to attach Dr Gideon Gono's properties as execution for a long outstanding bad loan his Lunar Chickens (P/L) project failed to pay and (he) Dr Gideon Gono stood in his personal capacity as surety.

The fact that as Governor of the Central Bank Dr Gideon Gono actively plaid a part in degrading the quality of banks in Zimbabwean economy yet he remained supposing to oversee the supervision of the same banks should and must attract the deepest reprimand of Dr Gideon Gono by society in general. At the obtaining time when he still remained so in office, Dr Gideon Gono merited outright dismissal from office if not, must have self-imposed a resignation on account of these glaring excesses and conflict of interest. The Constitution of Zimbabwe explicitly bars anyone who fails to repay borrowed loans from holding a public office (Kereke)".

#### **Dr Gono's Multi-Million Dollar Residency Built on Fraud Money:**

"DR Gideon Gono's fraudulently took at least (US\$15 million in cash) from the Reserve Bank of Zimbabwe between 2007, and, 2008, through the Reserve Bank



Financial Intelligence Unit Director (then and still sitting) (name given), who at the obtaining time got the foreign currency from parallel market purchases and used same to construct Dr Gideon Gono's multi-million-dollar residency in Borrowdale, Lunar Road.

The Reserve Bank's books of accounts were then balanced by exaggerating a amounts declared as having been extended to various Government agencies.

Dr Gideon Gono must stand ready for an in-loco inspection and valuation of his property, when the Anti-Corruption Commission demands that he produces evidence on how he funded the construction.

It is an absolute fact that the Reserve Banks of Zimbabwe was defrauded of US\$ 6.5 million on or around the June/July 2008 and this entire amount was written off the Reserve Bank of Zimbabwe's audited income statements.

The money was advanced under a Memorandum of Deposits (MOD) programme to a company called Saltlakes Holdings bearing signature of Dr Gideon Gono.

Dr Gideon Gono actively facilitated this well-orchestrated fraud through a convoluted array of write-offs between (him) Dr Gideon Gono and, Saltlakes Holdings.

This fraud was also under active investigation by the Zimbabwe Republic Police on or, around the 8<sup>th</sup> of September, 2011, under reference CID Homicide Harare DR 15/07/10. Dr Gideon Gono openly refused to cooperate with the Zimbabwe Republic Police in their investigation of this fraud which has frustrated progress in this serious fraud case.

B.D.O Kudenga and Co-Auditors firms in Zimbabwe verified and confirmed that indeed the US\$ 6.5 million, due to Reserve Bank as at 31 December 2008, from Saltlakes was written off as non-recoverable ... and loss to the fiscus".

**“Dr Gideon Gono therefore thus stands accused for abusing his office”.**

**M Kereke.**

A primary conclusion from (this), Munyaradzi Kereke’s version of abuse of office events by the former governor, and, most interestingly (it) coming direct from the horse’s mouth, his former deputy, Dr Gideon Gono’s shenanigans would be that, indeed the allegations are actual individual corruption cases fingering the top-most man (then) at the helm of the country’s Central Bank, to the actual, (12) bank businesses corruption-led ML scandals the led to their downfall as graphically detailed by-case, during the relevant obtaining periods as stated. Whatever the findings culminating from investigations in the past since the unravelling, and, findings of any other further investigations to come as a result, what is clear qualitatively, indeed is that there was / has always been a culture of complicity at some points or other in the scandalous affairs of primarily indigenous-owned and managed banks by players in the banking sector (administrative and political) which may be partly answer to the questions: *firstly*; why a whole governor of a country’s Central Bank, direct the same, as the sole regulatory authority of banks, to engage in non-core activities and secondly; why as governor, he, immersed himself in excising personal borrowings with struggling indigenous banks which he (then) continued to superintend, and, later fell causing millions in loss value not only to the shareholders, customers and investors but also to the state, and, *secondly*; how and why the corruption and other financial crimes-led ML scandals continued over a period of time, and still managed to persist long after the Banking Amendment Bill, 2015, (post the 2003-2013, sector scandals) meant to deal more effectively with same and in particular, to improve the corporate governance of financial institutions (i.e.), to make them more responsive to their customer needs, and to encourage the resolution of disputes between banks and their customers; and last but not least, allow RBZ to increase its regulatory and monitoring capacity over the troubled sector?

It is worth noting at this juncture to observe for the reader’s sake that the ‘whistle blower’ Munyaradzi Kereke, as fate will have it, was as he fought the battles to expose Gideon Gono, he himself was being investigated for rape of his niece. He lost

his own freedom in what could be the first private prosecution led case and was sentenced to (plus/minus 40 years) in jail in 2015. Perhaps his worst nightmare which has and will continue even in jail where he will be, long after these cases which he exposed, have been dusted off the shelves of police and various parliamentary portfolio committees charged with overseeing Boards of Public Companies and Parastatals where corruption is rampant, was the fear that his report would come to not, with justice selectively applied and Dr Gideon Gono and the rest like him, in their own characters, and in the manner in which they exhibited all the arts of the successful fraudster, will never be charged and be allowed to get away with ‘murder’.

**Case study (No. 15): Grand Corruption & ML: Allegations of Abuse of Office by R G Mugabe (18/04/80–21/11/17).**

A report by all ‘serious’ private world newspapers and electronic media channels: CNN, Wiki leaks, The Citizen, The Chronicle Zimbabwe, The Economist, The Guardian (U.K.), News Com (Australia), The Daily Mail, The Standard, News Day, Daily News and the South African Sunday times et al, headed “*Robert Mugabe Accumulated Riches as Zimbabwe Crumbled. Here's What We Know About His Money*”. circulated between events of Tuesday, November 14, 2017, (midnight) when the Zimbabwean Defence Forces led by General Constantino Gueyea Chiwenga military announced the taking over the reins of power from the 93 years defiant Robert Mugabe and his cabal of corrupt inner circle cabinet ministers (including among them Ignatius Chombo the Minister of Finance and Economic Planning). The whirlwind sudden events unfolding following the sacking of Vice President Munangagwa on 6/11/17, culminated in the final forced resignation by Mugabe as president of the republic of Zimbabwe on Tuesday, November, 21, 2017, in what is now preferred by some academic scholars of history, media, politics, security studies and international relations among others, a (military soft coup) - (CNN, Wiki leaks, The Guardian, The Standard et al, Monday, November 22, 2017).

Generally and, as a matter of fact, in the writer’s opinion the real-time events of the fall and demise of former president Mugabe’s 37 years of much perceived autocratic and corrupt-ridden rule, are relevant to: security, history, international relations and media scholars as much more to this criminological research on white-collar forms

of economic/financial crime: corruption and ML, mainly by non-other than the leaders of countries/governments (current, and/or leading contenders) following the footsteps of yester year (fallen-by the wayside) dictators the likes of Mobutu Seseseko Zaire (now DRC), Sani Abacha of Nigeria, Idi Amin of Uganda's and those others beyond the African continent.

The greasily allegations of corruption and looting, albeit the very least known, to both local and foreign electronic and print media going by phased historic events corrupt-led laundering and fraud abuse case files post-independence starting in 1983, with the Bernard Paweni GMB fraud scandal and Willogate Ministerial bank loans car purchase fraud scheme, and, real-time events of the military intervention and taking over power and arrests as witnessed and recorded between 14/11/17, to 22/11/17. As alluded this helped to confirm from his own comrades who after the firing of Emmerson Dambudzo Munangagwa, that the octogenarian highly perceived by the public as the head symbol of political corruption and criminality in Zimbabwe, was seeking to impose a dynasty on the people of Zimbabwe after having appointed his wife to the presidium, which helped propel the momentum of the coup.

Qualitatively, it had thus long been suspected that the president, his family, and close associates were dipping their hands into state coffers, and/or, otherwise plundering Zimbabwe's immense natural resource wealth by corrupt means for his/their own benefit,". The Daily mail, November, 20, 2017, and 'Wiki leaks' (2011), publicised cables by the U.S. embassy in Harare stated/state: "The full extent of his assets were/are (to date) unknown, but rumoured to exceed (USD1billion) in value, the majority of which are likely invested outside Zimbabwe". "His overseas assets are "rumoured to include everything from secret accounts in Switzerland, the Channel Islands, and the Bahamas, to, Castles in Scotland.

Between events following the launch of the (military palace coup-de-tat) of midnight of 14/11/17, leading to ailing Robert Mugabe's forced resignation on 21/11/17, the defence forces interim authority offered the long-time reigning 93-year-old authoritarian, the much sought after "full" immunity to him and his wife in order for them to avoid the risk of criminal prosecution for alleged grand corruption and ML allegations (albeit), never openly identified, and/or, fingered directly on his person

as Head of State. It is the writer's opinion that the dangling of carrot was one of the ploy by the military to sweet-talk the octogenarian to accept relinquishing power in the midst of the stand-off between him and (it) the military-people of Zimbabwe's final push for his ouster on the other – well aware he would not risk the lingering impeachment by a rebelling parliament waiting at the 'palace' door step.

“It had long been suspected that Robert Mugabe, his family, and close associates have been dipping their hands into state coffers, or otherwise plundering Zimbabwe's immense natural resource wealth for their own benefit,” Jeffrey Smith, executive director of democracy group Vanguard Africa, told MONEY in an email. According to ‘Daily mail’, November, 20, 2017, report, in 2011, ‘Wiki leaks’ published a cable written a decade earlier by the U.S. embassy in Harare that stated, “The full extent of Mugabe's assets are unknown, but are rumoured to exceed (\$1billion) in value, the majority of which are likely invested outside Zimbabwe. “The overseas assets are “rumoured to include everything from secret accounts in Switzerland, the Channel Islands, and the Bahamas to castles in Scotland. “The ‘first’ family indisputably own a property in Hong Kong valued at more than \$5 million and have gone to court to claim it read the report. According to the South China Morning Post (2015), and other media reports, the house (**see picture below**) was allegedly bought months before for the president's daughter had begun studies at the University of Hong Kong.

**Fig 2.2: Depiction of Excesses-Alleged Externalisations of Forex - (Mugabe Singaporean Property):**



*Source: ‘The Guardian, November, 20, 2017’: (also reporting on line, Channel TV reporting and print media, exposed the real estate purchases allegedly in the Mugabe name in “Malaysia, Singapore and possibly Dubai – fingering Grand Corruption-led externalization and ML by head of state.”).*

In Zimbabwe, the Wiki-leaks cable (2014), reported the Mugabes’ as owning six residential properties, “including a multi-story mansion” then under construction, and a number of farms (about seven) around the country. The mansion referred to is the sprawling Chinese style-built property with blue tiles in one of Harare’s ‘leafy suburb’ of Borrowdale Brook known as ‘The Blue Roof’. According to Zimbabwe newspaper ‘The Citizen’, the property long since turned to have become the official residence of the Mugabes when on jaunts to the Asian country comprising: “25 bedroom, a large outdoor pool, two lakes, a massive dining room that can seat more than 30 guests, a large master bedroom with super king-size bed, and also, expensive

tastes of Lamborghini or similar cars, and jewellery as other Mugabe family toys and trinkets' all from, suspected proceeds of grand corruption and laundering illicit flows by way of externalization of foreign currency.

According to the 'Guardian' other expensive property acquisitions of the first family include/included: a Mercedes "able to withstand AK-47 bullets, landmines and grenades. The same car accommodated features: CD and DVD player, internet access and anti-bugging devices" ; a Rolls Royce Phantom edition that is so exclusive, "only 18 were ever manufactured", and a 100-carat anniversary ring ordered by the (then) 'first lady' worth \$1.35 million. Grace Mugabe according to the *publication* was known locally as the "First Shopper", "Gucci Grace," and/or, *the Imelda Marcos of Zimbabwe*, having at one time having gone on a shopping spree trip in Paris where a whopping US\$ 75,000 was extravagantly spend.

Also, according to Zimbabwe's *Chronicle* newspaper, Mugabe's 91st birthday menu had cost fortunes. According to CNN reported that the origins of Mugabe wealth had always been obscure. 'The 'Economist', reporting on land expropriation, wrote that in the early 2000s, the Robert Mugabe's regime had "seized most of Zimbabwe's white-owned commercial farms promising to give the same to landless majority blacks, but alas; most of those to whom the land had been parcelled were cronies and himself, making him most probably (owner) of the highest number of commercial farms in the country. Also, it is believed some of the farms were parcelled out to confidantes who, maintained close relationships with Congolese high-profile figures who had ties to Congolese strongmen and those with commercial interests, according to the Economist. Qualitatively thus, these foreign political heavy individuals, in turn "are presumed to have channelled some of that wealth to Mugabe etc."

Then there is Zimbabwe Consolidated Diamond Co., a company formed just in the last few years by Mugabe. Watchdog group 'Global Witness' has accused Zimbabwe Consolidated Diamond Co. of being linked to "to a decade of disappearing diamond wealth. Ironically, "while an estimated two billion dollars, worth of potential diamond revenue went missing, [ruling party] bigwigs, like Mugabe, have been building mansions and importing fleets of luxury cars," Vanguard's Smith told MONEY. Mugabe has publicly responded to the allegations stating, "We have not

received much from the diamond industry at all,” and that he would not trust a private firm to handle the mining (*The Guardian*)

And more broadly, the Mugabes’ denied reports about their wealth. “He is the poorest president the world over,” Grace Mugabe said in 2014, according to *The Guardian*, though she added in the same breath, “I have never seen him asking for money from anyone.”

They also were very keen on avoiding any photos taken of their ‘holdings’. “The couple’s home in Harare given the *moniker* “The Blue House” is said to be extraordinarily opulent, so much so that when their daughter Bona was married there, photographers were said to have been ordered not to take any pictures that showed the property in the background, (*The Guardian*).

The Mugabe children, less discreet, as one of them appeared on ‘*Snap chat*’ (*electronic what-up mobile electronic media*) pouring champagne over an expensive watch, eliciting public outcry on social media. Earlier this year, according to Australian site news.com.au, the couple’s youngest son, Bellarmine Chatunga Mugabe, posted on Instagram a photograph of his watch captioned: “US\$ 60,000 on the wrist when your daddy run the whole country (‘ya’) know!!!” At the time of writing, that post had been deleted, but the reader can still get a sense of the kind of life the Mugabe Children live, no doubt at tax payer’s expense, from the posts

Seeing as, “the scale of the looting attributed to Zimbabwe’s (then) Head of State and his reported extravagant high maintenance wife ‘G’ (Imelda Marcos of Zimbabwe), was truly staggering and criminal. According to Vanguard’s Smith, the true extent of the corruption and illicit financial flows will likely only be known long after Mugabe is gone. In the writer’s guess, the former ruler’s family, not just for its love of flying at the expense of a hamstrung and broke economy but money, used excuses official duty foreign trips to both friendly and non-friendly countries abroad to externalize (hard currency) hiding under the guise of diplomatic bags. RGM and wife made it a point that they attend every head of state funeral, inaugurations and world economic forums including those for non-heads of state and funerals, weddings alike, just to make sure they siphoned the country while everyone else bled to death.



In the milieu of the ‘soft’ military coup the (then) Minister of Finance and Economic Development Dr I M Chombo highly perceived as chief architect of (PEP) corrupt-led ML related scandals in Mugabe’s cabinet was reportedly arrested on 14/11/17, (see Case Study 21 below). Upon his arrest he was reported by the media as having been found holding US\$10 million dollars (cash), and, harbouring at his sprawling leafy suburb of Borrowdale Harare, Israel mercenaries masquerading as VIP guards yet theirs, was to carry out some targeted assassinations in the country. The same media (newspapers and electronic platforms), opined that, more than likely Israelis mercenaries would probably have been paid millions for the job – to eliminate E D Munangagwa (then) a perceived leader of Lacoste another of the only two competing factions within (his) RGM’s ruling party as he was perceivably vying to wrestle power. The perceived ambitions, and/or his harbouring such ambitions of course led to his being fired thus, which led to the coup. At the time of writing this thesis, I M C Dr was on remand in prison, facing charges of: <sup>1</sup> Criminal abuse of office (US\$-) <sup>2</sup> Contravening the prevention of corruption act (24.20) <sup>3</sup> Fraud - (US\$ 3.6 million and, <sup>4</sup> theft of cash from Treasury - (US\$10 million). Not to mention the fact that, the issue of the US\$ 10 million stash seized by the law-enforcers was never seen or head of again even long after his release on bail months later (CNN, Daily News, South African Sunday Times et al – several issues)

This case of former Finance Minister and Home Affairs Minister Dr I M Chombo, is herein cast to reflect on the link between Corruption, ML and other predicate offences by politically exposed persons (PEPs) here in Zimbabwe. It is a tale of one who is very wealthy by years of indulgencies in white-collar crimes of corruption and ML, but due political power remains a free man despite intensifying complaints by taxpayers and even some government officials channelled to his (then) boss former president Mugabe about his unexplained shenanigans and excessive riches (Sunday Times, March, 27, 2011). His case, and how it was handled until his belated arrest on 14/15-11-17, was/ is a manifestation of what has always been wrong with Zimbabwe’s socio-economic and politic: corruption and hypocrisy - exposing the former president as not only been the chief architect but collaborator of two evil economic crimes: corruption and ML.

**Case study No. 16: State V's I M C Chiminya Ex-Minister of Home Affairs – Criminal Abuse of Office (2005-2017+):**

Following the alluded military coup events of 14/11/17, to 21/11/17, which saw the removal of the Zimbabwean long serving and oldest serving President Robert Mugabe from power, the Minister of Finance and Economic Planning Ignatius Morgan Chiminya-Chombo (Dr), was arrested in a sweep targeting the Mugabe dynasty cabal of inner circle loyalist known as the G-40 – said to be the criminals surrounding the president causing gross corruption, fraud and externalization of currency among other heinous crimes, and, needed to be removed for a new democratic dispensation led by Mugabe's Vice President and former Minister of Justice who Mugabe had fired a week earlier for campaigning clandestinely to take over power and had skipped the country into South Africa. At the time of his arrest, it was reported that soldiers killed 4 Israeli mercenaries, part of a contingent of (12) (for resisting), who apart from guarding the minister, were in the country on a special mission for sinister motives including assassinations of targeted opposing splinter group known as the Lacoste (crocodile) (etc.) allegedly headed by the former Vice President etc. Apart from the Israeli mercenary's debacle, the minister was reportedly found in possession of hard currency (US\$10million) which he explained as being money obtained from the Central Bank obviously very under obscure circumstances.

The former minister was placed first under military arrest and subsequently handed over to the police also under (siege) for suspicion of being on the wrong side. He was charged for: <sup>1</sup> Criminal abuse of office, <sup>2</sup> Contravening of the Prevention of Corruption Act, and, <sup>3</sup> Fraud in which the State claimed/claims to have been prejudiced of (plus) US\$ 3.6 million. At the time of remand (Saturday, 1<sup>st</sup> December, 2017), the prosecution observed that, if convicted of the three charges (excluding the US\$ 10 million case of suspected embezzlement and laundering), Chombo faced up to 55 years behind bars.

Circumstantially, it was/is alleged that firstly; Chombo, while abusing office first as a Minister of Local Government under President Robert Mugabe in 2005, he applied for an RBZ Capital Expenditure Loan amounting to (ZW\$14billion) from the Commercial Bank of Zimbabwe (CBZ) – payable within 18 months and indicated

his address as given, to wit, (Allen Grange Farm, Rafingora), it was alleged. When he so did apply and give out, Chombo knew that the loan was not for the purposes indicated (purchase of agricultural equipment and live-stock), but for, other private purposes – thereby knowingly violating Section 4 of the Reserve Bank Act.

The court heard for the first time that, on December, 2005, a total of (ZW 14 billion loan) was credited in Ignatius Chombo's CBZ account number 20973050018, which became the opening balance for the fraudulently opened loan account. It was further alleged that Chombo with the intent to defraud RBZ gave written instructions to a certain Collin Muchirahondo of CBZ Bank Borrowdale Branch to transfer (ZW\$ 14 billion) from his CBZ individual current account into one of his fraudulent shelf-companies known as Beard Investments trading as Equivest Asset Management. From then on, the court heard, Chombo abused the funds by importing various luxury motor vehicles including a Toyota Hilux Virgo for socialite Pokelo (niece) which was delivered at 222 Samora Machel Avenue, Harare (her then residence) – thereby committing fraud and ML.

#### **2.3.4 Zimbabwe's National Crime Statistics (Zimstats) – (1988-2017+):**

Yet also in order to satisfy one of the objectives of secondary data collection and analysis of local or country official uniform format crime statistical reports from the Zimbabwe Statistics Agency (Zimstats) or, Central Statistics Office-(CSO), By-annual–Time Series Analysis: (Zimstats - Reported Cases By-Category 1988-2016), were examined.

Qualitatively among the total of thirty seven (37) reportable criminal offences, the most prevalent that fall into the bracket of predicate offences (short of corruption and ML), and by assumption, had generated billions in illicit proceeds over twenty five (1988-2016), in terms of volume of proceeds were found to be the following fifteen (15) among others:Smuggling (in and out); Illegal dealing in gold and precious stones; Fraud; (including bank frauds); Tax evasion; Externalization of currency (foreign currency); Illegal dealings in precious stones / minerals; Robbery; Drug trafficking; Video & music piracy; Theft; Theft of motor vehicles; Theft of copper cables; Theft from car; Poaching and Illegal wildlife trafficking – all underlying

causes of ML in Zimbabwe. Contrary to deathly silence by Zimstats' official statistics (fed by the police to this agency) is broken when the RBZ 'National Threat Assessment' (NTA/NRA 2015), survey, and its 2016, NRA Mutual Evaluation Report by the World Bank and (ESAAMLG), established that corruption was/is the major underlying cause for ML in Zimbabwe.

The impact of the five (5) dominant predicate offences to the economy are tabled in the graph (Figure 30), hereunder. What the research concluded from this discord between the National Statistical Agency (Zimstats) and the RBZ (including specialised police units that handle bank related white-collar crimes; Also that the Reserve Bank of Zimbabwe (RBZ), and the banks/financial institutions, which institutions not only fall prey to these crimes, but also, design their control measures borrowing from international standards, contribute to the lack of any, partial or complete – rich, valid, or reliable official statistics of corruption and ML cases dealt with by the Criminal Justice System in the (for 25 years falling in 2016). The conclusion was/is that, the right hand does not know what the left hand is doing. At the time of winding down the research and writing this thesis, Zimstats informants had not yet come-round to explain the non-reporting of corruption and ML in national statistics up to date.

The silence, and or absence of statistical literature on corruption and ML, their quantum and quality, and also, their nexus from a national statistics level basis almost amount to a “death”.

Important to state at this juncture that, anecdotally, there is fairly moderate to rich literature on both corruption and ML relative to their nexus: characteristics and/techniques, trends, prevalence, quantum and quality in the environments they occur internationally including Zimbabwe. The silence, and/or, absence of quantitative/qualitative literature mainly on corruption, that almost amounts to near “death”, considering the quantum and quality, relative to the phenomena's rich nexus, and/or, symbiotic relationship with ML revealed over time, mostly in assorted local media coverage, and, from the 3-tier public primary survey respondents views, can be viewed/classed as deliberate ‘politically correct’ cover-up ploy on both Police General Headquarters and Zimstats sides to protect involvement of the Politically

Exposed Persons (PEPs) who are a major player group in corruption activity in the country. [...], whereas in certain environments (mainly emerging and poor economies), ‘death’ such as one witnessed here, and/or, deafening silence by Zimstats on ‘corruption’ a particular a major underlie to ML, could also be understood in context, to mean paucity of knowledge on AML regulatory requirements as well as lacking in appreciation of the enormity of these twin - trending most serious economic crimes: their symbiotic relationship, and, the micro/micro effects they pose (locally / transnationally) etc. (Chaikin and Sharman, 2009). Could this be the case with Zimbabwe? [...], (lack of knowledge, inadequate resources and unskilled police officers and Criminal Courts Public Prosecutor among other impediments to fair and correct reporting standards by those in power - socially, economically and politically?. Going forward what follows below is a Zimstats composite table of reportable offences by category of highest crime frequencies by-type per year.

### **2.3.5 National Crime Statistics (ZIMSTATS): Reportable Crimes by Measure Of Type & Frequency per Annum (1988-2016):**

Here Zimbabwe Statistics’ Central Statistics Office (CSO) / (ZIMSTATS): measured crime statistics are shown depicting Predicate offences underlying ML (excluding corruption) in Zimbabwe by category and highest frequency ratings from police records for (period 1988-2016), as in the Table (2.5) hereunder.

**Table (2.5)**

<b>Year</b>	<b>Crime Identification</b>	<b>Highest crime frequency</b>
1988	Theft other	67 246
1989	Theft other	67 340
1990	Theft other	81 177
1991	Theft other	84 855
1992	Theft of stock	11 935
1993	Theft other	107 166
1994	Theft other	129 141
1995	Theft other	118 535

1996	Theft other	1115 087
1997	Theft other	99 956
1998	Theft other	108 902
1999	Theft other	129 219
2000	Theft other	133 864
2001	Theft other	153 038
2002	Theft other	185 621
2003	Theft other	129 218
2004	Theft other	339 363
2005	Theft other	123 130
2006	-	-
2007	Theft other	110 266
2008	-	-
2009	Theft (other): robbery	81 644: 81 644
2010	Immigration	100 479
2011	Speeding	85 232
2012	Immigration	426 545
2013	Theft (other): robbery	58 627: 58 627
2014	Theft (other): robbery	81 702: 81702
2015	Theft (other): robbery	82 842
2016	Theft (other): robbery	
2017	-	-

**Source:** Zimbabwe Statistics (*ZIMSTATS*) *quarterly digests* (1988-2016)

As these official and other statistical figures denote, qualitatively different types of crime in Zimbabwe move independently of one another. The cursory loose inclusion of these and others in this study is meant to draw some qualitative conclusion whether some types of crimes (particularly) white-collar crime i.e. (fraud, embezzlement, currency dealings and exportation of cash) in environments such as Zimbabwe with its capricious cash economy and high rates of these criminal offences, would explain the high rates of corruption in the country and beyond. The theory being, if the proximate cause of reportable high crime rates is a representation of potential offenders, then the general level of all types of crime over time and across society in

the country, should reflect the level of potential offenders on not only corruption but also ML. The assumption of course (short of the actual analysis) is yes. However, the writer concedes that while such a comparative study of crime (other) and corruption, may help to identify patterns within that variation in particular, this focal agenda would be left for another day. This allows for the return to discussion of measuring criminal corruption and ML.

When discussing the measurement of crime in society, we return to a discussion of the concept of crime: what is crime. According to (Tierney and Hobbs, 2004 et al.), outside the limiting legal definition, the word crime can be illustrated further by listing some of the chief ways in which it is used, except in each case it is describing different phenomena, that is:

1. Crime deemed to be such by a a court finding a defendant guilty.
2. Crime recorded by the police as notifiable offences
3. Crimes reported to the police by the public
4. Crime reported to, or discovered by, the police, but not recorded by them.
5. The dark figure of crime.
5. Crimes actually committed.
7. 'Crime' as a term used to describe those actions not deemed as against the law at present e.g. (sexism and imperialism).

Tierney and Hobbs, (2003), further assert that when discussing the measurement of crime in society, certain criminologists have used the 'iceberg' analogy; in which recorded crime is seen as merely the tip of the iceberg. This to mean on measuring crime, generally there is a disengagement between say official statistics and annual cumulative data by category of recorded crimes and those by responsible authorities and or reporting agents (e.g.) Police District Stations, Police Posts; The Judiciary – Courts; Prisons and of course the Media. Particularly also there is generally a disengaement between official statistics annual cumulative data by categories of crimes (other) all times (particularly those fitting into the category of predicate offences e.g., robbery and fraud, among a few), and the unreported but dealt with cases of say, financial, and or, economic crimes such as cheque fraud, credit card fraud, bribery, forgery, sim-swaps and identity fraud, etc. that fall under white-collar

crime grouping and a common feature as reported in the Zimbabwean media throughout the history of white-collar crime studied (1984-2016+).

Relevant to the observation, a cursory look at the official criminal statistics of Zimbabwe, would confirm a '*quiet*' or '*deadly silence*' on the twin serious crimes of Money Lundering, and, Corruption that have, and, continue posing security risks for banks. On the contrary the media literature is awash with actual '*exposes*' of the two crimes, and or, their manifestations through other extant predicate offences – singing the same song daily for the past (plus) (32) years. Also responsible authorities (i.e) police, courts, and the Prosecutor General's office have been kept busy trying to put together, and make sense of these two a 'select' few of other white-collar crimes, underlying ML in Zimbabwe.

Yet still, even those that the responsible authorities have been alerted to but did not act, and those dealt with but struggled to finish in as many years because of a myraid of reasons among them lack of knowledge of the relevant crime, lack of skill, and or professionalism, shortage of resources, corruption as an impediment, is The Willogate Scandal: Fraud and Corruption-led ML (1988-89): not figured anywhere in the these official criminal stistics leaving one to conclude that, statistics being a human construct, dependent on their purpose and by whom, can be 'doctored', and or manipulated by those in power who formulate them for political and or, economic reasons. The RBZ FIU in its June, 2015, NRA findings report, ascribed the gaps (missing data on ML for example) to the fact that ML Bill was only signed into law in July, 2014.. However, whatever the ultimate value given to the analogy in the missing or omissions of criminal datum for ML, and, also Corruption, during the whole period of 32 years (1984-2016+), the crime data computed for groups of offences (such as crimes against persons e.g. robbery at an ATM outside the bank), or, for specific offences (such as Theft of Motor Vhicles), is the main source of crime statistics and as such, used as a basis to conceptualise crime in Zimbabwe ... a discussion that extends to include the notion of a 'crime rise'/'crime fall' and the notion of a 'criminal' in the context of the objectives of this study. To analyse crime data, experts frequently present them as crimes rates, and according to the "Journal of Criminal Law and Criminology, and other sources), criminal rates are computed by the following formular:



**Number of  
reported crimes**

**Crime rate = ----- x 100,000**

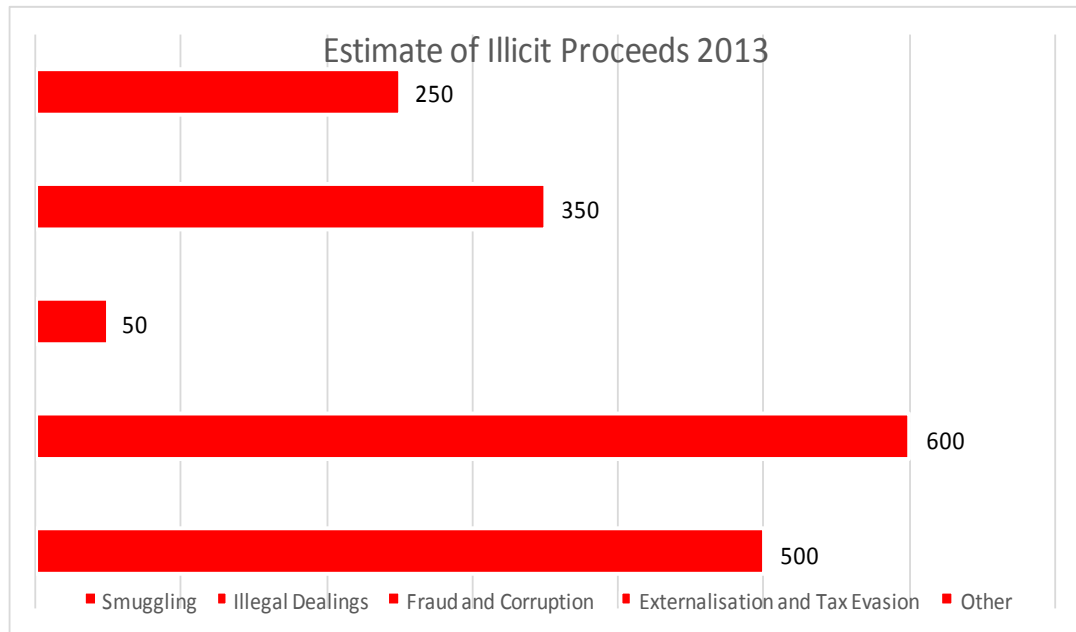
**Total population**

A synopsis of the NRA – THREAT ASSESSMENT FOR ML RISKS (first and only in the whole period under this study examination 1984 – 2016+) – RISK ASSESSMENT FINDINGS (covering one year-1<sup>st</sup> January, 2013, to 31 December 2013), which on its own faced challenges of obtaining statistical data on reported crimes (commonly herein decribed as The Uniform Crime Reports (UCR)) from law-enforcement agents (LEA) – (Police) particularly the Criminal Investigation Department that ‘fronts’ all serious white-collar crimes (financial/economic crimes including ML and Corruption and other predicate offences), due to poor record keepng will be paraded as one source of secondary data for this reasearch (alluded before) hereunder:

#### **2.3.6 RBZ-FIU: ML National Threat Analysis (NTA/NRA) Survey of (2015/2016): (June, 2015, Report):**

According to the RBZ National Threat Assessment (NTA) of 1<sup>st</sup> January, 2013, to 31 December, 2013, the most prevalent predicate offences that generated illicit proceeds in terms of volume of proceeds were: Smuggling (in and out); Illegal dealing in gold and precious stones; Corruption (bribery, extortion); Fraud / Embezzlement (including bank frauds); Tax evasion; Externalization of currency (foreign currency); Illegal dealings in precious stones / minerals; Robbery; Drug trafficking; Video & music piracy; Theft ; Theft of motor vehicles; Theft of copper cables; Theft from car; Poaching and Illegal wildlife trafficking – all underlying causes of ML in Zimbabwe. It is convenient at this juncture to mention that both the first (RBZ’s) NRA 2015, and second, NRA (2016), - AML and counter-terrorist financing measures Surveys) concur with the findings of the current study contrastingly, corruption was/is a major underlying cause for ML in Zimbabwe. The impact/effects of the five (5) dominant predicate offences to the economy are tabled in the graph (Figure 2.3), hereunder.

**Fig. 2.3): Analysis: ML Threats, Impact/Effects of Predicate Offences to Zimbabwe**



**Source:** (RBZ – NRA / NTA 2015/16 Surveys.

Cumulatively, the six (6) dominant predicate offences, smuggling, illegal dealings in foreign currencies and precious stones/metals, fraud, and corruption and, externalization and tax evasion put together generated an estimated (US\$1.8billion) of illicit proceeds susceptible to ML in the year 2013, alone. Quantitatively and qualitatively, the level of threat posed by proceeds generated from these crimes in 2013, alone was rated as **High (H)** (NRA, 2015).

The Reserve Bank in its 2015, AML National Risk Analysis also identified sixteen (16) predicates including the six under category of the major crimes (majority-white-collar), as the most generating ill-gotten proceeds underlying ML in Zimbabwe, by type and frequencies for the same period (01/01/13–31/12/13), alone. These are tabulated in (Table 14) below – identified as **Table (14)**. Of special mention in the survey report is that “some information is missing from the table” (i.e.) age, gender, and the sanctions imposed on those few successfully prosecuted and convicted. This was/is attributable to the fact that the not so modern police crime data capturing

system (a simple manual table model) was/is not designed to capture certain variables as required by the audit risk assessment tool compatible (now in use). Recommendations by the (RBZ) have since been made to responsible authorities that police statistical management tools be compatible with modern trends on the market to be able to capture and distribute accurate, reliable crime data.

**Table: (2.6):**

**Statistical Data: Major Crime(s) Generating most Proceeds Susceptible to (ML) in Zimbabwe - (1 of 16) (01/01/13 – 31/12/13):**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Fol.</b>	<b>Offence</b>	<b>Cases reported</b>	<b>Convictions /Cleared cases</b>	<b>Value of Prejudice</b>	<b>Value of proceeds confiscated</b>
1	Smuggling	1,200	1,000	\$5,000.00	\$5,000.00
2	Fraud /Forgery	9,400	1,300	\$173,695,817.00	\$8,117,200.00
3	Illegal gold dealing	2400	200	\$1,056,459.00	\$1,056,459.00
4	Illegal Diamond dealing	100	30	\$127,400.00	\$127,400.00
5	Corruption/Bribery	500	50	\$1,700.00	\$1,600.00
6	Tax Evasion	200	200	\$40,392,500.00	\$40,392,500.00
7	Externalization	7	0	\$50,000,000.00	\$0
8	Robbery	7,600	600	\$6,103,400	\$737,100.00
9	Drug trafficking	4,00	3,200	\$511,600.00	\$511,600.00
10	Video & music piracy	1,500	1,300	\$1,078,000.00	\$1,078,000.00
11	Theft	62,700	11,200	\$50,962,900.00	\$6,9000.000.00
12	Theft of m/vehicles	350	30	\$2,385,500.00	\$935,426.00
13	Theft of copper cables	300	150	\$3,324,878.00	\$358,500.00
14	Theft from Car	5800	200	\$5,522,171.00	\$384,168.00
15	Poaching (Wild Life Trafficking	1,000	600	\$610,000.00	\$250,000.00
16	Extortion	700	100	\$21,000.00	\$21,000.00
	<b>Total</b>	<b>97,057</b>	<b>20,060</b>	<b>\$335,777,325.00</b>	<b>\$60,854,953.00</b>

*Source: RBZ/FIU ML Threat Analysis Report, June, 2015*

The above table shows statistical data on 16 predicate offences most common and generating the most illicit proceeds susceptible to ML. All and/or among the categorized (16), a total (97,057), were recorded as having been identified / reported by the victims and/or witnesses (individuals/organisations) and, some investigated. From these (97,057) identified / reported only (majority white-collar crimes),

(20,060) convictions were secured. This translating to a low conviction rate of, 20% (NRA).

Quantitatively, the table shows that the total value of perjured through the various predicate offence's mechanisms in or during the studied period of 1 January 2013, to 31 December, 2013, was (\$335,78million). During the same period, and or about that period, value of illicit precedes these crimes seized and or, recovered by law-enforcement agents was/ is (\$60.854million). This according to accordingly translated / translates to 18% of the total GDP relative to (\$13,49billion) for the year 2013, alone. The illegal proceeds also constituted 478% of the National budget amounting to (\$3, 8billion) for the same period (NRA)

Qualitatively also, the estimates for illegal externalization of funds (foreign currency mainly), (i.e. amount remittances out of Zimbabwe without exchange control approval), is derived from FIU STRs on transfer of funds made by companies using personal bank accounts to disguise the funds as 'free funds'. The bulk of this figure, (\$332million) was externalized by not one but a number of company to a neighbouring country and abroad (NRA). This was/a tip of the iceberg, so the country was/is not aware until now (media exposes).

According to media (newspaper) reports (2016 – 2017+), 'we had (1166) persons, Zimbabweans and non-Zimbabweans reported as having taken funds – about (US\$ 1.3billion) outside the country illegally. Of this amount constituting illicit flows, (US\$ 37million) of it was externalized by foreigners reads the reports. To confirm, in 2016, the 'Panama Papers' named several companies and some nominal 280 Zimbabweans as among them, prominent ruling party Zane PF elite and connected business tycoons as having externalized funds (foreign currency) and operating off-shore accounts. The report(s) also identified members of a so called splinter faction, the ruling Zanu PF G-40 (allegedly sympathetic to president Mugabe's ambitions to rule forever, and, also pushing to as far as, to install his wife as successor should the time come), as among those fingered in the looting from the state's coffers ('Pana' papers, 2016, Sunday Times, 2016, / March, 4, 2018).

Qualitatively also, the following facts, relative to the table confirm NRA's assertions assert how much in estimation only, the country lost to illicit flows:

The estimated proceeds from undetected thefts, for example theft of copper cables (\$90,8million), was collected from the seized or confiscated from ill-gotten proceeds as a fraction of the total value of the detected cases of theft. ML potential from this crime is small (*NRA*).

That FIU 'STR' database, revealed that total of South African (ZAR2, 8 billion) was exchanged into USD amounting to (\$300million), between January and November 2014, by syndicated criminals. Computation of estimated proceeds was done by extrapolation of values reported. These transactions were suspected to be proceeds from gold smuggling, as evidenced by location of transactions here gold dealing is rampant. This amount of (\$300 million) was equivalent to (6222) kilograms of gold at the time (*RBZ-NRA*).

The estimated amount of gold smuggled was based on information gathered from all gold producing areas in the country taking into account the number of stamp mills in each area and the amounts being bought and smuggled by known dealers (*RBZ-NRA*).

Diamonds worth over (\$500 million) were suspected to have been smuggled out during 2013, alone. Quantification was done from the figures of the cases of a certain mining company. The company received deposits of (\$571 million) and immediately thereafter transferred the funds to an offshore destination disguised as a disinvestment from Zimbabwe. This raised suspicion that the proceeds were from illegal diamond dealing.

Qualitatively also, from an economic productive sector sectorial perspective, via; by Sector proneness and vulnerabilities to ML risks, the RBZ NRA assessment review of the five key sectors produced a report that rated banks, DNFBPs, Securities and Insurance sectors as follows:

**Table (2.7):**

***Business Sectors: Measurement of Proneness /Vulnerability to ML:***

Sectoral threat	Ranking	Basis
Banking Sector	1	Majority of the predicate offences proceeds channelled through Banks.
DNFBPS	2	The Real Estate sector, mining and second hand car dealers were/are associated with proceeds from predicate offences.
Other Financial Institutions Sector(s)	3	Reports and activity in this sector were relatively moderate.
Insurance and Pensions Sector	4	In terms of predicate offences and trends of ML, the sector was relatively moderate.
Securities Sector	5	No major predicate offences were registered in this from this sector in this period.

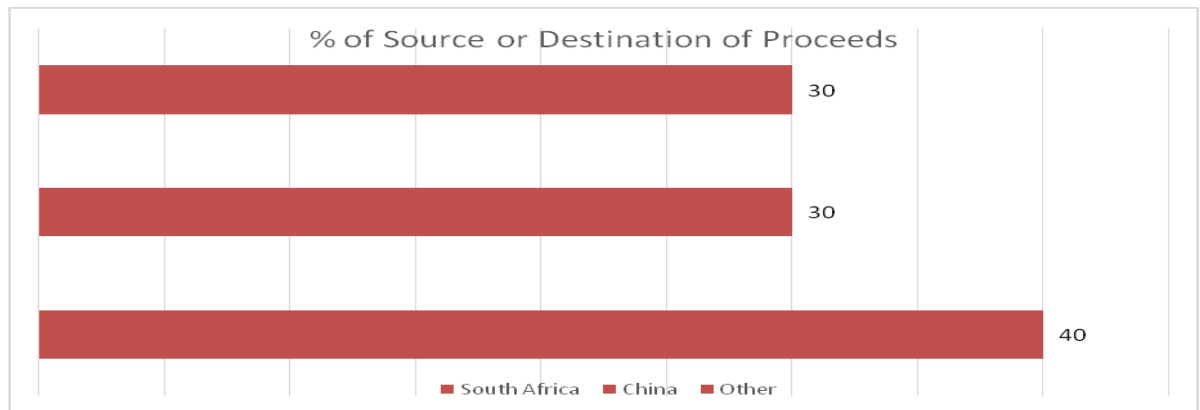
*Source: NRA – (1 January, 2013 – 31 December, 2013)*

Qualitatively, to the report, the Banking Sector and the DNFBP sectors were found to be the most vulnerable, while *Other Financial Institutions, Pensions and Insurance* and the Securities Sector, followed in that order.

Qualitatively also, the destination for proceeds of crime from Zimbabwe (*‘Outgoing-type ML’*) was /is commonly destined by order of value, starting with the highest to:

1. South Africa (minerals and tobacco, and scrap metals, mainly copper),
2. China, (cash being externalized by businesses);
3. Botswana, (minerals, fuel and fraud);
4. Mauritius, (proceeds of externalization),
5. UK/BVI (Proceeds of externalization and proceeds from smuggling of gold)
6. United Arab Emirates (Dubai) (ill-gotten proceeds from music and piracy of videos as well as illegal dealings in gold and, other precious minerals).

**Fig (2.4): % of Source or Destination of (Incoming/Outgoing) Proceeds of Underling Crimes (Predicates) to ML**



*Source: Secondary date - RBZ/FIU SRA, 2015, Report.*

*'Incoming-type laundered proceeds'* of crime into Zimbabwe were found to come mostly from the following jurisdictions, Mozambique and Malawi (drugs and second-hand goods), (ii) South Africa (proceeds from tobacco smuggling and gold smuggling) and (iii) Zambia (poaching and tobacco smuggling).

Yet also, in order to satisfy one of the study qualitative and quantitative data sampling techniques guided principally as per data collection plan in Methodology (Chapter 3), a random purposive sampling technique of content analysis of (116) accounts of textual media coverage on corruption and ML from mainly, by local newspapers (including associated Sunday newspapers), and, another small sample from foreign media correspondent publications including the South African Sunday Times (hereto) defined as newspapers for the purposes of this study shown in Appendix C-1.1- C-1.116 of this report, was carried out. Further also, in acknowledgement that different styles and modes of journalism exists, and that that different newspapers adopt different styles and target different audience publics, and certain criteria must be applied to select the sample, for the purpose of this analysis of accounts, no criteria was employed as was the case in the random sampling of the small sample gallery 'protocol' of newspaper articles and images/clips communicating incidents of corruption and ML, number of their recurrent themes and issues, depicted in (Appendix C-2.1 – C-2.22.) of this report, were used to examine the nature and extent of the reporting of corruption, ML and other crimes with a laundering demand

impacting on Zimbabwe's business(general), public sector enterprises, and, the banking/financial sector in particular.

*Flick (1998)*, concurring with *Miles and Huberman (1994)*, writing on 'qualitative data analysis' says that, the basic principle of theoretical sampling or purposive sampling 'is to select cases or core groups according to concrete *criteria*'. This to say theoretical sampling techniques which allow 'decisions about the sample to be made in the process of collecting and interpreting data' can be used during a qualitative research process as in this case. Further *Flick (1998)*, identified content analysis as a classical way for analysing textual material, and also as an objective way of soliciting a quantitative description of the contents of texts.

The referred developed data sampling framework plan (herein) was implemented using (five) national newspapers (including associated Sunday News), (The Herald, Financial Gazette, Newsday, Zimbabwe Independent) and, two foreign publications, South African Sunday Times and The Telegraph, UK, make the total of plus (117) accounts of literature and/or secondary data purposively sampled on corruption and ML that happened and (as happening then/now) in the country as alluded, to examine the nature of the reporting, to a lesser extend establish evidence of sensationalism, and also, assess the difference in sources, the attribution of news to these different sources through direct quotes, and, the authority to the story so as to measure credibility. These appear as articles 18.1 to 18.17 of table 18 on page 260-290. Qualitatively, the use of direct quotes voids of journalistic language 'news talk' can reinforce authenticity of the account(s) (Picard and Adams, 1991).

Basing on results of this study's primary survey data / arrests and indictments , the latter (of which there were/are relatively very few officially recorded cases), PEPs, made up of high-level government – public officials, police/law-enforcement agencies, judicial service officers, as well as high placed private members of public in the main stream commercial economic sector including banks constitute a very high risk grouping prone to corruption related money-laundering in Zimbabwe.

More dangerous and reflective of the high risk posed, and, the prevalence of corruption in the country to confirm the reality of the risk posed not only to banks



but public enterprises, was/is, thus, the identification of Politically Exposed Persons (PEPs) (constituted as alluded) by, mainly corrupt senior public officials, their family members, relatives, aids, political and business associates) as the first challenge; private businesses/institutions banks in particular - without whose participation or collaboration (wittingly/unwittingly) the public officials (PEPs) may not have been able, and/or, not be able to engage in corrupt practice or ML, as second challenge; and, last but not least; the “vulnerable individuals” (VIs): (high, middle, lower ranking officers (of police, security and military clusters), and also bank employees and clientele, (all) “driven”, (as it were/is), by their poor to average socio-economic conditions of existence (largely created, and/or, occasioned through, or, by adverse effects of the deviant, and, institutionalized systemic corrupt practices).

The fact that ML because of its chameleon like characteristics is complex, and corruption can also take the form of collusion between institutions or misuse of a corporate firm’s assets, culminating in the imposition of costs on consumers and investors alike – shows that the symbiotic related evils can be perpetrated by different players (minor or major) in a myriad of ways. The diverse methods of perpetration and techniques employed as evidenced in the presented international and case study examples, even though, there are A/C and AML statutes and their implementation agencies are in place, (however nominal, and/or, robust); application, and/or, enforcing of the measures is impeded by a range of corrupt practices, especially that/those perceived as driven by PEP’s and other corrupted institutions. The actions of many individuals of, and/or, in private/public organisations for example the Zimbabwe Republic Police (ZRP), where survey-led findings (herein) suggest individual police officers, and/or, members of the police irrespective of rank, unethically ‘*design laws*’ outside legislation on the pretext of maintaining law and order, yet perpetuating corruption, and/or, other similar forms of police deviance activities. This is one of corruption’s challenges on the efficacy of local institutions to implement effective AML strategies. Cases involving corruption have thus, become intractable either because of influence peddling or high profile people implicated in corruption scandals, making it difficult for anti-corruption provisions to be implemented (Mugarura, 2009).

Also the fact that corruption has remained a serious problem despite all the proliferated anti-corruption regimes, both at an individual government level with a extraterritorial reach, and at a global level, and money accrued from corruption continues to flow into many countries financial centres unfettered, Mugarura, (2009), proposes that at developing economy level, particularly in economies with fledging AML regulatory framework, countries should, establish modalities for creating robust laws locally and amendments to existing laws to suit local conditions for effective prevention and control be made.

This confirms Svensson, (2004), et.al., assertion that, most anti-corruption programs rely on legal, financial regulatory policy, criminal justice and financial auditors – to enforce and strengthen accountability in key sectors – such as the public sector. The tacit assumption being that, more and, better enforcement of rules and regulations will reduce corruption.

Some front-runner African and European countries like, Rwanda, Liberia and Georgia have established policy measures that have been lauded in Corruption Index Rankings by among other FATF global member institutions; the World Bank (2010/2017), and, Transparency International (2006), for establishing policy measures to close regulatory failures to effectively fight the two lethal offences which befit being accorded the same level of attention and subjected to the same regulatory framework (Mugarura 2009).

The select three country examples show successes of formulated approaches to root out corruption and ML through governance and institutions reform policy implementation. From a cursory study of their similar experiences there is substantial amount of literature principally showing that prevention of corruption and other crimes with a laundering demand is bench-marked on resource allocation to the existing legal, law-enforcement and financial regulatory governance monitoring institutions. Svensson, (2004), disagrees on the resource allocation variable as key saying, little evidence exists that dedicating additional resources to the existing legal and financial government monitoring institutions will reduce both public and institutional corruption. Hong Kong and Singapore as other independent examples are also among the most quoted anti-corruption efforts success stories in literature.

In their case, unlike Rwanda, Liberia and Georgia, the fall in both public and institutional corruption was helped primarily by the establishment and strengthening of an Independent – Private Anti-Corruption Agency with widespread powers. The Independent Anti-Corruption Agency in Hong-Kong created an image of toughness and efficiency, by creating legal precedents such as “guilty until proven innocent” (Klitgaard, 1988; UNDP, 1997). Critiques however argue that, same types of Independent Anti-Corruption Agencies have in many other countries been used as instruments of repression against political opponents not to combat corruption.

Citing the World Bank (2017), and Transparency International’s 2018, reports, the three Rwanda, Liberia and Georgia’s anti-corruption / AML legislative reform response efforts success story chronicles are pertinent:.

#### **2.3.6.1 Rwanda: (An African success story)**

At one time, renowned for being among one of the most corrupt countries in Africa, the Anti-Corruption crusade in Rwanda started in (1997), through to, (2004), with Government focusing and putting special emphasis on several key reforms in focal areas to strengthen the country’s legal and institutional framework of public and private sector business including banks. These included:

- Strengthening the legal and institutional framework
- Introducing zero tolerance policy
- Reforming the public service
- Establishing a public finance management (PFM)
- Improving government effectiveness

*(Global Integrity, 2000)*

According to Global Integrity’s 2000, report, the legal framework criminalizing corruption and other serious crimes with exigency for ML like extortion, bribery (passive/active), is now mostly in place and rated very strong in Rwanda ‘of Paul Kagame’. The government has also adopted a code of conduct and rules of disclosure

for public officials, with assets declaration requirements policy for politicians, integrated in the (2003), Rwandan Constitution.

Further also, above creation of strong oversight bodies such as the Auditor General Office in (1999), and an effective Ombudsman Office in (2004) – which operates as the Anti-Corruption – except that it does not have arrest and prosecution powers, the National Tender Board created in 1997, to implement government's procurement policy – subsequently replaced by the Public Procurement Agency in (2008), and, the reforms of the judiciary to promote more independent and competent courts – including inspection mechanisms and disciplinary sanctions to combat internal graft, legislation dealing with conflicts of interest and protection of whistle-blowers have been strengthened.

**Zero-tolerance:** The Rwandan government has also been praised for the strong stance it took against corruption, as reflected by the vigorous reforms advocacy and implementation of the zero-tolerance policy at all levels of the public sector. In (2004), for example, all (503) members of the Rwandan judiciary were cashiered, allegedly for corruption related activities, and or, incompetence. In 2007, (62) Police Officers were dismissed for soliciting for bribes. As if that was not enough, an increasing number of senior officials in government were indicted for corruption related crimes since the introduction of the policy, although, critiques would argue that it is difficult to determine whether the prosecution(s) were, is/are legitimate or politically motivated.

**Public service reform:** The government of Rwanda had since 1997, implemented far reaching public sector reforms, including rapid downsizing by about two-thirds with the dismissal of (6000) inadequately qualified employees, the removal of (6 500.00) ghost-workers. Socio-economic benefits in the form of pay reviews and increases for the smaller but efficient public service have started being realized since 2005. Recruitment of personnel took the professional turn, focusing on objective criteria and institutions like banks that have internal and external audit functionaries to strengthen governance, and or, risk management systems.

**Public finance management (PFM):** The Government of Rwanda in order to strengthen the fight on corruption and ML targeting banks committed to establishing a sound Public Finance Management system in its institutions (public/private) (PFM).

**Improving effectiveness of governance:** Boasting as being one of the most effective bureaucracies on this side of the equator, and, with the achievements highlighted in the short period of instituting reforms to fight corruption, those giving credit argue that Rwanda has also remarkably improved greatly in regard to overall governance structures; particularly by strengthening the legislation/regulatory framework – leading to streamlining administrative procedures, which reduced bureaucracy and, red-tape. These two increase the opportunities of petty bribery among others.

World Bank rankings show Rwanda having made considerable progress, rising from a 26 percent score in 1996, to 71 percent in 2017. Transparency International's 2018, Corruption Perceptions Index ranked Rwanda 48, up from 83 in 2005 and 121 in 2006.

**2.3.6.2 Liberia: (The Liberian AC/AML Approach - 'Dealing with Corruption & Illicit Financial Flows at National Level') (2006-2010):**

Elected in 2006, as president of Liberia, Ellen Johnson-Sirleaf became Africa's first female head of state. The year before (2005), Liberia had been ranked number (137) of the (158) countries perceived most corrupt in the world. In 2010, the country ranked number (87) out of the (178) on the country's corruption index score. This was a remarkable achievement in a short period of 5 years following president Johnson-Sirleaf's entering into office (*World Bank*).

From the early days of her mandate, President Johnson-Sirleaf demonstrated strong leadership qualities against corruption. She focused on broad reforms, starting with the launch of the Ant-Corruption crusade. She announced that corrupt public officials would be prosecuted and without wasting time, dismissed about (17 000) public

service employees to cut budgetary expenditure on wages in a declining economy. She vowed to declare her assets and ordered that members of her cabinet and all designated public officers publish their assets in the local press. As early as March, 2006, she issued an executive order that created a code of conduct for public servants. She went even further as to imprison her own son who was involved in corrupt activities. Further also, to improve financial management and accountability, Johnson-Sirleaf made it that revenues be centralized within the Ministry of Finance and the Comptroller-monitored government accounts at the central Bank of Liberia. In terms of the bi-lateral agreements, the IMF appoints the Administrator of the Central Bank to ensure transparency and fiscal accountability are also met. In the very objective, internationally recruited experts in banking are placed within key agencies to provide technical guidance and, establish transparency in financial systems management. Reforms were also implemented to improve procurement and granting of concessions practices – with emphasis placed on expediting the competitive bidding process, monitoring natural resources and revenue flows particularly the diamond sector ‘money’ – by way of joining the ‘De-Beers’ Kimberley processes – given the country’s history of ‘blood diamonds’ history Charles Taylor’s ‘turbulence’ rule (*World Bank*).

In order to control corruption and laundering, president Johnson-Sirleaf’s government advocated for the establishment of an independent-private Anti-Corruption body with capacity to look at issues from an outside perspective. She argued the government appointed Anti-Corruption body was not effective, one of the reasons being that, apart from the organ itself being corrupt, there had been too much government in the past (*World Bank*).

Zimbabwe can, with sufficient willingness, effectively fight graft and particularly external ML by taking a leaf or two from the Liberian AC/AML practical examples’ reform approaches carried out in key economic production sectors such as the diamond mining sector: first by mainly advocating and establishing an independent-private ‘Anti-Corruption’ body whose capacity will not be influenced and affected in their decisions by politicians, and/or, politically exposed persons (PEPs), as was/is the case in Zimbabwe (then/today). This seeing that its successive ‘so called’ government appointed ‘Anti-Corruption Commission’ is by comparison as the

Liberian Anti-Corruption body, not effective, one of the reasons being that, apart from it being a government/public agency, the organ remains perceived as corrupt and continues to suffer government/political interferences (World Bank). Secondly; by enhancing the competitive diamond tender bidding process, monitoring natural resources and revenue flows particularly the diamond sector ‘money’ – by way of joining the ‘De-Beers’ Kimberley processes. This had the positive effect of increasing integrity and transparency – putting a stop to out-bound exportation of diamond leakages by Liberian government itself and independent player politicians (PEPS), (*World Bank*).

#### **2.3.6.3 The Georgian A/C /AML Reforms: (A Zero-tolerance policy and Action**

##### **Approach) (-2007):**

Qualitatively, before 2007, the Georgian government adopted a zero-tolerance policy and developed an anti-corruption strategy, and/or, action plan supported by a wide and comprehensive legislation recognizing need for reform to combat widespread corruption that had for a long time taken root in the Georgian society. Embedded in the policy are reforms such as:

- Exposing and charging of both public and private officials for corruption
- Liberalization of the business environment, the ratification of implementation of international anti-corruption conventions as well as public participation in anti-corruption efforts.
- Restructuring the police force by completely undertaking overhauling of the entire force which was perceived then as a highly corrupt public institution. The Ministry of Police was reduced by more than half after (150 000 )police members/officials were dismissed – including the disbanding of the entire Traffic Police branch). A competitive recruitment system was introduced and it brought with it, new personnel and a new training regime focused on training new entrants in criminology: criminal law /law and policing procedures. Salaries were also reviewed upwards to incentivize them.

- Cutting the public-sector numbers by half (50%), while increasing the salaries of those remaining by 15-fold. To create a friendly environment, for investment, the new Georgian government cut taxes from 21% to 6% (across board), and reduced regulations, simplified procedures for registering and doing business. Deregulation and economic liberalization by themselves, reduced red tape, illegal black market trading, tax fraud, and reduction in petty corruption and bribery in the sectors such as the Interior Ministry (the equivalent of ‘Home Office’ or ‘Registrar’s Office’), Home Affairs – Police, and, last but not least, streamlining government regulations and reducing government interference.

Rather than reforming its existing hugely considered ‘ineffective’ government run, anti-corruption agency/agencies, the equivalent of ZACC; Georgia introduced private civilian manned watchdog(s), or, anti-corruption agency/agencies to replace it.

Georgia, unlike Zimbabwe generally lacked/lacks natural resources and large industrial enterprises and the government with its clear understanding that foreign direct investment was crucial, to the economic growth of the country, embarked to implement tough but environmental friendly anti-corruption reforms to woo foreign investment. This contributed to an increase in foreign direct investment - from under US\$ 500 million in 2004, to US\$ 2 billion in 2007, (World Bank).

#### **A renewed commitment to fighting Corruption & ML required of Zimbabwe:**

Cumulatively, generally when measured against the anti-corruption efforts in Rwanda, and Liberia as African success stories, Zimbabwe ratified the UNCAC in 2007, and is also a signatory to the African Union Convention on Preventing and Combating Corruption. It is also a member of the SADC Protocol against Corruption while its current constitution adopted in 2013, under section 198, provides for the enactment of legislation that regulates asset disclosures by public officials.

Further also, the country’s Parliament’s Standing Rules and Orders Committee have since came up with an assets declaration register (*white paper*) draft a few years ago to force senior public officials – law makers and cabinet ministers alike, to disclose



their wealth even though to date, nothing has been heard much about further developments.

Generally also, post the enactment of the ML and Prevention of Corruption Act, (2013), which expanded the scope of predicate offences, Zimbabwe had introduced a raft of measures by 13<sup>th</sup> June 2015, to satisfy FATF (40+9) Special Recommendations following the first legal and institutional framework implementation in June, 2015.

- Reforming the banking Act (making bank managers accountable for their actions/inactions)
- Establishing and implementing AML/CFT regulations/guidelines and enforcement mechanism as a control measure that was measured during Mutual Evaluation by ESAAMLG (13-26/06/16) and was rated satisfactory.
- Implementation and follow-up on AML/CFT on-site and off-site monitoring by Financial Intelligence and competent supervisory Authority (rated satisfactory)
- Monitoring of ST and monitoring of STRs by banks and their adequacy.

Changed, and/or, changing the mind set of top political leadership to commit to fighting corruption is thus a technique empirically proven in the Rwanda, Liberia and Georgia case study examples of anti-corruption efforts success stories. Again, elsewhere in Singapore and Hong-Kong, top political leadership showed empirically, they were committed to fighting corruption. In many developing countries, the same cannot equally be true as commitment by leadership cannot be taken for granted (Shleifer, et al., 1998). Alternatively, replacing government/public agency enforcers with private civilian personnel to enforce public laws through lawsuits, at least temporarily can help, says Hay and Shleifer, (1998). By this it is meant, a citizen enforcement approach: providing easy public access to information on the workings of public programs. Among other advantages, the information allows citizen to demand certain standards, to monitor service quality and to challenge abuses by officials. This theory of 'public access to information' as a tool to reduce corruption

was tested and found working according to Reinikka and Svensson, (2004), following their survey of certain Ugandan primary school (case study). In their findings, the certain primary school during the mid-1990s, received only a small fraction of the funds allocated to them by the central government. As this evidence unravelled, the central government started publishing newspaper accounts of monthly transfers of the capitation grants to districts, so that school staff and parents could monitor local officials. This type of newspaper campaign brought a large improvement in the country. In 2001, schools received an average of 80 percent of their annual grants.

Also establishing an asset declaration register/regime for senior public officials, asset declaration mechanisms if adopted 'globalised' holistically, has proven to be another vital tool to fight graft. In a commentary by a columnist in the local Standard 'Business' newspaper (18-24/02/18), issue, one, Tawanda Makoni of Information Development Trust (IDT) Zimbabwe, wrote, "Asset declaration regimes not only a perceived modern Western drawn phenomenon but also practiced in ancient African kingdoms – chiefdoms and other political set-ups, are a vital tool to fight corruption, the 'world' is aware of it and that's why it started adopting it".

Corroborating literature on this topic has it that, the trend to get public officials to declare their wealth and assets started taking shape immediately after World War II, but official adoption of the regimes became particularly pronounced decades late. For example, the United Kingdom officially adopted its own in 1974, the United States of America, four years later and Spain and Italy, in 1982. The trend was propagated through the United Nations Convention against Corruption (UNCAC) that was adopted in 2003. The convention just like any other declaration regimes, globally heralds for public officials to make disclosures on their other employ engagements, investments, assets and substantial gifts and requests governments to preside over this.

As alluded, asset declaration regimes are supposed to prevent corruption and implant accountability as well as transparency in public office. Declarations lead to the availability of information that can be used to monitor and detect suspicious wealth amassing and, therefore prevent corruption where it happens. It guards against public

officials getting involved in conflict of interest's situations, a vital tool for good corporate governance. With asset accountability and transparency, prosecution and recovery of ill-gotten proceeds of crime or wealth are made easier.

While early, to more recent, Zimbabwe has been involved in steering of laws and regulations that have seen several amendments on prevention and punishment of ML and terrorism financing within the financial services sector first to answer to experiences of a rise in cases and incidences (principally of the former) and secondly, to improve attractiveness to investment, the country still needs to do more not in theory but in practice to fight both corruption and ML as gaps identified in the RBZ's one and only risk survey referenced in this study still exist.

Its new laws among other changes should be designed to renew commitment to improve measures to fight against corruption and ML: (1) further expand the definition of corruption to include not only bribery and embezzlement, but, sexual corruption, making decisions based on favouritism, friendship or hatred, influence peddling, illicit enrichment, and demanding or receiving undue or excessive money, enhance whistle-blower protection and asset recover, (2) serve towards detecting, seizing and confiscating illicit proceeds, as required pursuant to relevant instruments and other globally accepted standards, and, (3) establish asset declaration regimes (albeit), not just theoretically but by practice like in the case of Rwanda where the practice was/has been adopted impartially and in genuineness primarily by those occupying the highest political office, and government agencies overseeing the steering reforms of laws and regulations particularly within financial services sector. Generally this and other practical reform efforts (still work-in-progress) can enhance a country's attractiveness to regional and international investment. However not to be lost sight of is the fact that establishing asset declaration regimes is a complex process of law reforms that needs commitment, time, diligence and goodwill of: all stakeholders on board policy level, private sector members, professional associations and bodies and regulators for it to be a success.

Suffice to say that, States that are subject to local/transnational forms of white-collar crimes campaigns (organised/non-organised) like Corruption and ML, should respond by enacting A/C and AML legislation which provides new powers with

which to combat the threat. There should be no sacred cows, no lame excuses for why corruption continues, and/or, selective application of the declaration regime policy when it comes to formulation and implementation as doing so undermines all effort further perpetuating the crime.

## **2.4 Summary of Background Literature**

Broadly considered, first; the actual, by-individual corruption and laundering cases (*primary data*), and, secondly; the available and reviewed international and local literature (*secondary data*), and, thirdly; the media reports, official statistics-(police, Courts and the Zimbabwe Statistical Office records) – fourthly, and, fifthly; the RBZ (FIU) ML and Terrorist Financing – National Risk Assessment (NRA) Report (June, 2015), and, the AML and Counter Terrorism Financing (CFT) measures ‘Mutual Evaluation Report’ of (September, 2016), are a significant, and/or, substantial confirmation of obtainable existing literature on all the terms of reference, confirming that the twin-problems of corruption and ML are prevalent, virtually endemic and institutionalized in Zimbabwe in particular, the rest of Africa, and parts of the rest of world in general. The following most leading varied practices: embezzlement/misappropriation, or, other forms of deceitful stealing of public and private corporate property/assets by government officials and their counterpart corporate senior management particularly those in the banking sector (e.g.) bribery, inflating of public tender contracts and over-invoicing of public works and procurements, abuse/misuse of office for personal gains, and trading in “influence” to get things done or not done. Another common corruption-led laundering *modus operandi* (M.O) is that by PEPS mainly MP’s (Members of Parliament) failure to disclose or declare discounts negotiated over purchase deals of say institutional funded cars, furniture and houses among other luxuries, to parliament, and also, Bank CEO’s who over the years have received shares in companies and not declaring them on all sides of the spectrum.

The fact that ML because of its chameleon like characteristics is complex, and corruption can also take the form of collusion between institutions or misuse of a corporate firm’s assets, culminating in the imposition of costs on consumers and

investors alike – shows that the symbiotic related evils can be perpetrated by different players (minor or major) in a myriad of ways. The diverse methods of perpetration and techniques employed are evidenced in the presented case examples. Even though there are anti-corruption and anti-money-laundering legislations and their enforcement agencies are in place, however nominal or robust in certain cases, application, and/or, enforcing of the measures is impeded by a range of corrupt practices, especially that perceived as driven by PEP's and other corrupted institutions. This is evidenced by the actions of many individuals of the Zimbabwe Republic Police (ZRP), where individual police officers, and or, its members irrespective of rank, unethically 'design' laws outside the legislation on the pretext of maintaining law and order, yet perpetuating corruption and other forms of police deviance activities.

This [Chapter 2] was/is aimed at meeting the first objective of the study: an analysis of available literature and work already undertaken by relevant international and national bodies, and many individual researchers on the corruption and ML phenomena, and the link between the twin evils. The literature examination covers the formal/legal conceptions of corruption and ML; impediments corruption conceives for the effective implementation of AML regimes; Mutual Legal Agreements in the region and abroad; Politically Exposed Persons (PEPs); and recommendations to minimize the adverse effects of corruption on the implementation of AML regimes. The review in here is also informed by what is provided in the Central Bank (RBZ) reports (albeit) however, relative to prevention of the phenomenon of ML only - (and the predicate of terrorism).

Crucial to mention at this juncture, (as alluded somewhere herein) that, while literature on corruption in the country, region and globe-wide maybe considered fairly rich (particularly if the press, and/or, mass-media is accepted as a valid source), its significance and centrality in facilitating (ML), the link between the two serious phenomenon(s) in the country almost amount to a '*death*'. According to Chaikin and Sharman, (2009), the '*death*' should be comprehensible in the background of the usual paucity in knowledge and policy between developed and undeveloped countries as well as the emerging understanding of the appreciation even in

international organisations, of the vital symbiotic connection between corruption and ML.

Rounding off a fairly detailed coverage of the background literature, the next extrapolation, in the following [**Chapter 3**] examines two main established criminological theories: *classical-rational choice* and, the *positivist-social theory* supported by four supplementary or complementing choice concepts, to wit; (*public choice, bad apple and situational action, and Organizational culture theory*) all relevant to explain factors contributing to two forms of white-collar serious crimes of corruption and ML, and theoretical perspectives on their prevention, and/or, combat suggestively at same accorded level, given the interplay between them.

## CHAPTER THREE

### THEORETICAL CONCEPTIONS

#### 3.1 Introduction

The works of several researchers on ‘institutional theories’ of determinants of corruption for example, , Johnson and Robinson (2004), La Porta, Lopez-de-Silanes and Shleifer (2003), view the role played by socio-economic micro/macro structural policies and factors as having a direct and indirect cause and impact(s) of corruption. Also Krueger, (1993), together with Rose – Ackerman (1998), et al., views on corruption: definitions, theories and concepts, were also indirectly used to examine and help understand the aetiology of white-collar crimes in particular corruption and ML paying attention to social control theories (Hirschi 1969), for example building ‘strong values’ is seen as an antidote, says Naim, (1995). These theories are best described as complementary to the two main planks of established criminality causal theories of rational choice, and, the positivist: social determinist perspectives, and, the social control treatment thrust that aims on removing people from influences to criminality). That is, according to Hirschi, (1969), “seeing in the delinquent, a person free of intimate attachments, aspiring moral beliefs that bind most people to a life within the law” (Hirschi, 1969).

#### 3.2 Theoretical Framework

In this contextual multiple, and/or, triangulated case study constituted by ‘periodical/historic’ structural demarcations (1983-19980; (1998-2003), and, (2003-2017+): two early underpinning broad established criminological theories: <sup>(1)</sup> the classical rational choice/(utilitarian principle) by 17<sup>th</sup> - 18<sup>th</sup> Century, Italian Philosopher Cesare Beccaria; and, (2) the positivist social determinist theory by 18<sup>th</sup> Century Lambert A J Quetelet et.al., that sought/seek to explain certain criminal behaviour(s) complemented by four (4) supplementary choice theories: <sup>(1)</sup>. *Caiden’s (2001)’ (et.al.)*; *‘Public choice concept*; <sup>(2)</sup>. *Graaf’s (2003, Bad apple theory*, <sup>(3)</sup>. *Wilkstrom, (2004)*; *Situational action theory*; and, <sup>(4)</sup>. *Organizational culture theory*

*were utilised* all relevant and leading to a discourse that sought to explain factors contributing to corruption and ML. Through application of the interrelated triangulated conceptual perspectives one can posit that corruption, a predicate to ML, is influenced by mainly among others, situational precipitators of combined macro/micro ‘social action’ forces (i.e.) motive and opportunity (certain dispositions), that act upon potential offenders to commit illegal acts at different levels within, and, outside organisations after weighing perceived costs and benefits of their intended crimes were utilised. By examining these perceptions of corruption and ML it was expected these would guide the study to reveal, and or, explain factors contributing to the phenomena’s trends in general, and, in the Zimbabwean society - the banking/financial services sector, and government public sector enterprises in particular. Also, by utilising these and other explanations as organising principles, the study sought to identify the characteristics and nexus between the twin crimes. Also in the final, sought to determine contingency prevention approaches mirrored in the main by a triangulation of measures namely: situational crime prevention (primary), social and secondary/tertiary (criminal justice system) prevention strategies.

The underpinning triangulated theories are briefly discussed below.

### **3.2.1 Rational Choice Theory:**

The rational choice theory, or “choice theory”, also known as the ‘utilitarian theory’, developed by 17<sup>th</sup>-18<sup>th</sup> century Italian classical school philosophers Cesare Beccaria, Jeremy Betham, (1789), is based on the ‘willing offender’ principle. Its basis rests on the argument that humans are ‘rational’ beings and that, offender motivation to commit a crime is a purposeful decision taken with intent to commit that crime for personal gain in the form of ego-boosting incentives such as money, power, status or learning while at the same time avoiding pain. This would suggest that given the opportunity the motivated or, to some extent, an ambivalent offender makes a conscious decision upon weighing the consequences and benefits to commit a criminal act i.e. the type of crime, location of the crime and, target of the crime (in this case corruption) – aware that the act is unlawful and wrongful but nonetheless, goes ahead. The implications being that, in corruption type cases, every decision



requires three components: a decision agent, a set of decision alternatives and in the final, a valuation criterion to help the decision maker choose one alternative over another. According to Mosquera, (2013), in all corruption type cases, the decision agent, is a selfish actor who seeks to maximize personal gain by increasing benefits and reducing costs. The agent can be a political actor who is interested in the political benefits, and not only in the economic benefits. The rational and political actor can also be a public official who is capable of making decisions that affect the purpose of the public and private institutions by abusing power delegated to them (Mosquera, 2013).

Opposed to the early ‘classical school of thought’ - notion of ‘willing’ offender’ - (but not discrediting it outright), is the positivist school of thought’s (3) strand determinist concepts and perspectives by contemporary 18<sup>th</sup> Century criminologist Professor Cesare Lombroso , and his protégés Alexander Lacassagne (Lacassagne School), and Lambert Adolphe Jacques Quetelet (et.al), to wit: biological; psychological; and, sociological positivism. The positivist determinism luminaries purport and argue that criminal behaviour is caused by internal and external factors outside of the individual’s control.

### **3.2.2 Sociological determinist theory:**

The ‘sociological determinist theoretical perspective’ propounded by Jacques Quetelet, Lambert Adolphe, and Andre-Michel Guerry, posits that, a criminal is a product of his/her environment social learning inculcated from a tender age. This school of thought critically examines relationships between societal influences and crime. The sociological causatives of crime are blamed on the environment and social structures such as family, peer groups, unemployment (socio-economic conditions), poor education and subcultures of the ‘haves’ that tend to discriminate against those marginalised leading to the same indulgence in deviances of corruption and other crimes.. The theory critically explores how an offender conforms to his surroundings of being which moulds him to becoming a product of his/her environment and social learning (Sutherland’s Differential Association Theory) (ref needed). The concept concludes that criminality is inevitable in society under circumstances such as being exposed to disorganization in a criminal culture, stigmatization, strain including

poverty, breakdown in family and moral values, and community justified crime. Holbrook and Meier, (1993), in their works on corruption influences, concluded that the level of corruption is correlated with several factors, among them: urbanization, education and even the size of gambling arrests (as important influences on corruption). In Zimbabwe, generally political explanations for corrupting voter turnout, and, to lesser degree, political party competition stand out as relevant influences. Also generally, the size of the State Public Sector Enterprises (e.g.) Parastatals, Gvt Departments, Local Government and Municipal Urban Councils, arrests/none-arrests, are considered important bureaucratic explanations of corruption.

For the purpose of this study, complementary/relational theories on corruption are made up of the following: (*public choice concept; bad apple concept; situational action con concept; and, organizational culture concept*) discussed hereunder. Recapping, corruption defined: is the abuse of delegated power for private gain, but the gain can also be political. The calculation measure with a framework of the main classical - 'rational choice' school of thought thus takes the form of calculating the costs and benefits; in particular more so, the costs and benefits allied with the varieties of relational corruption perceptions/concept(s). This to say, the nature of corruption involves a sequence of costs and benefits that the rational agent can weigh in order to select one over another.

#### **3.2.2.1 Public Choice Theory:**

The Public choice theory: (rational choice), in explaining corruption, focuses in the person, and/or, the individual. This to say the causality chain is the making a (confined) rational choice decision that leads to a pre-determined (positive) outcome. Central to the literature on public choice theory is the individual corrupt official who tries to maximize his or her utility. The individual (usually male) is portrayed as a rationally calculating person who decides to become corrupt when the expected advantages outweigh the disadvantages - (a combination of possible penalty and the chance of being caught). This group of causal theories was/is made popular by Rose-Ackerman, (1978), who claims that public officials are corrupt for a simple reason: they perceive that the potential benefits of corruption exceed the potential costs. Or

as Klitgaard, (1988), states, “if the benefits of corruption minus the probability of being caught, times its penalties are greater than the benefits of not being caught, then an individual will rationally choose to be corrupt”. Of course, it is argued, the theory can be expanded when conditions that influence the cost-benefit calculations are taken into account. For example, trust can play an important role: when the state for example cannot be trusted to manage private property transfers, corruption might become more appealing (Gambetta, 1993). Also, trust within close personal relationships increases the chance of getting the benefits from the delivered corrupt ‘services’ or reduces the chance of getting caught (Gambetta, 1993). In this kind of theory, actions of corrupt officials are determined by a rational, conscious and deliberate weighing process of the individual (Gambetta, 1993 et.al.,). In its purest form, autonomous corrupt people are assumed to make rational means-end calculations. This contrasts with most of the other theories (herein) also considered, where behaviour is explained by causes beyond individual control. In organization sciences, behaviour is closely related to decision theories. In some of these theories, rational choice is combined with game theory, and, ideas that corrupt choice is bound by both the decision-making capacities of the individual person and a surrounding structure of political, economic and cultural rules (institutions), leading to a so-called institutional choice framework, (Collier, 2002).

When we try to picture the causal chain of corruption in the Zimbabwean key State public parastatal sector by elected public officials (Ministers and, the like), their proxies: banks/financial institutions owner/chief executive officers and line managers’ contextual case studies, we would see in each and every one of them the weighing of the advantages of the promised gifts against the chances of being caught, consequent of their actions. All of them made conscious decisions that the benefits were worth the risks. According to (Schinkel, 2004: 11), the advantage of public choice theory is that it has relatively close focus, instead of looking for general determining factors, it concentrates on a specific situation of a corrupt official who calculates costs and benefits. Public-choice theory is however labelled by some critics as being generally insensitive to the larger social context. For example, it cannot account for triggering causes within the situation. The theory begins from the time the decision-making process kicks-in: whether to become corrupt or not. It means public choice theories lead to a discourse on corruption control that maximizes

the costs of corruption and minimizes the benefits. ...Considering that the benefits of corruption are much harder to influence, most of the focal point is on the costs of the act which ordinarily demands ML. These costs can be made bigger by improving the chances of getting caught and imposing stiffer penalties. This according to Anechiarico and Jacobs, (1996) can easily lead to a discourse on advocacy for a comprehensive system of control treatment(s) based on surveillance, massive information gathering, auditing, and aggressive enforcement of a wide array of criminal and administrative sanctions.

#### **3.2.2.2 Bad apple theory:**

The Bad apple theory: like public choice theory, primarily look at the level of the individual corrupt official (whether in public or private enterprise) for the causes of corruption. Studies of same, have sought to, and, continue to seek the causes of corruption in the being of people with defective (moral) character, the so-called 'bad apples'. The theory posits that, there is a causal chain from bad character to corrupt acts: the root cause of corruption is found in inherent flawed human character and penchant toward wrong doing. Causality is entrenched in human flaws such as greed. When the attention is on the faulty character of an official, morality is assumed to determine behaviour i.e. the clash of moral values. This is because, people are assumed to act on the basis of societal moral values to do well. 'Wrong' values are therefore the cause of corruption. Of course, one can question whether people act on the basis of moral values (Graaf, 2003). But generally however, the focus on individual corrupt officials and their motives can also be of a different disposition. Looking at the Zimbabwean case studies of grand and systemic corruption in almost 3 decades, the causal chain in some of the individual or organized cases gauging by their high levels in society, would begin with greediness. Each and every one of theme's greediness, a form of flawed moral values, can be said to have directly influenced their behaviour toward corruption. If we believe in such a causal chain, new and interesting questions can surface: how did Paweni, Kumbirayi Kangai et.al of the GMB, Gilbert Muponda, Nyasha Watyoka and Oscar Ziweni of ENG Asset Management, Roger Boka of United Merchant Bank, but to mention a few, develop these ethical depravities? Did they have a bad childhood, or do they have genetic predispositions toward dishonesty?

It is said, 'bad apple' theories are (today) less popular than they used to be says Punch, (2000), in his works on police corruption and/or deviance posits: "In the past there was a tendency to think of corruption as a temporary, exceptional 'problem' to be removed by 'surgical' treatment, as if it was a malignant cancer, to restore an otherwise healthy agency (the 'bad apple' metaphor). Predictable wisdom has shifted recently to see corruption as near universal and as forming a permanent concern." Adding, it is observed here, that short of actual contextual studies such as in the Zimbabwean case, the assumption of the 'bad apple' claim has often been seen and made explicitly or implicitly in the literature: the assumption is most often theorized. According to (Nelken and Nieuwendijk, 2003) by using criminological theories (which are somewhat related to the bad apple theories) the implied assumption is that the corrupt official is merely after material gain (public choice theories) can be too much of a simplification. The official could also be seeking a higher social standing, good living, excitement, work pleasure or a cure for family and or, work related dissatisfaction.

Literature on corruption shows that the corrupt official rationalizes and legitimizes his/her corrupt behaviour and does not regard the behaviour as corrupt. By example, the statement of Jacob Zuma, South Africa's former State President is on record vehemently denying a plethora of corruption charges that among other issues haunted his presidency: "Corruption is a Western word. In the African culture, there is nothing called corruption, [...]". However, this and other preceding criminological theories discussed do not lead to an emphasis on ethics management when it comes to corruption control. Cusson, (1983), for example, differentiates between thirteen goals of perpetrators of crime and observes that the particular discourse on corruption control will be/is determined by the particular (criminological) theory that is used (Cusson, 1983). When we have a richer theory, and/or, optimal mix on the causes of corruption the hope is that we know better what to prescribe for a particular patient (Anechiarico and Jacobs, 1996).

### **3.2.2.3 Organization culture theory:**

Organization culture theory as alluded, is one of the complementary theories to the rational and positivist determinism perspectives on criminal corruption and ML. The organization culture theory is not so much interested in the background or motives of the corrupt official, but rather in the culture and structures of the organization within which the corrupt official or person is working. The focus is not to look at the micro-level of individual corrupt persons, but the macro-level of the respective corrupt organisation(s) in which corrupt people/officials are natured. Focusing on this, the Zimbabwean contextual case study research, the macro-organisation(s) are: the banks and/or financial institutions falling under the banking/financial sector of Zimbabwe, as in the Act, and public sector enterprises including parastatals. The assumption being that the causation corridor from a certain culture – a definite alliance culture –directs to a precise conceptual state. As such it is argued that mental state leads to corrupt behaviour. The failure of government, not flawed character, leads elected public officials (Ministers and parastatal, CEO's etc.) and non-public officials alike e.g. Bank CEO's, line managers and other officials to act corruptly i.e. by committing rent-seeking criminal activities including fraud, bribery that demand ML. A good example is that given by Punch (2000), in his works on police corruption: "if their activities can be scanned, it is plain that we are no longer dealing with individuals seeking pure personal gain(s), but with group behaviour ingrained in established arrangements and/or, extreme practices that have to be located within the structures and culture of police work and police organisation. Zimbabwe's corrupt police force members and their well-documented deviances cannot be far from being the epitome of Punch's example.

According to Rose-Ackerman, (1999), the culture of an organization is also impelled by society at large, and as such there is a commonality between society and organizational culture theories. The causal chain in organizational culture theory begins with certain values and norms of society that directly inspire the behaviour of individual officials, and/or, employees making them corrupt. The case of corrupt bank/financial institutions such as Roger Boka's United Merchant Bank, and, ENG Capital Asset Management of Gilbert Muponda and Nyasha Watyoka - (formed primarily to launder proceeds of individual and organized crime (from beginning)

are perfect examples of faulty organisations focused on in the organizational culture theory.

Concluding, Punch, (2000), says, to tackle corruption and other forms of police deviance, it is important to spot light on group dynamics, the rise from minor to serious deviance, and the undesirable elements in the police culture, and/or, any organisation, in this case Zimbabwean banks, State parastatal institutions and other government bodies, in which (gauging by their history of fraud, bribery and laundering deviances during period investigated) large proportions were/are perceived as corrupt.

#### **3.2.2.4 Situational action theory:**

Of the four complementary corruption causation theories the situational action concept contends that crime is the interaction between the desire to commit a crime and the belief that the opportunity does indeed exist. The crime causation hypothesis is applied within the context of policing as a theoretical framework for explaining general conduct (Coetzee, (1987)). The desire is paralleled with the predisposing factors as a result of the influence of psychophysical and, environmental factors on individuals. The desire is a state of preparedness which is precipitated via the opportunities which are present at the time of the act. Precipitation thus refers to the relative availability of opportunities to commit a crime. The decisive hypothesis on which this theoretical framework is based is the supposition that both factors must coexist. Coetzee, (1987), stretched this theoretical proposition by adding three supplementary elements:

- A ‘positive’ evaluation (*rationalization*), of all precipitating situations in a subjective way, a result of which, confirmation is given the tentative belief that the opportunities to committing a crime do indeed exist;
- A negative evaluation (*rationalization*), of a relative precipitating situation, which is therefore not judged as receptive for a predisposing disposition.

A careful consideration factor (*rationalized*), as the real, and, visible variable is appraised in terms of obstacles and/or accessibility which influence the result of the intended act.

Convenient (hereto) to state that on rational and/or, utility theory propositions, costs are assessed as a risk before the criminal deciding to take the risk and/or commit the crime. The cost risk assessment is a decision evaluation of the negative consequence and/or costs based on the likelihood of occurrence. The main cost risk of each type of relational and/or social corruption as those described in the global select contextual case studies, and, Zimbabwean grand, and, systemic-type corruption contextual case studies targeting banks mainly and/or, Government/ State parastatal enterprises, by elected public officials and/or associates (PEPS), and, bank executive CEO's, line management and employees (other) particularly, is/are associated with the possibility of being invisible, that is the likelihood that these types of corruption, underpinned by ML is/are maintained in secrecy. Regarding costs, "the higher the score, *"the higher the cost of being invisible"*. As for benefits, "the lower the score, the higher and the economic and political benefit" ('Analysis Matrix of Types of Corruption-with scoring': cited in Mosquera's 2013, journal titled 'Preferences of Types of Corruption-A Rational Choice Model).

Modern-social disorganization theorists, the likes of Ralph Taylor, Clifford Shaw and Henry McKay (quoted in Adler, 2007), on the one hand tend to blame socio-economic conditions, environment, unemployment and education than Lombroso's (discredited) biological abnormality, or, psychological criminogenic linked problems. They content that the relevant causes of crime are only those social conditions and aspects of life histories that can be demonstrated to influence the people's predisposition (morality and ability to exercise self-control) and the emergence of settings conducive to acts of crime (settings whose moral context may encourage acts of crime), as well as people's differential exposure to such locales.

For both corruption and ML control, since human beings operate from a 'mental schemata' social and, environmental situational causal conditions of the crime of corruption and related predicates to ML must first be eliminated (Bourdieu's theory of social action, 1977/1990/1992 and, Wacquant et.al., 1992). Any crime 'prevention measures' that fail to address the root cause of crime will fail, or else deflect offending to victims i.e. business e.g. banks/financial institutions least able to protect themselves, the early classical-rational choice theorists and contemporary-positivist



theorists argue, according to their view(s), situational prevention action (in the main), must intervene not where the offence is committed, but at the point where the impetus and/or stimulus to criminality emanates.

Empirically, a recent development on routine activity theory, suggests that offences tend to be committed where potential offenders (particularly young males) encounter suitable targets in the absence of capable guardians (Cohen and Felson, 1994). Prevention in this view can involve providing guardians-(employing formal or informal surveillance measures), making targets less suitable-(target hardening or reducing the pay-off), or keeping potential offenders away (target removal) (Gill, 1994, Cornish and Clarke, 1986). Seeing as, the debate between determinism and rational choice theory seem far from being resolved, and the resultant crime prevention policies – situational and social – both maintain high approval rates despite their application at different levels.

Gill, (1994), and, Cornish and Clarke, (1986), supporters of the two criminological causation theories: rational choice and positivist determinism, posit that, the two have separate implications for security and risk management. The determinist theory suggests reliance on ‘traditional’ environment specific protective measures such as surveillance, alarms, locks and bars. Action is targeted on protecting the target from offenders who respond to opportunity, taking advantage of poorly guarded assets (private and business property alike) for example. Anecdotally, through contextual empirical case studies such as this Zimbabwean one, situational prevention remains favoured by victims and potential victims of crimes against business alike, wishing to protect their businesses and themselves and/or employees, and yet also, on one hand, social action (secondary/tertiary) prevention measures continues to find favour with local authorities and governments focusing to reduce offending against society, rather than just specifically targeting particular victims (Hope and Hough, 1988, Gill, 1996, Cornish and Clarke, 1986), et al.,).

Over and above the two-pillar corruption and ML causation theories and the four complementary choice theories examined, other companion concepts (i.e.) Broken window, and Operations systems, and/or deviance theories, to wit; (differential association, anomie, strain, control and labelling theories) respectively by,

(Sutherland 1939-40, Durkheim 1858-1917, Robert Merton 1938/1957, Agnew, 2004) et.al., were/are also mentioned and discussed flirtingly to support explanations as per this research findings that, societal “structural explanations” characteristic of the type and nature of crime, and, the criminal, in this case, ‘white-collar’ crimes of ML and corruption in the banking sector of Zimbabwe in particular, and the country (public enterprise and business other) in general.

The ‘*broken window theory*’ as a metaphor for disorder for example, first muted by *James Q. Wilson* in 1982, to sway police and majority law enforcement scholars from focusing too much on serious crime as their major concern with crime causation; links theory to disorder and incivility (physical and social) within a community in certain environments, leading to subsequent occurrences of more serious crimes such as drug dealing/trafficking, fraud and bank robberies. Its co-option seeks to show that serious crimes such as those that emerged, prevailed and continue to haunt the Zimbabwe’s banking financial sector (today), are a product of lengthier chain(s) of events of disorder in the social organisation and environment in which Zimbabwean banks operated and continued to operate (then) in the periods, as alluded (hereto), (1983-1998, and 1998-2003, and, 2003-2013+, to date), and that if disorder, likened to Merton’s state of ‘anomie’ approach, sometimes called “structural explanation” or strain theory, were eliminated then serious crimes of ML and corruption, or corruption-led ML, would not occur in the financial sector in particular and or other sectors of the economy in general.

Looking at the optimal mix of the two broad established criminological theories of ‘rational choice’ and social determinist perspectives, and, their complementary / reflationary concepts discussed, it can be safely concluded taking from Denzin, (1970), that, the benefits of triangulated, and/or, multiple case study approach of same in informing the research are numerous. First it provides an antidote against a researcher being blinkered by a particular theoretical approach by (encouraging the formulation of wide range of possibly competing propositions). Secondly, it ensures the greatest use of observations in so far as they are not merely used to test a proposition specific to one theory, but to as many as possible. Thirdly, it encourages systematic and continuous interaction between theory and practice in so far as it is very rare that any enquiry unambiguously supports or confirms or disconfirms a set

of propositions. Triangulation method also encourages a view point that there can be some convergence of theoretical fortresses (meaning, no one theory can provide a total and universal explanation of crime and of crime of all types). Certain types of crime, such as: fraud, bribery and corruption, which are inextricably connected to the phenomena of ML, epitomizes the possibility that the explanations of causation lie not only in criminological and social dispositions of individuals, and also, (micro-macro) *socio-cultural, economic and political environment structures but also in incivility concepts such as the broken window disorder theories*. Whereas also, the answers for successful AML and ML combat, are better informed by more meaningful and efficient situational and social crime prevention measures (Clarke, 1980).

One of the primary conclusions in this study is that, as opposed to some previous studies in a Continent (Africa) where, there is lack of actual individual investigated corruption cases, or, where rarely, individual cases of corruption are investigated, the case study of Zimbabwe's banking sector, pregnant with real examples of rampant corruption-led ML cases makes this more contextual research to reveal the nexus between the two strands of crime.

**First**, the rational choice theory/theories of crime causation is/are also the basis for current practical crime prevention approaches that suggest that crime can be efficiently combated effectively by either reducing the opportunities for crime, or, by increasing the risk of apprehension to the offender. The discourse on Corruption control in this study correlate with ML control, making it evident that, the hypothetical model(s) chosen, determine to a greater extent, the course of the recommended control measure(s) to adopt.

**Secondly**, looking at the problem from a sociological perspective, where social and environmental pressures, created by social change, and micro/macro-level social organisation structures, that holds out the same goals to all its members without giving them equal means to achieve them, cause norms to break down and force people to behave in a particular manner leading them to gravitate into a state of anomie, crime and deviance (Durkheim, 1858-1917, Merton, 1910-2002), indeed, in dealing with human conduct, and human misconduct, the target should not be the

individual, but the group and social framework / organisation inside which the same is initiated or carried out, (Clarke, & Homel, 1997).

Also looking at ML, basing on both two main causation theories of ‘classical: rational choice’ and ‘social determinism’, there is consensus among criminologists suggesting that, while both continue to dominate Criminology today, ‘rational choice’ theory contributes greatly to the psychology behind criminal offending be it, traditional (expressive crimes), or, contemporary crime(s), (Cornish & Clarke, 1986).

### **3.3 Corruption & ML Prevention: A Practical Approach**

The discourses on theories of criminal behaviour/social deviance in general, and more especially for scholars of corruption as immensely discussed (herein) – under a two-in-one model of mainly the classical school of thought - the rational choice theory which offers explanations to one’s disposition: firstly; the existence of a motivated offender or at least ambivalent offender ready to give in to criminal temptation and secondly; that motivation to commit crime may itself be situationally dependent (Clarke, (1977), Nelen and Nieuwendijk, 2003, et.al.,).

Generally, situational crime prevention (SCP) is a criminological perspective that calls for expanding the crime-diminution role well beyond the justice system. Underpinning this approach to corruption prevention is the rational choice perspective which, portray individuals as ‘willing offenders’ and/or utility maximizers who first weigh the costs and benefits of illegal behaviour etc. The fact we now know that different underlying causes lead to different discussions on corruption control. [...], for which very little of what and how corruption control works best and most efficiently, more contextual corruption case studies should in future help criminologists give more information on what the right mix of corruption control is, under specific circumstances, Bourdieu and Waiquant 1992, Nelen and, Nieuwendijk, 2003, et.al. Beside, proposed corruption control mechanisms should not be based on the logic of the theory of empirical research, but on what works best under what conditions, (Bourdieu and Waiquant 1992, Nelen and Nieuwendijk, 2003, et.al.).

Undoubtedly looking at it from both an individual and organisation role-play point of view, Nelen, and, Nieuwendijk (2003), claim that prevention of corruption is better than cure. They hypothesise that in order for corruption to take place individuals must be involved. Suggesting, it is impossible for innate objects to corrupt. Thus, if (we) truly wish to dislodge corruption, (we) must address the problem by focusing on the individual. Setting up an efficient corruption free system will undoubtedly be cheaper than spending decades in investigating isolated instances of corruption that may be occurring easily within a system or business that has little resistance to corruption (Nelen, et.al., 2003). It is also less confrontational and socially divisive to promote and achieve good behaviour than to wait for the crime to occur and then investigate and seek to punish the perpetrator they content. Speaking broadly, corruption prevention is a management function both the private business and public service sector (Nelen, et.al. 2003). Where management is committed to the prevention of the corruption and the encouragement of integrity, goals of good behaviour are more likely to be achieved than in no management assistance of guidance is given (Nelen, et.al. 2003).

Qualitatively also, another important implication for business is that in order to be proactive in the prevention of corruption, management should seek to educate the relevant decision making and thought process of individuals within their organisation.

As for ML control, first (it) ML is the process of concealing the illicit origin of ill-gotten proceeds born out of predicate offences among them, fraud, bribery, extortion and corruption. In general and in specific terms as has been theoretically and empirically evaluated extensively in earlier studies and also in this study, these offences by their nature and/or, characteristics, underlie ML. More specifically, from theory and empirical evidence based evaluation, both corruption and ML with their intertwined relationship, are of great concern for countries across the globe as their disruptive consequences can affect economies. Corruption underlies (ML) – generating large sums that demand laundering while at the same time hindering detection thereby hindering a country's judicial, law-enforcement and legislative frameworks (impediment of AML regimes) (Mugarura, 2009). According to the IMF, AC/AML are linked in numerous ways: especially when looking at it from an

FATF (40+9) recommendations perspectives that promote, transparency, integrity and accountability. Recommendation (6) of the FATF recommendations and Paragraph (7) of the Methodology for Assessing Compliance for banks are particularly relevant pieces of international legislation on (AC/AML).

When countries establish corruption as a predicate offence to a ML charge, (it) ML culminating from corrupt activity can be effectively be tackled. This to say, when law-enforcement are empowered to investigate and prosecute corruption related- (ML) without interruption, they can effectively trace, seize and confiscate property that is the proceeds of corruption and engage in related cooperation (locally/internationally).

Also, when corruption is a predicate offence for (ML), AML preventive techniques can be more effectively leveraged to combat corruption. This to say situational and social prevention measures used in ML can be used to combat corruption.

As what situational crime prevention ‘really’ is, Ronald. V. Clarke offers the following explanation in the table format:

***Table 2.8: Situational Crime Prevention Techniques.***

<b>STRATEGY 1</b>	<b>STRATEGY 2</b>	<b>STRATEGY 3</b>	<b>STRATEGY 4</b>
<b>Increasing Perceived Effort</b>	<b>Increasing Perceived Risks</b>	<b>Reducing Anticipated Rewards</b>	<b>Inducing Guilty of Shame/Removing Excuses</b>
Target hardening Access control Deflecting Offenders Controlling facilitators	Exit/entry Screening Formal Surveillance Surveillance Employees Natural surveillance	Target removal Identifying properly Inducing temptation Denying benefits	Rule setting Strengthening moral condemnation Controlling dis-inhibitions Facilitating compliance

*Source: Clarke and Home, (1997): Revised Classification of Situational Crime Prevention.*

Situationalism 'refers to Clarke's classification of 16 situational crime prevention thinking approaches which have become immensely influential in how security and risk managers in institutions and or organisations craft the nature and scope of the crime prevention task. According to Wortley (1996; 1998), et.al, the mostly widely known classification of situational crime prevention techniques is that presented by Clarke (if, I may add), borrowing from Young, (1992), 'square of crime' and also near similar, Gill's (1998), three '*foci*' on which risk management decisions are concentrated: the organisation threatened, the situation in which the threat can become an event, and the wider societal context in which the offences are committed. Young (1992), classifies crime prevention according to the level at which they are designed to operate, He saw crime as the product of interaction between offenders, victims, the state and society, i.e.: <sup>1</sup> Offenders, by the decisions they make, determine the type of offences committed and the rate at which offences happen. The level of offending is also affected by the number of putative offenders in the population; <sup>2</sup> Victims by their self-protection or lack of it, affect the amount of crime they suffer; <sup>3</sup> The state creates crime by use of criminal law, and then aims to reduce it through law-enforcement; <sup>4</sup> Society, by the exercise of social control mechanisms can act to reduce crime. He notes however that, by witnessing and reporting crime it exerts pressure in the opposing direction e.g. concealing the crime. In short, Young, tries to explain the process of how crime is produced in society – stressing that intervention to reduce it should take account of and be directed at each of the four corners of the square. Gill's '*foci*' although in slight contrast to Young's square are intended to classify decisions about crime prevention, bear greater similarities in expressing clearly that: the threatened organisation equates to Young's victim, and the societal context, he equates to (Young's) concept of State. Through the State, society creates offences by passing laws, attempts to produce them by social policy and deals with offenders through the penal system, etcetera. These are further discussed in Chapter (5) under discussion of results.

The latest version of Clarke, et.al., [16] techniques for crime prevention hinge on opportunity reduction. This research recommends the optimal-mix of the 16 primary

measure techniques for controlling situational corruption and ML precipitators, targeted at environmental/social conditions that trigger or prompt physiological or behavioural responses. This, basing on the argument that there are two distinct situational forces acting upon potential offenders - the perceived costs and benefits of intended criminal acts (basis of Clarke's classification) and, factors that may prompt individuals to commit crimes that they would not have otherwise contemplated (the basis of the present classification) '*etcetera*'.

Elaborating a bit on three causality prompts to corruption: pressures, permissibility, provocations. Situations may exert social pressure on individuals to perform inappropriate behaviour like corruption. Negative behaviour is premised on social psychology of strong influence by the expectations and demands of others, causing people to behave differently in the company of others than when alone (Sutherland, 1983) et.al. The four-of-sixteen (4 of 16) prevention techniques, corresponding to these pressures are: 'reducing inappropriate conformity', 'reducing inappropriate obedience', 'encouraging compliance' and 'reducing anonymity'. Generally it is thought, corruption in organisations is a good example of the power of conformity when equated to a new employee entering a new work environment that has corrupt practices. Also inappropriate obedience is generally referred as the following of a direct command issued by someone perceived to possess legitimate authority – and this includes cases of government/ abuses of power in government – that prompt corporate corruption, police corruption and prison officer brutality etcetera, etc. On compliance, this refers to acquiescence to the direct requests of others. Operationally, encouraging compliance involves use of persuasive communication in order to increase pro-social deterrence/preventive action to reduce theft of company assets.

Last but not least on reducing permissibility, situational factors can help distort moral reasoning processes and so permit individuals to engage in normally prescribed behaviour. Corresponding prevention techniques include 'rule setting', clarifying responsibilities' and 'consequences' and also 'personalising victims' etcetera.

One of the other advantages of situationalism is very much geared towards a crime specific approach – meaning in other words, it differentiates between the different typologies of crimes and the situations in which they were /are committed. The net



result of this is that strategies for effective intervention can be tailored to suit the requirement(s) of the victim. This is supported by Cornish, who states that; ‘a crime-specific focus is likely to invoke rather finer distinctions than those commonly made in criminology (Cornish *and* Clarke, 1986). However, for this, critiques argue that the technique cannot account for triggered causes within the situation. Clarke’s work and others, on situationalism despite the criticism should perhaps seeing the benefits, continue to underpin the practical aspects of crime general and instrument/card related crime/frauds prevention methods to be employed within the Zimbabwean banking/financial sector. However, it must be noted that, application of maximum – security/fraud prevention techniques, which are regarded as ‘ultra’ safe may cause crime to be displaced, or deflected thereby reducing the net effects hence, may not necessarily and completely eradicate the problem (Barr and Pease, 1990).

As for corruption-led deviance related crimes, the premise starts from the time a corrupt agent calculates whether to become corrupt or not (Schinkel 2004). The query then becomes: why are some officials corrupt in many an organisation/company, banks and financial institutions alike in a country like Zimbabwe, South Africa etc. Where immorality and criminality are arguably celebrated? If some evaluate that corruption is a good deal, are others, by not becoming corrupt, making ‘bad’ approximations? In other words, what would those who choose not to become corrupt have communicated with the rational choice theories alone? ...That the basis of the rational cause theory/theories as alluded before, explain(s) offender motivation to commit a crime as a purposeful decision with intent of personal gain in the form of ego-boosting incentives including, money, power, status or learning.

Rational choice theories of ‘situationalism’ thus, prime to a dialog on corruption control that increases the costs: increasing the perceived effort is a technique based on the rational choice perspective, whereby actual and potential offenders first weigh the effort involved in perpetuating the crime, against the likely rewards of opportunities. The nearer and less protected the target, the less effort, and better the opportunities. Applying either or all of its prescriptions is a combative risk avoidance and loss reduction measure for organisations and/or institutions

Nonetheless, Wortley, (1998), critiquing situation crime prevention has argued that opportunity lessening is only half of the situational crime prevention expose. The person – situation interaction - the theoretical proposition on which situational crime prevention finally rests – is a bit more intricate than the rational choice and opportunity- lessening and/or reduction approaches suggest. Opportunity suggests only that certain situational influences make it easy for the individual to follow a course of action that will deliver benefits. Yet, an examination of psychological and criminological theories that incorporate a role for immediate environment, implies that in numerous cases, situations are important not because they give information about a likely outcome of a behaviour (which is the basis of opportunity reduction), but because they actively bring on a person's behaviour). That is, while the term opportunity reduction assumes the existence of a motivated or at least hesitant offender who is ready to give in to criminal invitations, it is argued that the stimulus to commit crime may itself be situationally dependent especially in corruption.

Wortley et al., (1998), goes further in his critiques to propose a two stage framework for conceptualising the connection between precipitating stimulus and opportunities. The first stage of the framework and/or model involves situational forces that drive criminal conduct. Behaviour in this case, criminal corruption which underlies ML, can be avoided if say relevant situational precipitators are sufficiently controlled. Where behaviour is initiated, then in the second stage of his model, performance of that behaviour is prone to consideration of the costs and benefits that are likely to follow. The absence of appropriate disincentives or deterrents will permit or encourage behaviour, while appropriate discouragements or impediments will prevent or discourage behaviour in this case corruption and even laundering. Two loops exist in Wortley's situational crime prevention framework thus: first, he talks of over-attention to the control of movants and/or precipitators may necessarily prevent the use of adequate opportunity-reducing strategies, and so allow the performance of undesirable behaviour. Second, over-control at the opportunity reduction stage maybe correspondingly counter-productive, and feed back to increase precipitating pressures of behaviour (frustrations, etc.).

Clarke, and, Homel (1992), classification of situational prevention techniques maybe tailored into the second stage of Wortley's two stage framework. The purpose of

invoking Wortley's framework the first of which parallels Clarke's 16 classification was /is not to present a new theory of criminal behaviour and criminal control, but to draw together insights on the person-situation interaction as presented in a range of existing psychological and criminological perspectives and discourses (more so), behaviour theory, social learning theory, neutralization theory, social psychology and environmental psychology etcetera. The focus having been, and/or, on providing examples from the literature to demonstrate the usefulness of various primary, social and tertiary crime control techniques.

Having arrived this far in this contextual research; firstly; the evaluation of theoretical underlying push factors of the crime of corruption, and, corruption-led ML in particular, and; secondly the evaluation of the discourses on roots of situationalism and social approaches in prevention and control of corruption, and, ML providing examples from literature to primarily demonstrate empirically: the efficacy of various crime specific prevention techniques focusing on among others, the influencing of the culture of an organization ... the so called 'cultural mediums' that seek to, for instance, alter individual corruptee, and/or, agent, organization's leadership, developing organizational code(s) of conduct and their enforcement, and, embedding 'ethical training for staff as also playing an important role in anti-corruption and anti-money laundering, (Trevino, Weaver et al, 1999; Trevino, Hartman et al, 2000; Huberts, Kaptein, 2004).

### **3.4 Chapter Summary/Conclusion:**

Theory informs practice and practice informs theory (Hans Zetterbeg, 1962, Akers, Ronald, and Sellers, 2004). As Part Carlen also says: the very task of theory is to engage in struggle over the "meaning of things" (including all material and ideological constructs)' (Carlen, 1992:62). This study as alluded, was guided by the overriding aims and objectives, using triangulated theories and concepts, all, plotting to interrogate and contribute to the understanding of the phenomenon of ML and Corruption as it presented/presents within the Zimbabwean context. The focus was to establish the types and nature of the two white collar criminal activities by examining the characteristics, causal factors, and dynamics in richer details by means of empirical case studies that occurred within the banking/financial sector, and,

Government/State parastatal sector enterprises during period (1998-2013). Existing international and local AC/AML legislation/regulatory requirement(s) specifically focusing on Corruption and, ML activities were also scrutinised in order to highlight the nuanced nature, and, also nexus between the two crime typologies, their micro/macro impact as well as the perceived actual/potential impediments likely to be faced in combating phenomena especially within the localised Southern African/African context.

With sufficient literature on corruption and ML in Western countries, one of the desires of this present study sprung primarily from the want for a qualitative contextualized research of actual corruption and ML activities, the former a predicate offence to the latter, their concomitant growth, nature, micro/macro effects such as weakening the efficiency of government, increasing opportunities for organized crime (fraud, drug trafficking, currency speculation and illegal exportation), increasing police brutality, and allowing immunity for criminal acts so that “the law is for sale to the highest bidder”. Corruption, and other forms of financial/economic crimes such as Fraud, target banks/financial institutions causing illicit financial flows.

With that desire, the study thus carried out first, an analysis of lured examples from excerpts of global legendary grand corruption and ML cases (with their sophisticated characteristics) that have occurred and been dealt with in the past, in more than fifteen (15) select case study countries across the continents, among them: Indonesia, Singapore, Democratic Republic of Congo (Zaire), Uganda, Nigeria, Namibia, South Africa, Malawi, Zambia, Kenya, Rwanda, Liberia, Georgia, The USA, and United Kingdom; for qualitative comparative analysis with the trends and causes of actual contextual case studies of grand and systemic corruption and ML (each from different causal linkages leading to different discourses on corruption and corruption-led ML) by mainly individual elected powerful politicians/civil servants and their cronies, and, executive owner/directors and general line management of banks/financial institutions: perceived as drivers to ML/laundering or vice-versa in Zimbabwe. The more we know about the causes of corruption, the better we can decide which policy instruments to use to combat it, says Graaf (2007). Primary control measures such as Clarke’s empirically tested sixteen (16) situational crime prevention propositions,

and, Arrington, (2007), enhanced methods of surveillance, Gill's risk management techniques, Newman, (1972), re-designing environments 'Defensible space' techniques, social prevention measures with their broad agenda seeking to address underlying causes of criminal behaviour with the aim of minimizing and/or eliminating them also taken on board as treatments for corruption and ML. The only way to prevent crime, in this case, corruption and ML, is to deal with its root causes through social, situational measures mainly, and also through secondary/tertiary applications (Clarke, 2005, Peace, 1994). This was discussed in-depth (herein).

What/where is the empiric evidence on the various theoretical hypotheses in this study, one may ask? First the hypothesis that, Zimbabwe as a country, is seriously under threat from Corruption and ML. Variables that capture the hard facts and anecdotal evidence to give credence to this fact are: <sup>(1)</sup> empirical case studies of (plus) thirteen (13) banks/financial institutions that collapsed to corruption and ML deviances, <sup>(2)</sup> case studies of individual elected public officials and their political cronies (PEPS), bank executives, managers and line-staff involved in the corruption-led ML scandals, <sup>(3)</sup> the abundance of qualitative literature on national topical corruption and laundering scandals, the majority captured in the media; <sup>(4)</sup> primary questionnaire surveys, interviews and observations analysed response results from the three (3) research publics and captured (herein) Chapter (4), and finally, <sup>(5)</sup> ethnography study survey(s) cursory results all which give credence to the fact that Zimbabwe is afflicted by corruption and ML.

Starting from cursory preliminary overviews in the form of data, on the character, multiplicities, and, the magnitude of ML and corruption activities in the rest of the globe, the continent of Africa, the region, and, financial organisations gravitating to, and, arriving at examining Zimbabwe's banking sector, its woes with corruption and ML transgressory practices, causal factors, negative effects, the need for economic institutional reforms to provide rules, and the role of legal/regulatory, law-enforcement and courts to enforce laws for prevention, and, combat of the twin phenomena activities in Zimbabwe.

In much literature covered for the purpose of this study, a great deal of attention was/is paid to answering the questions; what corruption is?, what ML is?, typologies,

and the two's diverse characteristics, players, effects (micro/macro threats and vulnerabilities) and its management (i.e.) prevention/combat measures within and without Zimbabwe, particularly as it related/relates particularly to the banking/financial sector.

In their works, *Sherman et al.*, (1998), did an extreme review of “what works, what doesn't” in crime prevention. Added thus, extensive review of literature and schemes on both theory and practice to evaluate how explanations of combating crimes of corruption and ML have been (or, could be) applied and, how practice has informed (or could inform) theory, was also carried out in this research.

In as much as there are distinctions between factors that determine corruption and corruption-led ML, and or, the causes of same across environments (globally), but primarily poor countries in the Southern Hemisphere such as Zimbabwe and South Africa, where corruption is much the exception. This is supported by the Perception Index's reports (year-in-year out), which has listed Zimbabwe among the (10 percent) of countries that have the worst rankings for corruption according to the four-measures with broad regional coverage: <sup>(1)</sup>. The ‘Control of Corruption index’; <sup>(2)</sup>. The ‘Corruption Perceptions Index’; <sup>(3)</sup>. The Corruption Score produced by the International Country Risk Guide; and, <sup>(4)</sup>. The ‘Incidence of Bribes -predominantly in Traffic Section of the ZRP by International Crime Victim Surveys.

A cursory look from a qualitative window view-point at some of these perceived corrupt countries around the globe, can offer some hints as to what characterizes them with high corruption. All countries with the highest levels of corruption are developing or transition countries like Zimbabwe. Strikingly, most corrupt countries have socialist oriented backgrounds, and considered as ‘closed’ economies, except for Indonesia. Also according to the determinants of corruption (complementary/relational) theories, i.e., (public choice theory, bad apple theory, situational action theory, and organizational culture theory), these countries choose their type(s) of economic policies – a channel through which elected leaders/officials, executives of State parastatal institutions, and, private sector institutions such as banks, their owner/CEO's and other elevated employees influence, or are influenced into corruption (*Sachs and, Warner, 1995*). The fact that they are less open,

governments of corrupt countries do generally regulate both, entry to the market, and, the private press to submerge chronic corruption which underlie ML in key business community sector such as banking, Grain Marketing Board (GMB), Zimbabwe Electric Supply Authority (ZESA) and Cold Storage Commission discussed and which follow among the select empiric case studies in Zimbabwe:

According to, *Acemoglu, Johnson and, Robinson et al., (2013)*, The companion ‘institutional causal theories’ as a common characteristic of countries with high corruption can be broken down into two broad groups. The first which argues that institutions and institutional quality (not in the sense of organisations per se’ or, building structures: but more in the sense of people’s thinking, feeling and doing – determining in the main, decisions, and, behaviour of people) act as ‘people’ on the particular dynamics of the organisation (*Punch, 2000*). This to say, institutional quality (meaning corruption), for the purpose of this research, is shaped by say, economic performance factors, for example a country’s income level and differential needs ( *La Porta and Shleifer, et al.,2004*). Zimbabwe fits squarely well into these theoretical characteristics. Empirically as exhibited in the real, contextually catalogued delinquency cases starting with the public/parastatal sector individual financial scandals case files dating back as early 1983, is the Bernard Paweni: Willovale Motor Industry -Ministerial Toyota Vehicles Purchase Facility fraud, and, the GMB financial fraud scandal, followed by the unprecedented pyramid fraud bank scandals of (1998 – 2013; and 2013, – to date), which claimed the scalps of twelve (13+) banks including Roger Boka’s United Merchant Bank (UMB) in which, lone and, syndicated fraud players on the stage of financial wrongdoing that led to several thousand - (54 990) - investment depositors and other-like clients, loosing (Z\$537million plus), parcels the symbiotic relationship between corruption and ML (RBZ).

One may ask how do the Bernard Paweni GMB maize tender case, and the Roger Boka’s United Merchant Bank corruption and ML case – public sector/parastatal enterprise and private sector financial company respectively, out of the list catalogued, fit squarely into this, the banks/financial scandals research?. Banks as the most preferred vehicle for laundering money by organized and non-organised criminals throughout the world, were/are as alluded, at the centre of activities

favourable to laundering activities starting by, facilitating government guaranteed preferential ill-fated motor vehicle loan facilities particularly to public service officials – government ministers and their cronies. The Bernard Paweni-led Grain Marketing Board maize delivery tender scandals in which the (then) Agriculture Minister Kumbirai Kangai was (believed) to have been instrumental, and the Roger Boka fast-tracked bank licencing by government culminating in cash advances/overdrafts and self-serving loans deviations among other transgressory behaviours in the owner-managed bank and also other financial institutions among them, the ENG Capital Asset Management are thus pertinent.

Empirically also, the research findings paying tribute to advocacy(s) by, *Punch* (1988/2000) and, *Reuter and Truman*, (2004), reveal that Zimbabwe's business organisations/institutions - (public/parastatal sector enterprises and the banking sector), fit well into the three-category classification of the organizational culture theory's 'institutional cause of corruption concept':

The first, comprise of people whose enterprise moulds are harmonious with ML pursuits right from the beginning. This is epitomised for example in the Zimbabwean context by the Roger Boka – United Merchant Bank and the (ENG) Capital Asset Management debacles (*explained in Chapter 1*).

The second category comprises those organisations/institutions that are set up legitimately and operate as such for a long time. However corrupt employees then find an opportunity (soft targets), to be corrupt by engaging in crime such as ML to fulfil important personal (moral) duties for example, like ensuring loyalty to friends and family etc., (Ackerman, 1999). The 'First Mutual (Private) Limited' pyramid debacle is a prime example of corrupt employees who find and exploit soft targets to perpetuate crime in the Zimbabwean-

The third category comprises those organisations/institutions that unwittingly facilitate ML and get caught-up in the financial wrong doings. Empiric evidence to support this theory in this case studies of the Zimbabwean bank scandals, is the already alluded to, Century Discount House saga in which the same was disposed-off to 'ENG Capital Asset Management (Private) Limited, by its parent financial



holding company – Century Group, listed on the Zimbabwe Stock Exchange, since, the latter, ‘badly’ needed liquidity to finance its operations ‘in the troubled economy’.

The learning curve particularly from Zimbabwe’s banks’ devastating decade(s) long corruption and ML crime disasters experiences born out of deviancy mainly by owner(s)/director(s), senior line management and junior rank and file, and, chief executive officers (CEO’s) of public and parastatal organisations plus, ‘politically exposed persons” (PEPS – the majority of them perceptibly involved in most of the economic scandals studied, leading to several millions in potential/actual losses; teaches that a holistic treatment approach lies in the application of social, and, secondary/tertiary measures i.e. (macro-policy formulations to strengthen community institutions, and enhancements of education and employment) (Bright, 1992); and, the application of situational crime prevention strategies. The latter, can include single or a concoction of primary measures which seek to reduce opportunity: target hardening, access control reducing temptation, surveillance, rule setting and strengthening moral condemnation (*Clarke et al, 1980*).

Employee dishonesty also discussed as one of the major findings on causes of corruption and ML in Zimbabwe is particularly suited to treatment by *primary measure* of ‘*clear rule setting*’. The former (social secondary measures which co-opts tertiary technique of education and development at both banks and criminal justice levels) on one hand, is seen in this paper as removing the challenges of conceptual and knowledge gaps particularly within the criminal justice structures, which by themselves could be said to have in some ways, had the effect of failing the banking/financial sector (crying for help), and the economy at large, in dealing with a presenting crises in good times during the ensuing phased periods. These three corruption and ML prevention approaches were evaluated critically (herein).

Also having touched a bit on employee AML/AC training in the form awareness education and development as one example of a tertiary prevention measure fitting within the ‘cross-organisational isomorphism ‘approach, it should however be acknowledged that any form of training programme has its own limitations. Qualitatively, a variety of complex corruption and fraud typologies or methods (explained herein) that permeate the payment system leading to ML, do tend from

time to be ahead of prevention techniques including the proffering's of social, tertiary and situational (primary/soft) measures, all equally suitable for treating both corruption and ML – but the latter, more practically suitable over others because of its advantages as discussed in this discussion.

Suffice to add as alluded (herein) already that: crime prevention policies – situational and social both retain their popularity although they are applied at different levels. Qualitatively and in practice situational prevention because of its adeptness at showing empirical test remains favoured by victims wishing to protect their property including governments(s), while social action (much broader in its intended effects) aimed at reducing crime at social, and/or, macro level rather than against particular organisations or individuals also continues to find favour with local authorities and governments alike

This explored criminological theories, and/or, conceptual perspectives apart from increasing the understanding and knowledge of the extent of the impact of activities by the inter-twined serious crime(s) phenomena in terms of micro/macro effects, also increased understanding and knowledge of the security and crime risk management best practice measures of two choice optimal mix of: criminological situational primary measures by, Clarke (1980), et.al., and also, social and tertiary crime prevention by, Pease and Ken, (1994), et.al., re-classified by Gill, (1998), as management techniques – relative mainly to banking/financial service business, and, public sector enterprises as well.

The next [Chapter 4], constitutes, the research design and data sampling variables (i.e.) methods, procedures of data collection, and, techniques of the data-analysis used as determined by the research aims/objectives.

## CHAPTER FOUR

### RESEARCH METHODOLOGY/APPROACH TO STUDY

#### 4.1 Introduction

The criminological research design, sample size, sampling techniques, and/or, methods of data collection, techniques of data analysis, which was/is to answer the hypothesis and research questions were dictated to by the study aim and objectives.

##### 4.1.1 Research Approach / Design

The study employed a multiple/mixed case study design of quantitative, coupled with the utilisation of qualitative secondary data collection approaches as dictated to by the study aims and objectives. According to Herriot and Firestone (1983), a multiple or mixed case design is a research method constructed on an in-depth investigation of a group which relies on multiple sources of evidence. The author collected both quantitative (primary data) and, quantitative (secondary data) from three-tiered – cross sectoral target respondent grouping, to wit; <sup>1</sup>. Banks/Financial Institutions (Barclays Bank and Central African Building Society (CABS)), <sup>2</sup>. The Criminal Justice System - (Police, Judiciary/Courts and, Prisons/Correctional Services), <sup>3</sup>. Business (other)-(informal/formal), and, members of the general public (hereinafter) cited as study sample(s) - [tier: 1, 2, 3] respectively.

Multiple method of research, also known as mixed method, include the mix of data, investigator's, theory and method to cross-reference certain phenomena and the veracity of individual accounts *Denzin (1970: 300-301)*. This is further supported by Plummer (1983: 68), who asserts that, it is important for quantitative data to be supplemented with qualitative data as the former, on its own, is often regarded as an incomplete method by which a major research problem area can be assessed. Tashakkori & Teddlie, 2008, p.22), goes further to say that equal priority should be given to the two phases in collecting and analysing data quantitatively and qualitatively, or, vice versa.

The method reveals itself in two forms, 'within-method' and 'cross-method': Within-method concerns the use of differing strategies within a wider research method such as the use of structured questions, and, semi-structured questions in a survey questionnaire to generate statistical data and open-ended questions to generate qualitative descriptions (Denzin, 1978, Denzin and Lincoln, 1994).

Mixed or multiple methods research methodologies refer to procedures of the pragmatist paradigm that combine the qualitative and quantitative approaches within the different phase of the research process (Tashakkori & Teddlie, 2008, p.22). A sequential explanatory strategy of the multi-method research, implementation to collect and analyse data using qualitative, and quantitative combinations, can be used to examine the same phenomena in which equal priority is given to the two phases (irrespective of the priority order followed), and data is/are integrated during interpretation (Creswell, (1998; Lincoln and Guba, 1985; Patton, et al., 1990). Simply put this is a process in which data sampled by one method is compared to that sampled by another, to determine validity and reliability of the data. With careful sampling, a true picture of the events should clearly be drawn: The intention is to infer that the findings and conclusion drawn from the sample are likely to be equally true of the study population as a whole (Jupp, et al., 1993: 36).

The main instruments of data-collection, consisted of Questionnaires to obtain information on perceptions/opinions directly from target-participant respondents, and formats to extract both quantitative and qualitative data from control, regulatory, law enforcement, judicial agencies, private/public business organizations and public, socio-economic documents, "local" literature and newspapers/magazines for the period reviewed.

#### **4.1.2 Research Paradigm**

Qualitatively, the expression 'paradigm' originated from the Greek word "paradeigma" which means pattern. The same was first used in the research by "Kuhn" in 1962 to describe a conceptual framework that is accepted by a society of scholarly researchers or scientists and that provides them with an in-depth guideline to conduct the research.

Merriam-Webster Dictionary, goes further to confirm a paradigm as “a philosophical and theoretical framework of a scientific school or discipline – consisting of ontology, epistemology, and research methodology, within which theories, laws, and generalizations and the experiments performed in support of them are formulated.” As used in the context of research, a research paradigm is a globe’s view or philosophical framework (in this case the mixed or multiple qualitative and quantitative approach), including theoretical concept, beliefs, and biases, that guides the research process: all areas of your research plan, including the aim of the study, research question, instruments or measurements used, and analysis methods and interpretations.

In this criminological empirical case study, the pragmatist paradigms, from which other frequently used paradigms are born (i.e.), first, the quantitative method of data collection and analysis were applied, and results were at most generalised, and, secondly, the interpretivism paradigm (qualitative), in which knowledge can only be created by interpreting meanings that: people put on behaviours and events. Qualitatively, and as understood by the researcher, interpretivist paradigm research is conducted within the reality of those being studied, not in a controlled environment such as a laboratory. By nature their results are not generalizable.

To progress with the mixed or, multiple method of data sampling, the researcher went on to be assisted in part, by adopting the concurrent - alluded to ‘head office’ model of postal questionnaire service data sampling technique that is mirrored on the British Retail Consortium (BRC) in their ‘Retail Crime Costs’ surveys, to help to feed to the three-tiered – cross sectoral research population of 360 across the country. These were, <sup>1</sup>. the two banks/financial institutions (Barclays Bank and Central African Building Society (CABS)), <sup>2</sup>. the CJS - (Police, Judiciary/Courts and, Prisons/Correctional Services), and, <sup>3</sup>. business (other)-(informal/formal), and, members of the general public. The “head office” survey approach is credited for accessing and aggregating large sample size data in good time and at relatively low cost. According to Herriot and Firestone (1983), a multiple or mixed case design is a research method constructed on an in-depth investigation of a group, which relies on multiple sources of evidence. Major aim being to explain quantitative results by

surveying certain results in more detail or helping explain unexpected results (e.g., using follow-up interviews to better understand the results of same (Tashakkori & Teddlie, 2008, P.22).

#### **4.1.3 Research Hypotheses**

Citing Merriam Weber dictionary, a proposition tentatively assumed in order to draw out its logical or empirical consequences and test its consistency with facts that are known or may be determined.

Qualitatively, put in context, field exploration is a logical extension of field evaluation of a phenomenon. In Forensic Criminalistics, Van der Westhuizen, (1982), and De Forest et al., (1983), agree by positing that it is mainly characterised by hypothesis formation. They continue to posit that, hypotheses are simply tentative or provisional generalisations earmarked for verification or falsification by the investigator or researcher. Alternatively defined as a calculated guess, a hypothesis is forked or bifurcated in nature (Van der Westhuizen, 1982; and, De Forest et al., 1983). It is known as a *null* hypothesis when the expected outcome or prediction proves to wrong; and as a research hypothesis when the expected outcome proves to be right (Van der Westhuizen, 1982; and, De Forest et al., 1983).

In this research, the statements forming the hypotheses in this research is/are that: <sup>1</sup> the phenomena of ML coupled with corruption is rampant, and/or, virtually endemic in Zimbabwe, and, that the relationship between the twin evils is symbiotic and two-fold in that just as corruption facilitates ML, the latter encourages the former; <sup>2</sup> ML activities and, in-land or off-show financial infrastructures sustain grand corruption in which political/public officials and local banks/financial institutions, (mainly their executives) – both actors (herein) cited as (PEPS), have been, and/or, are implicated variously in the period reviewed (1983-2017+ ), which seemed/seems to be a dominant typology in economic crisis afflicted Zimbabwe; and 3. that, drawing from the empiric, and/or, real case studies of serious political cases demonstrating the interplay of public official corruption and ML in Zimbabwe, the symbiotically related phenomena should be accorded the same level of attention and treatment – as serious white-collar crimes.

The hypotheses thus required a study strategy that could sequentially collect, analyse and explain qualitative and quantitative data from a 3-teared, cross-sectoral diverse large sample population of (360), (as described herein severally: see Tables 4.1 and 4.2); in order to provide first; insights into the problem(s) of the symbiotically enjoined phenomena of corruption and ML: existence, causes, types, prevalence, trends, the link and micro/macro effects to the economic sector of Zimbabwe in particular, and, secondly, identify AML and AC regimes in place (particularly as it relates to the banking/financial sector), and try and suggest, and/or, recommend combative measures to prevent, and/or, minimize the vulnerabilities of the AML regimes, to corruption particularly in Zimbabwe and the region in general.

#### **4.1.4 Field research entry:**

Before the researcher began collecting the data, the following were considered: sample size; sampling techniques/methods; data analysis processes, interpretation and presentation of results to answer objectives of the study. The main instruments of choice used in this research, as alluded consisted of three (3) cross-sectoral (hybrid representative sample) structured/semi-structured questionnaires, interviews, that lasted about one hour – per interviewee, or, focus groups and, observations (that permitted the study of people and processes and procedures in natural environments of work- to obtain their perceptions/opinions on corruption and ML particularly in Zimbabwe and, the region and beyond in general.

Post gate-keeper authorisations obtained variously from representative research organisations, initiation into the field to gather data nationwide, started off with pilot testing: sending out letters and carrying out follow-up liaisons by telephone, emails and door-to-door visitations at head offices of bank, bank branches, bureau-de-changes, money transfer agencies, police stations, justice ministry head office, courts, universities, business other and members of the public houses, to gain trust and confirm participation in the academic study. This was followed by employing postal the cross-sectoral questionnaires for the identified three (3) focal respondent organisation publics via their head offices human resources, marketing and compliance departments. Even in the case of businesses with one outlet in a town or province, like bureau-de-changes and money transfer agencies, the headquarters of

the business was contacted. This was followed by one-to-one, or, face-to-face interviews and observations made where possible to obtain sample evidence in line with aims and objectives of the study.

In a local context, the field entry approach enabled aggregated data about the crime of ML and corruption targeted on the economic sector – particularly the banks and also government/parastatal organisations in general, a seemingly dominant typology in crisis-stricken Zimbabwe, to be gathered and later, be critically analysed scientifically using the Scientific Package for Social Sciences SPSS – Bivariate/Multivariate Analysis and Content Analysis methods, and, Economic Views (E-Views) method.

#### **4.1.5 Data sampling; sample size; sampling techniques; and data analysis:**

Qualitatively and quantitatively, data collection is a systematic process of gathering observations or measurements in criminological research in order for the researcher to gain first-hand knowledge and original insights into the research problem.

The research problem required a measuring instrument that would translate the research hypotheses into numerical variables that would represent data that could be collected in a standardised way and that could then be analysed via statistical procedures. Qualitatively and quantitatively the only appropriate quantitative measuring instrument available in the world of research then/now, was/is the Questionnaire.

The multi-case study cross-sectoral quantitative and qualitative method survey, employing the alluded to, ‘head office’ postal questionnaire administering model, whose advantage is to reach a larger target audience, was adopted in which, a three-tier respondent research population public was fed structured/semi-structured questionnaires (bearing semi-standard questions consisting, 4 sections standard headed areas: <sup>1</sup> ‘Purpose of the questionnaire’, <sup>2</sup> ‘Voluntary participation permission’, <sup>3</sup> ‘Instructions and, <sup>4</sup> Guidelines on how to complete the instrument, were developed by myself.



In order to gain access to target respondents to administer the questionnaire(s), and carry out interviews (face-to-face/telephone/e-mails), and, where possible, carry out observations (participant/structured), permission was in the main sought first, from the three categorised stakeholder research organisation(s) heads: (Commissioner General of the Z.R.Police, the Justice Ministry; Managing directors CABS and Barclays Bank Zimbabwe Ltd, Director of Financial Intelligence (FI) RBZ, and Bureau-de-Changes, Money Transfer Agencies, and second, NECI other businesses e.g. Peace Security Pvt Ltd, and the public.

Saunders et al., posits that, a questionnaire is a quantitative data gathering instrument in which respondents are asked to respond to a predetermined set of questions (structured/un-structured) in a specific order. In order to meet the aim and objectives of this study, it was necessary to utilise the questionnaire as the main instrument of primary, and/or, quantitative data collection from the preceding and alluded to severally, 3-tier research population cross-section of (360) target respondents. Embedded in the questionnaire are structured/semi-structured qualitative interview questions forming the qualitative interview guide prepared as instrument two of the study. The collection of qualitative data by face-to-face and also email communication/response for analysis, sequentially followed that of main questionnaire quantitative data sampling. Qualitatively, interviewing is a valuable technique used to gain insight into individual's attitudes, in this case on the phenomena of corruption and ML: its prevalence, characteristics, nexus and effects among others. On observation two main types exist according to Saunders et al., (2009): participant (qualitative) and, structured observation (quantitative). Observation helps researcher to discover meaning attached to actions while participating fully in the lives and actions of subjects, and/or, discover frequency of actions (qualitative/quantitative): where the researcher tries to partake fully in the lives and actions of subjects, allowing him/her to not only merely observe what is happening, but also feel it, he says. The employment of these three data collection instruments in this study are briefly narrated below.

Quantitative structured (hybrid) questionnaires for the 3-tier target respondent publics posing almost standard similar structured/semi-structured questions , 'and couple dozen focused interviews, for key informants: to facilitate the integration and

cross validation of respondents information, (the latter-qualitative, most suitable for capturing social meanings and reality observations at large, and seldom assigning numbers to these observations used by the former), also explained, were employed in this study. Also participant and structured observations to survey business transactions at the two banks/financial institutions where suspicious transactions and (red) flagging of ML, originate when identified, and, referrals to RBZ (FIU) were being conducted was undertaken. Key informants such as Branch Operations Managers, Operations Centre Voucher Processing Centre (VPC) Managers, Security and or Fraud Investigations Managers, Operations Risk Officers, Money Laundering Reporting Officers (MLRO) and RBZ (FIU) Officers/agents provided useful information on the basis of which observations were made and follow-up interviews conducted, was met as per dictates of study objectives.

Sampled and examined considerably, was data from official, legal socio-economic documents, public and private sector enterprises: (mainly banks/financial institutions), private media newspapers and magazines, mainly to help the inquiry in the emerging understanding of the phenomena, its existence, nexus, extent of manifestation, frequencies, effects, ML prevention, and the impediments corruption causes in the successful implementation of AML regimes relative particularly to Zimbabwe's situation.

Recognising Sanders, et al., (2009), the broader sum total of all three-in-one primary research survey respondents to structured/semi-structured questions from the target respondent publics numbering (360) in total, (*see referred (Table 4.2)*), was captured for coding and data entry programming and exporting for quantitative analysis using the alluded **Census and Survey Processing (CS Pro.)** and, the **Scientific Package for Social Sciences (SPSS)** – Bivariate / Multivariate Analysis and qualitative Content Analysis method(s) that the research employed. This made it easier to critically quantify and benchmark opinions from all the three (3) principle target respondent populations referred (hereto) as respondent populations Tier 1, 2, 3) [banks/financial institutions – including the RBZ, law-enforcement agents clusters (police, judiciary, prisons), and business and members of public general]. The overall sample for the study was (360).

#### 4.1.6 Qualitative versus Quantitative Research and Data Analysis:

Qualitative research is generally exploratory in nature and is used to gain an understanding of underlying reasons, opinions, and motivations for engaging in specific behaviours by other people, Creswell (1998), in this case corruption and ML. Qualitative research provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research (Creswell, date (1998). It is also used to uncover trends in thought and opinion and delve deeper into the problem (Gall, Borg, and Gall, 1996). Its varied data collection methods include use of unstructured and structured techniques, among them, analysis of artefacts, written or print documents (e.g.) diary account and cultural records, the use of visual materials or personal experience and, the use of focus groups, interviews, and observations on selected small size samples to fulfil a given quota (Denzin and Lincoln, 1994, Ragin, 1987).

According to Punch (1998), qualitative research is empirical research where the data are not in the form of numbers. Denzin and Lincoln (1994), weigh in positing that qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make logic of, or interpret phenomena for example (white-collar crimes of ML and corruption) in terms of the meanings people bring to them.

In this research, qualitative analysis by coding of a smaller sample of newspaper articles, other business communication reports and print material performed primarily to corroborate (or otherwise) the findings of the texts content analysis was also carried out. While numerous studies have compared the extent of media coverage with actual levels of crime, resource limitations did not allow the researcher to carry out such during study.

One of the data sampling techniques, qualitatively in this research is that of exploring **‘media coverage’**. Qualitative data (reviewed literature past and current) from past research and, newspaper accounts/ text content analysis by coding, albeit, to a limited extent, was conducted to examine the nature and extent of the media coverage of

selected incidents, mainly on ML, corruption and related financial/economic crime cases. In furtherance of same, selected five national newspapers (including associated Sunday News), (The Herald, Financial Gazette, Newsday and Zimbabwe Independent) and, two foreign publications, South African Sunday Times and The Telegraph, UK (defined as newspapers for the purpose of this study) from which contextual texts was sampled for both literature and a guide to sources of deeper research into each of the corrupt public and private bank officials case studies used in the research. A total (116) randomly picked newspaper accounts from these, accounted for in the period under study (1983 – 2018), was applied to construct a small sample gallery ‘protocol’ or data collection judged appropriate for content analysis. The small sample gallery table headed: ***Print media–analysis of headlines & brief accounts of real causes of corruption & Ml in Zimbabwe (-2011-2018)*** is shown in [See: ***Appendix – No. B1***], hereto. Flick, (1998), says, content analysis is a classical procedure for analysing textual material, and, can be regarded as an objective way of obtaining a quantitative description of the content of texts.

Further on newspaper media coverage , in acknowledgement that different styles and modes of journalism exists, and that different newspapers adopt different styles and target different audience publics, and certain criteria must be applied to select the sample, for the purpose of this analysis of accounts, no criteria was employed as was the case in the random sampling of the small sample gallery ‘protocol’ of newspaper articles and images communicating incidents of Corruption and ML crime recurrent themes and issues in Zimbabwe, totalling (17) (for period studied (1983 - 2018), headed and numbered: ***Newspaper Exposures 1-22– Articles / Images & Accounts of Incidents of Corruption & Ml activities in Zimbabwe [SEE APPENDIX No. B-2]***.

Broadly considered, data for ***qualitative content analysis*** is the examination and interpretation of triangulated data collected by a range of methods which include participant/non-participant observation, and detailed interviews (face-to-face, via telephone or e-mail) form particularly from key informants (Denscombe, 2010). As the adage goes, ‘seeing is believing’, any data that has been collected through observation can be credible, trustworthy and rigorous i.e. if all the scientific principles of the observation have been followed to the latter.

Talking of weaknesses and strengths: among qualitative research limitations is however that the time required for data collection, analysis and interpretation are lengthy. Analysis of qualitative data is difficult and expert knowledge of an area is necessary to try and interpret qualitative data, and great care must be taken when doing so, for example, if looking for symptoms of psychological impairment, and or, mental illness (Denscombe, 2010).

Strength wise, on data analysis, qualitative research is endlessly creative and interpretive: meaning qualitative data is affirmatively useful for uncovering emic views using various techniques such as: content analysis, thematic or discourse analysis (Glaser and Strauss, 1967, Strauss & Corbin, 1990). This, confirming that, the researcher does not just leave the field with mountains of empirical data and then easily write-up his or her findings. Rather those who are studied must be made to speak for themselves, to provide their perspectives in words and other actions

Further also its strength among other methods of analysis lie in its descriptive value that helps play the important role of suggesting possible relationships, causes, effects and dynamic processes of a phenomenon in this case: corruption and ML (Denscombe, 2010).

**Quantitative** research in contrast uses controlled observations, questionnaires surveys, on-line surveys, mobile surveys, website interceptors, and online poll to generate numerical data that can be transformed into usable statistics (put into categories, or in rank order, or measured in units of measurement) to quantify attitudes, opinions, and behaviours, formulate facts, uncover patterns and other defined variables and generalise results from a larger coded sample population (Saunders 2009) et al.,. Using a questionnaire survey, a rating scale or closed questions (thereon), would generate quantitative data as this produce either numerical data or data that can be put into categories (e.g., “yes,” “no” answers) (Carr, 1994; Descombe, 2010; Antonius, 2003). Such type of data can be used to construct graphs and tables of raw data (Sanders, 2009, Carr, 1994; Denscombe, 2010; Antonius, 2003) et al.,.

As implied in the introduction of this Chapter, under ‘*research paradigm approach*’, in order to progress with the overriding aim and objectives of the study, the researcher adopted the alluded to ‘**head office**’ postal questionnaire service model, that is mirrored on the ‘British Retail Consortium’ (BRC) ‘Retail Crime Costs’ surveys (1994); the (1993/1994) British Retail Consortium in the ‘Retail Crime Costs’ surveys, and, the Commercial Victimization Survey approach, to help administer questionnaires on a **three-tiered** large research population. This, the administering of survey questionnaires using an organisation, or company’s ‘Head Office’ to deliver and receive on behalf of the researcher, is ‘credited for having advantage of accessing and aggregating large sample size at relatively low cost: for example, one head office can provide data on hundreds of outlets - when qualitative and quantitative surveys to measure say, crime rates against business are carried out employing postal questionnaires and follow-up telephone interviews where necessary.

While the alluded to, (BRC), (1994), and, (CVS) (1993/1994), surveys, and other previous researches in England and, Scotland alike have considered ‘Crimes Against Business’ in an international setting, this research focused upon national contextual research on corruption and ML nexus, focusing as per aim and objectives of the study, on the banking/financial sector. Employing the ‘head office’ approach of ‘Postal Questionnaire’ administering of the hybrid-type structured/semi-structured questionnaires was executed by hand delivery to the three-tier target respondents institutions, or, company head offices, at which confirmation of receipt from the gatekeepers, and/or, their representatives was requested and filed by the researcher for record. They in turn, cascaded the same to hundreds of their branches and work stations across the country. Special mention is made in the case of respondent public (3) (herein/hereto) for ease of reference, cited as tier (3): (business (other) and ordinary members of the public) forming the smaller research constituent respondent sample of (20%), that the postal questionnaires were administered to the former, represented by Peace Security Services (Pvt) Ltd, non-governmental organisations, money transfer agencies (MTAs), and the latter, constituted by street vendors, informal/formal cross-border traders, transporters etc. in each prime location including at migration border towns. During the delivery phase, and, the collection of the returns phase (majority 100%), a couple dozen focused interviews (face-to-

face), followed by the collection and analysis of qualitative data using telephone and e-mail(s), was carried out by the researcher, as a continuous dialogue to better understand certain detailed views of the respondents/informants, or rather, results of the quantitative study.

On strengths and weaknesses, the success of questionnaire survey method, while popular with investigators, the lack of conscientious knowledge on complicated or understudied specialised areas such as corruption and ML which do not lend themselves well to being measured or understood easily by certain quarters of target respondents who may thus, give short or, not thought through answers void of qualitative depth or, sometimes agree on all variables, does give some problems (Carr, et al., 2002). To overcome this limitation, where possible, the researcher thus, carried out the face-to-face or one-on-one in-depth awareness preview discussions and interviews with agreeing samples of respondent subjects, during both the distribution and collection phases of the questionnaires as alluded above.

All the information/data, relative to actual cases of (ML) and associated crimes such as fraud, corruption and other exogenous cross-border laundering activities, arrests, prosecution and forfeiture of recovered proceeds of (ML) solicited quantitatively and qualitatively was captured for analysis to measure the prevalence, incidence and concentration of the phenomenon in the country. The same was also captured for analysis to evaluate existing security management systems in the Zimbabwean banking/financial sector in particular, and also, obtain demographic information, and informed opinions about the concerns and principal issues about the phenomena (e.g.) factors generating high and low risks of ML in the country and the region in general.

Quantitatively and qualitatively thus, the broader sum of all primary field survey responses to the structured/semi-structured questionnaires posing almost identical questions for (3) different target respondent publics of (360), was captured for coding and, data entry, and, exported for quantitative analysis using the **Census and Survey Processing (CS Pro.)** and, the **Scientific Package for Social Sciences (SPSS)** – Bivariate/Multivariate Content Analysis method(s). These can be used to

mathematically calculate patterns in the data to show meaning (depending of cause on the type of data) (Antonius, 2003; Carr, 1994; Denscombe, 2010).

Bivariate analysis for its part investigates the relationship between two data sets, with a pair of observations taken from an independent single or individual sample to test whether a clear relationship exist between them, and or, whether the two groups of data correlate with each other using tools such as t-tests and chi-squared tests,(Antonius, 2003; Carr, 1994; Denscombe, 2010). Bivariate-analysis also examines the strength of any correlation or relationship (Antonius, et al.,).

Multivariate analysis on the other hand uses two or more variables to see which one or more of them are predictive of certain outcome, and or, which variables influence or cause a certain outcome or outcomes. (Antonius, 2003; Carr, 1994; Denscombe, 2010). Put contextually relative to this study, the predictive variables are independent variables (e.g.) number of bank frauds embezzlement and, tax evasion transactions or cases „as predicate offences committed locally, and, the outcome(s) the ensuing laundering of money or assets from these ill-gotten proceeds by way of externalisation to a foreign country's banks / financial institutions or other alternate remittance placement system to invest or to obscure the laundering trail by the launderer(s) as dependant variable. Quantitative analysis of the Roger Boka United Merchant Bank case transactions i.e. their frequencies during a certain period in time can be a befitting example of independent and dependent data sample(s)/variables.

The results of quantitative analysis are mostly conveyed in the form of statistical tables and graphs - beginning with descriptive statistics describing who is in the sample. This according to Antonius, et al., (2003), can take the form of unilabiate statistics (i.e., frequency distributions, means, standard deviations), or simple graphs (such as pie charts, bar graphs, or histograms). Bivariate results are commonly presented next to show the demographic distributions of key variables of interest (Antonius at al.,). For example, the cross tabulation of gender, age, employment, position, salary and attitudes toward corruption and ML maybe reported to establish whether a bivariate relationship exists between these variables. (Antonius, 2003; Carr, 1994; Denscombe, 2010), et.al., for this reason, as one of its strengths, the quantitative approach is viewed as scientifically objective, and rational (Carr, 1994;



Denscombe, 2010). Further also, the hypothesis or hypotheses, can also be tested using the alluded to statistical analysis scientific applications such as: Census and Survey Processing (**CS Pro.**), and, the Scientific Package for Social Sciences (**SPSS**) – Bivariate / Multivariate ‘Content Analysis’ method(s) alluded to earlier (Antonius, 2003).

Echoing Carr (1994), Denscombe, Antonius, (2010), et al., Raito Streefkerk (2019), in his writings on how to analyse data, posits that, computing technology based applications such as **Excel**, **SPSS** and others, can be used to quantitatively calculate things like: <sup>1</sup>· Average scores; <sup>2</sup>· The number of times a particular answer was given; <sup>3</sup>· The correlation or causation between two or more variables, and, <sup>4</sup>· The reliability and validity of results. Comparatively, acknowledging the fact that qualitative data is more difficult to analyse since it consist of things such as text, images and videos etc., Streefkerk, identifies <sup>1</sup>· Tracking the occurrence, <sup>2</sup>· Position and meaning of words or phrases as some common approaches to analysing qualitative data.

When the questionnaires were first unbundled for service on the three (3) tiered research populations target respondents: **firstly**; majority by self-delivery to ‘Head Offices’ of police, Barclays bank and CABS, and a Peace Security (Pvt) Company for courier service postal delivery to country branches and stations, and, **secondly**; door to door delivery to local bank branches in Harare and other nearer towns visited by the researcher, **thirdly**; e-mail posting, specific procedures and protocols peculiar to ethical considerations and the methods used for the study were carried out. This involved submitting a **schedule of questions** to gatekeepers, and/or, their representatives before the actual field study visit or delivery of questionnaires. Given the nature of the investigation, it was important for respondents from cross sections of the three-tier research populations: <sup>(1)</sup> all Bank/Financial Institutions, <sup>(2)</sup> Criminal Justice System, and, <sup>(3)</sup> Business and Public); to be assured that the survey(s) were entirely confidential and that, the results would only be valuable if the answers given through feedback were/are open and honest. And to guarantee that confidentiality, completed questionnaires were required to be returned direct to the researcher within period(s) specified.

Recognising Sanders, et al., (2009), the broader sum total of all three-in-one primary research survey respondents to structured/semi-structured questions from the target respondent publics numbering (360) in total, *(see referred Table 4.2)*, was thus captured for coding and data entry programming and exporting for quantitative analysis using the alluded **Census and Survey Processing (CS Pro.)** and, the **Scientific Package for Social Sciences (SPSS)** – Bivariate / Multivariate Analysis and qualitative content analysis method(s) that the research employed. This made it easier to quantify and benchmark opinions from all the three (3) principle target respondent populations referred (hereto) as respondent populations Tier 1, 2, 3) [banks/financial institutions, law-enforcement agents clusters (police, judiciary, prisons), and business and members of public general].

Therefore, the aim of this multiple/mixed or, triangulated method(s) of study data sampling enquiry approaches in natural settings using, the qualitative and quantitative data sampling and analytical review techniques, principally explained, to wit;

Quantitative structured (hybrid) questionnaires for the 3-tier target respondent publics, ‘and couple dozen focused interviews, for key informants: to facilitate the integration and cross validation of respondents information, (the latter-qualitative, most suitable for capturing social meanings and reality observations at large, and seldom assigning numbers to these observations used by the former), also explained, were employed in this study, and, observing business transactions at the two banks/financial institutions where suspicious transactions and (red) flagging of ML were raised and referrals to RBZ (FIU) were being conducted was undertaken. Key informants such as Branch Operations Managers, Operations Centre Voucher Processing Centre (VPC) Managers, Security and or Fraud Investigations Managers, Operations Risk Officers, Money Laundering Reporting Officers (MLRO) and RBZ (FIU) Officers/agents provided useful information on the basis of which observations were made and follow-up interviews conducted, was met as per dictates of study objectives [*see Tables 3.1 and 3.2*] depicted below.

**Table (4.1):**

***Qualitative Field Research Methods and Instruments of Data Sampling***

Field Research Instruments and Methods (Composite)		
Instrument	Population	Method
A	Global overviews of corruption and ML	Desk literature reviews of research conducted (past and present) on corruption and ML involving bank scandals giving case study examples by country.
B	Zimbabwe case studies of corruption and other predicate offences (economic/non-economic) that demand laundering	Reviews of literature: Secondary data from: <sup>1.</sup> Zimbabwe National Statistical Services (Zimstats) <sup>2.</sup> The Regulatory Body - Reserve Bank of Zimbabwe (RBZ); and, <sup>3.</sup> Banks and Building Societies represented by Barclays, CABS
C	Politically Exposed Persons (PEPs)	Case Studies / Sample Surveys (random)/ Descriptive Stats
D	Banks/Financial Institutions Sample Surveys: <i>(Questionnaire 1 of 3)</i>	Descriptive Statistics -(H/O Approach)
E	RBZ (BUPSMML) / FIU Sample Survey : <i>(Questionnaire 2 of 3)</i>	Descriptive Statistics -(H/O Approach)
F	Criminal Justice System / Process: (Law Enforcement-Police, Courts, Prisons: <i>(Questionnaire 3 of 3)</i>	Descriptive Statistics -(H/O Approach)
G	Members of Public / Public & Private Business (other) Sample Survey: <i>(Questionnaire 3 of 3)</i>	Descriptive Statistics - (Random and H/O Approach)
H	Ethnography study	Descriptive qualitative research method used for empirical data collection and analysis

**Table (4.2)**

***Quantitative/Primary (Hybrid) Questionnaire Survey; Interviews & Observations  
Application on Three (3) Study Target Populations (1 of 3 ; 2 of 3; & 3 of 3):***

Primary Survey of 3 Target Study Populations 1 of 3, 2 of 3 & 3 of 3 using: Questionnaire(s), Interviews & Observations – (assisted by the H/O Postal Questionnaire model reach out technique)											
N o.	H/O Location	Target subjects by employee category/grouping:(Average total population by-subject/organisation: = +-1000)									
D	Banks/FIs (H/Q)	Director Mgr.(s)	Bank Card	MLO/ CO(s)	Security Dept.	Ops Risk	FIU Director/	IO(s)	Magistrates &	PO	Total Resp.

			Centre			Man	Officers		Prosecu tors		
	CABS	5	4	1	5	5					20
	Barclays	5	4	1	5	5					20
E	RBZ	3	2	0	5		5	5			20
F	Criminal Justice System H/Q(s)										
	Police	5									
	PG's Office	5									
	Prisons	2									
	Pvt Security	3									
	Barclays Bank		Branch managers and staff - (front and back office)								40
	CABS		Branch managers and staff - (front and back office)								40
	Criminal Justice System										
	Police	Harare.& Bulawayo - CID Fraud Squad(s)/ Gold Squad(s): O.C/I/C Crime, I.O's								50	
	PG's Office/Courts	Prosecutor General's office, Provincial Magistrates, Public Prosecutors, Clerk of Courts								30	
	ZPS-Correction &Prison Services	HRE & BYO – Chikurubi maximum and Khami Prisons HQ (HR &Security Departments)								10	
G	Table 2.0: Sample Size–Members of Public & Business Other (Bureau de Changes and MTA's +)										
	Ordinary citizens including students and, business (formal /informal) (i.e.) Bureau de Changes / MTA's, NGO's street money exchangers, and vendors, (legal or illegal)	Harare 4 <sup>th</sup> Street Couch Terminal, and CBD (other) Bulawayo Main Street / CBD								50	
		Head Offices: Harare / Bulawayo & Border towns Bureau De-changes, MTA and Business, NGOs' (+):								10	
Total											360

The findings, summary conclusions and recommendations considered in Chapters (4) and (7) are based on an amalgamation of the review of available literature and the examination of the survey data (both quantitative and qualitative), the latter being found to be significantly confirmatory of the former. And the findings reflect only the dominant trends with mostly insignificant differences in importance here and there in between the two. According to Ragin, (1987), Creswell, (1998) et al., these two research methods don't conflict with each other, rather they actually work much better as a team. Conceptually these two forms can always be put together because qualitative research is almost always the starting point when one seeks to find new

problems which will assist him/her to dig deeper into research later. Quantitative data will give one, measurement to confirm each problem or opportunity and understand it...it is designed to verify theoretical hypotheses (Ragin, 1987, Denzin, 1994, Creswell, 1998) et al.

#### **4.1.7 Validity, Reliability and Rigour:**

Arguing on the assumption that serious corruption plagues Zimbabwe today, and that a causal relationship exists between ML and corruption, the later, *(a darker shade)* of other associate predicate criminal activities such as, fraud, drug trafficking, and embezzlement and also that, (it) corruption, undermines the implementation of provisions against the former, the research, (neither technically “investigative” nor “evaluative”), sought to bring forth, analytical and factual based evidence to support this premise by way of information gathering and exploratory work which relied on a combination documentary sources, and primary data (especially the later) from the perceptions and opinions of a three tier respondent public [bank employees, CJS: (law-enforcement agents, law officers, prison officers), and, business other and members of the public), among them, those whose work is directly or indirectly related to the control of corruption and ML using questionnaire(s) as main instrument(s). In the final, made practical recommendations aimed at enhancing and implementing existing/future international, regional and local banking AML, standards. The premise was thus in the main, tested by analysing qualitative and quantitative data - coding (primary and secondary), obtained from the research using the triangulation method(s) to bring out credible findings.

**Firstly and Secondly;** An extensive desk-top review of literature from: newspaper accounts, annual company board reports, official records i.e. national statistics, police and court documents, and, research that has been conducted so far, on mainly grand corruption and ML internationally, regionally and locally relative to private banks/financial institutions and public sector spheres as victims, in order to help understand the nexus between the twin crime threats both as manifestations of mainly organized criminal activity and as catalysts to it - focusing on the nature, extent, mechanisms (formal/informal), impact (micro/macro levels) and, the AC/AML Regulatory framework(s) was carried out. Consequent to establishing levels of the

twin threats, further examined was/is literature (secondary data) from reliable research on three select study countries that have suffered and or, experienced worse or comparable cases of corruption (all types) – (grand: public, financial/economic, and/or, political), and/or, corruption and ML activities before and during the study period: Rwanda, Liberia and Georgia, and conducted a gap analysis on efforts to try and combat the scourges using regulatory reforms relative to Zimbabwe’s own experiences and AML/AC on-going reforms to be used to create robust laws benchmarked against international standards best practice in order to close gaps that have been identified as causing failures.

Also, identifications of ‘Politically Exposed Persons’ (PEPs) in Zimbabwe (some used as case study examples herein), were/was made, through extraction of secondary data particularly from exposes coming out of mainly private newspapers on a daily basis, and also, to a limited extend, primary data from control regulatory bodies, law enforcement agents-police, courts and designated agencies (other) including the Zimbabwe Revenue Authority (ZIMRA) and the Zimbabwe Anti-Corruption Commission (ZAAC). In Zimbabwe, as is the culture in rest of African States particularly those governed by ‘strong men’, information on (PEPs’) rarely comes into public domain, and when it does as “*after-the-fact*”: (through arrests, prosecution and conviction reports, and/or, by way of exposes usually through the private print media - newspapers), it’s not generally spoken about freely. The extractions mainly from the private media over the period, included plus forty (40): dealt with in the past, on-going, and/or, pending cases of actual crimes committed (within and outside the country), their perpetrators, and/or, collaborators in the related crimes of corruption and ML. This information was also analysed and validated using the alluded to (herein), triangulation method(s) of .data-coding.

In addition carried out qualitative interviews with relevant banking/financial institutions stakeholders, and carried out observations, (participant/non-participant) at Barclays Bank Operations Centre (Cnr. Speke and Robert Mugabe Road) where during voucher processing suspicious transactions reviews were conducted to confirm the practical implications of the ‘systems’ thinking and applicability. Key informants such as Money Laundering Officers (MLO’s), (RBZ) Financial Intelligence Officers, Agents (other), supervisors, managers provided useful

information (written and oral) by way of questionnaire responses and during follow-up interviews which was also analysed and validated using the alluded to (herein), triangulation method(s) of data-coding.

In order to wade logically into the subject concerning the twin phenomena(s) it was thus important, to first, discuss the common terms in the context of categories of criminal activities under which certain crimes that demand or need laundry fall. The terms ‘**money laundering**’ (ML) and ‘**corruption**’ were, adequately discussed.

#### **4.1.8 Location of the study**

Data collection (qualitatively and quantitatively) for the purpose of triangulation (cross or mixed method investigation), on this study of ML and Corruption (i.e. causes, types, dynamics and impact on Zimbabwe – case study of banks), was carried out by questionnaire (structured/semi-structured), interview and observation survey method(s) from core samples of three (3) targeted research populations, to wit: <sup>1</sup>. Banks/financial institutions represented by - Barclays, and CABS, their Security Managers and, Money Laundering Officers included, <sup>2</sup>. The Criminal Justice System cluster - (Law Enforcement: Z.R. Police, Judiciary/Courts (Attorney General’s Office Law Officers / Public Prosecutors / Clerks), and, Prison and Correctional Service Officers, <sup>3</sup>. Business (other) (formal/informal) and members of the public. Money Transfer Agencies (MTA’s) using, the quantitative and qualitative ‘head office’ postal questionnaire data sampling approach. The larger sample (-+80%) was mainly concentrated in Harare capital city, and to a lesser extent, the country’s 2<sup>nd</sup> city of Bulawayo which by mass-media accounts of the (2012-2013), post-election national population survey, had a combined population of (nearly 6 million people) - (respectively, approximately 4 million: 2 million apiece). The smaller sample (-+20) emanated from the five cluster border towns of Beitbridge, Plumtree, Victoria Falls, Chirundu (Kariba), Nyamapanda, and Mutare - (Forbes Boarder Post), with the most densely populated and most economically busy being Beitbridge. These geographical areas were selected because they hold some significance given the ‘illegality’ of activities in their environs/areas as resort and border transit towns where parallel market activities are, and/or, are rife.

The purposive criteria quantitative and qualitative sampling using the national survey 'head office' postal-questionnaire approach coupled with follow-up e-mails, and series of semi-standardized direct (face-to-face) and, telephone interviews, to collect information, and analyse where plausible, incident accounts of five or more common and predominant financial/economic criminal activities (organized/non-organized), from the three target respondent publics/sources, was employed for its attributes to a study of this kind nature as alluded (herein) already.

#### **4.1.9 Limitations to Study**

Conceivably the researcher did not encounter many imposing challenges in the search to administering of the research questionnaire instrument across the target research respondent organisations / populations within and without using one of the enabler methods: the 'Head Office' postal questionnaire service to reach out to the large sample size target respondents in representative organisations - (Barclays bank, CABS, Police, Justice Ministry, RBZ and businesses/parastatals other), this, given his background working in or associating with them.

Perhaps not unexpectedly however, the Researcher's experiences of a few limitation-imposing challenges in the following which need highlighting, even if summarily:

1. On writing seeking informed permission from gatekeepers, two designated institutions, (The Zimbabwe Anti-Corruption Commission - (ZAAC) and, (The Zimbabwe Revenue Authority – ZIMRA), declined to participate, citing confidentiality issues.
2. Death of, or lack of complete, fatty, valid, or reliable official statistical records on corruption and ML as well as PEPS activities in the country, more alarmingly given the abundance of real case studies and evidence in the public domain.
3. Death of literature on ML and its link or relationship with grand corruption in the country.
4. Paucity of knowledge and understanding as well as awareness of prevalence and micro/macro effects of the crime of corruption and ML not only by the generality of the populace, but also, by public officials, law-enforcement and



agents – the later whose work is directly or indirectly related to the prevention/control of corruption and/or, ML.

Politics of criminological inquiry considered as having, or being at play, these minor obstacles by themselves did not hinder progress of information gathering as most of the data required was of non-operational or, sensitive material but, that of crime statistics which perceivably, was/is already in private and, public domains of newspaper publishing houses, banks, criminal courts, police, archives, and the Zimbabwe Statistical Office (ZIMSTATS) – from where it could/can be accessible with relative ease.

#### **4.10 Ethical Considerations**

Ethical concerns remain the core of social research as key principle that inform, and shape, research practice (Davies and Francis, 2018). Being awake to ethical matters in criminological research is critically important, and/or, essential as it helps to prevent participants from harm. In this study, the researcher complied with the ethical requirements on voluntary participation, confidentiality, and non-maleficence. Full Ethical approval of the research was obtained from the University of KwaZulu-Natal HREC (protocols HSS/2063/017M). This allowed the study to be carried on the fieldwork and to achieve its aims.

Stressing the vulnerable character of participants in this study, the researcher was particularly concerned about the ethical issues by being sensitive to participants' experiences and avoiding judging them in the way they presented their stories (Eastman, 2007).

Generally, due to the politics of criminological inquiry between the researcher and social subjects, more so in rare, real, and/or, empirical case studies, informed permission/consent from authorities, and/or, gate-keepers was needed. Gatekeepers (formal/informal), are those people who can seek to, and/or, control the access which the researcher is permitted to have to the subjects or, research, and/or, to secondary sources such as organizational records and statistics. Because they can exercise formidable influence depending with their nature, interests, alliances and power, in certain types of investigations, gatekeepers can prevent the start of a project, and even if they do not,

they can steer the same in particular directions for their own, and/or, selfish considerations.

In this study, post research authorisation from gatekeepers, but before starting the interview(s), an information sheet explaining the purpose of the research was presented to each participant (Appendix B), who then signed the information sheet as an agreement to participate in the study. Verbal consent to participate and verbal consent for recording the interview was sought from each participant. To prevent the risk of participants being physically, morally and emotionally harmed focal attention was paid to the planning of interviews design, Babbie, (2006).

The principles of privacy, confidentiality and anonymity were strictly respected. For instance, respondents were guaranteed that their identities will not be revealed to anybody. Anonymity has been reflected in the ‘reporting’ of findings (herein) where the writer/author employs the phrase “participant”. However, due to the sensitivity of this research, the researcher assured respondents that their information will be confident and anonymous. The respondents, were also informed that participating in this study was not compulsory, and as such they were allowed to withdraw at any time from the research if they felt uncomfortable about answering the questions and during the follow-up direct or focus group(s) interview process. It can be noted that no participants withdrew from the interview process, all (360) respondents participated fully and provided the information they could.

The English language was used in the formulated questionnaires and throughout the follow-up interview process by e-mails, telephone, or, direct, and/or, face-to-face. So, all participants responded in English, expressing freely their perspectives and emotional experiences on grand corruption and ML activities that have gripped the country for close to four decades since (1983) (to date of writing). This made it easier for the project to go smoothly without glitches.

#### **4.11 Conclusion to research methodology**

Dictated to by the triangulated qualitative and quantitative research objectives, this original case study research on corruption and ML was informed by integrating two broad criminological schools of thought, and/or, conceptions, to wit; the ‘rational

choice', and, the social determinist theory, complemented by four criminological choice theories (all) meant to help in understanding corruption/corrupt criminal behaviour, and, ML.

Thus, built on empirical, multiple or mixed case study methods of enquiry in natural settings to facilitate the cross validation of sampled information on the phenomenon, the research utilised in the main, questionnaires (quantitative), administered to a cross section of a three-tier core target research population of 360 respondent public(s), to wit: Banks/financial institutions (represented by Barclays Bank and CABS); Criminal Justice System cluster (Police, Justice/Courts, Prisons and Correctional Services), and, Business (other)-(formal/informal) and, members of the general public (hereinafter) cited as [Tier 1, 2, and 3 respectively]. This was followed by qualitative method(s) of data collection, to wit; interviews and observation(s) to collect data for critical analysis from the same subjects as discussed fairly herein. This information was collated and validated using the alluded to triangulation method(s) of .data-coding. (See Chapter 5: findings).

Finally, the study in examining the extent of the twin threats embedded into each other, and, the afflictions caused to society, also, evaluated the various methods by which (it) the phenomena can be countered particularly in the identifiable sector(s) of private banking/financial sector, and also, the public sector institutions sphere using two main well developed criminological, psychological and sociological conception(s) of mainly, situationalism founded by Ron Clerk, (1980), and also, social and tertiary strategies – referred to by Gill, et al., (1998), as management techniques). The following Chapter (4), constitutes, the research findings.

## CHAPTER FIVE

### RESEARCH FINDINGS

#### 5.1 Introduction

In this Chapter, aggregated results of survey information derived from triangulated quantitative and qualitative mixed approaches of data collection, analysis and interpretation using questionnaires, interviews and observations, posing several or, almost identical questions to the segmented – cross-sectoral three-tier research study respondent population of 360, to wit: <sup>1</sup>. Banks/financial institutions; their Security Managers, ML Officers and other staff included, <sup>2</sup>. The Criminal Justice System(CJS) cluster: (The Police; Judicial/Criminal Courts and, Prison/Correctional Services) Officers, <sup>3</sup>. Business (other) and members of the public in order to try to understand the ML and Corruption phenomena, its risks and nexus – case study of Zimbabwean banks, are discussed. The three-tier / segmented – multi-stage sampling design is depicted in the table below as (Table 5.1).

Table (5.1)

**Research Respondents Segmented Target Publics: 1 of 3, 2 of 3 and 3 of 3.**

#### **TARGET GROUPS & ACTUAL INDIVIDUAL RESPONDENTS**

Valid		Frequency	Percent	Valid%	Cumulative %
1	Law enforcement	128	59.5	59.5	59.5
2	Business and general public	59	27.4	27.4	87.0
3	Banks / Financial Institutions	28	13.0	13.0	100.0
<b>Total</b>		<b>215</b>	<b>100.0</b>	<b>100.0</b>	

The analysis of the broadly considered primary survey data using the Census and Survey Processing (CS Pro.) and, the Scientific Package for Social Sciences (SPSS) Bivariate / Multivariate Analysis, and, Content Analysis method *[See: Appendix A1-A4 – Examples of Field Study Questionnaires 1 of 3 + Annexure; 2 of 3; and 3 of 3,*

*and: Appendix B*], made it is easier to quantify and benchmark opinions from the very respondents. Their sentiments substantially confirm in corroboration with existing literature (secondary data) that, corruption and laundering (all types) is/are rampant, virtually endemic and highly institutionalized in all facets of Zimbabwe's society (public and private sectors). During distribution of survey questionnaires (herein) cited as **(Questionnaire - Survey Study 1 of 3: Survey Study 2 of 3: and 3 of 3)**, condensed and wide searching/in-depth random one-on-one structured/semi-structured interviews were conducted either in person, by e-mail/what's-up messages, and or, by telephone. The alluded to three (3) segmented sample groups study questionnaires posing several identical questions as discussed in detail under "questionnaire design" of [Chapter 3] are shown in "**Appendices**" Section as: **(A-1 & A-1.1), A-2 and (A-3)**

Among the carefully considered questions, and variables, each of the 3 questionnaires and interviews collected similar data from the three segmented respondent audiences which outside demographics: age, gender, education, employment status, job title, income etc, mainly canvased on perception(s) on the two conceptual forms of twined problem white-collar crimes ML and Corruption. The focus period of investigation was (1984-2017+), and, included examinations on types, dynamics, players, distribution/manifastation, effects (micro/macro socio-economic and politic) particularly in relation to banks as victims and their vulnerabilities, risk management/ prevention, and/or, treatment advocacies. The significance of the analysed and computed demographic data from the different respondent audiences in this phased-type enquiry was to enable gauging and establishing respondents perceptions by their answers to questionnaire(s) and interview survey (structured/semi-structured) questions thought commensurate / proportionate with one's age, gender, level of education, work environment(s) history, earnings, and status, and/or, rising proportion with one's life experiences (professional, and/or, lack of it) relative to the control of the twin evils.

Generally, both corruption and ML crimes are classical examples of deviantations from established societal norms of conduct and are classified as a transgrations of the prevalent sub-cultural code conceived upon an ill-founded economic rationale. Suffice to say that both (with the former as the precipitator), are deviations from a

State prohibited practice, and/or, a deviation from a self-generated set of principles evolved from within say the (now) exhibiting Zimbabwean society (corruption culture) that started immediate post-independence era (i.e.) in (1984) with the Bernard Samson Paweni's GMB draught relief maize transportation tender corruption and fraud-led ML saga. Thus, in this triangulated survey it was thought for example that, those respondents (men and women), aged '50 something', born in the 1960s' (20 years at independence), when prior, State crime or Public/Private corporate crime was strictly controlled so as to prohibit temptation; would with their experience(s) in the bank(s)/financial institutions operations, and, the criminal justice system, as supervisors mandated to protecting banks - public finance/economic assets would have, stronger views against corruption and ML – unlike the young entrants 'so called born frees'. These 'born frees' – wannabe supervisors/managers (18 to 40 plus) (at time of survey), born after Zimbabwe's independence in 1980, thus junior in ranks and ambitious, also aspiring to be rich quick, while also having exhibited a relationship with views against the phenomena, were observed to sound slightly different feelings (i.e.) on the causes of white-collar type crimes general, and corruption and ML in particular, their causes and dynamics, micro/macro impact(s) in/on Zimbabwe, as something to be accommodated and accepted... a sign of confused cultural scenario which according to the writer/author tended/tends to legitimate financial/economic malpractices in the country's banks and public sector-parastatal enterprises (then/now).

Given the nature of the investigation (a multi-stage sampling design), it was important in the beginning for respondents of all categories to be assured that the survey was purely academic and entirely confidential, and that, their feedback/views systematically analysed aggregated results would only be valuable if the answers given were open and honest. In upholding that promise of confidentiality, majority of the completed questionnaires were collected from respondent public employ organisations Head Offices (sealed) in envelopes, while others were sent by courier service and ordinary hand deliveries direct to the researcher (all) within period specified.

As also previously stated, data for the '*qualitative analysis*' is content analysis data collected by a range of methods which include participant/non-participant

observation, and detailed interviews (face-to-face, telephonic, skype or vedio-streaming etc). This study as was intended in the beginning, gave equal priority to the two data sampling methods (qualitative and quantitative) in which data after collection was integrated during interpretation primarily to explore the ML phenomenon by (testing elements of theories and generalizing qualitative findings from different samples etc.). So by its triangulated/multiple design nature, priority, was thus, given to neither of both - qualitative/quantitative.

Based on the 2010, census, Zimbabwe has a population of about (plus) 14 million people (RBZ). This population, safely assumed to exclude (plus/minus) 4 million undocumented others living in the diaspora, is split between females (51%) and, males (49%) respectively. Most of the population is rural based, while those living in urban areas are concentrated in the economic cities/towns of Harare, Bulawayo, Gweru,, Mutare, and Beitbridge. The country adopted a multicurrency system in February 2009, this following a period of hyperinflation, (231 million percent (%)), a figure matched only to a few countries in contemporary history. Due to experiences of incessant hyperinflation that is still holding to date, large migrations of Zimbabweans to neighbouring and far away countries including the United Kingdom, United States of America, and Australia among others, have occurred since 1999, and this by itself brings issues of ML and also Corruption risks in the form of millions in illegal (inbound/outbound) remittances of money/foreign currency using both banks/financial institutions and their employees, and, underground channels as vehicles/mediators to move largely ill-gotten proceeds, making this one of the the qualitative (secondary data) and primary survey findings during one-on-one question and answer structured/semi-structured interview sessions carried out.

## 5.2 BIVARIATE ANALYSES PRIMARY SURVEYS DATA RESULTS

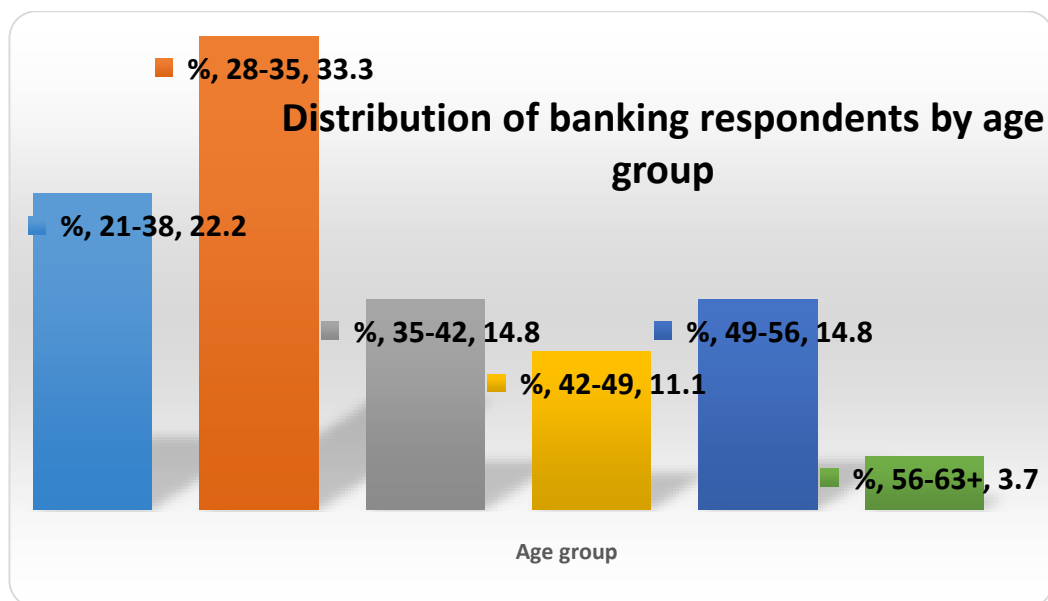
### 5.2.1: Questionnaire 1 of 3: All Banks Aggregated Primary Survey Response

Results:

Question No.1: (of Questionnaire 1 of 3):

What is your age?

*Figure (5.1): Responses to (Question 1) – distribution by one's age*



*Source: Primary data-All Banks and Building Societies Questionnaire response*

The data in (Figure 6.1) above shows that most, (33.3%) of respondents from the banking sector were aged (28-35+) years and the least proportion (3.7%) of respondents were aged 56-63+ years. The significance in the percentage response showing those in the younger or youthful grouping as higher than those in the older and ordinarily more experienced with the affairs of banking including vulnerabilities to corruption and ML crime, was more in trying to understand the population graph of the former and latter as these were/are important in diagnosing their initial reception to the historical empirical study, influences of their opinions to explanations of both corruption and ML in banks particularly and public sector in general based on age and job experience factors. Ordinarily, the response results of this variable should be read in conjunction with (optional) question(s) 2, 3, 4 and 5-

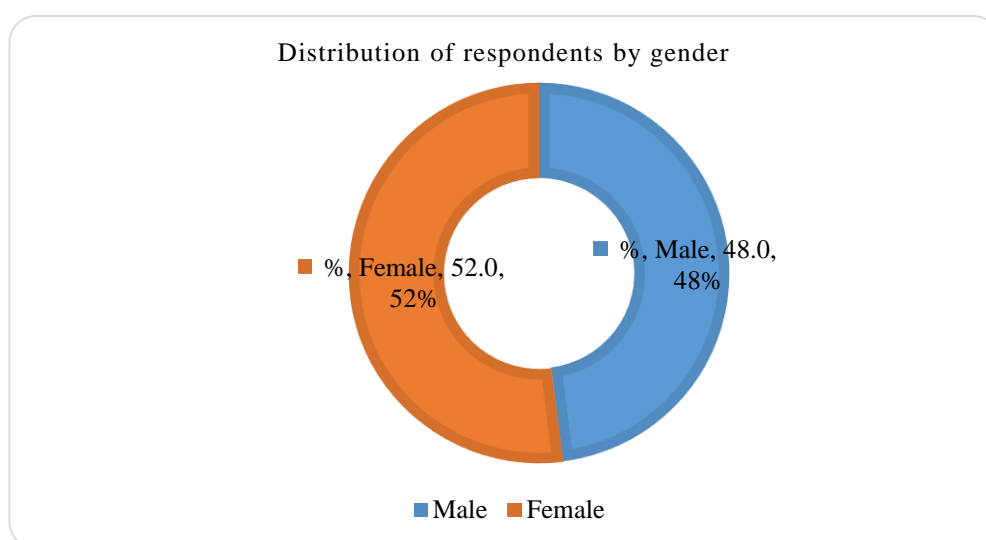


6 which seek to establish demographics (as correlates) in terms of, gender, marital status, position and work experience etc. of the surveyed samples working within the banks and public competent authority organisations, and/or, their departments.

**Question No. 2: (of Questionnaire 1 of 3):**

**What is your gender?**

**Figure 5.2: Responses to (Question No. 2) - distribution by one's gender.**



*Source: Primary data-All Banks and Building Societies Questionnaire response*

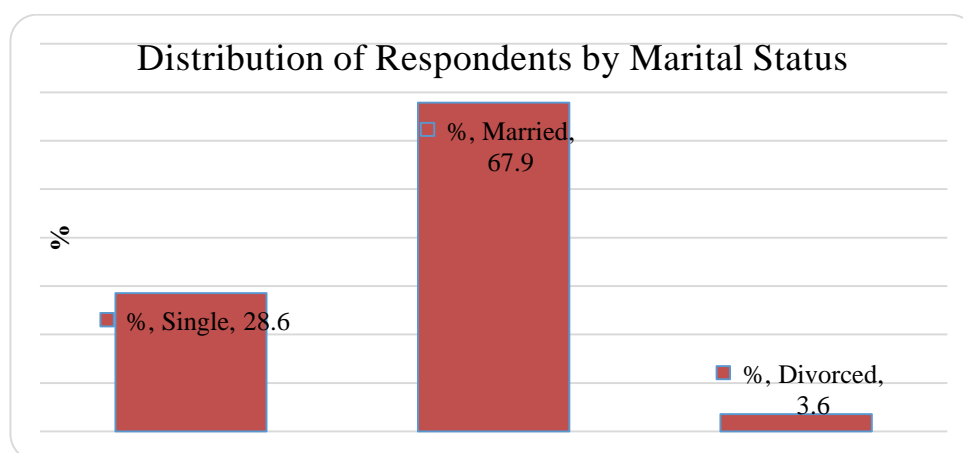
The data in (Figure 5.2), shows that, most (52.0%) of the respondents from the banking sector respondent representative sample were female, and 48.0% were male. According to this result, banks in Zimbabwe employ more female than male employee populations. This split in demographic size is apparent everywhere be it in Head Office or branch network where in the latter, females grace the reception areas, telling booths, (commonly referred as front office and, also the back office(s) (treasury and securities departments etc). While this is the case the size of female employee population ratio versus that of men does not translate into women being in leading positions in the banking sector. Men by far hold supervisory, managerial and directorship positions in banks in Zimbabwe. This demographic split in employees mirrors the demographic split found within the Zimbabwean context Generally research has shown that men, and in the specific context of this study despite their being the minority at both national and banking sector industry level, are generally

(99.9%) the majority ML corruption transgrationary behavior actors (ref???). By sampling, analyzing and computing the gender variable, the study wanted in some way to measure whether being male or female had a bearing on individual opinions on influences, types, dynamics, spread and effects of corruption and ML and combat in the context of bank/financial institutions in particular and public sector – parastatal enterprises in general. Organisation(s) in particular the public sector enterprises in general from which majority ‘presipitator’ (PEPs) and their associates targeting banks (as contextually shown in case studies herein) emernated/emernate. The result(s) thus, indicate majority banking sector respondents to being the female audiance.

### Question No. 3: (of Questionnaire 1 of 3):

**What is your marital status?**

**Figure 5.3: Response to (Question No. 3) - distribution of responses by one’s marital status.**



**Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses**

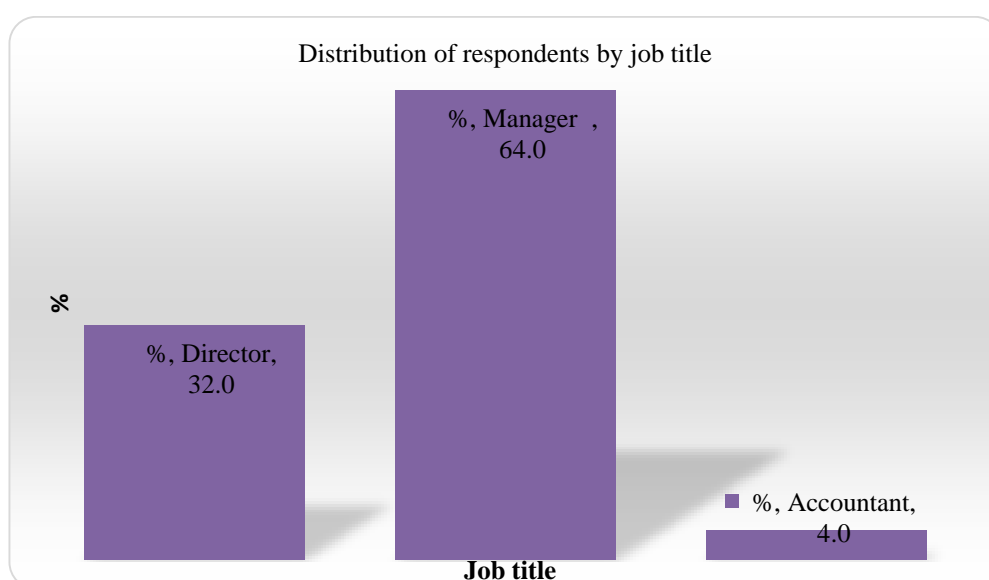
The data in (Figure 5.3) shows that, 67.9%, of the respondents from the banking sector representative sample were married, 28.6% were single and 3.6% were divorced. This result when read in conjunction with the analysis made on the gender variable question in preceding (Figure 5.2). confirms that women constitute the majority respondents even in the married status catogory whose views together with those devorced and single, and also those of the minority males, devorced and/or,

single on corruption and ML were analysed and computed to produce the cumulative results of this study.

#### Question No. 4 & 5: (Questionnaire 1 of 3):

What is your job classification?

**Figure 5.4:** *Response to (Question No. 4 & 5)- distribution of respondents perceptions by one's 'Office/Job Title'?*



Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses

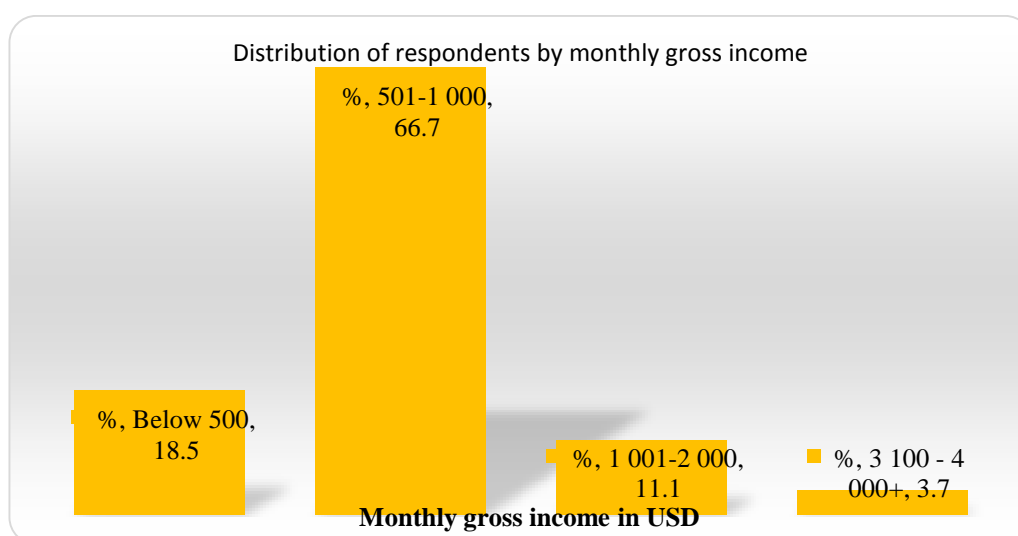
This question wanted to establish the proportion of respondents of those employed in dedicated bank's general management, function managers (operations), function managers/officer/advisor: (security department), managerial audit/risk management, and, managerial/supervisory (accountant) levels. The result(s) in this [Figure 5.4] should be read in conjunction with questions 6,7,8,9, and 10 which also seek to establish their status and seniority within respondents' organisations. The data shows that 64 percent (both male and female) are employed in different functional operations and dedicated specialist positions (supervisory, managerial, and or positions, including those in IT, security and risk management, legal and compliance roles. Also 4.0 percent (both male and female are employed as (bank trained) accountants. There was no data subscribed to the research by those in the general management level (directors) and again the only reason that can be attributed to their

lack of show as major stakeholders of the bank employee population was their being busy with other commitments.

**Question No.6: (Questionnaire 1 of 3):**

**What is your gross income per month?**

***Figure 5.5: Response to (Question No. 6) - distribution of respondent perceptions by one's monthly gross income.***



**Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey responses**

The data in (Figure 5.5) shows that most, (66.7%) of the respondents from the banking sector representative sample had a gross monthly income in the range USD 501- 1,000 and the smallest proportion of the sample (3.7%) had a gross monthly income in the range USD 3,100 – 4,000. Qualitatively those earning between \$501- \$1000 were bank employees fitting within the bracket of undesignated, and designated clerical staff (grades C – A) – (tellers and/or cashiers, chief cashiers, personal bankers and accountants designated positions of front and back office supervisors etc). Predictably those earning \$3,100 - \$4 000.00 were/are for senior managerial to general management director level.

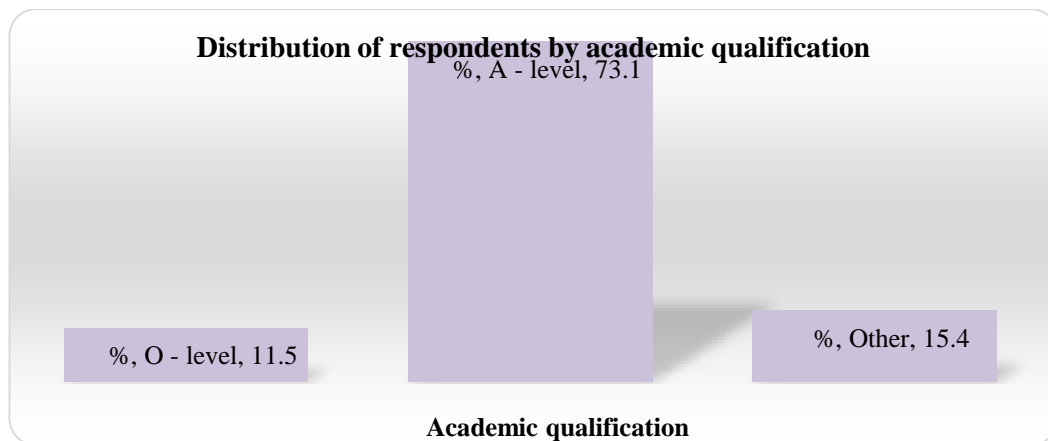
By surveying and analysing the income ranges of bank employees, the study wanted in some way to measure whether one's position and related remuneration (monthly and so forth) could have a bearing on perceptions of corruption and ML (i.e.) emergency, types, dynamics, distribution, effects and combat in the context of bank/financial institutions in particular, and, public sector – parastatal organisation(s) in general, from which majority 'presipitator' (PEPs) and their associates targeting banks (as contextually shown in case studies herein) emernated/emernate.

In follow-up interviews (structured/semi-structured) participant respondents were also asked which social, economic, political, organisational and individual factors are were/are in their opinion, important for the explanation of cases of first, corruption and second, ML which occur in their country Zimbabwe. Generally, both higher and lower income earners perceptions were that the causal factors of corruption leading to ML were/are identical. Cumulatively, the majority of both low to high income learners were that corruption at macro-level in Zimbabwe's public sector organisations and private sector business (i.e.) banks was/is among historical and cultural variables, associated with several other factors: the values and norms of individual politicians and civil servants, the lack of commitment to public integrity by leadership, organizational problems and failures, the relationship between the public sector and business driving them, and the strength of semblences of organised crime in the country legitimated, and/or, facilitated by powerful (PEPs) on ill-founded economic rationales.

**Question No. 7: (Questionnaire 1 of 3):**

**What is your academic qualification?**

***Figure 5.6: All Banks Questionnaire 1 of 3: Response to (Question No. 7)***  
***Distribution of respondenses by one's academic qualification.***



*Source: Primary data-All Banks & Building Societies Questionnaire 1 of 3 Field Survey Responses*

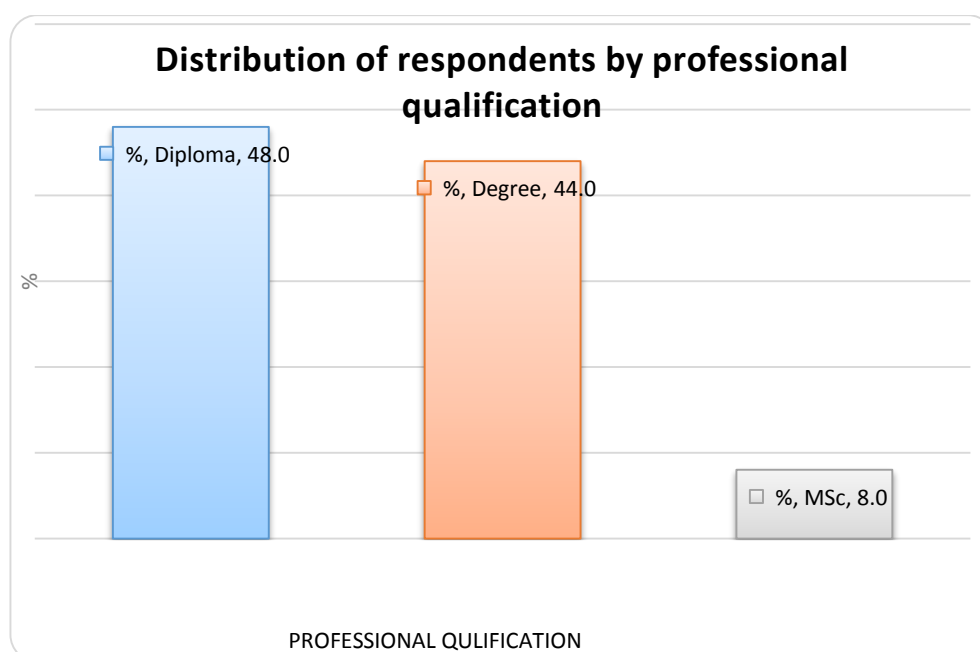
On trying to gauge respondents' conceptual and practical understanding of both corruption and ML in order to get educated data on one of the key objectives of study seeking to draw opinions on: emergency, types, dynamics, distribution, effects and combat in the context of Zimbabwe's banking/financial industry sector in particular and public sector – parastatal organisation(s) in general, for analysis and computation it was necessary to sample, analyse and compute the variable of one's level of education. The data in figure 7 shows that most (73.1%) of the respondents from the banking sector representative sample had an A-level qualification, the smallest proportion (11.5%) had an O-level qualification and 15.4% had other qualifications. Drawing from this finding the research formed an opinion that the majority (73.1%) bank employees were educated beyond the basic accepted minimum 5 'subjects' pass at 'O' level up to 'A' level. As such the majority who by nature of their job directly/indirectly help in the combat of ML and corruption showed they had basic to sufficient knowledge to respond to both questionnaire and follow-up interviews questions to satisfy the dictates of the study. This result is looked and read in conjunction with foregone questions 4, 5, 6, 7 (before it) and also, 9 and 10 (which follow). As alluded the informative (non-compulsory demographic questions 1-5 especially) generally sought to establish the respondents' level of education and other personal demographics to measure their suitability to sufficiently answer some of the variables that speak on the two conceptually broad white-collar crime subjects.

#### **Question No. 8: (Questionnaire 1 of 3):**

**What is your professional qualification?**

**Figure 5.7: All Banks Questionnaire 1 of 3: Response to Question No. 8 on:**

***Distribution of responses by one's professional qualification-(post high school):***



**Source: Primary data-All Banks and Building Societies Questionnaire 1 of 2 Field Survey Responses**

The data in (Figure 5.7) shows that the highest proportion, (48%) of the representative sample respondents from the banking sector had a diploma, 44% had a degree and 8% had a Masters degree. This result is looked and read in conjunction with questions 4/5, 6, 7 (before it) and 9 and 10 (hereinafter) which also sought/seeks responses to questions on level of high school qualification attained, earnings, job title of one's superior and job title of one's junior charge/report. Apart to measuring one's level of professional qualification if any to be able to discharge one's duties in the bank among them to help combat the prevalent complex white-collar crimes of corruption and ML, the other significance of this variable is in general to gauge the types of professional qualifications, their bearing to banking, relative to causality and control or lack of, viz; corruption and ML (internal/external). This because, qualitatively, among the historical and cultural values, education is although insignificantly included as an influencing variable to corruption, and, also ML.

**Question No. 9: (Questionnaire 1 of 3):**

**What is the job title of your supervisor or manager?**

***Table 5.2: Responses to (Question No. 9): Distribution of respondents by title of immediate supervisor /superior:***

Job title	Percentage
Teller	7.4
Supervisor	11.1
Manager	44.4
Information officer	7.4
President	3.7
Compliance officer	7.4
Data analyst	3.7
Not stated	11.1
Team leader	3.7
<b>Total</b>	<b>100.0</b>

***Source: Primary data-All Banks and Building Societies Questionnaire 1 of 2 Field Survey Responses***

The data in (Table 5.2) (above) shows that, the highest proportion, (44.4%) of the target respondents from the banking sector representative sample reported to a manager at their workplace and the least proportion (3.7%), reported to a team leader/supervisor or data analyst or president.

The conclusion to this interpretation would be that the majority respondents (44.4%) (both male and female) were of junior supervisory to none-managerial level (Grades C-A+) bank employees including security, risk and card business specialists personnel (e.g. Accountants, Front Counter Treasury Supervisors and Personal bankers , Tellers / Cashiers, but to mention a few) (whose responsibility range from direct/indirect countering of ML and other predicate offences including corruption by following AML/AC procedures and also, for others in this cluster, responsible for enforcing regulations relating to ML/AML i.e. on deposit taking procedures, to relevant employees – their junior reports such as bank tellers and card issuing and



transaction processing clerks. In contrast a minority of respondents (7.1%), (both male and female) were designated managerial grade employees (i.e. Head Office Departments, Branch, Card Centre and Agency – junior to senior managers)

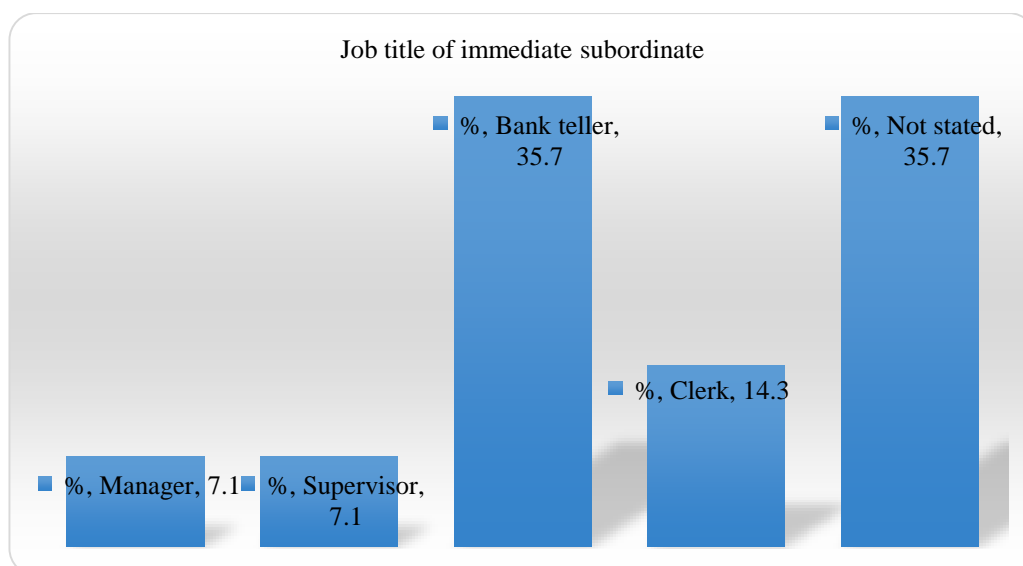
This result is looked and read in conjunction with [Question No.10] below which also sought responses on distribution of jobs and their responsibilities relative to staff adhering to and seeing to enforcement of compliance and reporting suspicious transactions requirement?

To satisfy this requirement for question (10) a follow-up to the question was made and fuller response distributions were obtained on a one-to-one interviews carried out with bank employees during collection of completed questionnaires.

#### **Question No. 10: (Questionnaire 1 of 3):**

**Staff demographics and their responsibilities toward compliance and reporting suspicious transactions?**

***Figure 5.8: Responses to (Question No. 10): Distribution of respondents by rank and file relative to their roles (administrative / clerical):***



***Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses***

The data in (Figure 5.8) above shows that the highest proportion (35.7%) of the target respondents from the banking sector had a bank teller as an immediate subordinate at the workplace and the least proportion (7.1%) had a supervisor or manager as an immediate subordinate. Further interpretation of data shows that (7.1%), of the majority respondents (both male and female) were/are of non-supervisory/managerial level (Grade C): Tellers/Cashiers, Operations Centre Clerks (other) who are responsible for day-to-day operations in branches and the Card Centre, and, the seeing to the adherence with AML regulations during taking of deposits and disbursing payments to clients on demand. In contrast the minority (4.8%) of respondents (both male and female) were in the supervisory/managerial (Grades A and B): security, risk specialists branch accountants, front counter supervisors and personal bankers etc. etc.,) – whose roles require that they receive, action and where necessary escalate suspicious transactions reports to their immediate senior report(s), senior managers, and, the Money Laundering Officer(s) (MLO) for further action (i.e.) escalation to the Money Laundering Officer up to the Financial Intelligence Unit (FIU).

The significance of this variable revolves around compliance and implementing standard operating procedures on suspicious transactions by responsible bank staff. For any person who is employed by the bank or building society, carrying out internal reporting in accordance with the administrative procedures laid down by the employer satisfies this requirement. Managers/supervisors by virtue of their administrative role thus, see to staff adherence to requirement of establishing and maintaining standards of reporting line procedures by their peers and junior staff, with particular focus on the escalation of AML suspicious transaction reports (STR's) to the authorities to counter particularly money laundering and predicate offences including corruption.

To satisfy the requirement of the question a follow-up to the question was made and fuller response distributions obtained on a one-to-one focused interviews carried out with bank employees during collection of completed questionnaires. The majority (100%) respondents (all banks, ranks/job grades) had posited/posited that they were clear on their responsibilities of accountabilities to ensure that policies, procedures,

and controls introduced to counter ML under the law - by reporting suspicious transactions among others, are adhered to always.

**Question No. 11: (Questionnaire No. 1 of 3):**

**How long have you worked for the bank?**

***Distribution of bank respondents' views on number of years worked/experience in the Banking Sector as a factor?***

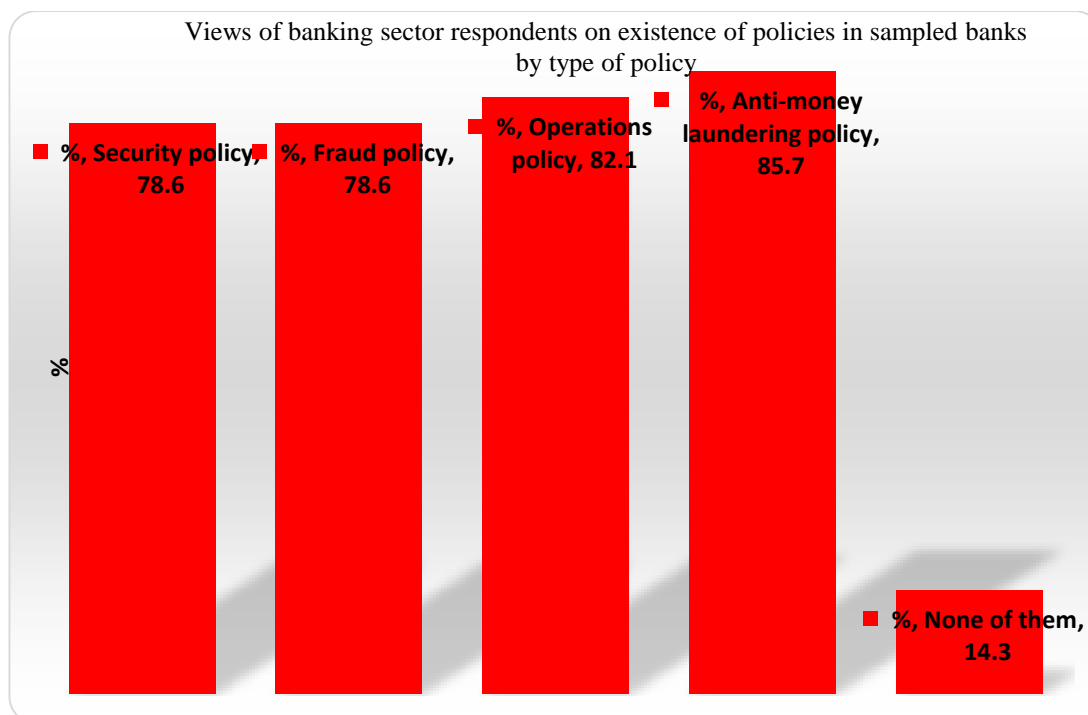
There is no separate figure to show the distribution of responses to this question. The responses in answer to Question No. 1 3, 4, 5 and 9, was/were thought to be sufficiently enough to cover this question and its purposes, considering the relativeness of the variables. A follow-up to the question was made and fuller response distributions were obtained on a one-to- one interviews carried out with bank employees during collection of completed questionnaires.

The number of years worked in the banking industry /sector by target sample respondents from the two banks ranged from 3 to 7 years with a mean of 6.5 years. The explanation accompanying this finding can mean that the average respondent had worked considerably longer in his or her bank organisation, and that each had certain awareness training on crime and crime prevention, and as such had acquired enough experience on banking related crimes particularly corruption and ML to have been able to respond effectively well to meet the objectives of study.

**Question No. 12: (of Questionnaire 1 of 3):**

**Do banks/building societies in Zimbabwe have established security and fraud prevention policies?**

***Figure 5.9: Distribution of respondents' views on whether banks in Zimbabwe Have established security and fraud policies?***



*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

The data in (Figure (5.9)), shows that, the majority of the banking sector sample indicated that their banking institutions had an AML policy in place, 82% had an operations policy in place, 79% had a fraud policy in place, 79% had a security policy in place and 14% did not have any of the above-mentioned policies in place. There could be various interpretations from this finding and one plausible one could be that those respondents who belong to the (14%) group that said banks and building societies had/have none of the policies embedded in their organisational structures, and or, operations risk management systems to mitigate inherent banking risks such as fraud, corruption and ML, either lacked knowledge depending with their job roles or positions, or were just simply ignorant and not helpful enough to the course of the research.

In terms of the Finance Act, The Reserve Bank of Zimbabwe Act ,Banks and Building Societies, Exchange control Act, , and the Bank Use Promotion Act, Section 9 (3) (b), all banks/financial institutions in Zimbabwe are required to establish clear responsibilities and accountabilities to ensure that policies, procedures, and controls are introduced and maintained which deter criminals from using their facilities for

ML, thus ensuring that they comply with their obligations under the law. Outside the central role played by the Head of Security (Security Officer/Manager), institutions may also choose to appoint a ML prevention officer to undertake the AML role.

Also according to the new ‘ML and Proceeds of Crime Act’ [Chapter 9:24] that provides a comprehensive AML institutional framework, banks and building societies are required to establish a central point of contact with the Law Enforcement Agencies [The Financial Intelligence Unit] in order to handle the reported suspicious transactions regarding ML. In terms of this Act. Banks and building societies must appoint an “Appropriate Person” referred to as the “Money Laundering Officer (MLO)” or “Money Laundering Reporting Officer (MLRO)” dependent with the scale of business to undertake this role in liaison with other AML stakeholders. Of course, the roles of the prevention officer and reporting officer can be combined, and/or, assigned to security, assurance/inspection, fraud or risk/compliance departments etc.

**Question No. 14: (of Questionnaire 1 of 3):**

**How many of the following listed sites does your bank / financial institution have?**

**Table 5.3: Responses to question on sites demographics by bank:**

	Mean number by name of bank	
	Barclays	CABS
Branches	38.6	58.3
Agencies	-	66.8
Card centres	1	1
Automated Teller Machines	57.9	67.3

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

Bank respondent representative sample publics were asked to indicate the number of sites for their bank/financial institution by type. The mean number of sites for Barclays' branches was found to be 38.6, the mean number of card centres was 1 and the mean number of Automated Teller Machines was 58.

The mean number of CABS branches was found to be 58, the mean number of agencies was found to be 69, the mean number of card centres was 1 and the mean number of Automated Teller Machines was 67.

The data in (Table 5.3) above, shows Barclays Bank, (until recently a former subsidiary of Barclays Bank Plc London), and once the benchmark for banking in Zimbabwe, where it has operated for 100 (plus) years with an impeccable track record playing second fiddle to Central African Building Society (CABS) both in terms of asset base: branch net-work. Qualitatively and quantitatively, however, the bank's ability to consistently apply high quality and strong risk management processes and controls, has have ensured the bank remains a going concern and remains amongst the top companies in Zimbabwe. This result should be read in conjunction with question 15 which also seek to establish the demographics of their employ bank organisations.

**Question No. 15: (of Questionnaire 1 of 3):**

**How many people are employed by your bank?**

**Table 5.4: Distribution of Responses to Question No. 15 on employee demographics (permanent/temporary employees) by bank:**

	Mean number by name of bank	
	Barclays	CABS
Permanent	581.3	1018.0
Temporary	24.0	193.2

**Source: Primary data-All Banks and Building Societies Questionnaire Field Survey Responses**

Respondents were asked to indicate the number of employees for their bank by type employment. The mean number of permanent employees for Barclays bank was found to be 581 and the mean number of temporary employees was found to be 24. As for CABS, the mean number of permanent employees was found to be 1018 and the mean number of temporary employees was found to be 193.

**All Banks Questionnaire 1 of 3 – Question No. 16:**

**What is your understanding of the following terms in Banking and Criminalistics?**

**16(a)-Commission/omission**

**16(b)-Offence/Crime**

**16(c)-White-Collar Crime**

**16(d)-Fin/Economic Crime**

**16(e)-Money-laundering**

**16(f)-Money-laundering**

**16(g)-Predicate Offence**

**Table 5.5: Question 16(A) – (of All Banks Questionnaire 1 of 3):**

**What do you understand by the terms Commission / Omission?’**

**Distribution of responses by bank employees to (Question No.16A) all categories:.**

	<i>Valid Percent</i>
Breaking the law	22.7
Unlawful act	13.6
Fee based or percentage sur-charge	9.1
Neglect of duty (involuntary)	4.5
Leaving out certain vital information in a transaction	9.1
Don't know	40.9
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

Bank employee respondents (all categories) were asked to define banking sector related terms: commission and omission to test their knowledge or conceptualisation of the same criminological terms as relating to banking financial/economic, and or, white-collar crime fields and responses as in ‘Table 5.5’ above were provided: Trend-wise the majority 59%, ranging from 4.5% and 22.7%, showed/shows an above average awareness appreciation of the meaning of the two criminological terms in relation to banking. The remainder 40.9 %, (mixed functionaries indicated they were not aware or didn’t know, a sign that the issue of crime prevention awareness training in banks was very weak.

**Table 5.6: Question 16(B) - (of All Banks Questionnaire 1 of 3):**

**What do you understand by the terms ‘Offence / Crime?’**

**Distrubution of responses to (Question No. 16B) by employees all categories:**

	<i><b>Valid Percent</b></i>
Illegal act/Wrongful act	52.4
Violation of an act of law	19.0
Harmful act or omission	9.5
Don't know	19.0
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey responses*

The distribution of response findings shown above indicate a trend of the majority 81% ranging from 9.5% and 52.4% showing above average appreciation or knowledge of the two-in-one criminological term(s) or concept(s). 19% ironically replied they don’t know the meaning. These findings suggests that banks and other financial institutions, along with the Reserve Bank -FIU should do more in terms Crime Prevention in particular AML Training for all rank-and-file including the most junior who man the front counters of banking-halls and often taken advantage of by launderers due to in-experience and lack of adequate appreciation of common terms when dealing and finally helping to process suspected suspicious transactions.



**Table 4.7: Question 16(C) – (of All Banks Questionnaire 1 of 3):**

**What do you understand by the term ‘White-Collar Crime’?**

**Distribution of responses to (Question No. 16 C)-by bank employees all categories:**

<b>Response</b>	<b>Valid Percent</b>
All crimes of financial and economic nature	21.1
Non-violent crime which is financially motivated	21.1
Financial crime committed at the work place	57.9
<b>Total</b>	<b>100.0</b>

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

The set of findings shown in above (Table (5.7) above, depicting a mean 21.1% of respondents as being knowledgeable or appreciative of the concept ‘White-Collar-Crime’ and the majority 79% ( $57\%+21.1\% = 79\%$ ) not conceptually savvy, even as it turned, among some high echelons of management is an indictment of very low conceptualisation of the umbrella crime-category that houses not only money-laundering but predicate offences such as corruption, fraud, embezzlement, drug trafficking and wild-life crime that ordinarily demand laundering, and or rather, produce proceeds of laundering. This is more indicative of the need for banks to do more on anti-white-collar and or, financial / economic crimes awareness training.

**Table 5.8: Question 16 (D) - (of All Banks Questionnaire 1 of 3):**

**What do you understand by terms ‘Financial/Economic Crime’?**

**Distribution of responses to (Question No. 16D) by bank employees all categories:**

	Valid Percent
All white collar and/or commercial	11.1
Non-violent crime	11.1
Crime in the financial sector	33.3
Hoarding of cash and selling it at the black market	11.1
Illegal acts committed by groups or individuals	11.1
Manipulation of figures	5.6
Don't know	16.7
<b>Total</b>	<b>100.0</b>

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

Distribution of responses in above depicts that the majority 59%, irrespective of age, position and gender are knowledgeable of the meaning of “financial/economic”. This group it was discovered during field interview surveys that their understanding stems from years of banking experience and AML awareness training in larger banking institutions such as Barclays is more like a second instinct for the group. The remainder 41% depict ignorance or lack of appreciation of the two (inter-changing) terms or concepts. Again, this was an indictment calling for banks to do more on crime prevention awareness training in general and, AML awareness training.

**TABLE 5.9: 16(E) - (of All Banks Questionnaire 1 of 3):**

**What do you understand by the terms ‘Organised Crime’?**

**Distribution of responses (Question No. 16E) by bank employees all categories:**

Response	Valid Percent
Crime committed by syndicates	15.8
Crime involving 2 or more people and planned	63.2
Harmful act arranged logically and may involve stages	10.5
Don't know	10.5
<b>Total</b>	<b>100.0</b>

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

Trend-wise, the distribution of responses to the question depicts 89%, conversant with the term(s) or phrase(s) organised crime (as described). A mean 10.5% surprisingly emphatically professed lack of knowledge. The same minor group would fit well into the mean ‘Don’t Know’ grouping as a common factor in the answers to question (16(a) – 16(e) preceding this one. Speaking to some of this group during follow-up field interviews, one would get reasons such as: lack of or inadequate crime prevention and AML training, or, inexperience, and difficult to understand the criminological terms – in an area of study (crime and law) which naturally is perceived difficult b some.

**TABLE 5.10 Question 16(F) – (of All Banks Questionnaire 1 of 3):**

**What do you understand by the phrase ‘Money Laundering’?**

**Distribution responses to (Question No. 16F) by bank employees all categories:**

	Valid Percent
Cleaning of dirty money	88.2
Act of hiding proceeds of a crime	11.8
<b>Total</b>	<b>100.0</b>

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

As shown in above table was non-the least surprising: very high with majority, 100% defining it generically correct without problem. This to say there was/is high knowledge of the meaning of “money laundering” and most respondents in the “knowledgeable” majority grouping proved to be those who would have served long in the banking sector and attended AML in-house and work-shops training/refresher courses etc.

**Table 4.11: Question 16 (G) – (of All Banks Questionnaire 1 of 3):**

**What do you understand by the phrase ‘Predicate Offence?’**

**Distribution responses to (Question No. 16G) by employees all categories:**

	Valid Percent
All criminal offences with a money laundering demand	66.7
Implied offences	33.3
<b>Total</b>	<b>100.0</b>

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

The distribution of responses to question on conceptualisation of banking sector, white-collar related term of “Predicate offence(s)” showed a high awareness to its meaning with the majority, 100% who respondent or attempted to answer getting the definition right ‘first time’.

**Question No. 17.1: (of Questionnaire 1 of 3):**

**Does your bank have a policy regarding ML/AML?**

***Distribution of respondent’s views on the existence of AML security/risk management policies in their banks in terms of the (ML) Act:***

The purpose of this question was to establish from respondents if banks in Zimbabwe have internal controls, policies and procedures as mandated by good governance practice in terms of the ML/AML Act. To deal with ML transgressionary behaviours. All (100%) of the banking sector respondents perceived that their bank(s)/building society had policies dealing with White-Collar Crime in general (e.g. fraud, corruption, embezzlement, inventory theft, insider trading and tax evasion among others) and in particular, ML, tracing and recovery of proceeds of crime in terms of the ML/AML Act. Of special mention here is that the study also sought to look at among others of similar intent, the issue of knowledge of technical terms commonly used in the area of banking security risk and management to show knowledge by respondents on the area of research study in line with one of its objectives. The question further extended to seek from respondents their knowledge on the issues of the existence and adequacies (if any), of Mutual Legal Assistance Agreements that

seek to assist the banking sector, the country at large, the region and beyond with the tracking and reclamation of stolen, laundered and illegally externalised funds relative to systemic grand corruption. It turned out that, the majority of respondents across the two target respondent banks (CABS and Barclays) did not respond to this second-tier question (partially or fully), showing a paucity of adequate knowledge on ML Act (etc.) by the majority of them and the relative absence of formal standard MLA Agreements in the country, the region and beyond – this constituting a problem for adequate examination of this particular issue/variable of pursuance and recovery by the study survey as had been intended from the majority of this target respondent public. A few that did respond were diagnosed as having sketchy understanding of what is referred to as “Mutual Legal Assistance” in the first place. The few or insignificant numbers who claimed/claim to know something about the existence of MLA Agreements between local, regional and transnational banks were/are those *mainly from Barclays Bank one of only three (plus) Zimbabwean banks/financial institutions with international/regional parentage, but yet still, such claims appeared/appear as alluded (hereto), misted by their lack of conceptual appreciation of the meaning of the term(s): “Mutual Legal Assistance” due to (as study confirmed), insufficient or lacking communication and education on legislative provisions to the banking sector and public at large in the country .*

**Question no 17.2: (of Questionnaire 1 of 3):**

**Does your Bank have a whistle blowing policy to deal with white-collar crime?**

**Distribution of respondent’s views on the existence of a ‘Whistle Blowing Policy’ for dealing with white-collar – financial/economic crime(s):**

The Whistle-blowing policy / policies are supposed to be agreed to and endorsed by the Board of Executive Management Committee(s) and promulgated under the signature of the senior executive or chairman in line with governance best practices. While the majority (100%) of the banking sector respondents perceived that their bank(s)/building society had a whistle-blowing policy dealing with white-collar crime, almost equal proportions claimed the existence of the same only on paper as they and the majority of (their) bank customers appeared misted by their lack of conceptual comprehension of the meaning of the phrase itself. Those professing non-

existence of the policy in their organisations and their poor show of appreciation of what it stood to benefit the (banks) in their answer to the questionnaire re-confirmed the same during follow-up (face-to-face and telephonic survey interviews). This by itself re-flagged the need for heightened risk communication through education and development training by those responsible in which, staff gain acceptable knowledge on trending crime prevention policy developments in the banking sector to prevent common forms of ML that banks and building societies are vulnerable to in their diverse operations on a day to day basis.

Arguably the analysed responses provide some of the most important data sampled from the primary survey in this study.

**Question No. 18: (of Questionnaire 1 of 3):**

**In your opinion which types of white-collar crimes are common in Zimbabwe?**

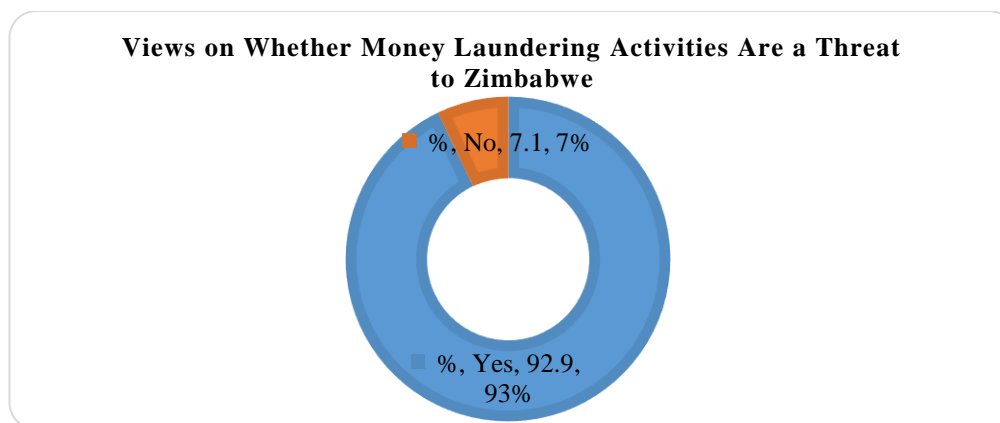
**Distribution on respondents' views on types of white-collar crimes common in Zimbabwe:**

Types of white-collar crimes common in Zimbabwe were perceived as fraud, embezzlement, corruption, bribery, ATM plastic card debit fraud and credit card fraud. Most respondents confirmed their bank organisations as having experienced and or dealt with real case study examples of white-collar crime pervasions leading to losses for the bank, and or, its clientele during the period under study (-1982-2017+).

**Question No. 19: (of Questionnaire 1 of 3):**

**In your opinion is ML a threat to Zimbabwe?**

**Figure 5.10: Respondents' responses to the question whether ML Activities were/are rampant and a threat to Zimbabwe?**



*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

Most, (93%) of the targeted representative banking sector respondents (all groups) were of the view that ML activities and the concomitant increase in financial/economic crimes are a threat to Zimbabwe. The said majority, (93%) described the threats between average to fairly serious relative to historical to immediate trends, and frequencies. The data shows that very few (7%) of those partaking in the questionnaire survey and interviews under-estimated the impact, especially of plastic card fraud, on bank organisations, customers and even the economy at large.

The finding gave/gives the impression that both Barclays and CABS respondent bank staff as representatives of other bank(s) employees are aware that their organisations are targets and will increasingly continue to be targets of white-collar crimes including card fraud given the technological advancements and security risks accompanying them.

However, further findings related to the question showed that the level of conceptual appreciation of the term ‘white-collar crime’ relative to [‘ML/AML’ / ‘Corruption’ / ‘Predicate Offences’ other], by almost half of respondents (50%) except those in the security, operations risk and the compliance areas of banking operations, ranged from low to fair. Again, this by itself re-flagging the need for heightened risk communication through education and development training in banks by those responsible to increase awareness training/education on contemporary white-collar

crimes and those capable of committing them (organised/non-organised). This as alluded, to prevent common forms of ML that banks and building societies are vulnerable to in their diverse operations on a day to day basis.

Arguably also the analysed responses provide some of the most important data sampled from the primary survey in this study.

**Question No. 20: (of Questionnaire 1 of 3)**

**What type of ML related risks are likely to impact on your bank/building society?**

*Distribution of respondents views on the types of crime likely to impact on their banking institution(s).*

The purpose of the question was to capture knowledge and understanding of the substance and chameleon-like nature of the phenomena of ML, and its major drivers (e.g.) Corruption. The majority of representative sample respondents gave out that the types of crime opportunities posing threats to banks in Zimbabwe are: fraud(s) (general, plastic debit and credit card fraud), cybercrime (including internet illegal pervasions), embezzlement, drug trafficking (national/transnational), wild-life crime (organised national & transnational), and illegal dealings in precious minerals.

**Question No. 21: (of Questionnaire 1 of 3):**

**Does your bank / building society have established security / fraud prevention and, compliance department(s)?**

*Distribution of Respondents' views on whether their bank has a Compliance Department or not:*

All (100%) of the target respondents samples from the two banks/financial institutions while confirming the view that the majority of banks/financial institutions in Zimbabwe did/do have compliance, investigative security/fraud departments, some particularly the newly formed indigenous banks the likes of Stewart Bank, and others that were new on the scene were identified during further field (informal and



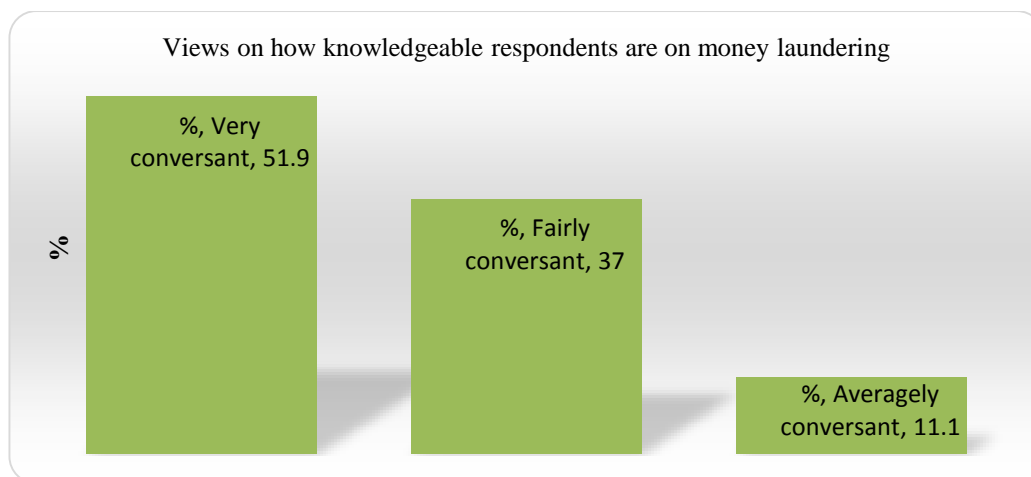
one-on-one) interviews and observations made at their (H/O) premises, as not having had fully established security, and/or, fraud prevention and compliance departments (or something similar) (at the periods in time of this study being carried out) : the major reason obtained was that (for some), they are still setting-up their internal control operations, systems and procedures which ordinarily for the researcher appeared to have taken them unusually too long considering the risks banks had faced and, continued to face then and post the research. Concurring all those sampled / interviewed observed the need for a bank to have fully-fledged enforcement regimes within their organisation in order to safeguard bank assets including human capital.

Banking regulations (Internal Control Policy & Procedures) require all banks and building societies to establish a central point of contact with the Law Enforcement Agencies in order to handle the reported suspicions of their staff regarding ML it was observed, and/or, reminded to them. According to the Act, Banks and Building Societies must appoint an “Appropriate Person” (“Security Officer, Risk/Fraud Prevention Officer and Money Laundering Reporting Officer”) to take up this role. A bank or building society may choose to combine the role of the Security Officer, Risk/Fraud Prevention Officer and ML Reporting Officer) depending upon the scale and nature of business etc.

**Question No. 22: (of Questionnaire 1 of 3)**

**Knowledge of ML / opinions on factors considered responsible for its prevalence in Zimbabwe?**

**Figure 5.11: Respondents views on their knowledge of ML, and their perceptions on factors they consider responsible for its prevalence in Zimbabwe.**



*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

The question sought to test banks target sample respondents conceptual and practical knowledge of the term Money Laundering, and, their perceptions/opinions on factors considered responsible for its emergency, prevalence in Zimbabwe particularly relative to its targeting of the banking sector.

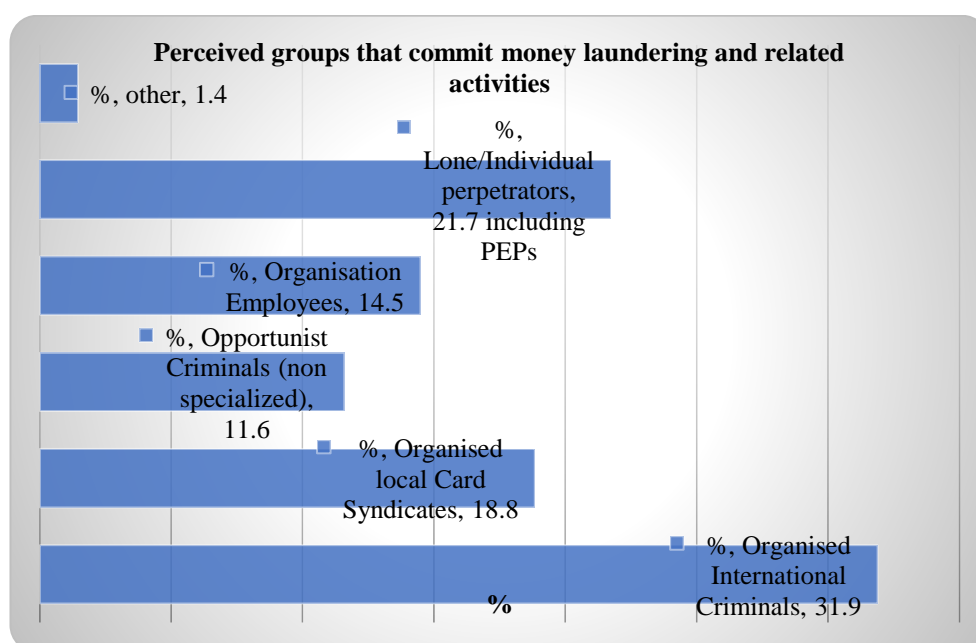
The graph, (Figure 5.11) above, shows that 52% of the sample respondents perceived that they were very conversant with activities of ML, and, the risks it poses to banks/financial institutions, coupled with one of its major predicate offences – corruption, while 37% said they were fairly conversant, and, 11% said they were averagely knowledgeable. Firstly, on the conceptual meaning of the term/phrase ‘money laundering’ as to denote: “process of cleaning dirty money...preferably using banks” and secondly; on their perceptions/opinions on factors considered responsible for its emergency, prevalence in Zimbabwe. Notwithstanding the delineations in conceptual and practice appreciation of the term ML and perceptions/opinions on factors considered responsible for its prevalence in Zimbabwe of most (52%), fair to average (37%), and (11%), all tended to identify the power of PEPs and bribery/corruption of law-enforcement personnel as factors. Also, regardless of differentiations among the three influencing factors however, they also all indicated, official corruption (political, policy or administrative) or its consequence. For instance, weaknesses of laws and sanctions could be pondered as safeguards against effectiveness in enforcing AML regimes that are comparable to FATF and Basel Committee International Standards acceptable standards respondents orated during

later interviews (formal/informal). The lack of political will to allow the criminal justice system (CJS) (police and judicial authorities) sufficient independence to implement the rule of law or allow even the invocation of the process against exposed persons/cases as revealed by qualitative data including media sources it was revealed.

**Question No. 23: (of Questionnaire 1 of 3):**

**By category of non-organised/organised players, who in your opinion commits ML & corruption in Zimbabwe?**

**Figure 5.12: Respondents views as to who by category of organised/non-organised players is responsible for committing ML & corruption in Zimbabwe:**



*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

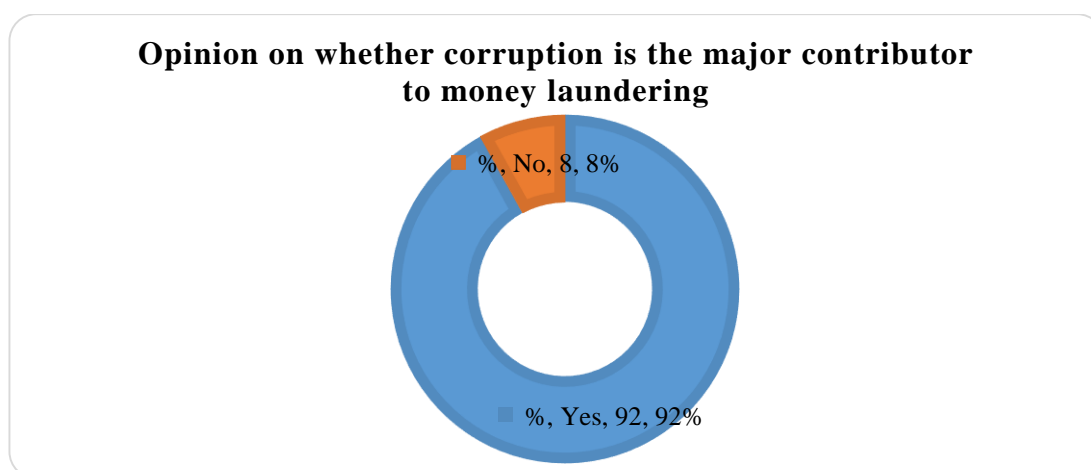
The data in (Figure 5.12) above, shows that the highest proportion, (31.9%) of respondents perceived/perceive organized criminal international criminals as players in ML criminal activities usually to hide ill-gotten proceeds from preceding predicate offences including corruption, fraud, embezzlement, and related crimes that pose a risk not only to the banking/financial sector but the economy of Zimbabwe at large. The other 18.8, cited organized local card syndicates, while 21.7% cited individual

perpetrators including politically exposed persons (PEPs), and 14.5%, cited organization employees, and finally 11.6% cited opportunist criminals (non-specialised). The finding by second majority (21.7%) identifying “power” of PEPs and corruption and ML was/is significant as it confirms the finding in (Question No. 22) (Figure 5.11) preceding, suggesting official corruption combined with bribery (political, policy or administrative) or its consequence apart from producing the proceeds for laundering, helps in obstructing the effective functioning of law-enforcement agencies for the prevention and control of laundering.

**Question No. 24: (Questionnaire 1 of 3):**

**What in your opinion is the relationship between corruption and ML?**

**Figure 5.13: Respondent views on the relationship between Corruption and ML looking at Zimbabwe:**



*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey responses*

The statistic on the graph above shows that the majority 92% of respondents, regardless of age, gender, position and income, perceived that all forms of corruption, but particularly political corruption by PEPs is the major contributor to ML in Zimbabwe. Eight percent of respondents were of the opposing view, refusing to acknowledge the fact that corruption is major driver of ML in Zimbabwe.

The finding from the lower proportion (8%) was not peculiar as its conceptual definition is very complex and several factors would by its very chameleon-like nature make having a consensus on its influences/causes and/or, who the major players are, up to the successful way of preventing/treating it a bit problematic. This brings to the fore the issue of education and development through awareness training in banks, business general and even civil society for it to be conceptually heightened on the symbiotically related crimes – corruption and money-laundering) – the former generating ill-gotten proceeds that demand hiding by the latter. It would not be an understatement to observe that from this set of results, despite the variance bank employees would do with education on what exactly corruption implied in a wider context apart from the common maxim of: ‘receiving a favour for doing or not doing’ common cited by the non-experts.

According to Rose-Ackerman (1978), Caiden (2001), Schinkel, et.al., (2004), political corruption for example is the use of legislated powers by government officials for illegitimate private gain. Misuse of government power for other purposes, such as repression of political opponents and general police brutality, is not considered political corruption. Neither are illegal acts by private persons or corporations not directly involved with the government. An illegal act by an officeholder constitutes political corruption only if the act is directly related to their official duties. Forms of corruption vary, but include bribery, extortion, cronyism, nepotism, patronage, graft, and embezzlement. While corruption may facilitate criminal organised enterprise such as drug trafficking, ML, and human trafficking, it is not restricted to these activities. For example, certain political funding practices that are legal in one place may be illegal in another. In some cases, government officials have broad or poorly defined powers, which make it difficult to distinguish between legal and illegal actions. Worldwide, bribery alone is estimated to involve over 1 trillion US\$ (dollars) annually. Generally, a state of unrestricted political corruption is known as a kleptocracy, literally meaning “rule by thieves”. The majority 92% who were interviewed in groups, and, some on a one-to-one basis in the comfort of their work environments confirmed this state of affairs as one obtaining in the country making corruption by (PEPs) one of the perceived major contributors to ML my many, followed by other common predicate offences such as fraud, externalisation of funds, illegal dealing in precious stones (particularly

diamonds), insider dealings (questionable low interest bearing loans by bank bandagers to the country's ruling class elite or other major clients of the bank), increasing credit risk etc.

**Question No. 25: (of Questionnaire 1 of 3):**

**In your opinion what is the relationship between corruption and ML?**

**Table 5.12: Respondent views on relationship between Corruption and ML**

	Percent
Corruption calls for hiding of proceeds of (ML)	94.1
It involves not telling the truth	5.9
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Responses*

Most (94%) of target sample respondents perceived that corruption calls for hiding of ill-gotten proceeds of crime, and/or, demands laundering of its ill-gotten gains which then leads to money laundering. Whereas the remaining (6%), opinionated that corruption involves a deceit, or, not telling the truth which is also an important ingredient of predicates crimes like 'fraud' that lead to money laundering. What is significant with this result is that both majority (94%) and least (6%) tend to converge on the '*doing*' part-play of '*ML*' *action*...'hiding the ill-gotten proceeds generated illegally usually by preceding act(s) of 'predicate' offences such as say, '*public corruption*'. This suggesting official corruption usually compounded with bribery (political, policy or administrative) or its consequence apart from producing the proceeds for laundering, helps in discouraging the effective performance of the law-enforcement agencies and the entirety of the criminal justice system to prevention an fight ML. Such is the nexus between corruption and ML.

**Question No. 26: (of Questionnaire 1 of 3):**

**Which of the listed AML internal security organs are present and optimally functional in your bank (In-House)?**

**26. (A) Investigative Security/Fraud?**

**26. (B) Operations Risk Departments?**

## **26. (C) Compliance?**

Quantitatively, all (100%) of the target respondents from the two banks/financial institutions confirmed the existence of in-house compliance, Security/Fraud/Investigative Department(s), Operations Risk, and Compliance Department in their respective organisations (across sector). Cumulatively all these entities carry out varying functional security roles but in different facets that dovetail towards one goal: crime and loss prevention to safeguard bank assets by implementing best practice, security risk and national and international governance regulatory policy recommendations. The distribution of target respondent views on each of the security entities are covered in the next question [No. 27.1 to 27.9].

### **Question No. 27: (of Questionnaire 1 of 3):**

**Whose responsibility is to carry out functions of in the following areas of banking?**

- 27.1 Security and or, Fraud investigations
- 27.2 Card Fraud Investigations
- 27.3 CCTV Monitoring
- 27.4 ATM Security
- 27.5 Vault/Strong-room security
- 27.6 Asset Protection (Cash-in-transit)
- 27.7 Premise or Facility Security
- 27.8 IT/ICT Security
- 27.9 RBZ (Reserve Bank of Zimbabwe)

**Table 5.13: (Question .27.1) - Distribution of opinions as to whose responsibility it is to carry out functions in the following specified specialised areas of security in the bank.**

	Valid Percent
Security and fraud manager	39.1
Fraud department	26.1
Forensic consultant/Department	8.7
Investigations officer/department	21.7
Don't know	4.3
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Survey Response*

The majority (100%) of respondents from the two representative banks/financial institutions perceived that security and fraud investigations were a functional responsibility of the Security Department, and or, Fraud Investigations Departments, headed by a Security Manager, and or, Fraud Prevention Manager/Officer (the actual title of the incumbent head of department being usually a prerogative of the employ bank organisation). The Security Manager/Officer is the content person responsible for organisational security/fraud and investigation policy/policies. He or she is also responsible for contracting hired guarding services as banks in Zimbabwe, except for RBZ, are not in the business of engaging (recruiting, training, and employing) their own (in-house) security for premise, facility of asset protection. The function of a Security Manager in a banking environment is one of important responsibility requiring knowledge, skill, and professionalism in the facets of: banking, accounting, finance, and also being a law and crime related field, a background in crime policing (public/private), criminal procedure/law of evidence, and risk management. This to mean, a background in the police, legal, and investigative forensics would be an added advantage. All (100%) respondents, concurring, posited that the current crop of incumbent heads of security departments and associate functional Sectional/Units assistant security/fraud managers in Barclays Bank and CABS were/are perceived to have the right credentials for their jobs.

**Table 5.14: (Question .27.2) - Respondents' views on whose responsibility among the entities listed is responsible for carrying out bank 'Card Fraud' Investigations.**



	Valid Percent
Fraud and forensic team/department	52.4
Chief security officer	4.8
Investigations department	14.3
Compliance department	23.8
Risk officer	4.8
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Research Responses*

Qualitatively, all (100%) targeted respondents from the two representative banks/financial institutions perceived that Card Fraud investigations were a functional responsibility of: Card Early Identification Manager, Card Fraud Manager - reporting to the Group Security Department – Head of Security, and or, Senior Security & Investigations Manager or Forensic Manager. A specialised area, the Card Early Identification Manager, Fraud Manager, and or, Security Officer is the content person responsible for (all) Card Security and Fraud Investigation, and Prevention Policy implementation in line with organisational objectives. He or she is also responsible for implementing AML prevention procedures, communicating with acquirers (e.g. VISA, MASTERCARD, AMEX), and other member issuer banks Card Centre/Security, Fraud of Forensic managers, the RBZ, competent authorities, and, other stakeholders: on STRs relative to prevention of same. The function of a Security Manager in a banking environment is one of important responsibility requiring knowledge, skill, and professionalism in the facets of: banking (branch management, credit risk management), card business (acquirer/issuer knowledge), and being a law and crime field, a policing (public/private), criminal law and procedure, and management backgrounds. Not surprisingly, all (100%) respondents perceived that their heads of card security and fraud investigations were perceived as having some of the required credentials for the job, were not thought to be adequately knowledgeable in the highly specialised card crime prevention, investigation, and combat. This seeing by, the way numerous case studies of card fraud are handled – leading to acquittals or natural deaths of the cases to the loss and prejudice of banks.

***Table 515: (Question .27.3; 27.5; 27.6) - Respondents' views on whose responsibility it is among the entities listed to carrying out, CCTV Monitoring of ATMs, vault, and CIT operations in banks?***

	Valid Percent
Physical security team/department	75.0
Forensic consultant	10.0
Branch managers IT and security	15.0
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Research Responses*

Qualitatively, all (100%) targeted respondents from the two representative banks/financial institutions perceived that CCTV monitoring another specialised and highly technical area, were, a functional responsibility of the Security Department – Head of Security, and or, Security Manager. He or she is responsible for outsourcing electronic security services from private integrated security systems service providers. The function of a CCTV monitoring specialist in a banking environment is one of importance that requires knowledge, skill, and professionalism in integrated electronic security systems (fire engineering, access control and computing engineering (hardware and software analytical auditing skills). Not surprisingly, most respondents while perceiving that their heads of security have some of the required credentials for other security roles, they were/are thought not to be adequately knowledgeable in the highly specialised area of electronic security, including CCTV monitoring. The concept of CCTV monitoring is fairly new but not well established in Zimbabwe and banks for lack of targeted threats from activities such as armed robberies cash heists have not climbed the bandwagon to spend on the expensive gadgets yet and given the bank security a reprieve for their need to adapt and equip themselves with the requisite knowledge to mitigate against predicate offence risks.

Worried about the findings from respondents to the question, bank security departments noted the need increased investment in security technology and for increased ‘risk communication’ and education for banks in the sector.

**(Question 27.4):**

**Distribution of respondents’ views on dedicated security for ATM Security and adequacy of the protective measures:**

The majority (100%) of respondents from the two representative banks/financial institutions perceived that ATM Security in their organisations were a functional responsibility of the Security Department – Head of Security, and or, Group Security Manager. In a devolved system which creates a subordinate specialised function post within the security department, a Premises or Facility Manager, who reports to the Head of Security and or Group Security Manager takes up direct charge. Even with a central alarm monitoring system which at one point was well established in Zimbabwe (an ideal alternative to man guarding) still working, the majority of respondents, because of new frauds and ATM busting techniques of (ram raiding) common in western countries and more nearer to home in South Africa, which they say can be exported to Zimbabwe, the majority respondents perceive that it is ideal that all bank ATMS be protected on a round the clock basis by a guard, assisted by electronic supervision of the restricted area to meet the bank customer's expectations of standard risk, security and safety needs.

**(Question 27.5):**

**Distribution of respondents' views on adequacy of protective security to banks vaults/strong rooms in the country:**

Qualitatively, the majority 100% targeted respondents from the two representative banks/financial institutions perceived that Vault Security in their organisations were an immediate functional responsibility of the Branch Manager and the Head of Security, and or, Group Security/Risk Manager, with included among others: Securities/Asset Management Department, Branch Manager Despite law risks of armed robberies targeting banks per se (branches), the majority of respondents including security managers applaud the current practice of (one or more guards outside or inside the branch during working hours assisted by an alarm system connected to the police, and or, more ideally to private-commercial security monitoring reaction team like Facets, Guard Alert and Safeguard here in Zimbabwe. Unfortunately for Zimbabwe banks the breakdown in (all) systems, have meant the death of the centralised alarm systems that once thrived as a security effort to satisfy customer expectations of protection of their person and assets held by the bank itself.

**(Question 27.6):**

**Distribution of respondents' views on responsibility of (Cash-in-transit) operations (by-bank) and adequacies in Zimbabwe:**

The majority 100% of target respondents from the two representative banks/financial institutions perceived that Asset Protection (Securities) and (CIT) in their bank organisations were a functional responsibility of more than one department but rather a coordination effort of Operations Risk Director, Security Manager, Securities/Asset Manager and branch manager. The actual (CIT) role is for practical and logistical risk management best practice, performed by commercial private security companies who have the expertise, resources and manpower.

**Table 5.16: (Question 27.7) - Respondents' views on whose responsibility it is for bank Premises Security in Zimbabwe?**

	Valid Percent
Physical security department	76.9
Security manager	15.4
Each employee property department	7.7
Total	100.0

*Source: Primary data-All Banks and Building Societies Questionnaire 1 of 3 Field Research ResponseS*

Most (76.9%) of the respondents while privy to the knowledge that most banks had a Premises Department which over-saw to bank buildings maintenance, security and safety issues, perceived that the responsibility of 'Facility' or 'Premise' security should be shared a responsibility between the 'Premises Department' and the Security Department under a dedicated 'Physical Security' section preferably headed by a security official who reports to the group Security Manager. Fifteen percent (15.4%) of the respondents indicated that 'Premises Department' security should definitely be a remit of the bank's Security Department, while a lessor proportion of those who "agreed" to a certain extend averaged (7.7%), this, bringing the total proportion of those who agree with the notion that 'Facility/Premise' security be the remit of the Security Department to (23.1%), which rise to majority (100%) when combined with (76.9%).

Security managers also concluded that bank/financial institutions facilities, and/or, premises (branches, agencies, and their intermediaries) at which common forms of laundering and corruption are attempted, or take place, which also includes ATM booths at merchant premises (shopping malls included) at which the predicate offences of fraud, robbery and even vandalism can occur leading to laundering, are too strategically important to be left alone to none-expert security people to oversee their protection. The placement of contracted, and/or, outsourced guards services (24/7), and, bank commissionaires (day duty), outside and inside should banking halls, cash depots, ATM booths etc., should still be maintained as part of the security effort to satisfy the bank's customer's expectations of safety at banks/financial institutions premises/installations.

**Question No. 28: (28.1-28.3 & 28.4) - (of Questionnaire 1 of 3):**

**In terms of purpose what are your views on the operational efficiencies of the following AML agencies of your bank, and/or, of other banks?**

**28.1 Security/ Operations Risk Department(s),**

**28.2 Internal Audit Department,**

**28.3 Card Fraud Early Identification? And,**

**28.4 Compliance Department?**

**Firstly;** on (Question 28.1 – 28.3): on distribution of responses on the individual bank(s): Security/Operations Risk, Internal Audit Department; and, Card Fraud Early Identification efficiencies/non-efficiencies. This question was to establish the perceptions of respondents on the operational efficiencies, and value for money of: The Security/ Operations Risk Department; Internal Audit Department; and, Card Fraud Early Identification; to their employ bank organisation(s)?

Expectedly, in their responses, the majority (100%) of the respondents from the two representative bank population perceived effectiveness of their remits in enforcing regimes to prevent, and/or, combat ML in their bank organisations from fair to good. This suggesting the respondents were respectively satisfied with the levels of operational efficiencies of their organisation(s) four-in-one (optimal-mix) security, and, risk management/governance gate-keeping entities roles (albeit) working

differently in their specialised chambers, to fight ML. While this response fitted well with the two banking/financial sector representative samples (Barclays and CABS) which because of their robust asset bases and risk management operations systems survived first; the hyperinflationary environment of (minus) (2003, to 2008), and second; the (now) deflationary and even more troubled Zimbabwe economy's murky waters which, respondents, opinionated and agreed by a majority vote as part responsible to influencing crime in particular bribery/corruption and fraud in less fortified banks and public sector institutions leading to ML, the research felt the same cannot be said of the small indigenous banks – the majority of which were (new kids on the block) and were found wanting as regards to established standard security systems, financial/economic specialist area investigative techniques expertise, ethical and corporate risk governance issues hence the demise of some that were caught in cross-fire.

Thus some of these smaller and less fortified banks/financial institutions have been associated with inherent institutional operational systems and administrative control fissures and internal that both government/public and banking organisations corrupt officials took and continue to take leading to organisational financial/economic failures, and/or, disasters of (1982 to 2016), as those that primarily dogged banks discussed in the case studies herein. Corruption conceptualised broadly, is the foremost impediment to the effectiveness of AML combat efforts, and money-laundering by itself cannot thrive without corruption or vice-versa. Poor conceptualisation of both corruption and ML could thus also have contributed in a smaller way to reduced efficacies by security organs of those smaller to medium banks caught in the infamous ENG Capital Asset Management and Roger Boka's United Merchant Bank corruption and ML scandals. These among others include as it were: First Mutual Asset Management, Century Discount, National Discount, and, Renaissance Merchant Bank; and,

**Secondly;** on distribution of respondent responses to Question 28.4: on efficiencies/non-efficiencies of banks 'Compliance Department(s)' in their AML role?

The purpose of this question was to establish respondent perceptions on the operation efforts and efficiencies of their bank's Compliance Departments. Expectedly the majority, (92%) of the respondents sampled from a small cluster of middle to senior level employees including respective two heads of departments from the two research population banks perceived that their Compliance Departments were effective in their mandates to countering emerging AML compliance risks by fulfilling thousands of often new and broad mandatory national and international regulatory obligations. The remainder, 10% by contrast, not surprisingly, blamed most banks, by this they meant smaller emerging local financial entities, which grouping suffered heavily in the bank scandals that rocked the sector in the past two decades, as culprits for non-compliance amidst challenging economic environment, suggesting most Zimbabwean banks' current compliance management approaches fall short.

In Zimbabwe, the study uncovered that the '*Compliance Department*' unlike the Security Department in many a bank, has always been a one-to-two office operating mostly in an advisory capacity, not having to work on actual risk identification / management per se. With the changed regulatory environment and complexities brought about by broader operational and business risks, the staff in both larger (international banks and smaller emerging local banks alike), are finding it tough to reinvent themselves said other non-compliance observers and commentators when interviewed. Among cited short comings of the compliance function in Zimbabwean banks have been that:

- They have failed to evolve to encompass new risk sources such as channel, product, customer, and operations as end-to end processes of its framework. The end-to-end framework, according to new international regulatory bodies such as the FATF, Basel Committee and World Bank, seamlessly integrate myriad AML regulatory mandates and make it easy for the 'compliance' function to be easily accessible and understandable by all concerned stakeholders etc.
- They are seen as sorely still focused on 'high-risk to the banks bottom line' business areas in many smaller emerging indigenous owned banks.

- The compliance responsibilities for a centralised (GRC) function versus that of the LOBs are not clearly defined particularly in smaller emerging ‘indigenous owned’ banks.
- Generally, banks, building societies and post offices in Zimbabwe have for some reasons, it was observed, a bias of recruiting ‘Compliance Officers’ from a law profession, and/or, legal background. Maybe one would conclude, it was thought, because of the need to heighten the global ML controls in line with international guidelines dictates which require expertise in the interpretation and guiding organisations on new and complex revised regulations, that in some cases, get even more intricate due to individual countries regulators’ discretionary judgements that demand trained legal minds.

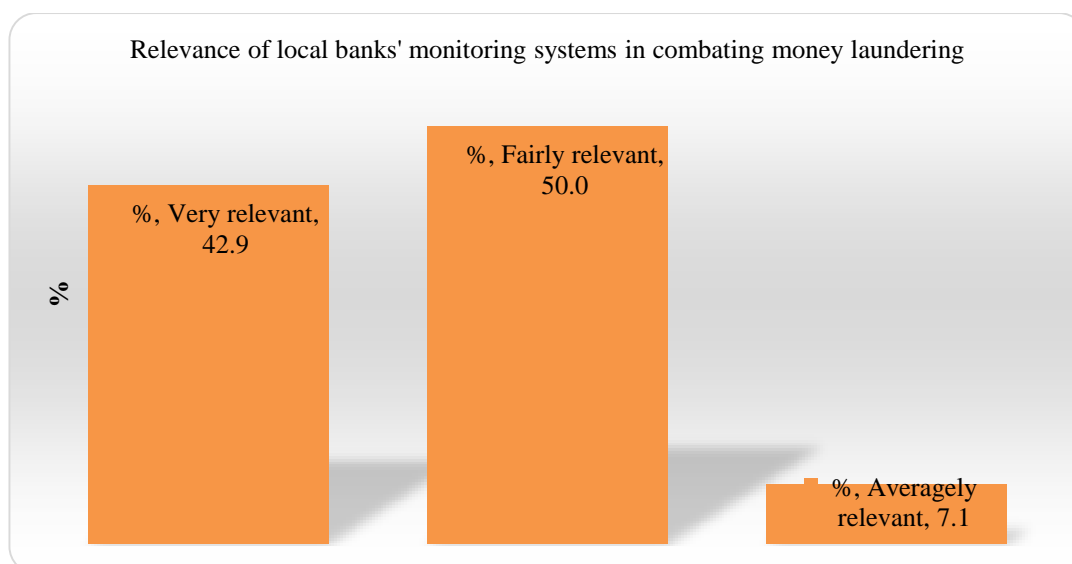
On the general, the researcher also observed that these discoveries resonate with perception from abundant other research findings which posit that in recent years, managing regulatory compliance has become enormously challenging for banks, more so with the incessant onslaught of new or revised AML and the aggressive ‘take no prisoners’ approach of many regulators across the globe.

**Question No. 29: (of Questionnaire 1 of 3):**

In terms of both operational efficacy and value for money, how much do you rate the following bank internal AML agencies /organs?

**Figure 5.14: Distribution of respondents Views on Banks Anti-Money-Laundering (AML) STR Monitoring Systems in Zimbabwe?**





*Source: Primary data-All Banks and Building Societies Questionnaire response*

Data in figure above shows that, the highest proportion (50%) of banks respondents (men/women) including among them security managers viewed the local bank monitoring systems as being fairly relevant, while 42.9% bank respondents (men/women) viewed the systems as very relevant, and 7.1% viewed the crime prevention systems especially those meant to combat ML and corruption in banks/financial institutions as averagely relevant. The average proportioned (7.1%) bank respondents (both men and women), argued among other issues that generally and in specific terms, data sharing between bank administrators which concerns: (transfer, sharing, interconnections and exchange of personal and customer data between public agencies and bank administrative authorities in bank card and electronic fraud related issues) was not robust enough to deter serious crimes such as corruption and ML.

Overall, it was observed from analysed data and from opinions/submissions made during follow-up interviews and analysis of results that, bank administrators (mainly for the indigenous financial houses), have been, and continue to be in the practice of developing risk-based management approach frameworks as these would not be in place at the various times each of (them) banks starting operations after successful registration etc.

Also captured, was that, the quality and use of financial intelligence is less developed in the country's banks and the RBZ BUPSM Unit itself mainly due to constraints of shortage of Compliance Officer(s), expertise and resources and capacity building. Majority of respondents concurred that financial intelligence as a risk management tool would help to: <sup>(i)</sup> BUPSM (FIU) conduct proper analysis of suspicious transactions reports received from banks, and, <sup>ii)</sup> Also carry out concurrent financial crimes investigations to identify and flush out ML/Corruption linked and other financial crimes linked suspected cases.

The analysis also illustrated that there were no feedback mechanisms in place from the RBZ BUPSM Unit linking reporting institutions on the 'Suspicious Transaction Reports' (STRs) filed mainly from the bigger banks (international and local), and the Police (CID Frauds and Border and Minerals Unit), National Prosecuting Authority (Serious White-Collar Crimes Prosecuting Unit), and other law-enforcement agents (including ZIMRA and NECI as designated agents in terms of the ML/AML and ATF, and, Anti-Corruption Act) to initiate or support suspected ML, TF and Corruption reported cases.

The two study sample banks have between them plus/minus (96) corporate and retail branch business premises located around the country mainly in towns and at growth points, and, with their headquarters situated in the central business district of Harare for Barclays Bank, and the prime Northern suburb of Borrowdale, Harare for CABS. In certain towns except Harare, banks other than the two which, qualitatively have been in operation in Zimbabwe for more than (100) years before the advent of shopping malls, have their branches in city centre malls. According to Chikomba (2014) malls are located in city/town centres, and important to note here is the types of clientele that get attracted to malls and opportunities generated for crimes such as shoplifting /employee theft and potential triggers for drug abuse and violence, among others crimes, some with a laundering demand.

**Question (No. 30): (of Question 1 of 3):**

How many recorded incidences of listed crimes known to you have occurred within your Bank/Financial Institution

**Table 5.17: Respondents views to question on the ‘mean’ number of recorded incidences of common crimes reported in the previous 12 months by type category**

Job category	Number of incidences remembered by job category		
	Managerial	Clerical	Overall
ML	3.5	-	3.5
Corruption	1.0	-	1.0
Card Fraud	69.3	113.4	101.4
Cheque Fraud	-	1.0	1.0
Tax evasion	0.0	1.0	1.0
Smuggling	0.0	2.0	2.0
Embezzlement	2.0	3.0	2.7

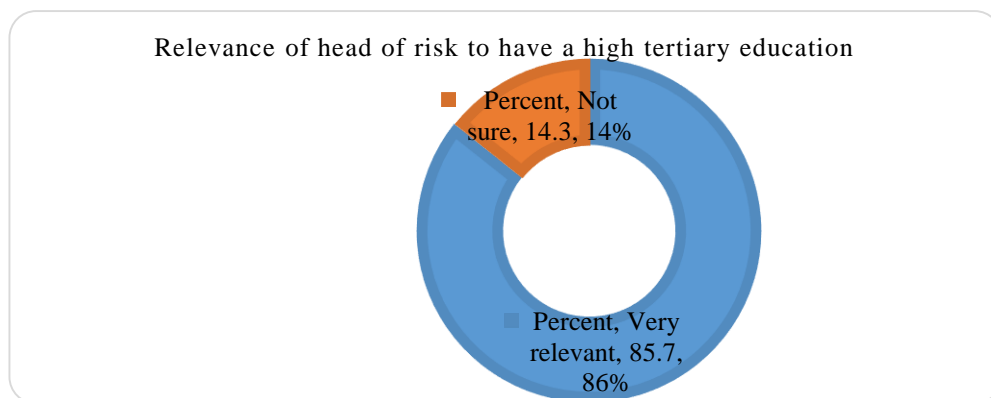
**Source:** Primary data-All Banks and Building Societies Questionnaire response

The data in (Table 5.17) above shows the number of incidences known to have occurred and dealt with effectively ranged from **1** for cheque fraud to **101** for card fraud. Card fraud was thus perceived to be the most prevalent and cheque fraud or tax evasion had the least prevalence. This result compares very well with qualitative data from the Central Bank (RBZ) only national risk survey (NRA) of 2014, on (ML and Terrorist Financing) which show that while cheque fraud has been on the wane in the country due to the migration from the use of cheques as a form of ‘currency exchange/payment instrument’ to the more preferred and less risky plastic card and electronics this by itself influences activities of corruption and ML in Zimbabwe.

**Question No (31. a – 31. d) - (of Questionnaire 1 of 3):**

**Relevance of higher and tertiary education for head of risk?**

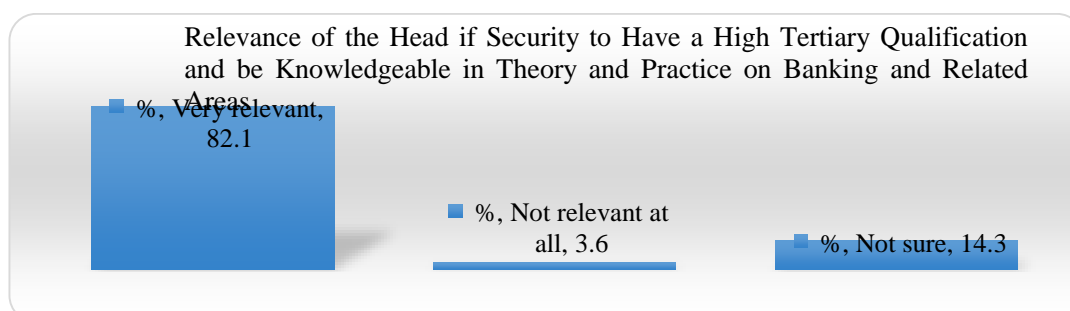
**Figure 5.15: (Of Question 31. a) - Respondents views on relevance of higher and tertiary education for Head of Risk in a Bank?**



*Source: Primary data-All Banks and Building Societies Questionnaire response*

The data shows a reply of aggregated answers to the question from the two organisations involved in this study while not proffering a lot on skill or experience of a particular skill in the field of risk management, (14.3 %) of respondents indicated that they were not sure, while 86% said it was very relevant for a head of risk to have a high tertiary education. While a background in Security/ Crime Risk, Accounting and Banking Operations were also observed as relevant, experience in say Facilities Management was not viewed as that very relevant. In general, depending on the bank/financial institution, it was established that the majority of Operations Risk Managers have a background in line banking throughout and as such are highly knowledgeable about banking and risk management/governance operations issues etc.

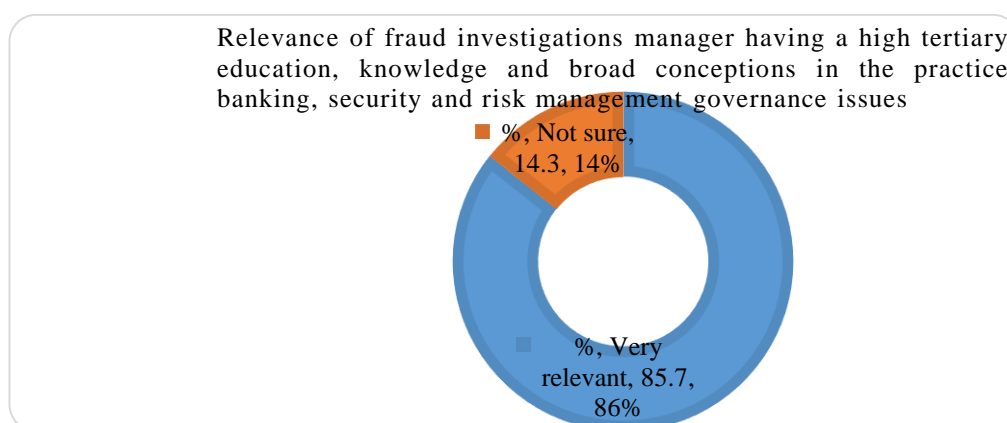
**Figure 5.16: (Q.31.b): Respondent views on relevance of having a High Tertiary qualification in banking and related areas for the Head of Security in bank.**



*Source: Primary data-All Banks and Building Societies Questionnaire response*

The data shows a reply of aggregated answers to the question from the two organisations involved in this study: 82.1% of respondents (all categories) proffered that it was relevant for the head of security to have a high tertiary qualification and also be knowledgeable in theory and practice about banking, governance and security, while 3.6 percent of the respondents (all groups) said it was not relevant at all, and the other lot, 14.3%, said they were not sure

**Figure 5.17: (Q31.C – 31.D): Respondents’ views on relevance of tertiary education in security/risk management for a Security/Fraud Investigations Manager, and, Compliance Manager.**

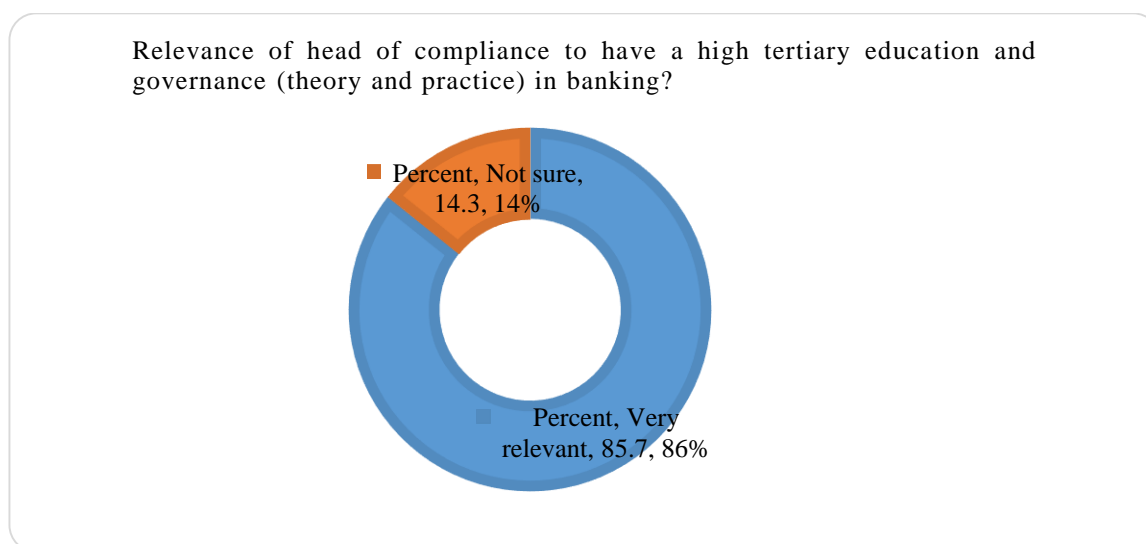


*Source: Primary data-All Banks and Building Societies Questionnaire response*

**Firstly**, the data in (Figure 5.17) above, shows a aggregated answers to the question from the two organisations involved in this study: 14.3% respondents (all categories) proffering that they were not sure of the relevance for the **‘Head of Security’** to have a high tertiary education qualification, and also, experience in the practice of banking, governance/security and applied risk management, while 86% conceded that having these qualifications and experience was very necessary. The loose interpretation from those who see it as very relevant and necessary being that once someone has attained some kind of higher level of secondary education and speciality in a relevant field, he/she can understand, and/or, is able to conceptualise issues such as those of banking related crime which, by nature are ordinarily complex to deal with. Plastic and

electronic crime for example, would demand a high schooling qualification and some form of training and experience in matters of banking practice for one to understand terminologies and other aspects of technology related issues. On the general, it was observed from responses obtained that the majority of the Security Officers, and or, Investigative Security personnel in banks have a police background and that their knowledge of banking (depending on years of experience on the job and type of bank), is low to fair.

**Figure 4.18: Secondly: on respondents' views on relevance of a high tertiary education and governance qualification(s) for a Bank's Head of Compliance;**



Source: Primary data-All Banks and Building Societies Questionnaire response

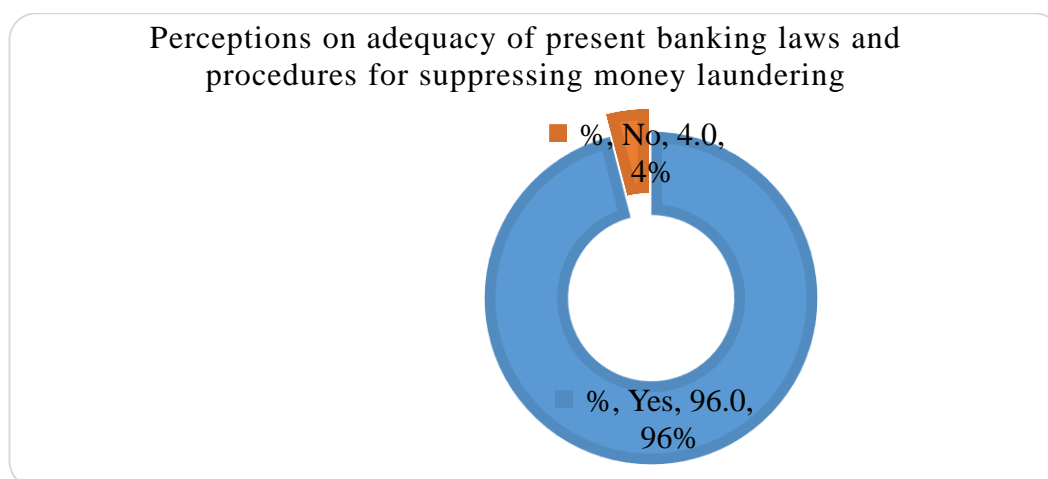
The data in (Figure 4.18) above shows a reply of aggregated answers to the question from the two organisations involved in this study: (14.3%) of the respondents (all categories) proffering that, they were not sure of the relevance for the 'Head of Compliance' requirement for a qualification in risk management *per se*, while 86% conceded that it was very relevant more so '*applied risk management*' which touches or deals with law and regulatory related issues of governance in banking, and/or, wide-ranging specialised aspects of banking laws e.g. ML laws. The loose interpretation from those who saw/see it as very relevant is that once someone has attained a high level of secondary and tertiary education specifically in specialised fields such as law and risk management, he or she is able to understand and or, be able to conceptualise issues of corporate banking related governance and economic

crimes which by nature are ordinarily complex to deal with. Money-Laundering reporting and cooperation agreements etc. are good examples of areas that require fair high schooling, industry related training and experience.

**Question No 32: (of Questionnaire - 1 of 3)**

**Do you believe that the present bank laws and procedures for helping suppress ML in Zimbabwe are adequate and satisfactory?**

**Figure 5.19: Respondent views on adequacy of present banking laws and procedures for suppressing (ML) in Zimbabwe.**



*Source: Primary data-All Banks and Building Societies Questionnaire response*

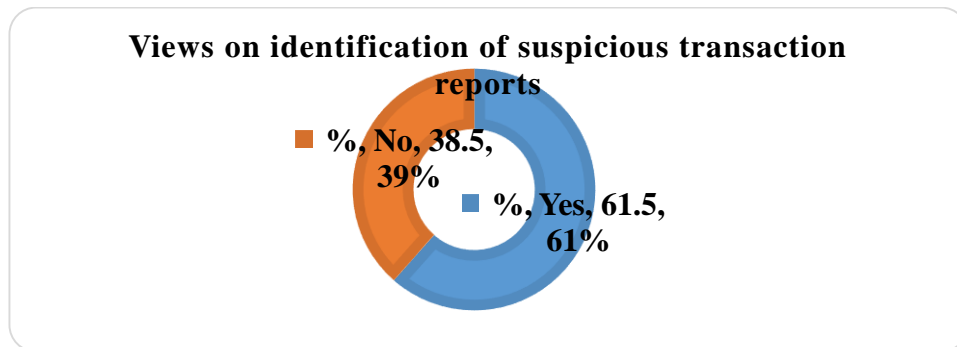
The data in figure above show that the majority 96% of respondents (all categories) believe that present banking laws and procedures for suppressing ML are in place, while the remainder not strange though considering the diversity of groups of respondents, 4% did/do not perceive so. This answer should be read in conjunction with question 33 which sought to address the aspect of adequacy of present banking laws for suppressing ML in Zimbabwe.

**Question No. 34: (of Questionnaire 1 of 3)**

Have you identified and, raised a ‘suspicious transactions’ in the bank?

**Figure 5.20: Responses on Knowledge Testing on ST(s) Identification and**

### Procedures when dealing and Escalating STR(s) suspicious transaction reporting



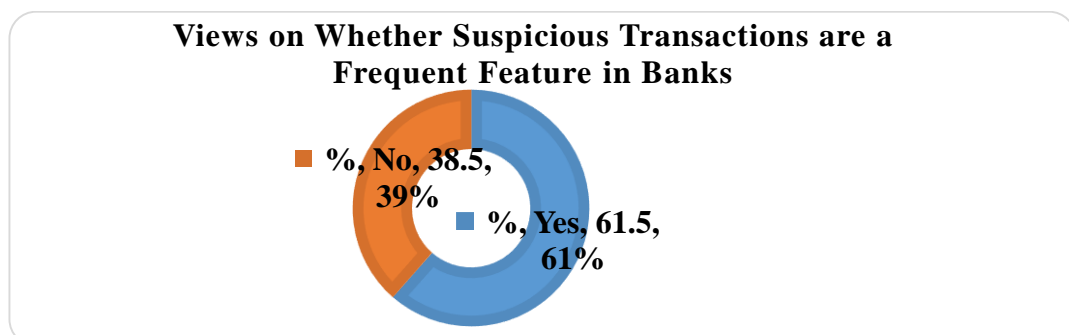
*Source: Primary data-All Banks and Building Societies Questionnaire response*

The data in figure above show that the majority 61.5% of respondents of the targeted group representing tellers, cashiers and supervisors conceded to having identified and or raised a Suspicious Transaction Report (STR) in their branches in the last + five years of banking experience. The remainder 39% perceived they had not dealt with, and or raise reports on issues of STRs during their banking service experience during the last five (5) years. Generally, all participants conceded great awareness on ML Prevention through in-house training by their line managers and their security departments.

#### Question No. 36: (of Questionnaire 1 of 3)

Are ‘suspicious transactions’ (ST) a frequent feature in the bank, if so how are they managed in the bank?

**Figure No. 5.21: Respondents views on whether ‘Suspicious Transactions’ (STRs) are a frequent feature in banks?**





*Source: Primary data – Questionnaire survey results*

The data in figure above shows that the great majority 61.5% of respondents of the targeted group representing tellers, cashiers and supervisors conceded in their answers that Suspicious Transaction (STRs) are a frequent feature in their banks. The remainder 39% who form a group of those not in the who may not have understood the demands of the question responded perceiving the problem as ‘not present’ (also to mean) low or not many STRs were being identified and communicated (say between their financial institutions and the RBZ FIU). Meaning that even though the AML STR (human activity system) as an institutional mechanism was in place for the primary function of communicating what is designated as suspicious and non-suspicious between stakeholders and the FIU not many of these were on record as having been generated since its inauguration in 2012, according to those in the know. This was also confirmed by the RBZ in its June, 2015, NRA report providing a summary of the AML and combating the financing of terrorism and proliferation (AML/CFT) measures in place in the Republic of Zimbabwe (Zimbabwe). Analysing the level of compliance with the FATF (40+9) Recommendations and the level of efficacy of Zimbabwe’s AML/CFT STR system, the highest statistical figures for banks and DNFBPS in four years period (2012 – 2015) was in 2013, when 506 was recorded i.e. (banks = 506 and DNFBPS = 1). Broadly evaluated from this and other available qualitative data can be interpreted to mean a number of things from, under-reporting, selective or poor identifications/diagnostics, paucity knowledge to profile ML behaviour, and failure to observe compliance rules of reporting and inputting data by both stakeholder banks agents (e.g. tellers and compliance officers), and the competent authority RBZ FIU, this, given the high levels of leakages and millions in volumes of data on corruption-led ML activity generated transactions going through banks in Zimbabwe, and thought to qualify ML behaviour.

All the responses and conclusions drawn basing on available literature were thought to be adequate and of sufficient relevance to this study.

**Question No 37: (of Questionnaire 1 of 3):**

In your opinion, which among the listed predicate offences (37.1 – 37.16) are prevalent and, of highest concern to the citizenry in Zimbabwe?

**Table 5.18: Respondents views of business and Members of Public Views on the question?**

	Mean score by designation of respondent			
	Managerial	Clerical	Other	Overall
37.1 Corruption	1.4	2.1	1.0	1.8
37.2 Theft common	6.6	4.1	5.0	5.1
37.3 Bank fraud	6.1	4.7	10.0	5.6
37.4 Bank card fraud	4.9	2.9	5.0	3.8
37.5 Corporate fraud	6.7	5.6	-	6.1
37.6 Drug trafficking and solvent	8.3	4.8	17.0	7.0
37.7 Illegal dealing in gold	7.1	3.4	15.0	5.4
37.8 Illegal dealing in diamonds	6.9	3.5	15.0	5.4
37.9 Illegal dealing in emeralds	7.8	8.4	15.0	8.5
37.10 Illegal dealing in precious stones	7.1	4.4	15.0	6.1
37.11 Illegal exportation of currency	7.0	4.8	5.0	5.7
37.12 Arms trafficking	14.8	14.8	17.0	14.8
37.13 Embezzlement	6.3	6.8	5.0	6.6
37.14 Smuggling	7.1	4.3	6.0	5.4
37.15 Human trafficking	11.3	11.6	15.0	11.7
37.16 Tax evasion	10.9	6.8	10.0	8.7

*Source: Primary data – Questionnaire survey results*

On a scale of 1 for a very high level to 17 for an extremely low level of concern, banking sector respondents were asked to indicate their level of concern for each of the listed predicate crimes offences that are prevalent in Zimbabwe. Mean scores ranging from 1.8 to 5.4 showed that respondents were seriously concerned with the prevalence of crimes targeting banks that include corruption, bank card fraud, theft common, and also other serious criminal activities with a laundering demand that include: illegal dealing in gold and diamonds, smuggling of prohibited goods into and outside the country, and illegal exportation of currencies including the United States Dollar (green bank). P-values from the ANOVA test showed that differences in opinion on illegal dealing in gold and diamonds between job titles were statistically

significant. This implies that respondents with other job titles were significantly less concerned with illegal dealing in gold and diamonds compared to respondents in managerial or clerical positions.

Mean scores ranging from 5.6 to 8.7 showed that banking sector respondents were moderately concerned with crimes that include corporate fraud, illegal dealing in precious stones, embezzlement, drug trafficking and solvent abuse, illegal dealing in emeralds and tax evasion. Mean scores ranging from 11.7 to 14.8 showed that the target banking sector respondent population were not seriously concerned about the prevalence of crimes that include human trafficking and arms trafficking. This response sufficiently provides important data of this study.

**Question No. 41: (of questionnaire 1 of 3):**

**In your view is corruption a problem in Zimbabwe?**

**Table 5.19: Respondents views on problem of corruption in Zimbabwe?**

	<b>Percent</b>
Corruption is caused by Public Office holders primarily those in civil service	25.0
It affects the economy	50.0
No, it is not	8.3
Cash shortages in Zim is caused by ML and Corruption	4.2
Very serious as it takes place at all levels and will be difficult to put an end to	8.3
Other	4.2
<b>Total</b>	<b>100.0</b>

*Source: Primary data – Questionnaire survey result*

The purpose of this question was to capture opinions whether corruption is a problem in Zimbabwe's banking/financial sector and if so, respondents were required to indicate how serious the problem is. According to data in figure 41 above, the highest proportion (50%) of respondents were of the perception that corruption (petty or grand) fuelled by the holders of public office, Politically Exposed Persons – and or people with political affiliations (Politicians) (PEPs), Police, and corrupt public and private institutions including banks is a serious problem which is affecting the

economy. (Twenty-five percent (25%) were of the view that corruption particularly caused by economic hardships the country is experiencing is high and responsible for commission of other incivilities by almost everyone struggling to survive, and (8.3%) indicated that corruption is a very serious problem in the country and its taking place at all levels. Predictably, through what can be a result of lack of appreciation of the phenomena and its enormity, about (8%) of respondents were also of the view that corruption is not a problem. This result should be read in conjunction with questions 42, 43, 44, 45, which also sought to establish the dominants of corruption as a predicate offence, its nexus to ML, the types, and groups of people responsible, and statistics of documented cases of corruption-led ML in Zimbabwe during the period under investigation (i.e.) 1984 – 2016 (+)-to date. This response arguably provides the most important data of this study.

**Question No. 44: (of Questionnaire 1 of 3):**

**What groups of people in terms of race, age, and gender in your opinion commit most corruption in Zimbabwe?**

**Distribution of respondent's views as who in their opinion commits most corruption in Zimbabwe?**

All of the respondents (100%), among them managers of branches, heads of security and members of their departments, regardless of age, gender and length of service in the bank, replied that black Africans particularly male between the active economic ages 24 – 60 were statistically counted as the highest drivers of corruption (all types) (e.g.), bribing power bodies in order to get favours like avoiding arrest at a police road block, committing economic theft and fraud, abuse of office, and committing insider trading for those working in banks etc. Still among the majority (100%), there were those who thought that PEPs (ruling class elite, ruling party ZANU PF party activists (all levels), police, Zimra officials and Parastatal CEOs were all nipping their fingers in the pie, in a system that condones even the worst graft.

**Question No. 46: (of Questionnaire 1 of 3)**

On a scale of (0) for a very high level to (10) for an extremely low level: which public/private sector business in Zimbabwe is perceivably rated almost corrupt by bank employees?

**Table 5.20: Respondents' views on perceived very high and extreme lowest corrupt public/private sector business in the eyes of the public in Zimbabwe:**

	Mean score by designation of respondent			
	Managerial	Clerical	Other	Overall
46.1 Public works	1.0	2.4	5.5	2.3
46.2 Defence	3.0	7.0	7.5	6.0
46.3 Petroleum	5.8	5.8	-	5.8
46.4 Telecom	5.0	5.8	4.0	5.2
46.5 Media and Communication	5.3	5.3	4.0	5.1
46.6 Energy (generation and	6.5	3.7	4.0	4.7
46.7 Mining	7.5	4.4	2.0	5.2
46.8 Banking and Finance	1.2	4.8	2.0	3.5
46.9 Law enforcement (Police)	1.0	0.4	1.8	0.7
46.10 Law enforcement (Prisons)	1.8	2.7	0.0	2.1
46.11 Judiciary (Criminal/Justice)	2.3	2.9	1.0	2.5
46.12 Wild life conservatives	4.0	4.4	2.3	3.9
46.13 Agriculture (farming)	4.6	3.9	3.0	4.1
46.14 Education Sector	5.5	8.3	4.5	6.9
46.15 Health Sector	6.7	8.4	10.0	8.1
46.16 Civilian aerospace	6.0	8.5	10.0	7.6
46.17 Road transport services	6.4	6.8	9.0	6.8
46.18 Urban Municipal Councils	2.0	3.1	5.0	3.1

*Source: Primary data – Questionnaire survey results*

On a scale of 0 for a very high level to 10 for an extremely low level, sampled banking sector respondents were asked to indicate the level of corruption in the public sector by type of enterprise. Mean scores ranging from 0.7 to 3.9 showed that bank employee respondents perceived public sector and Parastatal enterprises that include law enforcement (police), law enforcement (prisons), public works, judiciary, urban municipal councils, banking and finance and wildlife conservatives to have a very high level of corruption.

Mean scores ranging from 4.1 to 5.8 showed that respondents perceived public sector and Parastatal enterprises that include agriculture, energy (generation and transmission), media and communication, telecom, mining and petroleum to have a high level of corruption. Mean scores ranging from 6.0 to 8.1 showed that respondents perceived public sector and Parastatal enterprises that include defence, road transport services, education sector, civilian aerospace, and health sector to have a moderately high level of corruption.

**Question No. 47: (of Questionnaire 1 of 3):**

**On a mean score of (1 to 20) as seen in the eyes of business, general public – economists and risk analysts included, which of the 20 transnational (organised/non-organised) serious crimes number (41.1-42.20) in table below are perceived as having a high impact on Zimbabwe in particular?**

**Table 5.21: Respondents views of ML compared against 20 other typologies of transnational crimes and, levels of their impact on Zimbabwe.**

Crime	Mean score by designation of			
	Managerial	Clerical	Other	Overall
47.1 International terrorism	10.8	13.0	17.0	12.5
47.2 Bank fraud	7.4	5.0	3.0	5.5
47.3 Cross boarder smuggling	5.0	3.8	1.0	3.8
47.4 Insurance fraud	6.2	7.8	7.5	7.1
47.5 Tax evasion	6.0	4.6	7.5	5.5
47.6 Illegal exportation of cash	6.4	1.3	20.0	4.7
47.7 International sea piracy	6.4	8.0	16.0	8.0
47.8 Human trafficking	12.0	9.6	6.5	10.1
47.9 Computer crime	9.4	10.2	10.0	9.8
47.10 Environmental crime	12.3	13.3	16.0	13.2
47.11 Trade in human body parts	12.6	10.5	10.0	11.5
47.12 Illegal drug trafficking	7.2	6.3	4.5	6.4
47.13 Fraudulent bankruptcy	8.2	11.0	15.0	10.2
47.14 Corruption and bribery	2.8	4.9	1.0	3.7
47.15 Investment scams	8.4	10.5	10.0	9.6
47.16 Arms trafficking	8.6	11.2	-	10.0
47.17 Commercial espionage	7.8	8.2	4.0	7.6

47.18 Embezzlement	8.6	5.4	9.5	6.9
47.19 Aircraft high jacking	11.0	10.8	10.0	10.8
47.20 Theft of property	1.3	4.0	2.0	3.0

*Source: Primary data – Questionnaire survey results*

On a scale of 1 for very high level of impact to 20 for extremely low level of impact, sampled banking sector respondents were asked to indicate the level of impact each type of crime or offence associated with ML will have on the Zimbabwean economy and world's economy in general. Mean scores ranging from 3.9 to 4.7 showed that theft of property, corruption and bribery, cross boarder smuggling, and illegal exportation of cash were perceived to have a very high impact on the economy of Zimbabwe and the world economy in general. Mean scores ranging from 5.5 to 7.1 revealed that bank fraud, tax evasion, illegal drug trafficking, embezzlement, and insurance fraud were perceived to have a high impact on the economy of Zimbabwe and the world economy in general. Mean scores ranging from 7.6 to 9.8 showed that commercial espionage, international sea piracy, computer crime, investment scams to have a moderately high impact on the economy of Zimbabwe and the world in general. A mean score of 10 showed that arms trafficking was perceived to have an average impact on the economy of Zimbabwe and the world in general.

Mean scores ranging from above 10 showed that human trafficking, fraudulent bankruptcy, international terrorism, aircraft hijacking, trade in human body parts and international sea piracy were perceived to have a relatively low impact on the economy of Zimbabwe and the world in general.

Also, another of those responses that brought with them important primary data findings from the study.

**(Question No. 48 :( of Questionnaire 1 of 3):**

**Identify institutions (private/public) in Zimbabwe with bribe seeking players and how likely other client-businesses and ordinary people are likely to pay bribes to them to win favours (e.g.) in public tenders?**

**Table 4.22: Respondents views on public or private business enterprises considered as most corrupt in Zimbabwe.**

	Mean score by designation of respondent			
	Managerial	Clerical	Other	Overall
46.1 Public works	1.5	4.6	8.0	3.7
46.2 Defence	2.8	5.6	7.3	5.1
46.3 Petroleum	6.7	4.8	6.5	5.6
46.4 Telecom	6.7	5.6	3.5	5.5
46.5 Media and Communication	6.0	5.0	3.0	4.9
46.6 Energy generation &	4.3	5.8	4.0	5.1
46.7 Mining	3.5	4.0	4.3	3.9
46.8 Banking and Finance	7.3	6.1	3.0	5.8
46.9 Law enforcement (Police)	1.6	0.7	0.3	0.9
46.10 Law enforcement (Prisons)	5.3	3.6	1.3	3.5
46.11 Judiciary (Criminal/Justice)	2.7	3.3	1.0	2.8
46.12 Wild-life Conservancies	3.7	4.8	4.0	4.4
46.13 Agriculture (farming)	5.7	5.8	5.0	5.7
46.14 Education Sector	5.2	6.0	6.5	5.8
46.15 Health Sector	5.3	7.5	3.0	5.8

*Source: Primary data – Questionnaire survey results*

The data in figure 48 above shows that, on a scale of **0** for a very high level to **10** for an extremely low level, aggregated sampled banking sector respondents were asked to indicate in the business sectors (private/public) in which they are familiar, the bribe players and how likely other business and ordinary people are likely to pay or offer bribes to them or their representatives in order to win /retain favour (e.g.) public tenders. Mean scores ranging from **0.9** to **3.9** showed that respondents perceived public/private enterprises that include law enforcement (police), Judiciary (Criminal/Justice), Public Works and Mining to have a very high likelihood of being offered bribes by companies and members of the public.

Aggregated response shows Mean scores ranging from 4.4 to 5.8 reflecting that respondents perceived public and parastatals sector enterprises such as Police (Traffic Section and other), Wild life conservatives, Media and Communication, Defence, Energy (Generation and Transmission), Telecom, Petroleum, Agriculture, Banks/Financial Institutions, and last but not least, Education and Health to have a



high likelihood of being offered bribes by companies and members of the public. Arguably this response provides some of the most important data of this study.

**Question no. 49: (of Questionnaire 1 of 3):**

**How likely are senior public officials to demand or, accept bribes from private business or members of public for awarding public tenders, changing regulations, policy or influencing decisions on granting residence permits to foreigners etc. in Zimbabwe?**

**Table 5.23: Respondents perceptions on how likely it is for a public official by type of business sector, would more than likely demand a bribe for a tender bid?**

	Mean score by designation of respondent			
	Managerial	Clerical	Other	Overall
49.1 Public works	0.3	2.5	8.0	2.4
49.2 Defence	0.7	6.3	6.5	4.8
49.3 Petroleum	2.3	5.5	5.0	4.5
49.4 Telecom	3.0	6.0	5.0	5.1
49.5 Media and Communication	3.3	4.6	0.0	3.7
49.6 Energy (generation and	2.5	4.8	5.0	4.3
49.7 Mining	2.0	2.9	1.0	2.4
49.8 Banking and Finance	7.6	6.2	4.0	6.3
49.9 Law enforcement (Police)	1.4	0.4	0.0	0.6
49.10 Law enforcement (Prisons)	5.0	2.3	1.5	2.7
49.11 Judiciary (Criminal/Justice)	3.4	3.1	6.5	3.5
49.12 Wild life conservatives	3.5	4.7	4.0	4.3
49.13 Agriculture (farming)	5.0	6.8	3.0	5.6
49.14 Education Sector	9.3	10.3	7.5	9.6
49.15 Health Sector	7.0	8.7	7.5	8.1
49.16 Industry (Light Manufacture)	6.5	10.8	5.0	9.0
49.17 Industry (Heavy Manufacturing)	7.5	10.4	5.0	9.0
49.18 Information Tech	7.0	11.4	5.0	9.5
49.19 Pharmaceuticals	5.3	7.6	4.5	6.2

*Source: Primary data – questionnaire survey and interviews*

On a scale of 0 for a very high level to 10 for an extremely low level, sampled banking sector respondents were asked to indicate the likelihood that Senior Public Officials usually politically connected to the ruling party elites (**PEPs**) in the country, would

demand or accept bribes for say, public tenders, regulations, or licensing by type of business sector. Mean scores ranging from 0.6 to 3.7 showed that respondents perceived business sectors that include Criminal Justice (Law Enforcement-Police, Judiciary, and Prisons), Public Works, Mining, as well as Media and Communication, to have a very high likelihood of demanding or accepting bribes.

Mean scores ranging from 4.3 to 5.6 showed that respondents perceived senior public officials in the business sectors that include Energy (Generation), Wildlife conservatives, Petroleum, Defence, Telecom and Agriculture (Farming) to have a high likelihood of demanding or accepting.

Mean scores ranging from 6.2 to 8.1 showed that respondents perceived senior public officials in the business sectors that include Mining (the Chiyadzwa consortium of stakeholder diamond mines ...Zimbabwe government's MCZ included - given as an example), Pharmaceuticals, Banking and Finance as well as Health Sector to have a moderately low likelihood of demanding or accepting bribes.

Mean scores ranging from 9.0 to 9.6 showed that respondents perceived senior public officials in the business sectors that include Industry (Light Manufacturing), Industry (Heavy Manufacturing), Information Technology and Education to have a very low likelihood of demanding or accepting bribes. This response also provided/provides important data for this study results herein.

**Question No 50: (of Questionnaire 1 of 3:**

**What training have you received on ML/AML since joining the bank?**

The majority sample respondents (100%) conceded to having received some training concerning ML/AML. The respondents also conceded to having received training on banking security and crime prevention particularly relative to the prevention of corruption, bribery and fraud, (hereinafter) cited as predicate to ML and common in Zimbabwe. Barclays and CABS are the two leading organisations leading in in-house training for their staff the majority of whom perceive the same to be relevant and even adequate for some. CABS in particular has its own industry training manual on AML and respondents (all levels) showed more knowledge on the phenomenon and

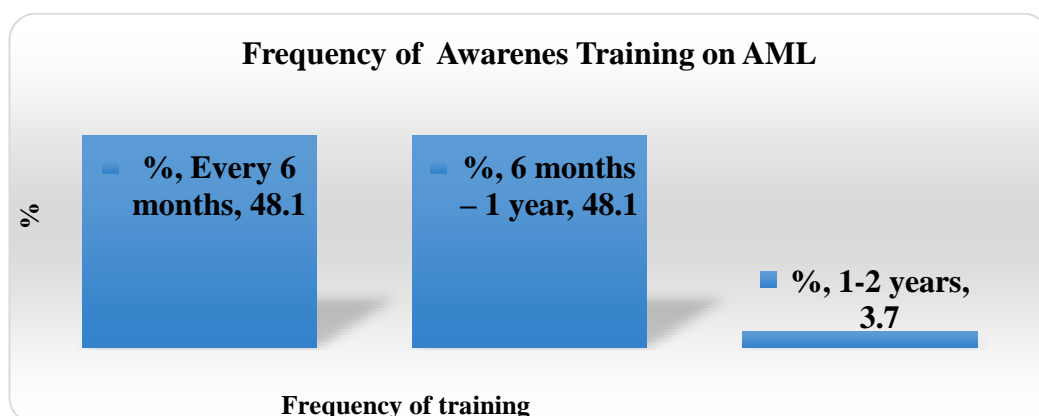
combat preparedness. The same could/cannot be said for the many other indigenous owned and led banks whose efforts and preparedness have shown cracks and weaknesses as paraded by those (13 to 20) banks and building societies that fell on the *‘way-side’* due to corruption and ML since the serious crime phenomena’s emergent history in (1982), with more concentrations of these financial sector errant member banks, *‘falling’* between (2003 – 2013), (RBZ, Zimbabwe Bankers Association, 2014).

This response should be read in conjunction with question 51 (below), which also sought to establish the frequency of training and who those responsible for delivery bank training were?

**Question No. 51: (Questionnaire 1 of 3)**

**On frequency and adequacy of AML/AC awareness training for bank employees as a factor to the success of combating corruption and ML targeting FIs in Zimbabwe?**

**Figure 5.22: Respondents’ perceptions on the frequency and adequacy of training for bank employees on prevention of ML and corruption in Zimbabwe:**



*Source: Primary data – questionnaire survey and interviews*

On the question of frequency of training on AML, the highest proportion (48.1%) stated that training was conducted every 6 months, followed by 48.1% indicating that

training was conducted (plus) 6 months to 1 year, and for the remaining 3.7%, stating that training for them was interspaced between 1-2 years. The revelations by the latter respondent group (3.7%) was/is not surprising and could be a reflection far from the truth on the ground considering most including the big guns (Barclays, CABS, Standard Chartered Bank, Stanbic Bank and CBZ), found their operations strategic plans including training curtailed due to the country's stifling decades long depressed economic environment that followed the long alluded to, 'loathed' but politically necessary government historic land reform programme in 1999. Further when asked on how often their organisations assess current and new risks, the majority respondents replied that current risks were/are not evaluated or measured timely and routinely enough. Ordinarily, frequency for evaluating risks (current and new), should in line with systems best practice be carried out weekly, monthly and annually.

#### **4.1.1.2: Section 2: (of Questionnaire 1 of 3): Bank Card Centre Staff Only**

**Question no. (54-57) - (Of Section 2):**

**Employment as a factor to one's perception of ML & Corruption in Zimbabwe and general?**

#### **Distribution of views on ML and corruption in Zimbabwe and general:**

The purpose of the first question was to establish the proportion of respondents employed in dedicated Card Business of the 2 representative banks /financial institutions, either as function operation manager's/cad merchant advisors, merchant services clerks, card marketing consultants, and or card embossers, their positions (s) and status within the same respective bank employee organisations.

A total 19 respondents were interviewed (10 from Barclays and 9 from CABS). Six (6) 37 percent – (three from each side), were/are full managers employed as Merchant Services, Risk manager and Customer Service all stationed at Head Office and Operations Centres of Barclays' and CABS. Ten (10) – (63 percent) (five from each side) are Merchant Services Sales Consultants stationed at Barclays First Street Branch and CABS Head Office First Street Branch respectively. Three (25 percent)

were (x1 Security Manager Barclays, and X2 MLO Barclays and CABS) respectively. The two MLOs who only dedicated job is to report STRs to the RBZ/FIU (as and when they occur) also claimed to have some stake in investigating suspected ML cases. There are no dedicated card Fraud Investigation specialists per se, and the investigative security investigators report to the group Security Manager based at their Head Offices respectively.

When asked to state their functions on a wide ranging of responsibilities that included the recruitment and signing and setting-up of merchants, issuing of POS machines, merchant activity reviews, receiving and treatment of suspicious transactions reports (STRs), receiving and attending to reports of lost/stolen cards, fraud cases, investigations, and follow-ups to recover, and prevention of frauds in general, ML, crisis management, customer and employee vetting, health and safety among others, the majority of them indicated they had multiple responsibilities and 81% of them said each among them had their roles cut out but also, they conceded loss prevention every bank employee's responsibility in general. Because the respondents had/have multiple functions it revealed the lack of specialization (alluded to earlier hereto), hence the risk of inability of carrying in-depth, or, dealing with serious crimes organized nature such internet or, counterfeit card fraud should it occur. The respondent security managers/officers also said they were/are responsible for employee and customer vetting. What can be deduced from this result is that, the security managers' involvement in too many competing demands that include vetting of employees and customers, and, investigative security, it suggested that somewhere in between they get distracted creating more risk for the success of predicate perversions leading successful money-laundering since they are more of fire fighting agents within their organisations it was observed to the despondence by the interviewer/writer.

**Question No. (58): (of Section 2: Questionnaire 1 of 3)**

**Does your bank have an established ML/AML policy?**

Qualitatively, the majority (100%) of target respondents, disregarding, age, gender, level of education, position at work and income, perceived that their bank had a ML Policy which is embedded in the organizational security policy. Meaning the ML

policy is not a stand-alone per se. The policy as understood to both management and two groups of bank employees, is owned by management, after having been agreed is designed to prevent dirty money getting introduced into the banking system mainly by organized criminals who open accounts, deposit large sums of illicit proceeds, and quickly clear the same of the amounts through withdrawals or electronic traders to the loss and prejudice of banks and their customers etc.

**Question No. 59-64: (of Questionnaire 1 of 3: Section 2):**

**Security & card fraud prevention awareness training as a factor to combating ML?**

**Table 5.24: Responses from bank employees on any form of training concerning Security and Card Fraud Risk Prevention since joining the bank?**

Response			Frequency	Percent	Valid Percent	Cumulative Percent
Valid		Yes	65	60.7	68.4	68.4
		No	30	28.0	31.6	100.0
		Total	95	88.8	100.0	
Missing		System Missing	12	11.2		
		Total	12	11.2		
<b>Total</b>			<b>107</b>	<b>100.0</b>		

*Source: Primary data – follow-up field interviews (group and private)*

The table above shows that the majority 65, (68.4%) of the total target respond population from the two banks/financial institutions claimed they had undergone some basic training on bank security and card fraud prevention. Only 30, (31.6%) stated differently. They did not attend or receive any formal training before and after joining the bank. Combined, some of the staff professed to having been exposed to some form of (self) training through reading of manuals, booklets, security fraud alerts, and posters in order to deter and prevent common crimes including: Card not present (mail order fraud), internet fraud, and merchant fraud – all predicates to the main crime of ML. Not surprisingly, those who claimed to have received some form of basic training stated that, for most, the training was just a one-off event, making it

difficult for anyone to remember some of the things taught unless supplemented by refresher courses. Any other training required during the entire tended to be conducted ad-hoc on the shop floor where “hands on” experience could be made use of. For some, mostly supervisors, training may have been conducted at a merchant out-let at which, he/she attended. The video would at most have contained instructional information on procedures and prevention tips. Barclays’ employees were the majority benefactors of such training at road shows conducted throughout the country during the fraud prevention campaign of 1998. As is the case with any method, video training is designed to indicate to the employee in carrying out card verification and transaction processing and how to handle sticky or emergency situations.

No manager(s) except those at Barclays and Standard Chartered Bank Card Centres attended, not even one (in-house) staff training (course) by their Security/Fraud Prevention Departments. The commonly held belief that training is for the junior staff member and not older or senior staff members by virtue of rank, tend to be wrongly placed. This because in this day of modern technology a manager worth his salt needs to be kept up-to-date of the latest crime trends, in order to make best decisions based on knowledge. Video and other electronic media supplementary training methods to educate staff as well as merchants and law enforcement agencies can also be adopted by other banks for their own employees in order to increase awareness of the problem and how it can be prevented. Jones, reaffirming on anti-fraud developments concentrated on bank staff training and development in the UK, said Access (Pvt) Ltd had developed an anti-fraud video to use in staff training sessions and both Access and Barclaycard (U.K.) offer rewards (as it were) to Assistants who spot a rouge card (Jones 1989: P17).

However, it is noted that while Barclays’ staff may have shown a high literacy rate about plastic fraud, not all believe that the training had been of much value of them. Two of the reasons sighted for this scepticism are that the training sessions in some cases did not address the Card Fraud and Risk Specialists themselves and the subject was treated and dealt with as part of the wider security subject. They also said, where seminars by way of (Road shows) were undertaken like those conducted by the writer in the late 1990’s while still employed as Assistant Security Advisor for Barclays’,

these were a one-off event. In other words, the training(s) due to Limited schedules failed in some ways to cover areas such as those on procedures and practices etc. Instead, theft, fraud general, ML as opposed to (card) laundering, and robberies were also included thereby mitigating the value of the staff training.

Overall although a good sample mostly of experienced staff, attempted to create the impression that they received some training and that such education had heightened their awareness to potential card fraud threats, (turnover as a factor considered) (i.e.) concerns raised by the less experiences, seemed to suggest that there is a lot to be done by banks where identification and detection of potential fraud is concerned. The fact that about (30%) indicated that they had not received any form of (formal) training holds serious implications for local banks, card industry and the economy at large.

Card fraud and fraud general is a predicate to ML. Qualitatively, in the USA for example, improving bank staff and society's fraud awareness has been a major agenda, as determined by the countries' national strategies, including Combating Identity Theft: A Strategic Plan (US) [17]. Banks, taking from the national strategies, undertook various initiatives to implement the Strategic Plan, such as a public awareness campaign in December 2007 named Deter, Detect, Defend: Avoid Theft, as well as by means of web sites, articles, brochures, speeches, public service announcements and interviews to reach a variety of audiences with a basic message that staff and consumers alike should take simple steps to reduce the risk of identity theft. In the UK, during the country's migration to smartcard technology, the Chip and PIN program released publicly available materials for educational purposes, such as Get Ready for Chip and PIN (an implementation guide for businesses) (Chip and PIN, 2004a) and The Chip and PIN Guide: Remembering Your PIN (Chip and PIN, 2004b). Additionally, after the migration, to educate consumers about how to remember and use their personal identification numbers (PINs) the "ID PIN" campaign was launched in October 2005 (Chip and PIN, 2005).

While the lack of effective identity management in Zimbabwe has never been a major problem in crime prevention, investigation and prosecution in the country, the ease of acquiring false or multiple identity documents for criminal purposes, in other



environments for example, can be evidenced by the many cases of serious crime, such as ML and corruption. In practice, banks/credit card issuers in the USA, UK etc., have been training staff and using various means in their customer identification process, including the use of software, the implementation of the KYC principle, ID checking, audit trails, “matching and cross-check” verification procedures. Concluding on this finding (here), it is thought Zimbabwean banks can take lesson from this practice of education and development to beat (within/without banks) (outbound/inbound) - ML, and, corruption particularly by (PEPs).

**Question No. 68: (Section 2: Questionnaire 1 of 3)**

**Which types of bank card fraud risks can be exploited for corruption, and ML purposes?**

Significantly, most targeted respondents perceived that the most common card crime opportunities in the country are: Lost/Stolen – ATM Fraud, cash Advance Fraud, Counterfeit, Card Intercept (non-received issue), Card Generation, Multiple Imprint or Sold Paper Fraud, and Merchant fraud. These in many cases can influence serious crime, such as ML and corruption the majority (100%) respondents stated.

**Question No. 65: (Section 2: Questionnaire 1 of 3 :)**

**In order to meet minimum standards for combating ML would do you think the present procedures for credit card verification checks in banks are adequate?**

**Table 5.25: Respondents perceptions on present bank procedures for Bank Credit Card Verification and Their Adequacy to Prevent ML:**

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	70	65.4	77.8	77.8
	No	20	18.7	22.2	100.00
	Total	90	84.1	100.0	
Missing	System Missing	17	15.9		
	Total	17	15.9		
Total		107	100		

*Source: Primary data – interviews (QI of 3)-(group/private)*

This question required the need to first establish what card verification procedures are and how they work before seeking to understand the perceptions of staff towards their effectiveness. Essentially bank staff responsible for credit card transacting must be aware of the following card security features both Visa and MasterCard's which if necessary, should be verified.

1. Check the Account Number
2. Verify the printed Number (BIN)
3. Compare Account Numbers
4. Check the Hologram
5. Check the "flying V" for Visa" card and stylized "MC" for MasterCard card.
6. Check the valid dates
7. Check the signature strip/panel
8. Check the signature

Verification requirements 1-4 (above), which are self-explanatory should be read and analysed in conjunction with each other. All Visa International Account Numbers begin with a 4. A/C MasterCard account numbers begin with a 5. The need to establish that the embossing of account numbers is clear and uniform in size and spacing is however a necessity, if peddling of counterfeit cards is to be reduced. The embossed number is perhaps one of the most important on the card as it identifies the owner with this and verification of the embossed account number should be carried out in conjunction with checking of the "HOLOGRAM" which for "VISA" is three-dimensional and appear to move when the card is tilted in the light.

For MasterCard, the hologram constitutes two inter-locking globes showing the continents which should appear three dimensional and seemingly move where the card is tilted. The word 'MasterCard' will appear in the background of the hologram. The letters "MC" are engraved around the two rings. The card account numbers which additionally should be exactly the same as the 16-digit account number indent printed on the signature panel, printed on the sales draft, or displayed on the terminal, should have its last grouping of embossed 4 digits extend into the hologram. Where such is not the case the card before the staff member is counterfeit. Also the four-digit number printed above or below the embossed account number (which identifies

with the Issuer bank), commonly known as the BIN (Bank identity number), must match the first four digits or number of the embossed account number. Where the number is different or does not match, the card is counterfeit. The embossed stylized 'V' or 'MC' should be embossed on the line next to the valid dates. The valid dates list the last date on which the card is valid. Some cards may have an effective date as well. Where a card has expired it should not be processed. The signature strip is also perhaps the most important and ten misunderstood part of the card. According, to Levi, *et al*, the signature strip represents the main feature on the card, through which Point of Sale staff validate a customer's instruction, **(Levi et.al., 1991: P.8)**. The signature panels are temper evident and associated procedure(s) to verify it and the signature apparent, is very simple, and effective in practice. It is a requirement that staff ensure that the card is pre-signed and that the signature on the panel or strip reasonably compare with the signature on the sales draft or cheque. Valid signature panel, are printed with the word "VISA" in colour at an angle and "Master Card" in multi-colours at a 45-degree angle. If the panel is void of the 16-digit account number indent printed in reverse italics and also void of a 3-digit card validation code (CVC2), then it is fake or counterfeit.

Responding to the question, (77.8%) of the respondents who were interviewed said that the present procedures of card verification were adequate although out of the same group very few could, hide ignorance to best-practice security features, checking and verification processes. Indeed, in certain cases, the interviewer encountered questions such as, "what is the purpose of a "3-digit card validation code (CVC2)" and also "what is the purpose of the signature strip when the presenter of a card or carrier can produce another form of identification on which his/her signature is apparent to compare/match that on the sales draft? This shows that, while they vouched for the present procedures, they still felt that there was need for further training in order for them to be equipped enough to deal with determined card fraud launders. On being further interviewed it was discovered that due to insufficient training, the majority when dealing with card transactions, they concentrated more on the card name, expiry date and the signature omitting security features which are also a very important aspect of card verification process.

The remaining (22.2%) who said the procedures were not full proof, as is always the case with all things human, among them were supervisors and operations managers. When asked further what alternative recommendations they could make to strengthen the procedures further, the following were pointed: First it was those who showed dissatisfaction or contempt for the procedures who upon making observations that signature checks could easily be overcome by the professional criminal advanced further varied views supporting the fact that the signature panel was one of the major features of the card fraud problem. Some of the more experienced staff at branches also held the view that often criminals targeted new and inexperienced tellers or cashiers who they know disregarded the verification process of examining the signature panel itself. In other interviews also further cemented the argument that the signature on the panel could/can also be wiped off. However, it was agreed that while this was/is possible, it was chances of the erasure being noticed were/are also very high, only that is, if tellers and cashiers are trained and they themselves exercised due diligence. Such observation is also true where the signature deteriorated with time due to general wear and tear. Still where such happens, and the signature is genuine, it should be easy to determine that existing verification procedures were/had been followed. These and other views were very encouraging considering that they were coming from people who dealt with and will continue to deal with card related transactions on a day-to-day basis.

Some interviewees complained that card users themselves were to blame for the card's security fraud risk problem. They did not help the situation by not reporting lost/stolen cards. Were they to report as and when it happens, the card(s) would be blocked (hot-wired) to prevent its/their being put to fraudulent use (**Levi et.al., 1991**).

Of major concern by the majority (77.8%) who answered was that the (present) procedures of card verification were adequate and the lessor majority (22.2%) who answered the procedures were not full-proof was the lack of dedicated training delivery to staff by those responsible on awareness training on fraud, corruption and ML in majority of banks which they lamented should be improved to heighten their levels of alertness to the phenomena.

**Question No. 66: (Section 2: Questionnaire 1 of 3):**

**How difficult it is for a card fraudster to carry out a successful card transaction using a lost / stolen or counterfeit card at a bank/merchant outlet in Zimbabwe?**

**Table 5.26: Respondents views on how difficult it is for a card fraudster to carry out a successful transaction using lost/stolen or counterfeit in Zimbabwe:**

Response		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Difficult	39	36.4	43.8	43.8
	Very Difficult	20	18.7	20.4	66.3
	Not Very Difficult	23	21.5	25.8	92.1
	Easy	7	6.5	7.9	100.0
	Total	89	83.2	100.0	
Missing	System Missing	18	16.8		
	Total	18	16.8		
<b>Total</b>		<b>107</b>	<b>100.0</b>		

*Source: Primary data – follow-up field interviews (group and private)*

Of the 40 target respondents, (43.8%) interviewed thought it is difficult to successfully carry out a fraudulent transaction, considering that present procedures for Credit card checks were satisfactory. Twenty, (20.4%) thought that it was very difficult for a card fraudster or any criminally minded person to successfully execute fraud because of the existing verification and other technical prevention systems that major card acquirers and issuers such as Barclays have in place. This median group supports the view held by the majority, 43.8% that believe that present procedures are adequate. Twenty-three, (25.8%) perceived it was/is not very difficult for a (determined) fraudster to carry out card fraud at a banking institution or elsewhere in Zimbabwe. The group is the same which does not hold highly of the present card verification procedures. Conversely, just seven, (7.9%) said they believed carrying out a successful transaction using a stolen/lost or counterfeit card at any one of the bank/financial institutions may not be that difficult after all, suggesting that established checks and verification procedures were not that robust as alluded before.

#### **5.2.1.1 Section 3: (of Questionnaire 1 of 3) Semi-Structured Interviews**

**Question (No. 1):**

**Is your organization owned by the Government, or a private sector concern?**

**Distribution of answers from respondents:**

In this study, only the regulatory authority bank (the Reserve Bank of Zimbabwe) is state owned. The two-study population financial institutions, to wit; Barclays of Zimbabwe which for all time immemorial was/is (owned) by overseas London Based holding company and has an established international network of group banking offices throughout the world, and CABS, the largest building society bank owned by Old Mutual an integrated financial services giant is both an international and with over 100 years of doing business in Zimbabwe.

**Question (No. 2):**

**Whose responsibility is it to carry card risk security assessments/audits in your bank?**

**Distribution of oral answers from respondents:**

Security risk assessments / audits in Head Office, and branches throughout the country in most banks in Zimbabwe are carried out by designated Security Officers/ Managers with the exception of Barclays Bank where the function also pulls in or is done in conjunction with the Operational Risk Management Section. Here there is a structured Operation Risk Management Department which operates parallel with Security/Fraud Prevention Department. As for audits, the response from the security (specialists) was mostly 100% not being responsible.

No surprised also, the responsibility to audit the card security risks at the relative Card Centre(s) of the bank, are the responsibility of the different organizations' internal audit departments, external auditors from the United Kingdom for Barclays and also such other banks like Standard Chartered bank (s) mostly and also Visa/MasterCard International (s) in line with Acquiring and Issuing card 'issuer

‘scheme rules. In addition, the Reserve Bank (Central Bank) as the regulating authority carries out inspection (risk audits).

**Question (No. 3)**

**How are ML security risk priorities determined in Zimbabwe?**

The majority bank respondents including senior security managers, ML officers and operations risk officers, convincingly stated that risk vulnerability priority identification is determined by identifying potential and likely to become actual threats to banking business operations and all other economic sector businesses for example threats posed by serious predicate offences that generate illicit flows (bribery/corruption, fraud, drug trafficking, smuggling, bank robbery, poaching of wildlife of elephants and rhinoceros and illicit trade of ivory tasks, illegal gold, diamonds (and other precious stones dealings), extortion, corruption, tax evasion, and currency externalization. To prevent being victims, the financial sector use their on intelligence networks through risk communication between local banks and also through acting on information supplied by the Central Bank (RBZ) (particularly those suspicious transactions categorised as high risk) through its FIU National Risk Assessment (NRAS), overseas member issuer banks, and, international plastic card issuer/acquirer companies such as Visa , and Amex (Private) Limited the research collected.

**Question (No. 4):**

**Would you for any reason want to believe that corruption and ML risks to Zimbabwe’s banking sector have changed for worse particularly in the last decade ?**

Respondents including two bank security and fraud prevention personnel including a manager voiced concern over what they perceive to an increase of particularly (PEP) related bribery/corruption and card fraud-led ML (externalization of currency), post the ENG Capital Asset Management of the Gilbert Muponda, Nyasha Watyoka and Oscar Ziweni banking/financial institutions fraudulent business model scams and the Roger Boka UMB Financial scandal(s). Echoing the

same sentiments other respondents when interviewed gave that apart from other common white-collar crime generated security concerns also with a money laundering demand fronted by senior bank employees and (PEPs), (e.g.) currency and card counterfeiting fraud, wild life products and precious stones transgressions had according to qualitative data including that from the private media actually risen in Zimbabwe due to the country's multi-currency use system and the country's continued depressed economy, perennial cash shortages, unemployment and shortage of goods which attracts all sorts of bank targeted crime risks.

The ever increasing technology developments which (now) pit physical security against security accounted for by internet, intranet or computer network is an exacerbating factor to the increasing fraud risks that target existing simple emerging economies banking operations models and their prevention systems versus the more contemporary established systems models of processes and prevention in more progressive countries. Technology aided frauds for example, and other computer-led motivated malfeasances are committed by employing insider socio-techno knowledge. The Boka United Merchant Bank (UMB) and Cold Storage 10 (duplicate) counterfeited "commercial bills" issued by the defendant (UMB) to Rapid Discount House and later dishonoured as not genuine government guaranteed 'cover bills' upon presentation by the latter for payment upon maturity (herein discussed at length in Chapters 1 & 6) is a case in point. The most common method used to perpetrate computer fraud is the unauthorized or unlawful alteration of adulterating or purely changing genuine information entered and stored into computer. Computer 'hacking' for example which was unheard of in Zimbabwe during periods 1995–2000, through to 2001 era, thus also featured in 2002. This according to respondents was testimony enough that more technological inclined crimes will visit the country and continue to pose more threats.

**Question (No. 5):**

**In your opinion why are the number of security and crime risks particularly those targeting banks such as: identity fraud, card fraud, corruption and ML,**



**poised to increase in the foreseeable future in Zimbabwe and other countries globally?**

In their discussions with the researcher, majority of senior management staff respondents who by virtue of their having been above 18 years at Zimbabwe's independence from British Rule in 1980, and privy to the history of corruption and ML transgressory behaviours by public sector and banking sector crime disposed individuals, and/or, promoters setting up pyramid scheme offerings to public since 1982, and more particularly during the pick period (2003-2013), gave out that the number of security and crime risks likely to continue rising for Zimbabwe due to a number of factors. These include socio-economic and, politic environment, inflation/deflation that have haunted the country for over two decades and leading to rising poverty and unemployment levels as companies close, cash shortages, bad governance and abuse of power issues. In summary the following factors were deduced from interviewed participants as correlating explanations of cases of bribery/corruption and the exigencies for ML:

1. Increased technology-aided crimes in banking commerce bringing with it emergent complex financial/economic type predicate offences and their exigencies such for ML.
2. Low levels of fraud prevention systems to combat card and electronic executed transnational crimes in banks. It was observed and generally agreed in further discussing this variable with respondents that the lack of effective identity management (not peculiar to Zimbabwe alone) but other countries like Indonesia for example has always been a major problem in crime prevention, investigation and prosecution in that country. The ease of acquiring false or multiple identity documents for criminal purposes is a factor to many experienced cases of serious crime such as ML and corruption by banks.
3. Change of values and norms of individual politicians/senior civil servants, and also the lack of commitment to public integrity of leadership particularly with regards to corruption.
4. Organisational problems and failures.
5. The relationship between the public sector and business organisations prone

to corruption, and the strength of organised crime organisations

**Question (No. 6):**

**Which procedures are you familiar with as minimum AML standard measure against Fraud and ML when carrying out any transaction in particular credit card transactions?**

**Distribution of oral answers from respondents:**

Discussing with the researcher, the majority respondents identified asking for positive identification, and carrying out card security features verification procedures (i.e.), checking expiry date of card, confirming signing of card at the back, and also that the signature on the card matches one on the sales voucher, passport etc. In line with KYC and CDD policy procedures.

**Question (No. 7):**

**Which of the following AML systems do Banks, RBZ-FIU and Zimbabwe in general operate, and or, is currently conditioned to?**

**Distribution of oral answers from respondents:**

In discussions with the researcher, majority of respondents seemingly did not sufficiently answer this question well, except to acknowledge the fact that the banking sector needed to forsake outmoded approaches of monitoring, collecting and manual processing information on Suspicious Transactions resulting in over barding which in turn result in significant process slow-downs and duplication among other impediments, and, urgently invest in modern AML Governance Risk Compliance (GRC) system to deter and effetely deal with ML threats. Barclay's security on its part s employs (1) Falcon hub, and (2) Sparrow Brains as anti-fraud systems. The dual anti-fraud system (Brains) operations system is outsourced from Indian operators and connected to the bank operations unit and branch networks. According to the security manager, the system short of being the all-in-one because it does not cater for AML per se cannot thus be said sufficient considering the risks banks face in Zimbabwe and a modern responded by saying Zimbabwe as a

country and the banking sector in particular need to get on board and invest in GRC systems for compatibility with the of the region and world at large.

**Question (No. 8):**

**In your opinion do you think corruption and ML are linked if so how?**

**Distribution of oral answers from respondents:**

In discussing with the researcher, majority respondents irrespective of age, gender, level of education, position at work, salary, and department /work station perceived that corruption and ML are linked in that the former helps the later in concealing the proceeds of crime. The majority also thought that corruption usually involved those in positions of power e.g., banks and business CEOs, politicians, and senior civil servants (other), these are the ones in the forefront of illicit flows in Zimbabwe. Every one of the respondents in discussing with the researcher pointed to the bank delinquencies that haunted the banking sector in the more than 3 decades leading to millions of losses to the macro economy as example to a larger degree indicative of public sector and private business power politics in corruption dynamics in Zimbabwe.

**Question (No. 9):**

**How can bank employees play a role in AML combat at your bank?**

**Distribution of oral answers from respondents on how bank employees play a role in combating ML:**

Predictably, in discussions with the researcher, Reserve Bank FIU 1 assistant director and a manager interviewed formally/informally, conceded in their responses that banks/financial institutions in the country needed to put more effort in dealing with the quality of supervision, invest in modern AML (GRC) monitoring systems, improve cooperation between banks and law-enforcement agencies, improve bank-to-bank corporation, and, shun corruption which is an impediment to effective AML combat efforts. More importantly also, Financial institutions, can contribute to the above recommendations by allocating resources to acquire the latest fraud prevention technology, delivery awareness training to staff (in areas of customer identification process, including the use of software,

the implementation of the KYC principle, ID checking, audit trails, “matching and cross-check” of suspicious transactions), and, conducting customer education programs and becoming part of the fraud data collection, management and distribution process in the country etc.

**Question (No. 10):**

**Are there any suggestions you can make as how banks can effectively help in the combating ML and Corruption in Zimbabwe?**

**Distribution of oral answers from respondents on how banks can help the country in the fight against ML and Corruption:**

Throughout interviews, carried out by telephone, e-mail, and on site(s) in their discussions with the researcher, individuals and respondent groups thought banks can for the future deter and prevent offences that demand laundering by investing in latest AML technology including the suspicious transaction(s) ‘ST’ monitoring and processing system(s), improve internal control systems, improved staff training delivery methods, offer merchant awareness education to business, encourage more bank to bank corporation, and also incorporate law enforcement training as part of bank security departments annual training programs in order to improve police investigator awareness and appreciation to the crime.

**Question (No. 17.1)**

**What are your views on policies that deal with ML/AML and forfeiture issues in terms of the Act under ‘Mutual Legal Assistance Agreements’ by-country?**

**Distribution of oral answers from respondents on views on policy on forfeiture issues regarding spoils of corruption and ML:**

The purpose of this question was to among others of similar intends establish respondents conceptual knowledge of the ML Act., and the term(s)/phrase “Mutual Legal Assistance” in the everyday usage context relevant to the AML of Zimbabwe. Consequently as for the latter, to investigate the issue of existence and adequacy of the ‘Mutual Legal Assistance Agreements’ policy and practice that

that in terms of international FATF standards seek to assist country at large and its economic sector i.e. banks (within and beyond its borders) with tracing and recovery of stolen/laundered proceeds (i.e.) relative to corruption.

In their discussions with the researcher, majority of respondents across the two target respondent banks did not respond to this high definition question fully well, showing a paucity of conceptual knowledge first on the MLA itself, and, secondly the relative absence, and/or, even sketchy knowledge of what the term “Mutual Legal Assistance” referred to relative to formal standards agreements by Zimbabwe with other countries in the region and beyond to recover externalised proceeds of crime. A few that did respond during interview discussions thus, showed little if not just sketchy familiarity of with the phrase “Mutual Legal Assistance” in the first place.

Further while insignificant numbers claimed/claim existence of MLA Agreements between local, regional and transnational banks (*but mainly for the few banks/financial institutions with regional and international parentage like: Standard, Barclays, Stanbic, CABS (Old Mutual) and Bank ABC etc.*), such claims appeared/appear misinformed by their lack of knowledge of the meaning of the term due to insufficient risk communication and education and development on legislative provisions.

**Question (No. 17.2):**

**What are your views on the ‘whistle blowing policy’ to deal with ML and corruption?**

**Distribution of oral answers from respondents on AML and Anti-Corruption ‘whistle blowing policy’:**

A ‘whistle-blowing policy’ is supposed to be agreed to and endorsed by the Board of Executive Management Committee(s) and promulgated under the signature of the senior executive or chairman in line with governance best practices. While the majority (100%) of the banking sector respondents in their discussion with the researcher, perceived by opinion that their bank(s)/building society had a whistle-

blowing policy dealing with white-collar crime, almost equal proportions claimed/claim the existence of the same only on paper as they and the majority of (their) bank customers appeared less knowledgeable about the meaning of the term itself. Illustratively this is shown by their answers during follow-up (face-to-face and telephonic interviews) which emphasised the need for increased communication and education in order for everyone to embrace and commit to the culture without prejudice.

**Question (No. 18):**

**What types of white-collar crimes are common in Zimbabwe outside ML and corruption?**

**Distribution of oral answers from respondents on types of white-collar crime common in Zimbabwe:**

Common types of white-collar crimes common in Zimbabwe were perceived by respondents as: fraud, embezzlement, corruption, bribery, ATM plastic card debit fraud and credit card frauds. These among others are predicates to ML in Zimbabwe. During discussions with the researcher in interviews some of the respondents privy to sufficient data on their institutions operations confirmed their bank organisations as having experienced and or dealt with real case study examples of white-collar crime pervasions leading to losses to bank(s), and/or, its/their clientele during the (1982-2017+) studied period.

**Question (No. 19):**

**Is money-laundering activities *per se* a threat to Zimbabwe?**

**Distribution of answers from respondents on whether ML *per se* is a threat to Zimbabwe:**

Majority targeted representative banking sector respondents (all groups) were of the view that ML activities assisted by concomitant increase in technologically aided financial/economic crimes was a threat to Zimbabwe (today) and going forward. The said majority's assessment rating described threats between average

to fairly serious relative to historical and (current) laundering trends and their frequencies locally.

The finding gave/gives the impression that both Barclays and CABS respondent bank staff as representatives of other bank(s) employees are aware that their organisations are targets and will increasingly continue to be targets of white-collar crimes including card fraud given the technological advancements and security risks accompanying them.

However, further findings related to the question showed/shows that the level of appreciation of the term white-collar crime relative to ML and AML, corruption and predicate offences (other), by almost half majority of respondents (50%) except those in the security, operations risk and the compliance departments, ranged from low to fair. This showing that there was need for banks to heighten awareness training/education on prevention of ML and corruption.

Arguably this response provides some of the most important data of this study.

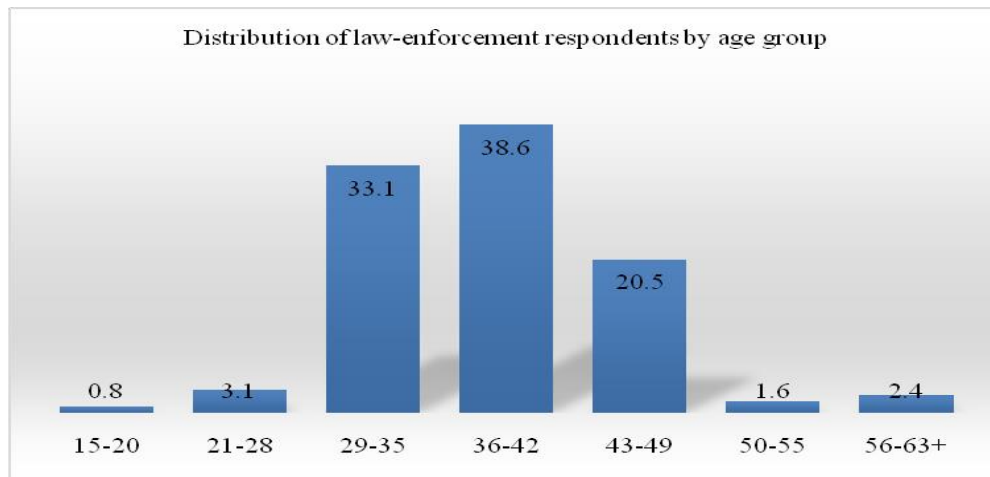
It is worth noting here that, the qualitative data collected as in above from the structured/semi-structured interviews carried out on a persona (i.e.), face-to-face basis with sample **bank** targeted respondent subjects purposively and sometimes randomly picked during the distribution and collection of the questionnaires, and continuing follow-up field interviews (formally / informally) are non-attributable and should remain treated in the most confidence. Suffice to state that this qualitative data was amalgamated with other secondary sourced data from semi-structured interviews carried out with samples from respondents of: **[Questionnaire Publics 2 of 3 and 3 of 3]** that follow, and cumulatively summarised as findings in this thesis.

### 5.3: Questionnaire 2 of 3: CJS (Police, Prosecutors & Prison Officers) Aggregated Survey Response Results

#### Question No. 1: (of Questionnaire 2 of 3):

What is your age?

**Figure 5.23: Respondent's views by age.**



Source: Primary data – Questionnaire 2 of 3 Criminal Justice System Survey responses

The purpose of this (*optional*) question was to establish the proportion of respondents by age, relative to a plausible conclusion (that can be drawn) on their interests/non-interest views on corruption and ML crime issues in Zimbabwe (i.e. causal/influencing factors, and/or, prevalence, micro/macro socio-economic impact and prevention etc.).

The primary survey response data to (**Question 1 of Questionnaire 2 of 3**) presented in above (**Figure 5.23 above**) shows that majority (38.6%) of respondents from the Criminal Justice cluster comprising police, judiciary/National Prosecution Authority (NPA), Prisons / Correctional Service, were male and female, single or married aged 36-42 years and the least proportion (0.8%) of respondents, were aged 15-20+ years. The significance in the percentage response of those in the younger or youthful grouping of 15-20 - (0.8%) to a lesser extent represents new-entrant/cadet level officers from the CJS clusters of police and prison services aged between (17-18+ years). These were interpreted as having been unsurprisingly, too green and inexperienced in the affairs of law-enforcement and justice cluster(s) to conceptualise and appreciate corruption and ML. Those in most senior age groups (50-55 and 56-

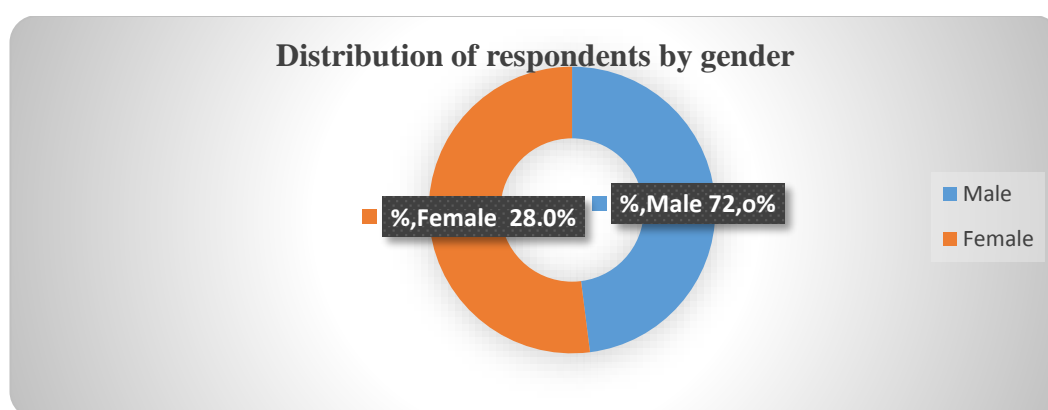


63) years – (male and female/single or married) who also held senior job positions most by virtue of years of work experience in policing crime, investigation prosecution and penal service, and thought to have some conceptual idea of what corruption and ML formed the second lower average percentage proportions of (1.6%, and 2.4% basis). The result(s) should be read in conjunction with questions 2, 3, 4, 5, and 6, *(which also seek ask respondents on their gender, marital status, education, professional qualification, position at work, and income).*

**Question No. 2: (of Questionnaire 2 of 3):**

**What is your gender?**

**Figure 5.24: Distribution of respondent's views by gender.**



*Source: Primary data – Questionnaire 2 of 3 Criminal Justice System Survey responses*

The purpose of this (*optional*) question, was to establish the proportion of respondents by gender, relative to a plausible conclusions (that can be drawn) on their interests/non-interest(s) views on corruption and ML issues in Zimbabwe, (i.e. their influencing factors, and/or, causatives, prevalence, micro/macro socio-economic impact and prevention etc.).

The response data to (**Question 2 of Questionnaire 2 of 3**) in (Figure 66) above, shows that, most (72.0%), of the respondents from the Criminal Justice System Cluster representative respondent sample were/are male, and 28.0 % were/are female. What this shows is that the Criminal Justice System (CJS) is cumulatively a male dominated world in Zimbabwe. The purpose and significance of this question

was to establish the proportion of respondents by gender (male/female) from the three CJS, and also in a smaller way measure generally whether respondents' views on corruption and ML (i.e. their influencing factors, and/or, causatives, prevalence, micro/macro socio-economic impact and prevention etc.), could in some way be influenced/swayed by their being male or female etc.

The demographic differentials can to a minimum be explained by the following: Historically outside the justice ministry, law-enforcement agencies – (police and prison Services) in Zimbabwe the recruitment policy was less sensitive to gender balance issues with majority (90.0%) recruits/attested officers (then) being male. Those attested into the force were not allowed to fall pregnant, and promotion grades were capped below Sergeant Major's rank (highest for a native African then) during that time up to 1980. Today 4 decades (plus) years after independence in 1980, in a multiracial society, women still remain a minority, despite the gender equality policy. This can partly be attributed to education and historical cultural beliefs, norms and values as those women who joined the police were thought of as loose and not fit for marriage etc. On the one hand gender balance in the justice ministry has historically not hindered women from climbing the ladder due to their education equalling men, although men are more than women demographically. The fact that the bigger proportion of respondents were male, confirms two things, that firstly, gender imbalance still existing in the CJS cluster of three organisations and secondly; female, professionals may not be as concerned as men on corruption and ML issues in Zimbabwe.

### **Question No. 3: (of Questionnaire 2 of 3):**

#### **Marital status as a factor?**

**Figure 5.25: Distribution of CJS: Law-Enforcement-Police, Prisons & Criminal Justice Department(s) respondents' views on corruption and ML by marital status:**



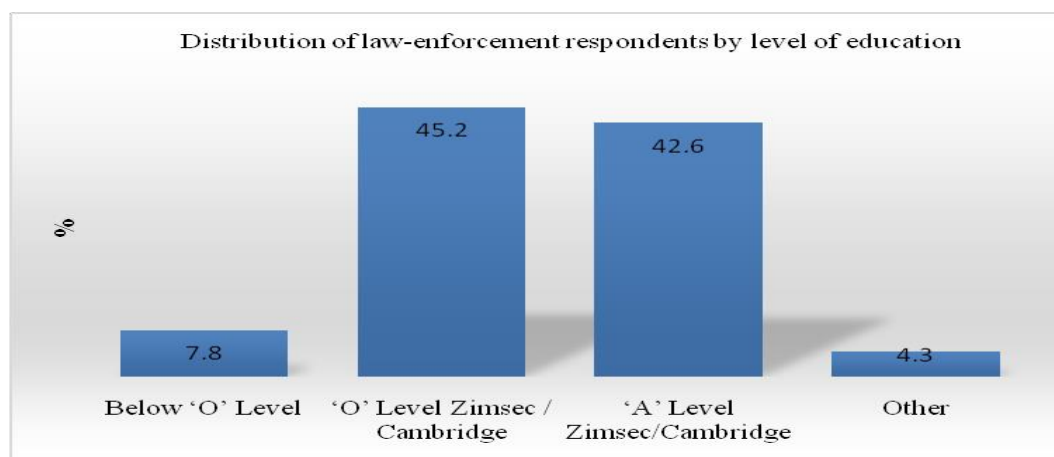
Source: Primary data – (Questionnaire 2 of 3) CJS survey responses

The data in (Figure 5.25) of (Questionnaire 2 of 3) shows that, most (90.9%) of the respondents from the Criminal Justice Cluster representative sample of three (3) were married, 4.1 % were single, 1.7 % were divorced, and 3.3 % were widowed. A mixed bag indeed, confirming the homogeneousness of employee populations in organisations including banks today.

**Question No. 4: (of Questionnaire 2 of 3):**

**Level of education as a factor?**

**Figure 5.26: Distribution of CJS (Police, NPA, Magistrates Courts, Prisons Officers), Prison Officers) measured against highest level of secondary education attained.**



Source: Primary data – Questionnaire 2 of 3 criminal justice system survey responses

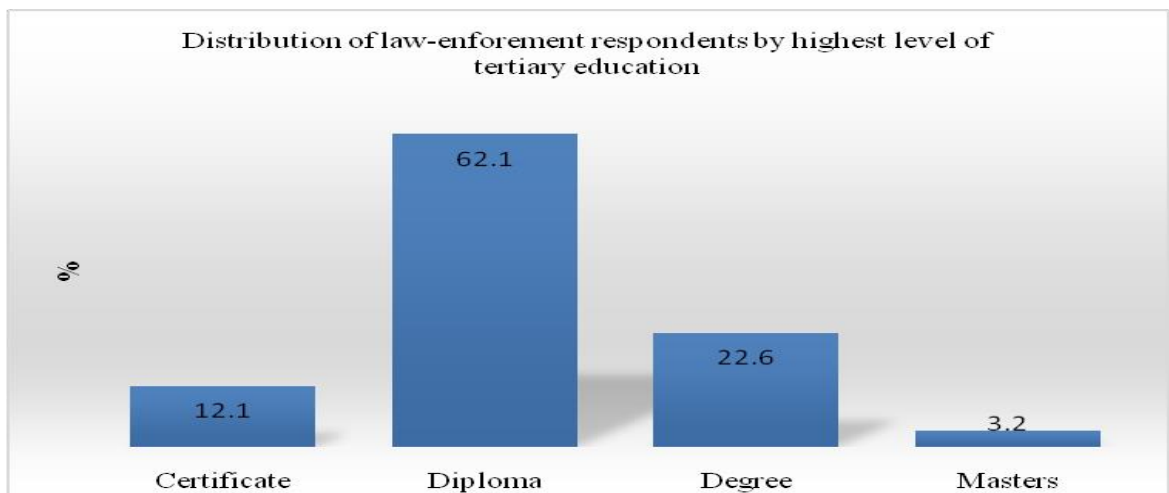
The purpose of this question (*optional*) was to establish the proportion of respondents by marital status, relative to a plausible conclusions (that can be drawn) on their interests/non-interest(s) views about corruption and ML familiarity issues in

Zimbabwe, (i.e. causal/influencing factors, and/or, prevalence, micro/macro socio-economic impact and prevention etc.).

Quantitatively, the response data to (Question 4 of Questionnaire 2 of 3) in **(Figure 5.26) above** shows that most (45.2%) of the respondents from the Criminal Justice Cluster sector representative sample had/have upper secondary A-level qualification (Zimsec/Cambridge), 42.6 % had/have minimum ‘O’-level qualification (Zimsec / Cambridge), 7.8 % had below ‘O’ Level secondary education, and the least proportion, 4.3 had other acceptable qualifications (of equivalents to ‘O’ level (i.e.) Grade 11 certificate. By policy and practice all in the Justice Ministry (Law Officers / Public Prosecutors, Magistrates and Judges) are holders of Higher National Diplomas, Degrees and master’s degrees in law/Legal field as expected. Also, qualitatively an average proportion of respondents in the police and prisons and correctional services by virtue of their holding minimum ‘O’ level qualification, had/have a professional certificate, diploma or degree in the relevant fields of security, risk, and/or, police studies as is expected in their organisations today.

**Question No. 5: (of Questionnaire 2 of 3):**  
**Professional qualification as a factor?**

**Figure 5.27: Distribution of Law-Enforcement Respondents views measured against level of High and Tertiary Education Qualification.**



*Primary data – Questionnaire 2 of 3 criminal justice system survey responses*

The purpose of this question (*optional*) was to establish the proportion of respondents by their professional qualification, relative to a plausible conclusions (that cab be drawn) on their interests/non-interest(s) views about corruption and ML issues in Zimbabwe, (i.e. their influencing factors, and/or, causatives, prevalence, micro/macro socio-economic impact and prevention etc.).

The response data to **(Question 5 of Questionnaire 2 of 3)** in *(Figure 69 above)* shows that the highest proportion, (62.1%) of the representative sample respondents from the Criminal Justice System sector cluster had a diploma, 22.6 %had a degree, 8% had a Master's degree while the least proportion 12.1% had an industry related qualifying certificate relevant to the field in which employed. This result in this question (5) should be looked and read in conjunction with questions (4) before it, which sought to establish the respondents' status by secondary/high school qualification

**Question No. 6: (of Questionnaire 2 of 3):**

**Gross monthly in-come as a factor?**

**Figure 5.28: Distribution of Respondents measured by Gross Monthly Income.**

	%
Below \$ 500-00	53.2
\$ 500-00 to \$ 1 000-00	42.7
\$ 1 100-00 to \$ 2 000-00	1.6
\$ 3 100-00 to \$ 4 000-00 +	0.8

Source: Primary data - Questionnaire 2 of 3 CJS Cluster

The purpose of this (*optional*) question, was to establish the proportion of respondents by gender, relative to a plausible conclusions (that cab be drawn) on their interests / non-interest(s) views on corruption and ML issues in Zimbabwe, (i.e. their influencing factors, and/or, causatives, prevalence, micro/macro socio-economic impact and prevention).

The response data to (Question 6 of Questionnaire 2 of 3) in (Figure 5.28) above, shows that most/majority (66.7%) of the respondents from the Criminal Justice sector cluster representative sample had the lowest gross monthly gross income of below USD 500 (53.2 %), (for lower ranks particularly Constable and Prison Officer ranks), followed by gross monthly incomes in the ranges USD 500 – 1,000 (42.7 %), US\$ 1 100 – US\$ 2000.00 (1.6%) (for those in supervisory and middle management officer ranks in each of the 3 stakeholder clusters), US\$ 2 100 0 US\$ 3 000.00 (1.6%). and last but highest earning of US\$ 3 100.00 to US\$ 4 000.00 for the lowest proportion of (0.8%) for probably the very senior law-officers (Attorney General Directors in the National Prosecution Authority Directorate, Police Commissioner General and Commissioner General of Prisons etc.). Quantitatively and qualitatively, those earning below \$500.00 constitutes the majority of civil servants (Police Officers, Prison Officers, Junior Law Officers, Prosecutors, and other-like civil servants wallowing in poverty caused by a plus decade-long investment starved depressed economy, shut out by the international community, and has forced them to be corrupt.

The Zimbabwe Republic Police has been rated the worst corrupt police organisation by Transparency International Zimbabwe. The Fund for Peace (FFP), a USA-based NGO which focuses on the problems of weak and failing states rated Zimbabwe number 165 out of 178 in the (2017), corrupt-led Fragile States Index, ...calculated on the basis of 12 groups of economic, political, social, cohesion and unresolved institutional failures such as police corruption caused among other factors, by low remuneration as cross cutting indicators of a failed, and or, fragile state. The majority (100%) percent of the 3-Cluster respondent group concede that low salaries for them and the rest of civil servant's civil servants in Zimbabwe thus contribute to corruption and money-laundering

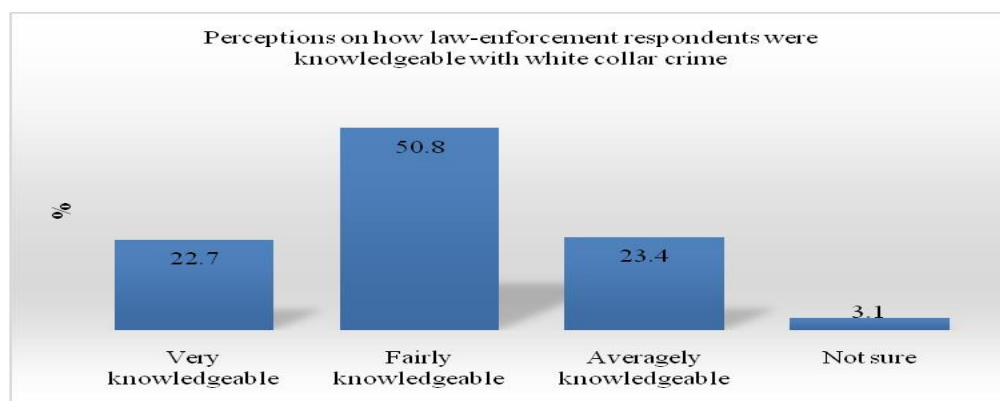
**Question(s) No. 7-13: (of Questionnaire 2 of 3):**

**What is your perception of the phenomena of corruption & ml in Zimbabwe?**

**What could be their major influences or causal factors in Zimbabwe?**

**Figure 5.29: CJS cluster respondents views on ML and corruption problem in Zimbabwe and suggested prevention measures:**

	%
Very knowledgeable	22.7
Fairly knowledgeable	50.8
Averagely knowledgeable	23.4
Not sure	3.1



**Primary data** – Questionnaire 2 of 3 criminal justice system survey representatives.

The question required CJS cluster organisations-[NPA Headquarters Harare –Serious Country Economic Crimes Prosecution Section), Provincial Magistrates Courts-(Economic Crimes Prosecutors), Police General Headquarters/Provincial Headquarters, Minerals and Boarder Control Section, and, CID Fraud Squad Zimbabwe, and last Prisons and Correctional Services]; sample populations to indicate how knowledgeable they were/are about white-collar crime particularly ML (i.e. influences/causality, types, dynamics, prevalence, impact, prevention) and how serious the phenomena’s security and risk threats (actual) are to Zimbabwe.

The response, to (Question 7-13 of Questionnaire 2 of 3) in (figure 5.29 above), shows that majority 50.8 % of respondents (comprising Harare and Bulawayo headquartered Police CID Fraud(s) Section(s), Harare Magistrates and Regional Courts Senior Public Prosecutors and District/Provincial Criminal Courts Public Prosecutors country-wide in the main...the ones directly involved with investigating, dealing and prosecuting white-collar crimes), were of the views that they were fairly knowledgeable, relative not only to the legal conceptions (i.e.), of the terms

corruption/anti-corruption, and, ML/AML, but their prohibitions in terms of the law.

Within the same sample cluster of respondents but mainly of lower to middle police ranks (Constable to Inspector) is the medium proportion of (23.4%), who said they were less adapt or knowledgeable on money-laundering and corruption (conceptually and in practice) than they were/are to the more common forms commonly referred to as commercial crimes such as cheque frauds, fraud common and ATM fraud that they handle or deal with on-a-day to-day basis in their work,. Also, in this medium proportion of 23.4% were, Prison/Correctional Service populations (all ranks) who said they were less educated and knowledgeable on the conceptual terms white-collar crime, corruption and ML. This was not surprising given nature of work of (this) the relatively smaller proportion of the CJS cluster.

Another of the cluster's targeted representative sample respondents was/is the lesser majority proportion of 22.7% that constitute Senior Law Officers/Criminal Public Prosecutors in the National Prosecuting Authority (NPA) Office - (formerly, The Attorney General's Office), known as the ('Economic Crime Prosecution Section'), and outside, the Police CID Fraud Squad dedicated ('Economic Crimes Investigation Section') plus sizeable proportion of other public prosecutors housed and working on 'economic-type crimes' at each of the country's 5 Provincial Magistrates Courts, who responded by saying they were very knowledgeable on issues of corruption and money-laundering. This, relative not only to their legal conceptions (i.e.), the anti-corruption and ML/AML laws, but their illegal practices and negative effects on micro/macro society.

The majority of this same 22.7% (very) knowledgeable sample were veteran law officers/public prosecutors and senior police officer detectives a good number known to the research from years past while in the police (as a fraud detective) and bank security manager – dealing and interacting in serious white-collar related crimes such as the Bernard Paweni GMB financial tender scandal, Roger Boka UMB bank financial scandal etc. Also headquartered in Harare, and provincial headquarter offices of the police and the judiciary, majority of same had questionnaires directly fed to them by hand or their organisation head-office mail courier service. Completed questionnaires were collected in the same fashion, analysed and commutated for



results. Follow-up interviews were carried out during which in-depth discussions relative to this question were undertaken to cross-check validity of their responses.

Last of the lowest was/is the 3.1% CJS sample predominantly encompassing junior prison and correctional service officers and a minor proportion of members of the Central Intelligence Organisation seconded to the (then) just formed Police Economic Crimes Investigations Section, who said they were not sure. Their response was not a big surprise to the researcher (at the time) considering the respondents' primary nature of work - (prison service and intelligence) and the ground they needed to cover to comprehend conceptually corruption and ML.

Ironically, while these and other skeletal responses forming the valued data of from the 3 CJS cluster: Police, Prisons and Justice legal experts indicative of a cumulative majority of 97.0% shy of 3% to a (100%), response rate: 50.8 % (fairly knowledgeable), 23.4% (averagely knowledgeable), 22.7 (very knowledgeable), and, lastly 3.1% (not sure)], the same 97.0% knowledgeable majority respondents when confronted to defend their turf on accusations of deficiencies in quality of investigations and prosecutions of offenders, and, confiscations of proceeds of crime, both the police and judiciary cited paucity of sufficient knowledge on the legal conceptions and dynamics of the twin phenomena and the offenders, which they attributed to lack of education and development training from particularly the banking sector (RBZ). Generally, almost all the respondents irrespective of age and gender conceded that the country was at high risk of the phenomena, considering its nexus with other exogenous crimes particularly corruption which to some who were appreciative of its effects, represents a major opposition to AML systems and measures they (criminal justice) and other regimes may put in place. Also, majority of CJS respondents across the cluster divide irrespective of age, gender, marital status, job position and earnings, also cited political interference as a major impediment to the successful handling of corruption cases which in the majority involve (PEPs).

Convenient to highlight in this end part of the result analysis that, the research also established the existence of a tag-of-war as to who was/is to take responsibility for the inexplicably low number of arrests and prosecutions relative to reported and

suspected cases against PEPs, involved in alleged corruption and all kinds of laundering activities, (i.e.), the lower rate of convictions, and slowness or apparently unending trials of even some of the very clear-cut cases with sufficiently abundant evidence...showing arguably, paucity of knowledge on the part of their counterparts. Claiming that, while the country's anti-corruption and AML legislations are strong and (they police) being relatively committed and active, the judiciary, taken as a whole, has been "schizophrenic" at best in handling corruption cases. Echoing public sentiment, police respondents said the few of the offenders they arrest and take before the courts are sensationally convicted and imprisoned to the acclaim of the citizenry, scores of cases against PEPs (e.g. ex-Governors, Ministers, Legislators and the likes) have remained pending in the courts for ages. The Judiciary on the one hand, accuse police of general inaptitude: lacking in expert investigation knowledge of contemporary complex white-collar crimes i.e., lacking in conceptual knowledge of crimes and their types, poor scene attendance practices, poor evidence gathering, handling and preservation and poor at giving evidence in court, leading to those accused persons upon whom serious charges of corruption and ML are alleged particularly PEPs to be acquitted.

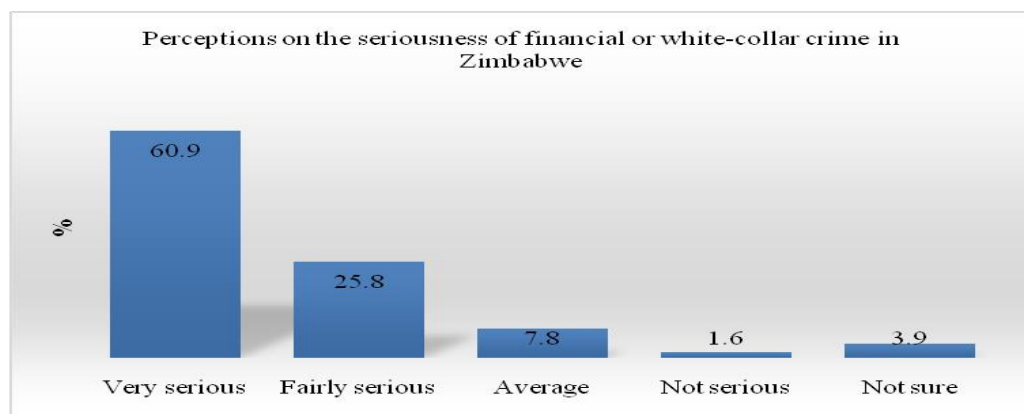
This result arguably very significant to the research, should be read in conjunction with (all) questions [No. 10 – 44] of [Survey Questionnaire 2 of 3] which also seek to establish the presence, causal factors, and enormity of Money-Laundering and Corruption...two forms of serious white-collar crimes targeting banks in Zimbabwe, their nexus, relationship with other crimes including drug-trafficking, externalisation of currency, fraud, internet fraud – which offences (made-up of largely) of both conventional and non-conventional methods of pervasions (organised/non-organised), commonly referred to as predicate offences; and how they can be prevented, and or, dealt with under the law (AML & AC Laws) to mitigate bank sector losses in the country.

**Question No. 10-21: (of Questionnaire 2 of 3):**

**How serious is the problem of financial / economic crimes including corruption and ML in Zimbabwe? If serious what could be the major causal factors?**

**Figure 5.30: Respondents views on the problem of financial/economic crimes including corruption, and, ML and the causal factors in Zimbabwe:**

			%
Very serious			60.9
Fairly serious			25.8
Averagely serious			7.8
Not serious			1.6
Not sure			3.9



*Primary data – Questionnaire 2 of 3 criminal justice system survey responses*

The data in (Figure 5.30), of **(Question 10-21) - (Questionnaire 2 of 3)** shows that majority of respondents 60.9 %, percent viewed the problem of white-collar crime and its extend (i.e.) prevalence, with particular mention to bank frauds and corruption and their exigencies for ML as very serious in the country; followed by a proportion of 25.8 % percent, rating of between fairly serious, and, another proportion of 7.8 % viewing it as averagely high (albeit based only on predicate crime rates in the country such as corruption). Yet also another 3.9 % thought white-collar crime was a concern they were not sure about the magnitude (micro/macro impact) since accurate statistical figures were hard to come by. Of a different opinion was/is the least proportion of 1.6% that posited that outside corruption the problem of white-collar crime (other) was not that serious in the country. What this finding shows is that the majority 94.5% (all ages, gender, job positions and earnings combined) agreed that

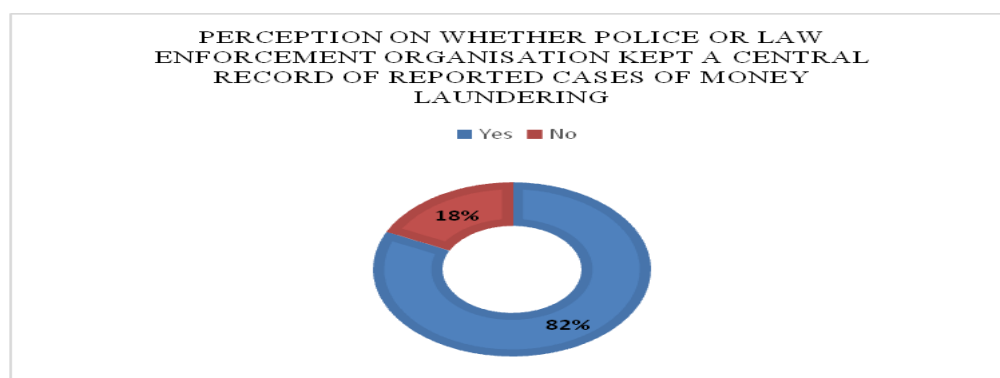
what collar crime was a serious crime in Zimbabwe particularly financial/economic crimes - fraud and embezzlement involving government officials and bank owners and senior officers being mentioned. The very least 5.5 % (3.9% +1.6%) proportions gave not very divergent views not a very distant view from the majority 94.5%, (i.e.), the former acknowledging the existence and presence of the problem (albeit) the measurement was difficult because of the paucity in consistency and accuracy statistical data figures in the country); and the latter while acknowledging the existence of white-collar crime outside corruption, did not think it was that serious. The views of the last mean proportions could well be interpreted to mean that these sample groups underestimated the impact of white-collar crime (other) such as plastic card fraud, corruption, tax evasion and bribery forms that manifest into ML most preferably using banks as vehicles, and the proceeds further to commit further crimes.

**Question (No. 22-24): (of Questionnaire 2 of 3)**

**Keeping of records (on reported cases of suspected laundered money/criminals) by investigating authorities?**

**Figure 5.31: CJS: Respondents views on keeping and maintaining criminal records of suspected ML & Corruption related activity reported cases by Banks.**

	%
Yes	82.1
No	17.9



The data in (Figure 5.31) of **(Question 22-24) - (Questionnaire 2 of 3)**, shows that the majority 82%, said ‘yes’ their organisations maintain central record(s) or repositories of bank related and actual fraud case incidence reports dealt with and those continuing in investigations short of STRS transactions which banks/financial institutions report direct to the RBZ (FIU). Probed further to validate their (82%) affirmative claim to there being a central record keeping system expected of the CJS by providing statistical data of (all) reported cases the CJS through the police had received from banks including escalated reports STRs from the Reserve Bank FIU if any and dealt with – some going as far as the courts in the immediate past five years or more, the researcher was surprised only CID Frauds and the National Prosecuting Authority (Commercial Prosecuting Section) could readily manage to produce some skeletal form statistical data. The reasons given for not being ready with fuller statistics on call by these AML regimes being that they work under difficult conditions, lacking adequate material resources (e.g.) paucity of suspicious transactions analytic tools, shortage of skilled human capital, lack of training in financial intelligence related courses, lack of motivation, and poor cooperation from banks when it comes to divulgence of customer information once a report is received.

Yet also, another 18% proportion perceived that no central record or repository system for serious economic crimes of ML and corruption *per se* was maintained by the three CJS ministries / organisations. Rather criminal records are maintained for all types of reported suspected, and/or, actual confirmed crimes the majority of which (in the common categories of those commonly understood or appreciated) get processed for courts hearings compared to the more serious and complex involving ML and corruption which take time to be dealt with by the system the researcher heard. Zimbabwe as is with other countries transnationally, banks as well as (they) law-enforcement agencies are mandated in terms of the law, to maintain audit trail of (original/copy) supporting evidence and records of transactions in whatever form (e.g.), credit / debit card slips, cheque vouchers, telegraphic transfers etc., as an essential component in investigations into ML, usually for a minimum of five (5) years and up to a maximum of 10 years in line with the country’s statutory

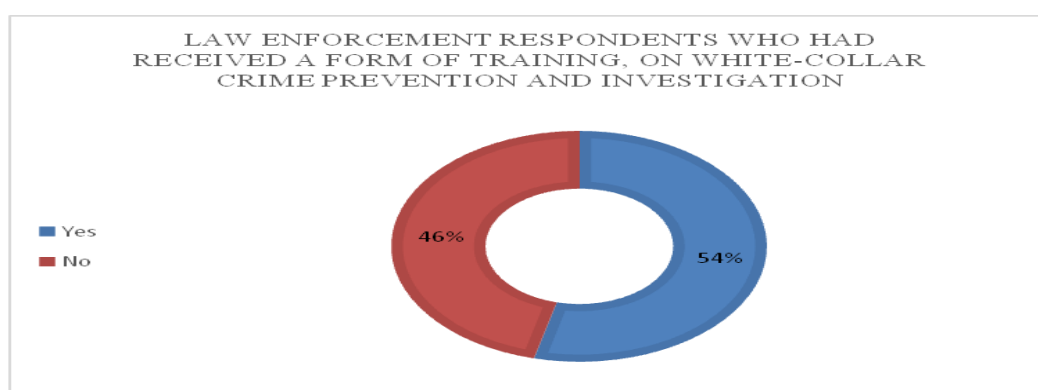
requirement and international best practice risk-based standards of from day of transacting/reporting (vice-versa).

What came out clear in the end during interviews with both majority 82% and the mean 18% respondents' proportions aggregated result was confirmation the CJS cluster has no central system (paper or computer based) of maintaining records/statistics on neither less serious / serious 'summary offences' (made up of, including predicate offences other), and, notifiable serious economic crimes covering corruption, and, ML, which are dealt with by the magistrates courts. Each of the cluster organisations have localised crime records systems which start or filter from what are called 'notifiable offences' recorded by the police (ZRP) in which the said more serious offences are meant to be included and when taken to court form court records. These are some of the figures that are also meant to be published annually by the Central Statistical Office (Zimstats) and are sometimes reproduced in mass media etc. The mass media also provide a source of information on corruption and ML.

**Question No. 25-28: (of Questionnaire 2 of 3):**

**Training as a factor to effective combating of ML and Corruption?**

**Figure 5.32: Respondent views on training as an important factor to combating ML, corruption and other concomitant white-collar crimes in the country:**



*Source: Primary Data (Questionnaire 2 of 3 Survey)*

The data in the above (Figure 5.32 above) of **(Question 25-28 of Questionnaire 2 of 3)**, indicates that the majority (54.4%) of the total respond population claimed to have undergone some form of training on investigating white-collar crime and AML. Only (46%) stated differently. They did not / have not attended or received any formal training before and after joining the Justice Ministry /Judicial Service Commission, Police or Prison and Correctional Services. Combined, most staff confessed to having been exposed to some form of (self) training through further education for a degree or for professional examinations, organizational training manuals, audit reports, international journals and newspapers on white-collar crime, AML and organized crime etc. Not surprisingly though, those who claimed to have been trained stated that, for most, the training was for the most one-off short course (1-3 days) events by security departments banks themselves. Qualitatively and quantitatively Barclays bank was during the early 1990's to early 2000 responsible for most training to Police Officers in Fraud Department and the Harare Commercial Crime Unit (then still part of main Duty Uniform Division of the police) – taking them through a one-month contact-like attachment to the bank's security department for which the writer was a member and trainer. Qualitatively also, Barclays also introduced the 'Business Against Crime Concept' which it carried through to a monthly Radio/TV programme on ZTV as a crime prevention and awareness campaign tool for banks and the Zimbabwean corporate at large. For a few others some semblance or form of training on what is commonly referred to by investigative police officers as commercial crime, would have taken place during refresher courses at police staff college or during the RBZ NRA survey in 2015 etc. Otherwise, any other knowledge absorbing training has tended to be received ad-hoc at workshops members sponsored/sponsor themselves. A portion of the majority (54%) who perceive to have received training in white-collar crime include those that were invited to join the Barclays' employees Card Fraud Prevention training road shows conducted throughout the country during the fraud prevention campaign of 1998. The writer then, an Assistant Security Advisor and Head of Card Fraud organised and coordinated the training with VISA and MasterCard International Companies UK. Theory and point of sale (POS) electronic card based machines, automated telling machines and other electronic media based application(s) simulation exercises that helped learners to understand how modern technology coupled with its complexities helped in the facilitation of white-collar of corruption-led

laundering/money laundering. As is the case with any method, video and other media supplementary training methods designed for front-line bank employees, merchants, law-enforcement officers to learn card verification, how to handle sticky or emergency situations, were thus shown in order to increase awareness of the problem and how it can be prevented. Jones (1989)', (et.al) reaffirms this by stating:

Recent anti-fraud developments are concentrating on staff training.  
Access (Private) Ltd. has developed an anti-fraud video to use in staff training sessions and both access and Barclaycard (U.K.) offer rewards to assistants who spot a rogue card (Jones 1989: P17)

However, the 'yes trained' perceivers conceded that while they might have gotten some basic appreciation of the subject of white-collar crime and AML, the literacy rate was low particularly on the subject of ML itself as a primate secondary offence and other forms of white-collar crimes predicate to laundering such as plastic card and electronic fraud that are very complex by nature and would need formal if not intense specialized training over time etc. This confirming the fact that police were not adequately knowledgeable to be able to deal with AML and Corruption issues gripping the nation with reference to the banking/financial sector and the corporate sector (other) (private/public) that bear the brand of being targeted. Such being the case, both the 'yes' and 'no' respondent publics said they as part of the AML regime in the country, should be considered for robust knowledge transfer schooling to enhance effective AML enforcement. Yet, under the Zimbabwe Bank Use Promotion and Suppression of ML Act., Number 2 of 2004, (Chapter 24:24, the (RBZ) Financial Intelligence Unit (FIU) should create provide, and/or, facilitate training for member designated institutions staff including the police and judicial prosecution agents on matters related prevention and combat of ML and extant predicate crimes. The Central Bank (RBZ) FIU when interviewed as part of the research primary data gathering process to explain its position on training, said it was still to roll-out training for designated institutions and banks/financial institutions alike, conceded it had not fully exercised this statutory mandate on training and would in the near future role out targeted training for police, judicial (prosecution agents) and other AML regimes (herein) referred as designated agents as one of the effective tools to prevent and combat the phenomena.



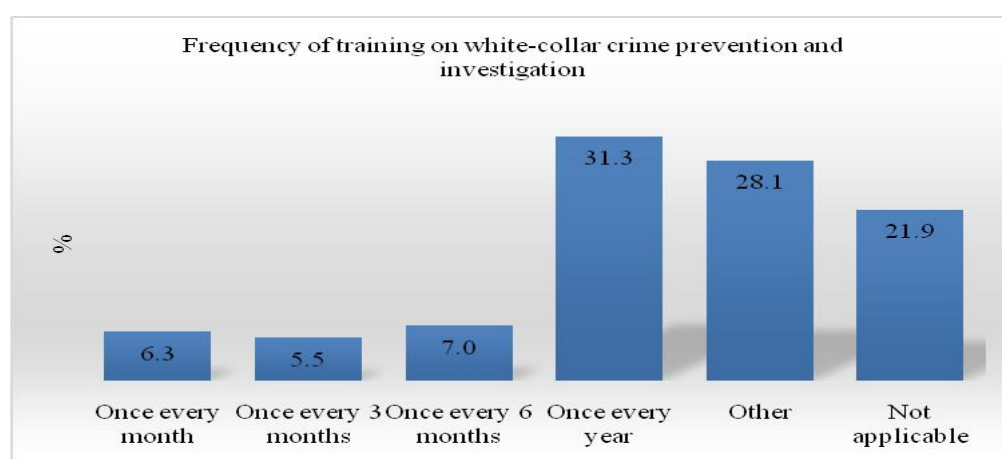
The response, arguably very important to this study, should be read in conjunction with (Questions 26, 27, 28, 31, and 33), which also sought/seek to establish facts on bank/financial institutions bodies that teach law-enforcers on white-collar crime and AML, type of training and effectiveness, and rate of prosecution success of ML as the main charge to a diverse bevy of predicate offences in Zimbabwe.

**Question (No. 29-34): (of Questionnaire No. 2 of 3)**

**White-collar crime awareness training as a factor to prevention & investigation successes to combating ML?**

**Figure 5.33: Respondents views on Awareness Training on White-Collar Crime Prevention by Banks/Financial Institutions to Combat ML:**

	Percent
Once every month	6.3
Once every 3 months	5.5
Once every 6 months	7.0
Once every year	31.3
Other	28.1
Not applicable	21.9



*Source: Primary Data (Questionnaire 2 of 3 Survey)*

The importance for police officers to absorb knowledge through further education and development training come out clearly in these findings. For example, analysed results of the primary surveys (**Questionnaire 1-3**) questions were/have been discussed in conjunction with results of correlating questions/variables that sought/seek to measure whether officers (police, and public prosecutors in particular), have sufficient conceptual knowledge, training and capacity to function effectively, ensuring that corruption and money laundering matters are dispatched effectively and fairly relative to case studies (herein), in which gaps have empirically been identified. The data in this (**Figure 5.33 above**) reflects perceptions on the question that sought views from the CJS cluster partners that directly deal with financial/economic crimes - (Police Serious Fraud Section and, National Prosecuting Authority Law Prosecuting Officers), on the frequency of ML/AML training, relative to (e.g.) the need to heightening their conceptual appreciation of the technical term ML in its broader spectrum, which separate it from its predicate offence exigencies.

Aggregated majority 31.3%, respondents from the Justice – National Prosecution Authority (Financial Crime Prosecutors Office) – a proportion of those confirming having received some form of basic training, stated that development training for them was a one-year once-off affair provided by the (RBZ FIU). Another proportion 28.1% chose not to commit themselves suggesting that this question was not relevant most probably because ‘it was a high hanging fruit’ meaning there was no real awareness training on ML/AML from either the banking sector or RBZ itself to talk about in the first place. Yet also, a 29.9% proportion thought that the question was irrelevant and gave a no ‘plausible’ answer as one of the softer ML/AML tertiary treatment solution(s) sought – which could mean the same view perception by the 28.1% respondents. Taken in the context the response was given it could be interpreted according to the researcher that these ‘experts’ felt offended to be thought of as being less conceptually knowledgeable or having gaps of appreciation of ML and corruption crimes. The remainder of the respondents, 7.0%, gave out that their ML/AML awareness training delivery, had just been/was a once-off by-6 monthly affair by the RBZ FIU. Two least proportions 6.3% and 5.5% gave out that training (non-specified) was once every month. These aggregated results taken cumulatively

into context could be concluded as revealing a disturbing affair (i.e.) uncoordinated training for one of the key partner entities of the CJS – The National Prosecution Authority. The same gaps could be said to exist viz; awareness training deliveries targeted on the police, and/or, other designated national intelligence specialised financial/economic agency units in terms of the ML/AML Act by the RBZ FIU.

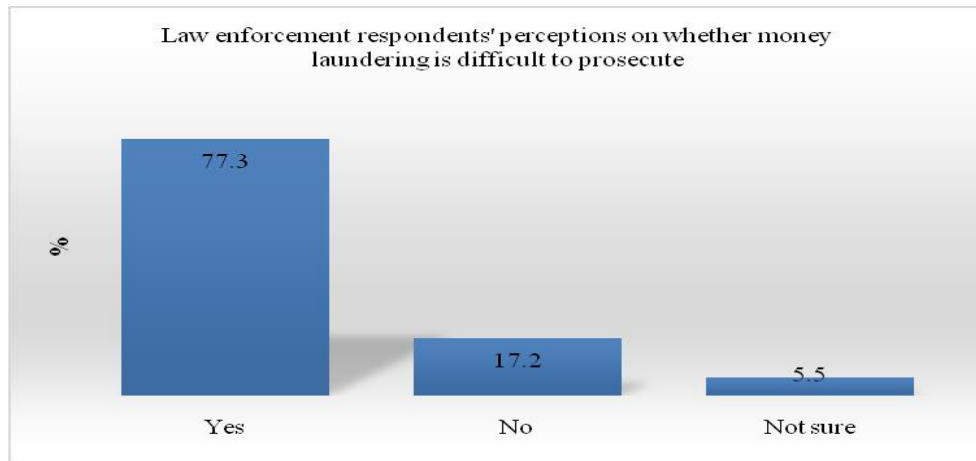
Cumulatively the aggregated median response ratings of 28.1% and 21.9% in the non-committal (‘other’ and ‘not-applicable’) makes the same, the majority 50% cross-validating absence of sufficient training, and or, lack of it to the target research respondent investigative police and prosecution presiding officers. Qualitatively, in terms of the Zimbabwe Bank Use Promotion and Suppression of ML Act Number 2 of 2004, [Chapter 24:24], it is one of the roles of the (RBZ) Financial Intelligence Unit (FIU) to create training facilities and provide trained to designated institutions including the police and judicial prosecution agents on matters related prevention and combat of ML and extant predicate crimes. From this finding it would be interpreted that the (RBZ) FIU which when interviewed as part of the research primary data gathering process to explain its position on training, said it was still to roll-out training for financial institutions and other designated institutions alike, indicative as an institution, it had not started exercising this statutory mandate on delivery ML/AML awareness training as required.

**Question No. 33–36: (of Questionnaire 2 of 3)**

**Is money-laundering difficult to prosecute, and if so why?**

**Figure 5.34: Distribution on Perceptions on whether ML is difficult to prosecute and why?**

	%
Yes	77.3
No	17.2
Not sure	5.5



Source: Primary Data (Questionnaire 2 of 3 Survey)

According to **(Figure 5.34 above)**, of the total respondents, regardless of one's rank, 77.3%, of respondents stated that Money-laundering as a primary charge was difficult to prosecute. A serious 'notifiable offence' in the category of classified transnational criminality that conforms to the definitions and categories found in penal codes (codes), ML ranks number one on the list because of its massive impact on the economy of the entire world – (made up largely of predicate offences), (e.g.) occupational fraud, abuse/misappropriation of funds, drug trafficking, arms trafficking, theft of depositors funds, human trafficking, externalization of funds and illegal remittances (cash), smuggling etc., making its diverse chameleon like dimensions difficult for someone untrained to identify, investigate and prosecute, hence the inexplicable low numbers of prosecution relative to identified STRS, suspected (other) and actual reported cases, including 'live' cases of PEP's proper (legislative authorities) being themselves potential perpetrators, collaborators and or, involved in corrupt and laundering practice, making it difficult to investigate – giving the result credence. Whereas surprisingly, a median response was 17.2%, a huge decrease from 77.3% provided by other respondents in the same group who disagreed perceiving ML as not difficult to prosecute. 5.5% stated they were not sure. Not surprising also considering that ML is a high-order insidious crime that can only be understood by trained AML regime agents, and of course, banks and their employees as victims of the complex phenomena and related crimes. Maybe the small 5.5% in actual fact represent the rest of the criminal justice system sector mainly police officers and prison officers who conceptually never came across the term itself in their lives and short/long career experience. Not surprising also is that those that said 'no', it's not difficult to prosecute (17.2%), either did not quite

understand the question, or they just were grandstanding (lying to themselves), and also, those who said they were not sure (5.5%) did not also understand the requirements of the question (yes/no). All said, quantitatively and qualitatively, the figures here coming out of the research that ML is difficult to investigate and prosecute are consistent with other contextual and general studies that have been carried out throughout the world by its insidious nature is difficult to investigate and prosecute.

**Question No. 40: (Questionnaire 2 of 3):**

**What would be your comment on the public perception that the Zimbabwe Republic Police, Courts and Prisons Correctional Service are among the most corrupt institutions in the country today?**

**Distribution of perceptions on the public perception that the Zimbabwe Republic Police, Courts and Prisons Correctional Service are among the most corrupt institutions in the country today.**

Cumulatively, (quantitatively and qualitatively), the majority 100% of respondents regardless of age, gender, position or income, perceived that; on a score mean of ‘0’ for high perceived levels, and ‘10’ for extremely low perceived levels compared to five years earlier, were of the opinion that law-enforcement agents, particularly (Police) were involved in very high levels of corruption especially on the roads. The same majority respondent grouping also perceived the justice fraternity (certain few Judges, Magistrates Public Prosecutors and Clerks of Court), Prisons and Correctional Services, Health sector workers, pharmaceuticals, telecoms, agriculture followed by other sectors albeit at lower levels as corrupt in specific areas of their operations. This findings on Z.R. Police as most and highly corrupt public institution in the country, dovetails with the (2007/2014-2015), independent international bodies such as Transparency International (TI) and World Bank commissioned survey ranking reports on corruption and most corrupt countries/institutions heightens the majority respondents belief of increased levels of corruption in Zimbabwe particularly by government officials/civil servants this, as also the economy continues to shrink. The ‘media’ was/is also singled out in the TI’s and WB’s surveys as the most powerful force in fighting corruption, with, (17%) of the

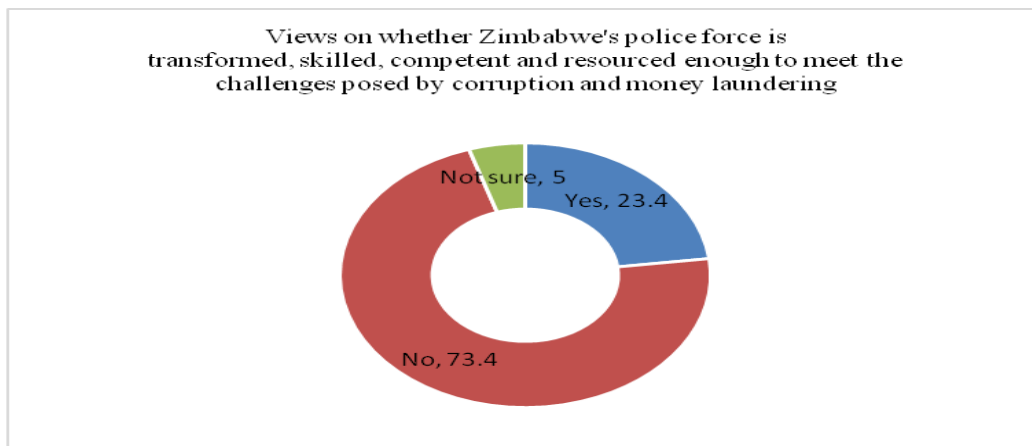
total studied responding populations reportedly saying “they would prefer to report corruption to the media rather than the police, as their role in the combat against the scourge had become pivotal and instrumental in the expose of grant political corruption cases” in those countries affected including Benin (118), Nigeria (147).

**Question No. 42 - 43: (of Questionnaire 2 of 3):**

**Has the (ZR Police) transformed (from being a police force to a professional and service oriented modern organisation to be able to fight white-collar crime)?**

**Figure 5.35: CJS cluster respondents views on whether the Z.R. Police transformed professionally to be able to fight contemporary white-collar crime.**

	%
Yes	23.4
No	73.4
Not sure	0.5



*Source: Primary data (Questionnaire 2 of 3 Survey)*

Significantly the majority 94.1%, respondents including the generality of police officers (all ranks up to Chief Superintendent Level) surprisingly were of the view that the Police Force in Zimbabwe had not transformed at least for the better, showing

instead fewer professional qualities than its pre-independence (1980) predecessor the ‘British South African Police (BSAP)’. Ironically apart from becoming even more systemically in policing methods, the ZR Police was crafting its own public order ‘designer’ laws outside the legislative authority, like, introducing ‘concentrated’ ‘toll-gate-style’ ‘traffic road blocks (usually 5 or more on every 100 k/m stretch of public roads) - not to routinely carry out civilian police duties, but to milk a cowed, over-compliant unsuspecting civic society (motorists and passengers alike) said majority respondents. Starting in 2009, the choking situational targeted road-block style purportedly to fight crime lasted nearly 8 years – ending with the fall of Robert Gabriel Mugabe’s autocratic and corrupt regime on 14 November, 2016. With Mugabe’s fall also came a temporal lull in the oppressive style policing methods of corruption presided by ‘Commissioner General’ Augustine Chihuri (1993-2017) majority of respondents’ views coincided. At the time writing, “Zimbabwe was number ‘156’ out of ‘179’ rated most corrupt countries of the world, this according to Global International Perception Index released by Transparency International (2007) rankings (Herald, Dec 15, 2015).

On education and development, majority 94.1% respondents (mostly police officers) concluded that, while the Z. R. Police was supporting those academically gifted to take up security and policing related certificate to degree level courses police with institutions such as Bindura University of Science Education, a lot still needed to be done to equip officers with requisite knowledge to sharpen their investigative skills in modern type white-collar crimes in particular ML and corruption in which they conceded lacking. Also the lack of basic adequate resources in the police (i.e.) bicycles, cars, office desks, desk computers and lap-tops including printers (the latter) needed to compile reports dockets, and, even uniforms for members were mentioned as indicative enough of an organisation in regression mode in modern times.

On the ground, just to add, majority respondents lamented that junior officers must arrange own transport to travel far distances in rural areas for example to investigate, arrest and escort a suspect whether alone or in pairs/groups. This while, senior ranked officers at Police General Headquarters (Superintendents (x60+), chief Superintendents (x20+), commissioners (x5+), assistant commissioners (x25+),

deputy commissioners (4), and Commissioner General (x1)) were/ are allocated three cars each: one to drive off-road when going to the senior officer's government allocated free farm, one for driving around the city, and or, locally, and the other just a standby vehicle in case the of emergence. Similarly, at district and provincial headquarters/police stations, Officers-in-Charge usually of Inspector to Chief Inspector's ranks also hold a personal issue vehicle and the station vehicle, which he/she uses on and off – while preserving the personal issue one, at the expense of allowing it to be used for work related investigation chores. These kinds of corrupt, abuse of office and misappropriation of government assets would never have been tolerated before independence. Such is also the credence to the pointer of lacking in transformation by the majority 94.1%. From this finding, the issue of transformation for the better by the police over time since the country's independence more specifically during period under investigation 1984–2016 becomes a nullity % majority.

Still answering the same question, 24.3 percent in contrast said that 'yes' the police in Zimbabwe had transformed. Presenting their case the mean 24.3% respondents averred during further on one-to-one interviews that, apart from increasing in number, the force, had in a few noticeable areas changed, for example in the area of education by creating opportunities for officers to further develop themselves by taking up suitable police and security fields related study courses at universities – hoping this will over time bring out change to quality of investigation and evidence sampling techniques when handling ML and corruption complex.

Respondents also pointed to the fact that the Z.R. Police had decentralized its operations by opening bases and police posts in all areas/places showing populations concentrations to be accessed by those who want to report cases or be assisted by police without travelling long distances, making it a people's police force. This despite forgetting to mention though that the referred to police bases, and/or, Police Posts, were more of make-shift structures built in some cases out of sub-standard wooden planks, asbestos, and plastics. This finding from the 'yes' transformation vote, can only be interpreted as a reflection of misplaced less dominant perceptions which should not be taken as valid correlation.



Lastly, a mean 0.5 %, of the total targeted respondents perceived that they were ‘not sure’ whether the Z.R. Police had actually transformed. This answer can be interpreted to mean a lot of things. Either the respondents were not immersing well enough in the ‘rot’: police member transgressive behaviours, brutality, and inefficiencies or, they were just not sure on what the question required. Qualitatively, it is consoling to take notice of the fact that, statistics of less dominance and/or, insignificant a perception, should not be taken as a valid correlation.

**Question No. (54): (of Questionnaire 2 of 3):**

**Would you for any reason believe that since the financial scandals of [1995-2000 & 2003-2013]? The security & fraud risks to banks have changed**

**Distribution of views on whether banks security & fraud risks have changed since the financial scandals of [1995-2000 & 2003-2013]**

In all cases irrespective of age, gender, rank and income bracket, respondents replied that the security and fraud risks present during the peak period studied: (1995-2000 and 2003-2013) had in actual fact increased, particularly with newer types of computer fraud and the mediums via which the crimes are perpetrated. The main threat of this concern it was pointed, will come from economic organized crime and its ability to operate on frontiers without borders which leverages higher chances of (laundering ‘*serious money*’) hiding ill-gotten proceeds.

When asked on what they perceived to be causal factors for the increase in incidences of corruption and also ML activities despite extant laws and agencies to enforce the A/C and AML provisions, a higher percentage of respondents across the CJS cluster ironically identified the influences in the following order:

1. Grant corruption - “power” of the PEPs / greediness
2. Poor governance/risk management systems in Gvt/public institutions and business particularly banks.
3. Enforcement agency – police, weak in the face of State sponsored corruption/ill-equipped/not independent enough ...(politically compromised)

4. Laws although in existence, not perceived strong enough to deter would be criminals.
5. Those involved in money-laundering were/are politically ‘powerful’ and influential in government and society;
6. Increase in police corruption, and/or, deviance
7. A severely declined economy – high unemployment rate, widespread poverty causing general rise in crime particularly in urban areas such as Harare

#### **5.4: Questionnaire 3 of 3 - Business (Other) & Members of the Public**

##### **Survey Response Results:**

The business community (other), and, members of the public (other), outside the community of banks and building societies and public sector –parastatal enterprises, were/are represented (herein) (Questionnaire 3 of 3), by a cumulative sample population drawn from the streets of Harare and Bulawayo mainly, and others from smaller towns, and, cities in general, colleges/universities (students), vendors, retail chain stores operations (front-till operators/supervisors) and management, loss prevention officers, NGOs, and, State security agents (CIO’s) who fell/fall outside the designated law-enforcement cluster bracket of the CJS. These were purposefully and randomly selected, to answer in some cases almost similar questions as fielded in [Questionnaire 1 of 3], and [Questionnaire 2 of 3]. The questions covered/cover financial/economic crimes (general) (herein) referred as predicate offences, and serious financial economic crime banking/financial crime particularly ML, and corruption (i.e.), (their causal factors, socio-economic and politic micro/macro effects and also their management in line with the objectives of the study).

In the first section of the questionnaire, the following ‘non-compulsory’ demographic questions variables 1-5: Age, Gender, Level of education, Job title, and, Income; were sought and captured to generally measure whether the same had/have any influence on respondents views on ML and corruption (i.e.), particularly (their causal/influencing factors, types, dynamics, micro/macro effects and prevention) perceptions of the same. Majority respondents chose not to answer these demographic questions and their exclusion here in graphic terms can, and/or, should

be ignored. Qualitatively, statistics of less dominance and/or, insignificant a perception, should not be taken as a valid correlation.

For example, optional question No. (3 of 5) below (as in first section all questionnaires 1-3), asks 'What is your job/ job title'? Its significance was meant to establish whether by percentage proportion one's employment/category/area of employment (self-employed included), and/or, non- employment status among the members of the public and business (other) smaller sample public purposively and randomly surveyed had influence on their perceptions on corruption and ML. retail chain store businesses, street and public space market stalls, at migration border posts such as Beitbridge and Victoria Falls, where by the nature of their day to day business, (overt) ML (street money changer '*wheeling and dealing business*') transacting takes place in Zimbabwe due to among other alluded to, micro/macro socio-economic ills, a perennial cash shortage environment.

Convenient to note here that, as intended given the complexity of researching corruption and its broader conceptual issues, not all designed questions in the questionnaire(s) were likely to be answered satisfactorily by the purposive x3 sample target respondent publics – particularly this, the [general public, and, business (other) public] given that some of the target populations drawn mainly from the two cities, and border towns: Harare, Bulawayo, Plumtree Border town, Beitbridge, Forbes Border Post and Nyamapanda, were/are, transient, and, there was general lack of knowledge and appreciation of the subject matters of Corruption and ML from this sample which was not a surprise challenge.

Also, a few members of the public approached for their opinions, particularly the so-called civilian working in the police, were coy in the manner in which they chose to answer to some of the questions (e.g.) the one on corruption, and/or, police deviance which was thought of as a bit sensitive. Several conclusions could be drawn from this to mean: either, one was irrespective of age, gender or employment status, sufficiently knowledgeable about corruption and ML in business, police itself or the public domain, but, not keen to answer for unknown reasons, and/or, was unaware or ignorant hence not confident to answer.

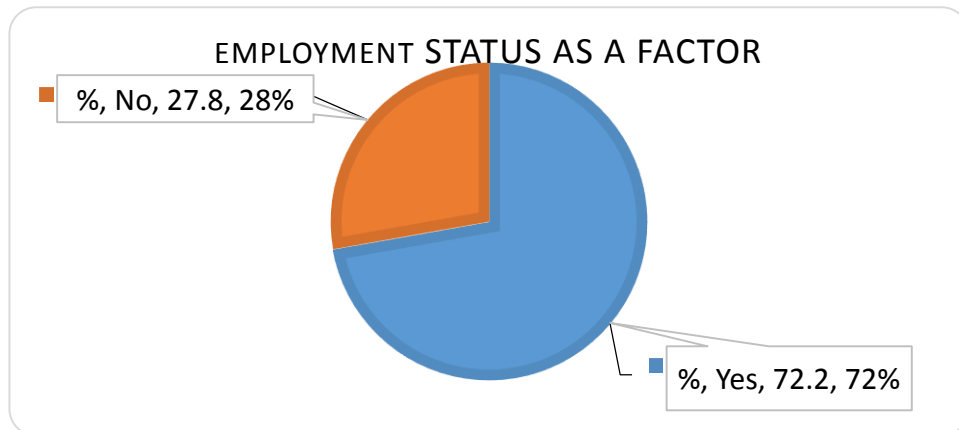
The graphs identified as (figures 78,79,80,81,82,83,84) that follow, thus, report on the smaller sampled data computed in conjunction with correlate question(s) answers and produced as findings of the actual primary field survey by questionnaire, interviews in line with research objectives for this particular target study population identified as *[Questionnaire 3 of 3 – For Public and Business Other]*: The questions to which fuller answers were obtained as interpreted scientifically as findings (hereto) are: 3, 35, 36, 37, 38, 41, and 44, which follow:

**Question No. 3: (of Questionnaire 3 of 3):**

**Respondents’ employment and status as a factor to perception of corruption and ML?**

**Figure 5.36: Responses to question on perceptions on corruption and ML knowledge basing on one’s employment, and/or, status.**

	%
Yes	72.2, 72%
No	27.8, 28%



*Source: Primary data – (Questionnaire 3 of 3: Survey for Business and Public members)*

The purpose of this question was to establish or measure from the (150) target respondents, those who were/are employed in one way or other, and/or, unemployed. The significance being to generally establish whether by percentage proportion one’s

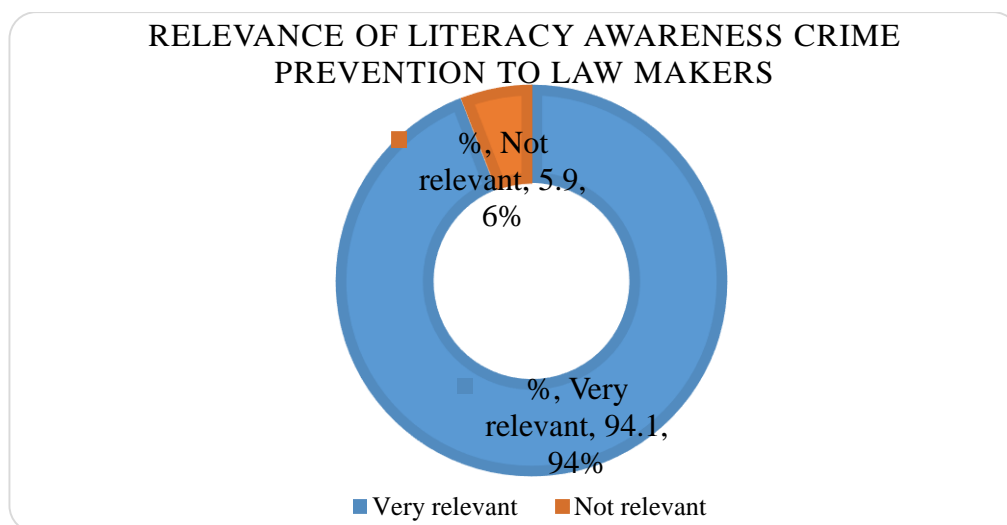
employment/category/area of employment (self-employed included), and/or, non-employment status among the members of the public and business (other) smaller sample public purposively and randomly surveyed had influence on their perceptions on corruption and money laundering. The result of the survey should be read in conjunction with question 5, 6, which also sought to establish respondents status and rank/position, and or, seniority within one's employment, and/or, area of livelihood engagement .

The response data in (Figure 5.36) above shows that the majority, 72% of the respondents (male and female), were/are employed in different formal and non-formal enterprises e.g. the retail store/supermarket model businesses like Pick & Pay, Okay and TM Supermarkets, Warehousing and Logistics such as S & P Logistics (Pvt) Ltd. Others of this majority group respondent proportion were/are engaged in self businesses particularly street flee market vending or sole trader merchant business. 28% repondence are shown as unemployed. This given the dampened economic situation Zimbabwe has been experiencing since the advent of land reform policy in 1999/2000, and, its ostracization by the world community of progressive countries as a pariah state that culminated in companies closing, formal employment drying up and human capital taking flight to other countries abroad, the research learnt. In 2014, John Robertson, of the 'Economic Information Services', in one of his media column contributions on Monetary Policy issues said, Zimbabwe has in the last decade (plus) (-2004 – 2016), lost human capital (medical doctors, engineers, teachers, nurses, university lectucturers and chemists) to among other reasons, a detiriorating economic and social environment, low industrial capacity utilization that finally led to the overal decline in Gross Domestic Product by 50% in 2008.

**Question No. 35 : (of Questionnaire 3 of 3):**

**Respondence views on requirement for literacy sufficiency for law-makers need to appreciate basic financial/economic crimes and their prevention ?**

**Figure 5.37: Respondents views on literacy requirement for law-makers in order for them to appreciate financial/economic crimes & their prevention.**



*Source: Primary data – Questionnaire 3 of 3 for Business and Public members*

The data in (Figure 5.37) above, shows that the majority 94% respondents regardless of age, or, gender, and, who by themselves found it difficult to appreciate and conceptualise the terms ML and corruption believed that it is relevant for political leaders to learn basic law, and/or, law related courses in order for law makers to be knowledgeable about complex contemporary financial/economic crimes that target business particularly banks: their frequencies, socio-economic micro/macro effects and how they can be prevented through legislative policy reforms for example. A few 6% of respondents who were also interviewed as a follow-up to the initial phase of filling-in - or completing questionnaires for Members of Public and Business target respondent audience(s), responded saying they did not see relevance for political leaders (general) to possess above average literacy as a basis for them to play their role of legislative-led AML/AC reform laws formulation as there specialists already in areas of criminal justice and law-enforcement.

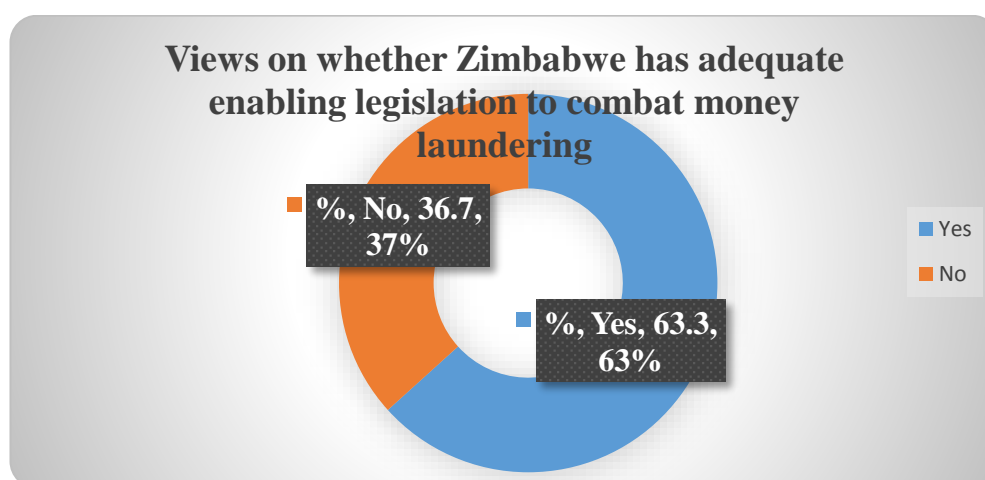
The same respondents from the smaller group when further probed conceded that while education is a human right, and, learning for organisations, or, any business is a Human Capital asset development to grow business, training can also help benefit law-makers and cabinet ministers (i.e.) those in Finance and Treasury, Foreign Affairs, and, economic ministries and departments whose appreciation can help them in steering AML/AC legislative policy for example, whistle blowing and, asset

forfeiture tackling. Their lack of training they appreciated can cast doubts on whether they as political leaders are adequately equipped to handle/deal with serious ML cases and the intractable provisions to be implemented locally and other jurisdictions internationally. Seeing from these two opinions one is bound to conclude that those saying 'no' actually meant 'yes'. This conceded to as shown in the interviews – which can mean they had not adequately consummated the topic and its requirements.

**Question 36: of Questionnaire 3 of 3)**

**Has Zimbabwe adequate enabling legislation to combat white-collar crime in particular ML and corruption?**

**Figure 5.38: Business & members of public respondents views to question whether Zimbabwe has adequate enabling legislation to combat white-collar crime?**



**Source: Primary data – Questionnaire 3 of 3 Survey for Business and Public members**

ML in Zimbabwe is criminalised under (Section 8) of the ML and Proceeds of Crime Act. The Act defines ML in terms of offences which constitute ML. It states that “ a person commits the offence when and or if, that person converts or transfers property that he or she has acquired through unlawful activity or knowing, believing or suspecting that it is the proceeds of crime; and for the purpose of concealing or

disguising the illicit origin of such property, or of assisting any person who is involved in the commission of a serious offence to evade the legal consequences of his or her acts or omission; conceals or disguises the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing or suspecting that such property is the proceeds of crime, acquires, uses or possesses property knowing or suspecting at the time of receipt that such property is the proceeds of crime, participates in associates with or conspires to commit, an attempt to commit, and aiding, abetting, facilitating and counselling the commission of any of the offences referred to above. For one to be successfully prosecuted for ML knowledge, suspicion, intent or purpose as key elements of the offence must be present (RBZ-FIU).

Under the ML statutes, in order to prove that the property involved is the proceeds of the crime, it is not necessary for there to be a conviction for the offence that has generated the proceeds, or for there to be a showing of a specific offence rather than some kind of criminal activity, or that a particular person committed the offence (RBZ-FIU).

Answering the question, whether Zimbabwe has adequate enabling legislation to help combating of ML: the minority of respondents 37%, said 'yes' it has while majority 63.3%, said 'No', the country does not have sufficient enabling legislation to help in the combat of ML.

Generally, with particular regard to the minority 37% who said 'yes', their scale of value level of the 'yes vote', can be associated, and/or, hinged on the extant provisions against, not only ML but also corruption, the two, whose techniques and trends have been found to be connected. The **RBZ FIU** National Risk Analysis (NRA, 2015) for banks, in its survey report stated that Zimbabwe has well formulated MLA/AML policies and structures in place. These include:

An AML advisory committee (AMLAC), which is responsible for the formulation of AML/Cft Policy and advising the Minister of Finance and Economic Development. The National Task Force on AML/CFT, which is comprised of various agencies, namely: Ministry of Finance, Financial Intelligence Unit, Reserve Bank of



Zimbabwe, Insurance and Pensions Commission of Zimbabwe (IPEC), Zimbabwe Anti-Corruption Commission (ZAAC), Zimbabwe Revenue Authority/Customs (ZIMRA), Zimbabwe Republic Police (ZRP), Ministry of Foreign Affairs and Ministry of Justice/Judicial Service Commission. This committee meets monthly to discuss issues of impediments to the effective implementation of AML measures and or, the actual combat of the phenomena. It also meets and deliberates on legislations and accessions to various international conventions/protocols on ML/AML over the past (plus) 5 years.

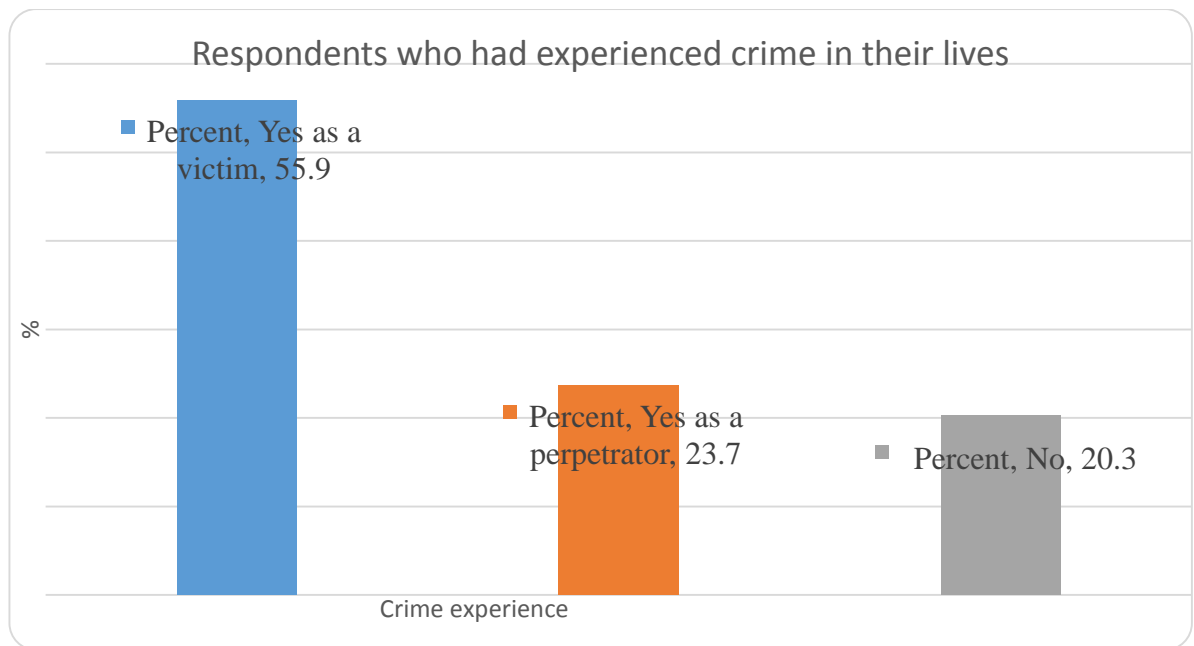
However, the NRA admits to the fact that there are challenges owing to limited capacity of presiding officers, prosecutors and police investigations, and resources like finance and transport to pursue local and extra-territorial enquiries, and lack of political will to combat ML, the latter which to the researcher's surprise the FIU report glosses as being present in Zimbabwe, when in fact its not. It can also be observed and mentioned in passing that, it the referred FIU NRA does not also speak on corruption (driven mainly by **PEPs**) as another of the biggest impediments to AML, a notion received from the minority, 37% which probably vindicates their perceived view on the inadequacy of legislation enabling effect AML combat in Zimbabwe.

**Question No 37: (of Questionnaire 3 of 3):**

**Have you/your business committed, and/or, experienced any form of crime?**

**Figure 5.39: Responses to question on crimes (all types) committed by themselves, and/or, against them, their Employ Company or private business?**

	%
Percentage, 'Yes' as a victim	55.9
Percentage, 'Yes' as a perpetrator	23.7
Percentage 'No'.	20.3



*Source: Primary data – Questionnaire 3 of 3 Survey for Business and Public members*

As shown in (Figure 5.39) above, responding to the questionnaire and from discussions carried out during follow-up one-on-one and group interviews, the majority 55.9 % respondents across the gender divide (all ages), stated they had experienced crime in one form or other as actual victim, including having their cell phones and laptops stolen or robbed from them , money stolen by card fraudsters at an ATM, bribery and extortion payments to police officers, cashiers, and/or, bank tellers for favours such as getting priference in the queue to get money or foreign currency, during their lives in the last (plus) 5 years. Twenty-three percent (23.7 %) of the targets respondence surprisingly gave ‘self reports’ of their, having experienced crime, but not as victims but as as the actual pepertrators mainly of what they preferred to term minor infringements such as bribing (so many times they lost count)-mainly government official (ZR Police, ZIMRA, Municipal City Police and Prison Officers) (all PEPs), for favours such as being allowed to forego paying traffic fines at ‘police road blocks of convenience’, smuggling goods at the boarder, being allowed to smuggle cigarettes to a relative prisoners saving time in jail, (and from those formally employed in senior positions) – abuse or misuse of employer’s assets without permission usually motor vehicles and making the company pay the costs etc. The lack of shamelsessness to the ‘yes’ experience as ‘pepetrators’ rather that victims comes from the knowledge that Zimbabweans today have come to view what

should be considered serious ‘crime’ of corruption particularly payment of bribes to public officials (police officers), and those who occupy vantage positions as an acceptable sub-culture and self-reporting therefore being of no consequence. 20.3% respondents said they had not experienced any crime in their lives.

This result should be read in conjunction with questions 38, which also seek to to establish the types of crimes respondents experienced as victims or perpetrators.

**Question No 38: (of Questionnaire 3 of 3):**

**Have you/your business, experienced crime, and/or, been a victim to the following crime categories?**

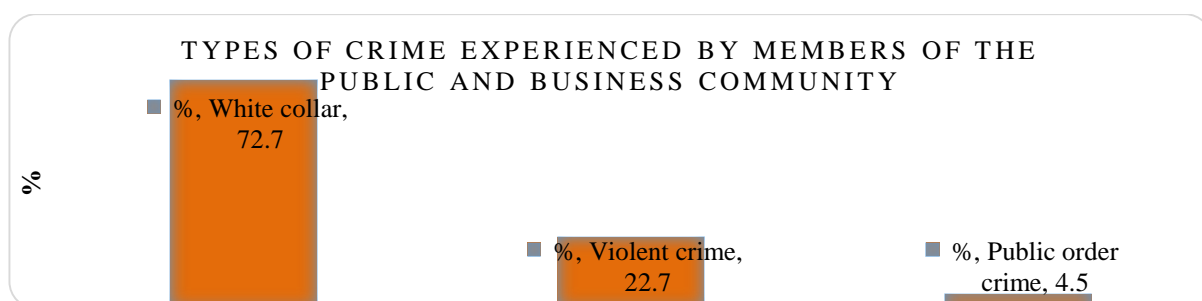
**38.1: White-collar type crime?**

**38.2: Violent type crime?**

**38.3: Public order type crime?**

**Figure 5.40: Responses views on crimes perpetrated on their person, and or, their businesses (other) in Zimbabwe by % category (of the three listed).**

	%
White collar	72.7
Violent crime	22.7
Public order crime	4.5



**Source: Primary data – Questionnaire 3 of 3 for Business and Public members**

As in (Figure 5.40) above, the greater number of responses to this question came from mainly those working in the formal public/private sector businesses (other) such, The Zimbabwe Revenue Authority (ZIMRA), the retail chain supermarkets (Pick-an-Pay), logistics and warehousing. Not surprisingly the majority (particularly those outside the revenue authority - ZIMRA), had difficulty in conceptual appreciation of terms/phrases: 'white-collar', 'public order', 'ML' and even, 'corruption'. Majority 72.7% respondents (male/female of differing ages – above 18 years), conceded that their employ business organisation(s) had experienced some form of white-collar crime or other, including cheque fraud, card fraud, tax evasion, embezzlement, and corruption. In discussions with a small portion of the ZIMRA respondents who did not want to be revealed for fear of victimisation by their employ government/public entity/organisation, government was losing millions through white-collar crimes such as embezzlement and tax evasion by private business and private exporters of goods e.g. cars, and, services. In ZIMRA, embezzlements committed by supervisors and officers were becoming more frequent annually and this was a result of changing morality in all segments of society, particularly the workforce, respondents added. Agreed: generically, embezzlements (special type of fraud), include both misuse and misappropriation of property without owner's consent. Most embezzlements are in fact a series or combination of crimes, rather than a single crime. Embezzlements are generally committed by one or three methods: (by trickery, deceit or misrepresentation e.g., bank account holder/owner impersonation, official seals or fictitious accounts); by document (e.g., cheque fraud, "authorisation note," power of attorney) etc.; by technology (e.g., on line computer, Fax machine, ATM access). In Zimbabwe, the true scope of 'white-collar' type embezzlement problem may never be known for many reasons, among them, corruption, and also, because the crime is a "secret" or "closet" crime...often discussed in the same whisper tones as bribery, child or adult sexual assault etc. if you like, the research concluded.

A median proportion (22.7%) of respondents reported that over time in the last +-5 years, they experienced some form of violent type crimes on their businesses and (on person of another), among them IT systems attacks, assaults of fellow members of staff, and even murder. Yet also least mean proportion 4.5% respondents answered/reported having experienced some form of 'political' public order related

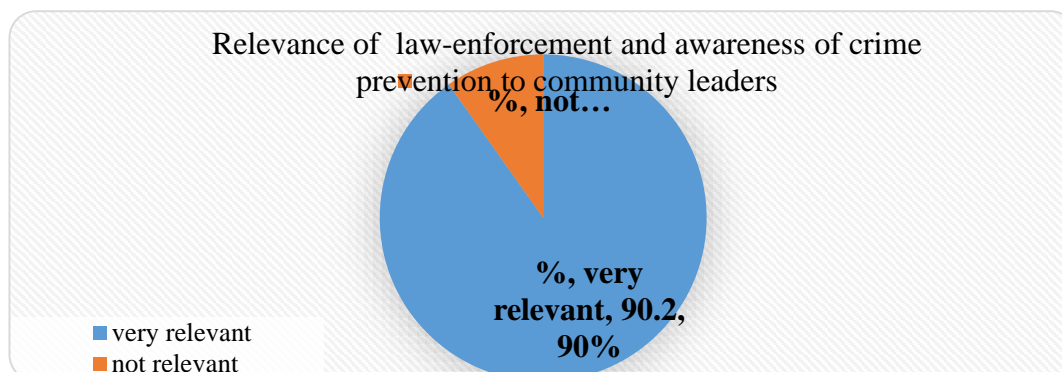
crimes directed at ‘their’ person(s), friends and relatives, and/or, employ businesses, by fellow citizens or the police in which revenue/money or property was sometimes lost. Where the cases involved police, or where police were called to intervene most reported cases died a ‘natural death’ due to political interference *‘corruption’* usually involving PEPs lamented the 4.5% proportion respondents.

**Question No. 41: (of Questionnaire 3 of 3):**

**AML/Anti-Corruption crime prevention awareness training to business and members of public as a factor?**

**Figure 5.41: Responses on the relevance of AML & AC awareness training to Public and business community leaders.**

	%
Very relevant	90
Not relevant	10



*Source: Primary data – Questionnaire 3 of 3 Survey for Business and Public members*

The data in (Figure 5.41) above shows that 90.2 % response, regardless of gender, employment status, earnings capacity or business enterprise, perceive crime prevention awareness against ML as very relevant. Ten percent of respondents did not agree, stating that crime prevention training is not relevant. Those in the majority ‘yes’ group – that confirmed training as very relevant included Operations managers of Pick & Pay (Pvt) Limited, Kampfinsa Shopping Centre and Gweru branches, Okay (Pvt) Limited, Bindura and Bulawayo Central Park branches, and also, sole

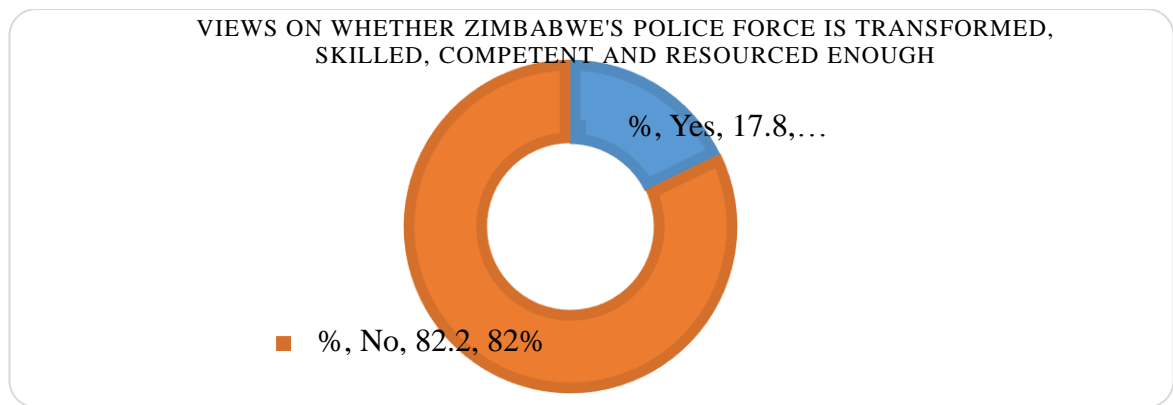
proprietors of Store Supermakets, NGO'S, Flea Market stall-holders: all of whom showed some respect for the the law suggesting the sulvation to sterm ML, and other forms of corrupt activities and incivilities in the country, lie in bringing awareness to the people who have the prerogative to define crime, and, what is not: government/ law makers, and community leaders (Sutherland 1940/1949). The RBZ in terms of the AML Act, Section 3(2) is the primary supervisor of banks and and as such, responsible for awareness training to all designated agents including police, the public and business. In interviews carried out in tandem with questionnaires delivered to the responded banks head offices, the interviewed public representatives said that the RBZ was still to embark of a road-show in which the public will get crime prevention and awarewness training against Money Lundering and Corruption. The public and small to medium enterprises business for example needs to protect itself/themselves against crimes of deceitpt counterfeit money and plastic cards (predicates now increasingly common), to reduce illegsal pay-office. In order to be successful the public and business need to know about genuine 'card features' which they can, when suuspicious campare with the suspect or dubious/fake card. The business and ordinary people negotiating payments in Zimbabwe's murkey waters /cut -through business also deen to be taught how to identify fake US\$ (green Bank from one which is not etc. This can only happen with the RBZ (in terms of what which law)? Suffice to say say failure to train the public-public and business.

**Question No. 44: (Questionnaire 3 of 3):**

**In your opinion, would you say the Zimbabwe Republic Police has transformed professionally to meet the demands of combating contemporary 21<sup>st</sup> century white-collar crimes such as corruption & ML?**

**Figure 5.42: Business and public respondents' views to question whether; the Z.R. Police has adapted professionally to meet challenges of combating contemporary crimes: corruption and ML.**

	%
No	82
Yes	18



*Source: Primary data – (Questionnaire 3 of 3 Survey for Business and Public members)*

Data in (Figure 5.42) above, shows that the majority 82.2% of respondents, both male and female of the general public members and business (other) including managers and staff of retail stores, commercial production industry were/do not agree that the police in Zimbabwe – believe the ZR Police has not transformed in the last 37+ years of existence. Rather they said it had degenerated from a professional entity to a brutal force posts its colonial identity name the ‘British South African’ Police (BSAP) to its new name, ‘Zimbabwe Republic Police’ (ZRP) at independence on 18<sup>th</sup> April 1980. Ironically the force has become even more systemic in its brutal methods of suppressing dissent, crudely crafting ‘designer’ laws outside the legislative authority just to fleece the over-policed public, (i.e.), introducing concentrated ‘toll-gate style’ ‘traffic roadblocks (5 or more on every 100 k/m stretch of road in Zimbabwe) instead of crafting best practice measures to fight rampant corruption even in its midst. This, not to superintend traffic on the roads, but to milk the over-cowed, over-compliant, and, the gullible motorist public and passengers alike starting in 2009. For nearly 8 years the police had it good until the fall of fall of the Robert Gabriel Mugabe’s autocratic and corrupt taunted on 14 November, 2016, but (albeit) temporarily as the deviance practices re-emerged a few months of the new dispensation’s coming into power, lamented the majority respondents. Transparency International’s Global International Corruption Perception Index (CPI) Survey Reports of (1999, 2004, 2014), had rated Zimbabwe at number 156 out of 175, of most corrupt countries in the world (‘The Herald’ December 15, 2015). Ranked among the most corrupt government/public service entities were/are: the police (ZRP.), and, senior political leaders / heads of parastatals (herein) referred as (PEPs) according to the report(s).

On skilling, 94.1% weighed in to say that, as an organisation, the police while trying to develop its members academically by sending those eligible to colleges, polytechnics, and, universities such as Bindura University of Science Education, and the University of Zimbabwe to attain requisite professional certificate, diploma, and degree qualifications. However, a lot needed to be done to resource its ill-equipped members to eradicate corruption and other transgressory behaviours by the bad apples.

The lack of adequate resources for an (plus/minus) 35 000 police force, (i.e.) bicycles, cars, office desks, computers including printers to compile dockets and even uniforms for members are indicative enough of critical shortages affecting police operations to qualify the answer. On the ground, junior officers must arrange own transport to travel far distances in rural areas for example to investigate, arrest and escort a suspect whether alone or in pairs/groups. This while, senior ranked officers at Police General Headquarters (Superintendents (x60+), chief Superintendents (x30+), commissioners (x5), assistant commissioners (x5+), deputy commissioners (x4+), and ‘Commissioner General’ (x1)) were/ are allocated (three) cars each: one to drive off-road when going to the senior officer’s government allocated free farm, one for driving around the city, and or, locally, and the other just a standby vehicle in case the of emergence. Similarly, at district and provincial headquarters/police stations, Officers-in-Charge usually of Inspector to Chief Inspector’s ranks also hold a personal issue vehicle and the station vehicle, which he/she uses on and off – while preserving the personal issue one, at the expense of allowing it to be used for work related investigation chores. The kind(s) of corrupt tendencies/abuse of office, would never have been tolerated before independence echoed majority of respondents. Such is also the credence to the pointer of lacking in transformation by the majority 94.1%. From this finding, the issue of transformation for the better by the police over time, since Zimbabwe’s independence more specifically during period under investigation (1982 – 2017+) becomes a nullity.

A smaller percentage of respondents (24.3%) percent said that ‘yes’ the police in Zimbabwe had transformed. Presenting their case respondents for the mean 24.3% concluded that, apart from increasing in number the force, had among other variables



that can be described as change, created opportunities for officers to study at universities in various disciplines with the organization's financial and material support. Respondents also pointed to the fact that the police had decentralized its operations by opening bases and police posts in all areas/places showing populations concentrations to be accessed by those who want to report cases or be assisted by police without travelling long distances, making it a people's police force. This despite forgetting to mention though that the referred to police bases and or Police Posts (Sub-stations) were more like make-shift structures built in some cases, out of sub-standard wood structures, asbestos, and/or, plastic. This small group of respondents did not give comment on the increasing growth of police corruption, and/or, deviance that has been/is chewing the heart of a once highly disciplined police force in Africa. Other negative factors: the lack of adequate human capacity needed in specialized areas like forensic investigations, and, AML agencies; paucity of appropriate technological equipment, poor conditions of employment i.e. lack of motivating salaries, lack of training/capacity building on money laundering, corruption, other white-collar crimes and their prevention. This finding from the 'yes vote': police in Zimbabwe have *transformed*', can only be interpreted as a reflection of misplaced - less dominant perceptions which, should not be taken as valid correlation.

Lastly, 5 %, of the total targeted respondents perceived that they were 'not sure'. This answer can be interpreted to mean 'yes' or 'no'. What remains standing from these responses is the 82.2 majority 'no' vote.

In its June, 2015, the RBZ-FIU first National Risk Assessment (NRA) report, answering to one of the survey key variables: whether the Zimbabwe Republic Police Officers, and, The National Prosecuting Authority Law Officers and Criminal Courts Prosecutors responsible for law-enforcement and the presiding over money-laundering and corruption related complex cases had no adequate skills and competencies, meaning they had/have insufficient capacity to function effectively and ensure that white-collar related cases such as those of corruption and ML, are dispatched effectively well, and, fairly concluded. The same report goes further to castigate even High Court Judges who without training have shown scant knowledge to conceptualize and be able to deal, and/or, handle white-collar, and/or,

financial/economic crimes of Money-Laundering and Corruption related cases. This, the RBZ-FIU NRA survey findings report, dovetails with the majority 82.2% respondents views the Z.R. Police was neither adequately resourced, transformed, and skilled to adequately deal with emergent white-collar crimes such as corruption and ML. The police's case was more gnawing seeing according to the majority of respondents that apart from attaining basic secondary ('O'/'A') education, lacked higher, and/or, tertiary education at degree level, which is a requisite for effective transformation to take place in the individual, and, his/her employ institution such as in this case, the police force organisation.

## **5.5 Association between Responses of all 3 Primary Surveys: Correlations of**

### **Data:**

Here condensed results of aggregated data (i.e.) responses on key concerns of the research, derived from primary study survey(s) questionnaire and interview feedbacks of three (3) different respondent sample audiences which were analysed using the Scientific Package for Social Sciences (SPSS), interpreted and discussed herein this Chapter 4, are assembled to reveal their association or correlations. In their totality, all the three (3) different study audience structured/semi-structured questionnaires, posed several key identical study questions to be answered (as alluded to under "Questionnaire Design" of Chapter 3). All three questionnaires are included in the gallery of the Appendix Section - shown as Appendices: [A1-A3], [B1-B10], [C1: 1-116 and C2: 1-22], and [D1-D20]

In order to answer the key concerns of the objectives of the study questions, primary and also secondary data was obtained from feedback(s) of the three-audience target respondents (banks/financial institutions employees, CJS – police, justice and correctional service officers, and public and business other) by questionnaire returns, and answering during follow-up interviews (as variously herein alluded to). Both questionnaire and interviews survey questions (structured/semi-structured), had were designed to provide views on key concerns of the phenomena of ML and corruption, (i.e.) causality / influences, typologies, dynamics, perpetrators, micro/macro effects, and how they are managed and/or, propositions as to their management, relative to

Zimbabwe's banking / financial services sector and the country in general. The following are, the major key, and most important concerns among others in the three surveys producing the aggregated analysed correlating results:

1. What is corruption, and what are its micro / macro effects, on Zimbabwe?
2. What is ML, and what are its micro/macro effects on Zimbabwe?
3. Would you consider ML a very serious problem (micro/macro) not only for Zimbabwe but, the world at large?
4. In your opinion, what is nexus between corruption and ML, and also, in your opinion, are banks and the country at large under serious attack of ML and corruption?
5. Is corruption a problem in Zimbabwe, and if so, how bad are its levels and that of ML in the category/types of private/public sector organisations listed including banks/financial institutions in Zimbabwe?
6. Which groups of people by anecdotal evidence (primary/secondary) in terms of: race, age, gender, and affiliation to a group or an organisation, can, and/or, do commit white-collar crimes such as, corruption, fraud, bribery and theft and other predicates offences in Zimbabwe, the region and the world at large?
7. In government /public sector enterprises (listed), including Police, defence, Mining, which of them is most corrupt, and, accountable for ML in Zimbabwe?
8. Which organisations and/or group of people, members of the public, Gvt/public officials can be considered most likely to offer bribes, and/or, receive bribes from bribe players in the listed business sectors that include banking/financial institutions?

Arguing that Zimbabwe the country, society at large and the business community in particularly banks were under serious attack from ML and corruption, cross tabulations with responses to these key concerns (above) that sought to interrogate and contribute to the understanding of two of the world's (now) most problematic criminal phenomena: relative to their broader conceptual terms, (i.e.) causes/influences, types, dynamics, micro/macro effects, and their perceived management, and/or, prevention as it presents within the Zimbabwean context, were

done in order to see how the same, influence the perceived hypothesis of occurrences and prevalence.

The association, and/or, correlation between responses from the three (3) different target respondent survey(s) analysis feed backs’ - are exhibited as aggregated analysis results in statistical format in (**Tables 5.27– 5.28**) that follow:

**Table 5.27: Respondents concern level views from a scale of 1 for a very high to 17 for very low for corruption and ML and their exigencies in Zimbabwe**

	Mean score by target group			
<b>Crime by Category / Type</b>	<b><i>CJS-(Law-Enforcement,</i></b>	<b><i>Business and The General Public</i></b>	<b><i>Banks/FIs</i></b>	<b><i>Overall</i></b>
Theft common	8.8	6.4	5.1	7.8
Corruption	3.4	3.1	1.8	3.2
Bank fraud (other)	6.7	6.7	5.6	6.6
Bank card fraud	8.7	7.8	3.8	7.9
Corporate fraud	7.4	5.0	6.1	6.7
Drug trafficking and	7.4	5.6	7.0	7.0
Illegal dealing in	5.4	4.6	5.6	5.2
Illegal dealing in	6.2	4.2	5.4	5.6
Illegal dealing in	9.3	7.5	8.5	8.8
Illegal dealing in	7.1	6.1	6.1	6.7
Illegal exportation	8.1	6.7	5.7	7.5
Arms trafficking	12.7	10.7	14.8	12.5
Embezzlement	7.9	4.8	6.6	7.0
Smuggling	6.4	4.3	5.4	5.7
Human trafficking	10.4	6.7	11.7	9.7
Bribery	4.1	9.5	3.7	5.3

*Source: Respondents views on concerns on the levels of the listed foci predicate offences perceived as obtaining in Zimbabwe (before and during the time/period of study):*

The (Table 5.27) above, shows respondents views on levels of predicate offences including corruption: by type, frequency, and, prevalence, underlying the crime of ML in Zimbabwe: measured on a sliding scale score value of (*1--17*): (1) for extremely high levels of concern for predicate offences occurrences, frequency and

effects, and (17), for an extremely low levels of concern about predicate offences occurrences, frequency and effects

Majority of respondents from the three surveyed groups indicated that, the levels of frequency and effects of predicate offences including corruption underlying ML in Zimbabwe was very high.

P-values less than **(0.05)**, would have been indicative that anyone of the above-mentioned 3 target respondent groups had significantly different views on the level of concern for the crimes that include: theft common; bank card fraud; corporate fraud other; illegal dealing in diamonds, gold, copper, and other precious minerals; arms trafficking, embezzlement, smuggling, human trafficking, bribery/corruption – all which have a demand for ML.

A score with mean value **(1)** on a sliding scale, means very high activity and frequency levels of the foci predicate crime(s), corruption, suggesting corrective action is required. In this case, particularly by banks/financial institutions and government institutions alike to diminish ML risks (potential/actual). Those scores close to value **(17)**, means that crimes such as, arms-trafficking and, it's extremely low value levels of concern by the 3 respondent publics/groups, most notably banks/financial institutions with an extreme maiden value rating of (15/17), are/is insignificant relative to their/its exigencies for ML in Zimbabwe.

Score value(s) **(10 - 17)** on a sliding scale, confirm the existence of certain predicate offences in the country in all three respondent publics i.e. CJS, general public and the banking sector, but, with little, to, extremely low level concern to respondents albeit their micro/macro effects (i.e.) their affliction to banks/financial institutions, their clientele and society in general.

The majority's perceptions finding is thus indicative of very high to moderately low levels i.e., **(3.2 to 9)** of predicate offences which under-ly ML crime. This, anecdotally places/puts a premium on ML - to mean predicate offences particularly corruption cannot exist, and/or, survive in the absence of ML.

There is no significant differences in the way the above-mentioned groups perceived other crimes (predicates) that remained outside the foci list as per researcher's conclusions drawing from (qualitative data) - results of one to one, and/or, group interviews carried out throughout the study survey

This particular finding is thus instructive of cumulative responses in the alluded (x3 surveyed respondent publics/groups) by order of questionnaire (i.e.); [Questionnaires: 1 of 3; 2 of 3; and 3 of 3], posing the same questions as in, questions number: (30, 37, 68, 70; 13, 24; 10, 14, 24) respectively, that confirm that the frequency of the listed predicate offences including corruption, which underlie ML, are of high concern to the Zimbabwean society in general and the banking/financial sector in particular. Anecdotally, corruption (a serious form of white-collar crime), by itself, coupled with ML, has a disproportionate impact on the poor and most vulnerable in Zimbabwe and elsewhere it occurs in the world. 'It'/they, (as was discussed and agreed with majority of respondents concerned), reduces, access to basic services including health, education, and justice; changes the demand for cash, which also undermines savings; makes interest rates and exchange rates more volatile; and, more likely than not, causes high inflation in an economy.

**(Table 5.28): Views on levels of corruption/ ML compared to five years (earlier): measured on a scale of (8-0 very high & (8 -10) extremely median or low level):**

	Mean score by sector of respondents			
<b>Zimbabwe Public/Pvt Sector Orgs.</b>	<i>Law enforcement &amp; Justice,/ Prisons</i>	<i>Bus &amp; public</i>	<i>Banks/ FIs</i>	<i>Overall</i>
Public works	6.1	2.8	2.3	4.9
Defence	7.9	5.0	6.0	7.1
Petroleum	6.4	4.0	5.8	5.9
Telecom	7.5	4.9	5.2	6.9
Media & Communication	6.2	5.2	5.1	5.9
Energy (generation) and...	6.3	4.5	4.7	5.8
Mining	3.8	3.0	5.2	3.8
Banking and Finance	4.2	5.5	3.5	4.4
Law enforcement (Police)	2.0	1.6	0.7	1.7
Law enforcement	4.8	3.2	2.1	4.0

Judiciary		2.4	3.3	2.5	2.6
Wild life conservatives		5.8	4.0	3.9	5.2
Agriculture (farming)		6.3	4.7	4.1	5.7
Education Sector		5.7	6.3	6.9	5.9
Civilian aerospace		8.5	6.8	7.8	8.1
Road transport services		5.3	6.5	6.8	5.6
Urban	Municipal	2.7	3.3	3.1	2.9

**Source:** Views of the majority of respondents from (all 3 surveyed publics) perceived levels of Corruption and ML as they obtained/obtain in private and Public Sector Institutions by-type, Including the Banking Sector in Zimbabwe (before and during the time/period of study):

The (Table 5.28) above, shows respondents (all 3 surveyed publics/groups) views on levels of corruption and ML activities in both the private sector and public sector (by industry category) (measured on a sliding scale value of (8-0) for a moderately low-level frequency and effects, to, average high level frequency and effects, and; above (8 – 10), for a moderately low level frequency and effects to extremely low level of frequency and effects.

The majority of respondents indicated that the levels of frequency and effects of corruption and ML in Zimbabwe compared to five years earlier, was moderately low level in frequency, and effects, to averagely high-level frequency, and, effects in foci organisations (by industry sector) identified as afflicted, including banking/financial sector. Three institutional bodies (by industry category i.e.), (The CJS – Police and its Justice/Judiciary partner Ministry, and, also statutory bodies such as the Urban Municipal Councils), stand out as moderate average level score/value (5), to, moderate high level score/value (2) institutions, suggesting, they were/are some of the most notably afflicted, by the twin crime phenomena in their diverse characteristics particularly relative to their members demanding, and/or, accepting bribes. Cases of police officers (traffic police), soliciting/demanding and accepting bribes at road blocks, and of judicial officers, delaying prosecution and/or stealing/ causing disappearances of dockets/exhibits in pending serious cases and passing lenient judgements, and, rulings to the (few) PEPs unfortunate enough to end-up defending serious case allegations of corruption and fraud, have over the years been published, and, continue to spill in the public domain through private media time and again, lamented the majority of respondents. This was instructive to the research that,

“corruption in the CJS, (police and judiciary in particular), pose serious threats to the implementation of AML/AC recommendations because those who are constitutionally bestowed with powers to implement, and/or, enforce AML laws are the ones to turn and become villains. Ordinarily what this means as has happened and continue to happen in the history of corruption in Zimbabwe, people involved in ML, corruption and other predatory crime(s) have been left, and/or, are often let loose irrespective of the overwhelming evidence against them before the courts. The finding thus suggest that, corrective reforms are needed both at both micro/macro national and organisational national level structures particularly in the CJS: police, judiciary and prisons a core cluster that according to findings constitute a significant category of the impediments against efficient ML combat.

P-values less than **(0.05)** showed that the three **(3)** study sample groups mentioned, had significantly different views on the level of corruption in public sector enterprises marked in ‘red’ i.e. Works/Construction sector, Defence, Petroleum sector, Telecom sector and Law enforcement (Prisons).

Score values on the scale above **(8 - 10)**, (for which there was none), would have meant/mean that corruption and ML and their bribe soliciting, and/or, accepting agent players were/are there in any of the researched banking/financial sector institutions, and, other public sector organisations, but, with very little concern, or, notice given to them by the three tier respondent(s) publics given their moderate to extremely low levels in activity, and, probably because of their maiden, or, insignificant (potential/actual) loss values etc. This also suggesting, even if Zimbabwe’s private and public sector businesses including banks/financial institutions, were/are, afflicted, the moderate to extreme maiden levels in frequency and, effects result in the criminal activities not being a major concern, hence, not reported to the police as reportable offences, and, not indexed for statistical purposes.

There were no significant differences in the way the above-mentioned groups perceived other crimes that remained outside the foci list as per researcher’s conclusions drawing from (qualitative data ) - results of one to one, and/or, group interviews carried out throughout the study survey.



The particular finding similar to that in (Table 4.29 below – with almost a similar question but different in focus variable to the crimes levels in Zimbabwe), is thus instructive of responses in the alluded (x3 surveyed respondent publics/groups), (i.e.): **[Questionnaires 1 of 3; 2 of 3; and 3 of 3]** posing the same questions as in, questions numbers: (16-26; 10-26; 18-26) respectively that confirm that corruption and ML are high in both Zimbabwe’s private and public sector enterprises including banks.

**Table (5.29): Respondents views (all 3 surveyed ‘publics’) on perceived levels of macro-economic impact of financial crimes including ML on Zimbabwe’s fiscus.**

<b>Crime by category / type</b>	<b>Mean score by knowledge level of white-collar crime</b>			
	<i>CJS-(Law enforcement Justice</i>	<i>Business and general</i>	<i>Banks/FIs</i>	<i>Overall</i>
International terrorism	10.9	11.4	12.5	11.2
Bank frauds	5.5	7.3	5.5	6.0
Cross boarder smuggling	4.2	5.1	3.8	4.4
Insurance fraud	6.3	7.5	7.1	6.7
Tax evasion	4.1	6.2	5.5	4.7
Illegal exportation of cash	6.2	7.1	4.7	6.3
International sea piracy	13.3	15.1	8.0	13.3
Human trafficking	10.4	8.7	10.1	9.9
Computer crime	6.	8.1	9.8	7.4
Environmental crime	10.3	8.7	13.2	10.1
Trade in human body	13.5	14.0	11.5	13.5
Illegal drug trafficking	6.8	5.2	6.4	6.3
Fraudulent bankruptcy	8.6	8.5	10.2	8.8
Corruption and bribery	4.1	9.5	3.7	5.3
Investment scams	9.0	4.5	9.6	7.9
Arms trafficking	11.7	7.5	10.0	10.4
Commercial espionage	7.1	11.1	7.6	8.1
Embezzlement	12.6	6.2	6.9	10.2
Aircraft high jacking	7.5	12.9	10.8	9.3
Theft of property	2.9	6.6	3.0	5.0
ML	6.1	4.7	8.7	6.2

**Source:** Views of respondents (all 3 surveyed publics/groups) on perceived levels of impact of transitional Financial/economic crimes including ML on Zimbabwe, the region and the world in general (before and during the time/period of study):

The (Table 5.29) above, shows respondents (all 3 surveyed publics/groups) views on levels of micro/macro effects of transnational crimes including money-laundering have, on Zimbabwe's economy, and, the world at large: (measured on a sliding scale score value of (8-0) for a moderately low to average high level, and above (8–10), for a moderately low to extremely low level impact (up to maiden/lowest score value of 14.0) for 'trade in human body parts'.

Majority of respondents indicated that the levels of effects, and/or, impact of transnational financial/economic crimes as they pertain to Zimbabwe – among them and in particular singling out corruption-led, ML (out-bound / in-bound), bank card frauds, theft of property and cross-border smuggling), were moderately low level to average high level. The perception index is valid particularly with ML as one of transnational financial/economic crimes major drivers. ML driven by corruption and other predicate offences and their exigencies, apart from subjecting banks and cash dealers to serious risks especially reputational, operational and legal risks, has (if left unchecked), other serious adverse macro effects to an economy such as, changing the demand for cash, making interest rates and exchange rates more volatile; and triggering inflation.

Lessons from other case studies suggest that illegal exportation and importation of currency for example has increased due to migrant labour remittances e.g. between Zimbabwe and South Africa, and also other such as the UK, and the United States in the past 20 years or so to date. Thanks to increased emigration of professionals in all skill categories from Zimbabwe in years past, as the country's economy nosedived. Also the case studies of James Makamba, and Roger Boka (herein) help to amplify to issue of illegal currency exportation and importation (out-bound and in-bound ML) help to confirm the findings (hereto).

Scores with mean values less than **(8-0)**, means very high levels perceptions by the respondents and, (corrective action needed nationally/organisational). Those scores

above value (8-10) and above, (for which there was/is none), means while the listed crimes were/are there they were/are of very little concern or insignificant to the majority of respondents.

Cumulatively, there were no significant differences in the way the majority respondents perceived the other crimes that remained outside the foci list as per researcher's conclusions drawing from (qualitative data) - results of one to one, and/or, group interviews carried out throughout the study survey.

The particular finding is instructive of responses in the alluded 3 surveys (1 of 3; 2 of 3; and 3 of 3) posing the same questions as in (30, 37, 47, 68, 70: 14. 19: and, 14, 15, 17, 19.) respectively that confirm that transnational crimes, particularly, corruption and ML have a negative impact on Zimbabwe's developmental programmes i.e. it impedes investment, with consequent effects on growth and jobs, make the poor and most vulnerable pay the highest percentages of their income in paying bribes.

**Table (5.30): Respondents views on levels of Corruption and ML in Private/  
Public sector enterprises by-type including Banks/FIs in  
Zimbabwe.**

<b>Public/Private Organisations (Zim)</b>	<b>Mean score by knowledge level of white-collar crime</b>			
	<i>CJS-Law enforcement, Justice,</i>	<i>Business and general</i>	<i>Banks/FIs</i>	<i>Overall</i>
Public works	5.7	3.0	3.7	4.9
Defence	6.9	7.1	5.1	6.8
Petroleum	5.9	4.3	5.6	5.5
Telecom	6.9	6.8	5.5	6.7
Media and	5.4	4.5	4.9	5.2
Energy (generation)	5.5	4.1	5.1	5.2
Mining	2.9	2.7	3.9	3.0
Banking and Finance	4.4	5.0	5.8	4.7
Law enforcement	1.7	0.9	0.9	1.4
Law enforcement	4.7	3.1	3.5	4.2
Judiciary	2.3	2.0	2.8	2.3
Wild life conservatives	5.8	4.3	4.4	5.3
Agriculture (farming)	5.4	5.3	5.7	5.4

Education Sector	5.1	6.5	5.8	5.4
Health Sector	5.1	6.2	5.8	5.4

**Source:** Views of the majority of respondents from (all 3 surveyed publics) on their perceived levels Of Corruption and ML on some of the in private and public sector institutions including the banking sector in Zimbabwe (at time/period of study):

Table 4.30 above shows respondents views on levels of corruption and ML activities perceived in some of Zimbabwe’s private and public sector enterprises (including the banking/financial services sector), (*measured on a sliding scale of score (8- 0)*, for a moderately low level to an extremely high level, and, above (8-10) for a moderately low level to an extremely low or median level): Majority respondents said that the levels were average to slightly high.

This finding concurs with other previous studies conducted on corruption and ML by the World Bank (WB), and also, by Transparency International Group. In the ‘Transparency International’s Global International Corruption Perception Index (CPI) (2007) Survey for example, Zimbabwe was scored a negative rating ‘156’ out of ‘179’ most highly corrupt countries of the world. Suffice to state that, respondents in those surveys, perceived corruption a “pre-occupying phenomenon” in Zimbabwe. As if that was not enough the report identified the Zimbabwe Republic Police (ZRP.) perceivably among the most corrupt public/security service sector institution in the country. The World Bank (WB), and Transparency International Group survey results relative to prevalence and trends dove-tail with findings from respondents (hereto).

Anecdotally also, even the highest office in the land, “President Robert Mugabe”, and also, the chief of police, and some of his top officers, were recorded a few times by the media including The Herald Newspaper in 2016/17, lamenting that “corruption in Zimbabwe, not only in the private sector, but also the public sector/civil service including the police, had become, an endemic that was ruining development, eroding the civic spirit, and adversely affecting the society scale of values”.

Score with sliding value of (8 - 0) on a sliding scale from modally low to extremely high, means very high levels (in need of remedial measures). Scores above (8 - 10), for an extremely median or low level (for which there was/is none) would (for argument's sake), have indicated the existence of those predicate crimes in both private and public sector enterprises, (albeit), being of very little concern to the respondents, suggesting that, even if Zimbabwe's private and public sector enterprises including banks/financial institutions were/are perceived afflicted the levels were not that extremely low or median.

Scores on the rest of the other variety of crime phenomena (predicates to ML) were not significantly different, as per research's conclusions, drawing from (qualitative data) - results of one to one, and/or, group interviews of respondents carried out throughout the study survey.

The particular finding(s) is thus, instructive of responses in the alluded three (3) surveys: [1 of 3; 2 of 3; and 3 of 3] posing the same questions as in (16-26; 10-26; 18-26) respectively that confirm that corruption and ML are high in Zimbabwe's private and public sector enterprises including banks/financial institutions.

**Table (5.31): Respondents views (all 3 publics) on private/public sector industries, and/or, their members/public officials likely to receive bribes from bribe players.**

<b>Public/Private Organisations (Zim)</b>	<b>Mean score by designation of respondent</b>			
	<i>CJS - Law enforcement, Justice,</i>	<i>Business and general</i>	<i>Banks</i>	<i>Overall</i>
Public Works/Construction	3.6	2.6	2.4	3.2
Defence	6.5	5.2	4.8	6.0
Petroleum	5.1	4.6	4.5	4.9
Telecom	6.5	5.4	5.1	6.1
Media and Communication	5.5	5.4	3.7	5.3
Energy (Generation)	5.4	4.3	4.3	5.1
Banking/Fin Service Sector	3.9	5.4	6.3	4.5
Law enforcement (Police)	2.4	1.4	0.6	2.0
Law enforcement (Prisons)	5.0	3.0	2.7	4.2
Judiciary	3.1	2.0	3.5	2.9

Wild life conservatives	4.8	3.5	4.3	4.4
Agriculture (farming)	5.1	4.1	5.6	4.9
Health sector	5.4	5.0	8.1	5.6
Industry (Light	6.6	6.4	9.0	6.7
Industry (Heavy	6.8	6.7	9.0	6.9
Information technology	7.0	5.4	9.5	6.8
Pharmaceuticals	6.4	7.4	6.2	6.6

*Source: Quantitative / primary data*

The above (Table 5.31), depicts (all x3 surveyed publics) responses when asked to indicate the likelihood of senior public officials in specified business sectors of Zimbabwe industries/ Organisations deemed likely to take or accept bribes, of (*8 to 9*) for a moderately low level to an extremely high likelihood, and above (*8 to 10*), for a moderately low level to an extremely low likelihood. Majority respondents said that the levels of proneness to demand and accept bribes from bribe players was average to slightly very high in majority of organisations including banks/financial institutions, but particularly singling out the Police, and the Justice (CJS) partners. This indicating corrective measures were/are needed at both national and organisational levels.

Contextual case studies (herein), drawn from a long listing, catalogues both government/parastatal public sector and private sector banks/financial sector organisations PEPs who (singly or in complicity), have over the years been identified (a few arrested and prosecuted) on suspicion and actual transgressionary behaviours bordering on perceived/actual corruption and money-laundering and millions misappropriated confirm this finding. These include the (+2000-2017 years phase) - Zimbabwe Electricity National Transmission Company (ZENT/ZESA) fraudulent government tender application and award financial scandal for a solar project in which several public officials, and a government minister of energy, were fingered and arrested for receiving bribe, and, the Zimbabwe National Roads Agency (irregular tender awards) financial scandal in which senior managers received bribes and laundered the proceeds through banks. Also, not to be left out was/is The State V's Augustine Chihuri (Dr): the now former Commissioner General of the Zimbabwe Republic Police: fingered in bribery/corruption (abuse of office) economic crime scandal (2013 -2017) in which he is (currently) being pursued in

both criminal and civil courts. The same (now) a fugitive holed in self-imposed exile in Malawi (the research learnt during interviews with police and judiciary respondents), has warrants of arrest issued by the courts in (2018) to appear and answer to charges of abuse of office (some mentioned in passing) (see Chapter 2).

In this same table, those scores above **(8 – 10)** and even above, for extremely low likelihood), (for which there was/is none), meant/means that even the crimes rated as such were/are there, they would have been, were/are of very little concern or insignificant.

P-values less than **(0.05)** of which there was/is non, would have showed that respondents had significantly different views on the likelihood that organisations/institutions, banks included, and/or, their representatives, senior public officials/members (independently), would demand or accept bribes for public tenders, regulations, or licensing etc.

The particular finding is instructive of responses in the alluded x 3 questionnaire surveys: (1 of 3; 2 of 3; and 3 of 3), posing the same questions as in (46, 48, 49, : 20, 21; and, 18, 20, 21, 19.) respectively that confirm that, listed private and public enterprises including banks and State parastatals are more likely to be offered, and/or, receive bribes, and be involved in extortion of money from members of the public, and public officials demanding favours, and/or seeking to launder ill-gotten proceeds usually from predicate offences such as tax evasion, fraud, and trafficking of precious metals or wild-life products – which anecdotally as shown in the contextual case studies (herein), is rampant in Zimbabwe.

## **5.6 Conclusion to Chapter 5**

This Chapter dealt with outline of results of primary survey, structured/semi-structured (face-to-face, telephone, e-mail) interviews, and, (non-participant) observations carried out. The statistics are presented in a number of forms, including tables, figures, pie charts and bar charts, and essayistic analyses of raw data. For example, the Minister of Finance Patrick Chinamasa address to Zimbabwe's Parliament - reporting on the ML Act / BUPSMML Act and RBZ (FIU) role in

combating ML, stated that in the period between July 2016 and December 2016 alone, RBZ FIU had received a total of 400 ML Suspicious Transaction Reports (STRs) via its 'Incident Reporting System' (IRS) from banks/financial institutions.

In certain circumstances, qualitative data in here is presented by the researcher using paraphrasing and direct quotations from interviewees (i.e.), when discussing possible reasons for non-reporting of suspicious transactions incidents for example. However in this particular study, the researcher on the main, chose not to attribute statements made to specific individuals. All he knew/knows is that interviewees (male/female; managers/non-managers, and/or directors), owned, and/or, worked for their employ bank/financial institution(s), State-owned parastatal enterprises, and/or, private businesses, or even, were self-employed or non-employed etc.

The next [**Chapter 6**], significant in length, dealt/deals with discussion of findings is an important part of the study survey captured primary and secondary data analysis which seeks to illustrates that the researcher was/is clear about how the data fits together, and, how it relates back to the theoretical underpinnings/positions offered earlier in the work.



## **CHAPTER SIX**

### **DISCUSSION OF RESEARCH FINDINGS & IMPLICATIONS**

#### **6.1 Introduction**

Every step in the research process not only follows a systematic sequence but also overlaps and is interrelated. The research process followed in this study was no different. In the previous chapter an interpretation of the results was granted. discussed. The current chapter presents the data analysis procedures that were followed.

#### **6.1 Discussion**

As one of its overriding aims, the study sought to investigate and bring better awareness and appreciation of the relationship between Corruption and ML, and how the latter corruption weakens the effectiveness AML regimes. In going about the study survey, it was prudently fitting, to generally score and help in the understanding of the considerations and understanding of the broad conceptions of corruption and ML, two serious proven symbiotically related white-collar phenomena: their manifestations, and/or, general designs, sheer prevalence and effects/impact primarily within Zimbabwe, comprising as for the former: (political/grand, and systematic and petty corruption), and as for the latter – ‘internal ML’ and ‘outgoing ML’ (both PEP ‘power) corrupt laden) – as indicated in-depth by the background literature [Chapter 1).

As indicated in the background literature, Zimbabwe has a history of banking/financial institutions facing economic disasters of one or other type of corruption induced ML that have made headlines locally/internationally) since the attainment of majority rule in 1980. More pronounced of these were between, the two-in-one phased periods of, to wit; 1998-2003, and, 2003-2013: when firstly; from 1998 to 2003, the first indigenous (black owned and led) commercial bank, the United Merchant Bank Commercial Bank of ‘Roger Boka’ and five (5) other financial asset management houses, also all indigenous-owned, to wit: (ENG)

Capital Asset Management, First Mutual Asset Management, and, Century Discount House (all) dogged by financial woes, collapsed. During the decade of (2004 to 2013), six (6) more banking /financial institutions (also all emerging and indigenous-owned), were placed on curatorship leading to their liquidation (bringing the total of fallen banks / Financial institutions to (13+) after finally capitulating to ‘Ponzi -style’ corruption-led ML activities. Consequently, billions of dollars were lost and with them countless lives destroyed from loss of life savings of mainly Zimbabwean small businessmen and women and, those who had retired, and or, those in the autumn of their years aiming to retire gracefully.

This Zimbabwean contextual case study research thus typifies corruption-induced ML activities at firstly; government/public sector–parastatal institutions and secondly; at banking/financial sector institutions, exhibiting all the three stated and explained models or dimensions (internal, incoming and outgoing ML). The case studies also serves as identification of corruption and ML trends, techniques, prevalence and the general upward trends during (plus 3 decades) starting from when the country attained independence from Britain in 1980, (to date), but more intensely between the phased periods: (1998 -2003 / 2003-2013 / 2013–2017+).

Argued throughout this thesis is the fact that, there is symbiotic connection between corruption and the concomitant growth of financial /economic crimes such as ML. Empirically, there is evidence to show that where money launders fail to achieve their aims by use of threats or use of force/violence, corruption kicks-in as an alternative. According to Rose-Ackerman (1978/1999), Rider (1997), Caiden and Dwivedi (2001), Goredema (2003), et al., corruption takes many forms including Grand /Political corruption, systemic corruption, and bureaucratic corruption. Firstly; grand/political corruption is whereby, through misuse of power by heads of state, ministers and top government officials corruptly steal from state coffers and launder the illicit proceeds for private pecuniary profiteering. Secondly; systemic corruption where, heads of corporations (private/public enterprises), take advantage of weaknesses’ in an organisation’s structures, or its procedures, practices, or methods, to exert monopolistic authority, to embezzle and extort bribes. Thirdly; bureaucratic corruption where public/private officials take bribes to manipulate policies, institute rules and procedures, entrench authority, and, award contracts among others.

The cumulative discussion here thus, progresses to address the first, second, and third key references in furtherance of the survey demands: determinations made from qualitative and quantitative survey drawn from triangulated and analysed data of the three (3) research populations representative respondent samples, to wit; [all banks – (represented by Barclays and CABS employees), the CJS – (police, justice, prisons), and, business (other), and, members of the public] - as tabled in [Chapter 4]. The alluded to terms of reference are:

1. The identification of both ML and corruption within the Zimbabwean context (i.e.), nature/trends, causal/influencing factors, extent, and/or, levels, effects relative mainly to the vulnerable financial institutions (VFI's), and the country in general;
2. Provision of contextual and better understanding of corruption and ML: the nexus, and, application / usage of the monetary proceeds, and determining impediments that corruption creates to undermine effective implementation of international FATF AML standard measures ;
3. Provide better understanding of AML/AC agencies, regimes/prevention and monitoring systems, policy and management operations in Zimbabwean banks/financial institutions including the Central Bank (RBZ) (as the regulator), their adequacy/inadequacies, and, in the final suggest/recommend enhancement(s) to the local BUPSMML Act, for implementation to meet international, regional AML standards, in the face of increasing financial/economic crimes security risk threats targeting particularly, vulnerable financial institutions (VFIs) in Zimbabwe.

### **6.3 Demographics/Country Characteristics: FIs Operating Environment as Receptor & Enabler to Corruption & ML**

Qualitatively and quantitatively, the findings are that Zimbabwe, according to Kalley (1999), was part of the Federation of Rhodesia and Nyasaland which existed as a semi-independent state in Southern Africa from, and or, as early as 1 August 1953,

to end of 1963, It then became Southern Rhodesia and later Rhodesia under Ian Douglas Smith before gaining its independence on April, 18<sup>th</sup> 1980, from Britain: the only colonial ruler the country had/has ever known since the arrival of Cecil John Rhodes and the Pioneer Column in 1890. This following a protracted armed struggle between the occupying force of Rhodesia and two liberation war guerilla movements of ZANU PF and PF ZAPU led by Robert Gabriel Mugabe and Joshua Nkomo respectively. Harare is the capital city, followed by Bulawayo as the second largest manufacturing city. A land-locked country constituting 386 670 sq. km(s), and water 2,910 sq. km(s), Zimbabwe has 10 administrative provinces - (Mashonaland, Matebeleland South, Matebeleland North, Manicaland, Midlands, Mashonaland East, Masvingo, Harare Metropolitan and Bulawayo Metropolitan): shares common borders with Mozambique on the East (1,231 km(s)), South Africa on the Southern Border (225 km(s)), Botswana on the South West (813 km, and Zambia on the Western side (797 km(s)).

Before independence, the economy of Zimbabwe relying mainly on cash crop tobacco farming, mining of gold, asbestos, chromite, coal, platinum, nickel, and of late diamonds, and other mineral reserves, plus, tourism as earlier indicated in [Chapter 1] elsewhere in here was a thriving economy, which suddenly shrunk tremendously in 2000, resulting in a desperate situation that brought about 94 percent (%) hyper-inflationary levels and widespread poverty that have persisted (to date) (Matibe, 2008). Between 2003 and 2009, a spiked hyperinflation became and remained a major problem in the troubled Zimbabwean economy which fell sharply making one of Africa's strongest at one point, to the worlds' poorest. During the onset of the troubled period, triggered arguably by the government's controversial agrarian land reform programme which saw the takeover of most of the white Zimbabweans commercial farmland without compensation and their re-allocated to the restless black majority, the reason, to ostensibly address land injustices of colonialism.

In terms of the Zimbabwean Constitution, the system of government is a Parliamentary Democracy, with the Executive Authority vested in the President (Head of State and Government and Commander-in-Chief of the Defense Forces. The president is elected by popular vote and holds office for a five-year term.

Legislative authority is vested in a bi-cameral Parliament, consisting of the National Assembly – 210 members are elected by voters from each of the 210 electoral constituencies, and a further 60 members must constitute women who are appointed under a system of proportional representation, based on the percentage of votes casts for each political party registered. Of the constituent assembly of the 80 Senators, 60 are also appointed under the proportional representation system, while 16 are traditional chiefs (two representing each of the 8 provinces other than the two Metropolitan Provinces of Harare and Bulawayo. The remaining 2 Senators are elected to represent persons with disabilities.

Substantial amount of literature states, basing on the 2012, national census, Zimbabwe, a multi-ethnic society [98% Black Africans – (82% Shona and 14% Ndebele), 2% of mixed and Asian race, and, 1% White Africans), predominantly English speaking as the official language, and, predominantly of Christian faith, has an estimated population of 13 million people (13 061 239), (excluding another Plus/minus 4 million migrants who fled the adverse macro-economic environment especially since 2000, into neighboring South Africa and too far away lands such the United Kingdom, United States of America, Australia and Newziland among others), divided between females and males (51% and 49%) respectively. The majority of the population is resident in the rural areas while the rest are concentrated in the major economic cities/towns of Harare, Bulawayo, Gweru, Kwekwe and Beitbridge.

The migration trends (from rural to urban centers and, from Zimbabwe to diverse countries across the globe), are a result of a combination of historical, social, economic, political, cultural and even environmental factors that have affected the country, constituting push and pull factors (see Magunha et. al. 2009). While the same a widespread phenomenon going as far back as 2002, and hailed as having and continue to be helping decapitated families failing to cope due to the declining levels of economic and social welfare aspects, through legal remittances from relatives in the diaspora, has also created substantial informal remittance flows into and out of the country-(smuggling / externalization of cash, goods) – that pass through the major border posts of Nyamapanda, Forbes, Kazungula, Chirundu, Plumtree and Beitbridge to and or from (South Africa, Mozambique, Portugal, China, United Kingdom and Australia)– increasing frequencies of ML, corruption and other predicate offences by

individuals, legal entities (including banks themselves), and Designated Non-Financial Businesses and Professions (DNFBP), (Confederation of Zimbabwe Industries, 2008).

The country's legal system is a mixture of Roman-Dutch and English Common Law. The Criminal Justice System comprises three arms: Police comprising Duty Uniform Branch and Criminal Investigation Department, Judiciary, Prisons and Correctional Services. The Judiciary comprises the Constitutional Court, Supreme Court, High Court, Administrative Court, Labour Courts, Magistrates Courts and Traditional/ (Common) Courts. The process of passing a law (like the AML/ATF and AC) starts with drafting and passing of the Bill to the Cabinet Committee on legislation, then to the House of Assembly and finally to Senate for assent before signing by the President. With the President's assent the Bill now a law is published in the Government Gazette.

Also, the country has a legal and institutional framework for licensing and registration, supervision and monitoring of Banks/Financial Institutions in particular and DNFBPs in general, for compliance with AML Act of 2004 requirements a mandate of the RBZ - BUPSM Financial Intelligence Inspectorate and Evaluation Unit (FILE) which with effect from (2015) has carried out joint inspections with other local and transnational AML/AC stakeholder regimes as part of its role to assist (them) banks/financial institutions to build supervisory capacity.

Historically, National Financial Intelligence Unit (FIU) of Zimbabwe was established in 2005, in accordance with Section 3 of the Bank Use Promotion and Suppression of ML Act., Number 2 of 2004 (Chapter 24:24) for the purpose to promote the use and suppress the abuse of the bank system in Zimbabwe; enable all the unlawful proceeds of all serious crime including drug trafficking to be identified, traced, seized and subsequently confiscated; to require banks/financial institutions and DNFBPs (including Real Estate Agents, Wholesalers, Lawyers and Accountants etc. considered high risk ), to take measures to combat ML; grant for matters linked with or incidental to the preceding; receive and analyses reports of Suspicious Transactions from banks/financial institutions, DNFBPs, and disseminating financial intelligence and other relevant information to law-enforcement agencies

(Police – specialized units, in this case particularly CID Frauds Section). The unit which has four sections to wit: AML; Bank Use Promotion; Investigation and Metal and Precious Stone Section, is an Administrative entity with no independent investigative and prosecutorial powers like the Police - (ZRP); to, *inter alia*, consider the reports referred to in (above) and if there is any reasonable grounds to suspect that the transactions are suspicious, transmit the reports to the appropriate law enforcement authorities; to monitor and enforce compliance with the Act by traders, parastatals, designated institutions and other persons; to create training facilities and, deliver ML/AML awareness education to competent authorities (police, justice department and ZIMRA) personnel, and, to perform any other functions as maybe assigned to it by or under this, the MLAPC Act, and or as assigned by direction or in writing by the Governor of the Reserve Bank, is managed by a designated authority/person of the position of a director. The BUPSML Unit (FIU) Director is appointed by the Governor of the Reserve Bank (RBZ), in terms of the Finance Act/Banking Act. The Director reports to the Governor of the Reserve Bank in line with the Central Bank's structure.

Cumulatively, the BUPSML (FIU) has the task of coordinating the efforts to combat ML in a country where negative micro-macro-economic conditions exacerbated by corruption and bribery among other extant social ills make it difficult to fight the scourge. Qualitatively it has and continues to be in the public domain that case frequencies of money laundering in Zimbabwe are rampant (Fundira, 2006). The causes should be perceived in the larger picture of the country's social, political and economic toxic environment. There have been and continues to be persistent internal and external forces that dominate the troubled economy. Qualitatively also, the most visible impact has been and continues to be the free-fall in value of local currency with inflation having reached at some point at the end of August, 2006, (1,204%), the highest recorded (then) across the globe (Fundira, 2006). Consequently, qualitatively and quantitatively as echoed in some other expert panel surveys, and revealed in this contextual case study, local currency banknotes were unable to keep pace with inflation. And as a fire fighting measure; denominated value 'bearer cheques were introduced as a temporary measure to meet the ever-increasing demand for the scant commodity (cash). Consequently, the bearer cheques in turn, created legal and operational practical glitches/ problems, some of which were connected to

ML. Some research have shown that almost immediately thereafter, traders (formal and informal business alike), started avoiding remitting their money through traditional formal sector banking/financial channels as the rising inflation and increasing incidences of deviances emerging in the financial/economic market produced in them, fear of squander and erosion of their capital investments. At the same time, there was an observed rise of certain individuals and companies that started to deal in illegal markets - (underground banks and black markets) creating fertile ground for more wide range of illegal activities including ML, corruption and bribery etc.

From inauguration (2005), the Zimbabwe BUPSMU Unit has dealt with, in collaboration with relevant law-enforcement agents (police), some of the following notable predicate-led ML related activities fronted by crime disposed individuals, and banking institutions involved in, to wit:

1. externalization of export proceeds;
2. transfer pricing for both imports and exports;
3. fraudulent compilation of exports and imports documents by corrupt designated agents (ZIMRA) working in cahoots with corrupt, and, in some cases bogus clearing agents;
4. non-remittance of foreign currency chargeable to foreign visitors by the private hospitality industry;
5. corruption and abuses of property in both public and private sectors; abuse of depositors funds in/by rogue banks/financial institutions;
6. parallel market trading and leakages in precious minerals and metals such as gold, emeralds and platinum; abuses and corruption in the fuel market;
7. parallel market trading, foreign currency and commodities trading by both individual players and companies;
8. Smuggling, and/or, illegal remittances into the country and out of the country (RBZ, 2006), involving cash including '*bond notes*' themselves through informal means – mainly into and through Mozambique and Zambia.

Due to persistent shortages of food, fuel and other basic commodities in Zimbabwe, many Zimbabweans across the divide have that the experience to cross into neighboring countries with hard currency cash to buy basic commodities including



food and fuel for re-sale back home to bit the hyperinflation. In contrast, those in the diaspora preferred to send goods back home to their households rather than money through diverse illegal means whose cash value due to difficulties of estimation just adds to the problem of estimation (RBZ).

Qualitatively also, by the end of June, 2015, the unit was/is reported, to have received a total of (722) notifications of suspicious transactions mainly (as alluded) from banks/financial institutions and designated agents (ZIMRA and NECI). Out of these, (409) were handed over to the Law-Enforcements Agents (CID Frauds / Gold Squad) to pursue further investigations where necessary in favor of prosecution albeit on the lesser but extant predicate offences (short of the main charge of ML) as the latter, diverse and complicated as it comes, has proven difficult to investigate to prove owing to the country's lack of resources and competence/expertise capacity in the police and prosecution services.

As if the above were not sufficient numbers, in its bi-annual report for the period July, 1 to December, 2016, tabled by the Minister of Finance Patrick Chinamasa to the Zimbabwean parliament in April, 2017, the Bank Use Promotion and Suppression of ML Unit (FILE), received over (475) notifications of suspicious transactions reports (STRs) linked to ML in the Banking/Financial Services Sector alone. This according to the Minister, represented 2.5 percent increase in number of suspicious transactions reported cases compared to the same period in 2015. Minister Chinamasa revealed that 80 percent of the Suspicious Transactions Reports had emanated direct from banks/financial institutions, with the remaining 20 percent stemming from the Money Transfer Agencies (MTA) and, one insurance company. The favorable reporting, according to the Minister was attributed to the increase in monitoring standards of suspicious transactions and improvements in inter-institutional co-operation within the financial services sector after the banking financial scandals leading to the (13) liquidations and closures – subject of research. Pointing to the non-participation in reporting by other sectors, Minister Chinamasa, observed that, non-financial sectors (DNFBPs), among them: Real Estate Agents, Casinos, Legal professions/professionals, and Chartered Accountants were lagging behind in the effort sought of them to adopt and implement the AML, Anti-Terrorism Financing.

Concerned that sometimes laundering takes place through trust accounts of professional bodies as revealed in the (13) liquidated banks/financial institutions studied in here, the Minister of Finance, stated that these non-participating (DNFBPS) sector entities presented a high ML risk to banks/financial institutions systems not only in Zimbabwe, but the whole region and across the globe. This begs of them to comply with the FATF requirements of AML, and such an obligation becomes mandatory with the imposition of more transparent regulatory laws...suggesting the country and banking sector could do with amendments to (then) existing AML laws.

The downside, is that, even with the experiences of calamitous bank financial scandals in the country backdating to 1982, banks/financial institutions regulatory and operational systems deficiencies taken advantage of by criminally disposed public state officials, deviating bank officials, and a permeated and compromised criminal justice system, the government through its regulator bank (RBZ), and some other banks have continued to procrastinate on capacity building and resource mobilization. For starters, outside its ‘Go-AML’ basic analysis system, the FI Unit has no centralized STR Electronic system (Business Intelligence System) that comprises the set of strategies, processes, applications, data, technologies and technical architectures for itself and banks to support the collection, data analysis, presentation and dissemination of Suspicious Transactions information.

Qualitatively and quantitatively, the absence of an enhanced ‘STR’ Evaluation/Analysis System, is also a contributor to the lack of a back-to-back human/electronic feedback channeling/communication mechanism not only between the RBZ BUPSMML ‘FI’ Unit, and, the reporting banks/financial institutions (on the reports filed by the Compliance Departments or Units), but also the Competent Authorities, and/or, LEAs as and when appropriate during, and/or, in case-by-case dealings. Banks on their part narrowly focus their compliance efforts on in-house centralized risk management governance systems (which understandably so, stem from the ‘bank’ - ‘client’ secretive policy business nature). Consequently as evidenced in this and the RBZ’s one and only alluded to ML assessment survey, has not enabled (them) banks to build new competences required in other areas such as a

‘Global IT STR System’ that link to the RBZ FI Unit to counter emerging ML related risks etc.

Fast forward, in early January 2014, the President (Robert Gabriel Mugabe) amended the ML Act. (The Sunday Mail Business: 12-18 January, 2014). ‘President Mugabe invoked the Presidential Powers (Temporal Measures) to amend the ML and Proceeds of Crime Act which will see penalties for serious offenders increasing from US\$600 to a punitive US\$500 000, in a frantic bid to combat the abuse in the banks/financial sector system’.

The new ‘Statutory Instrument 2 of 2014 made several amendments which brought into effect stiffer penalties to curb ML and terrorist financing – a rampant white-collar crime stalking the country, the report added. The very changes to the ML and Proceeds of Crime Act (passed in June, 2013), were thus ostensibly made to make Zimbabwe a member of the Eastern and Southern African ML Group’s law compliant with the requirements of the Financial Action Task Force (FATF), and the 1999 United Nations Convention for the Suppression of Financing of Terrorism. Under the AML legislation, banks are empowered to ‘receive, analyses and disseminate suspicious transactions.’ Financial institutions should also make it their business to examine transactions by politicians and heads of states-owned firms, and or businesses to minimize any chances of ML and terrorism financing. The law also bars people (ordinary customers and investors alike) from dealing with shell banks – a financial institution that has no physical presence in Zimbabwe. It does however, not include a bank of description which is wholly owned by one or more financial institutions forming part of a regulated financial services group that is subject to effective consolidated supervision etc. etc.

In February, 2009, with the persistence of hyperinflation, (231 million percent (%)), a figure matched to very few countries in contemporary history pushing the country to the brink, Zimbabwe introduced a multicurrency system dominated by the much ‘loved’ - ‘green bank’ (American US Dollar), a dimension which despite its benefits push factors brought immense micro-macroeconomic corruption and ML risks this at the same time, the country’s two rival political parties (ZANU PF and MDC T) also entered into a government of national unity to save the country. The Zimbabwe

Statistics Agency (Zimstats) (2012-2013) publications, confirmed that about 19.5% of Zimbabwe's economy had sunk to informal (junk) status. This, a result of years of the Mugabe government mismanagement of the economy and plunder among other ills – a deep seated fundamental view obtained from respondents as one of the major findings of this research.

Under the persistent subdued economy obtaining to today expert analysis and stress tests measurement of assets, deposits, profits including loans and advances, etc. continue to show that the local banking/financial services sector of (19) institutions while trying to hold its own, are hamstrung by obtaining plethora of impediments which include tight liquidity, company closures due to low industrial capacity utilization; rising formal unemployment and low disposable income, rising non-performing loans (including burdening low interest insider loans to key staff and politically exposed persons (PEPs), disproportionate trade balance and debts distress, limited foreign direct investment and muted exports, with the effects of depriving the local market of long term capital and exacerbating the security ML and corruption risks of banks.

#### **6.4 The collapse of an economy - Summary perspectives on the drive forces of Corruption and ML & their growth in Zimbabwe**

Qualitatively, from the alluded to substantial literature reviewed, by 2000, the national debt of Zimbabwe had raised from paltry Z\$700 million in 1980, to ten times that in 2000. In addition, the State had been assisted by billions of dollars in aid inflows from bilateral donors and multilateral financial agencies.

In 1992, the government embarked on an economic suicidal exercise to pay veterans of the liberation war some (Z\$3.5billion) equivalent to about US\$1.billion in reparations which money was not budgeted for and this exacerbated the deficit in State funding.

In 1998: Robert G Mugabe as President of the Republic, without approval from Parliament, committed the military to a war in the Congo to prop-up Laurent Kabila's fight against Rwandese Tutsi propelled insurgents seeking to topple his embattled

government at a massive cost of (US\$1.5million) a day – (US\$27.Million per month), and, over the next 3 years, it spent another (US\$1.5 billion) equivalent on the very war outside budget. Put together these two (untimely) commitments pushed the budget deficit to unsustainable heights and the Zimbabwean local dollar currency began plummeting towards devaluation. As to what motivated Mugabe's DRC war expedition, Yamamoto (2016), Global Witness et, al., writing extensively after studies spanning several months on end on Mugabe and his links to racketeering of diamonds (i.e.) the missing (US\$15.Billion), and the war in Congo, conceded that every company used in the mining and looting Chiyadzwa diamonds had everything to do with Mugabe, his former and serving elite military/law-enforcement (police) agents. The Congo expedition, writes Yamamoto, made the IMF and WB to stop funding loans to Zimbabwe in 1999 in protest, freezing a US\$193 million funding package. It is apparent criminal groups linked to the armies of Rwanda, Uganda and Zimbabwe and the Government of Congo itself benefited from the micro-conflicts through activities such as theft, embezzlement, abuse of office, undervaluation of goods, smuggling and other forms of illegal remittances, false invoicing, non-payment of taxes kick-backs, arms racketeering, corruption and bribery.

Exacerbating the situation, was the controversial Agrarian Land Reform Programme that had started in honest – stoked and driven by the late Dr Chenjerai Hunzvi about the same time, and threats to limited foreign direct investment (FDI) inflows and muted exports which would have, as it has since come to pass, the effect of systemic destruction and deprivation of the local market of the long-term capital the economy needed for sustainable development. The systemic destruction of agricultural infrastructure and together with continued unsustainable budget deficits and the suppression of aid and new funding from abroad thus, began to drive the inflation rate up and further decline in value of the local currency. The state was forced to print money and by 2008, the local currency was worth less – inflation reaching historical heights similar to or reminiscent to countries in conflict. Qualitatively, the real value of revenue to the state declined to US\$280 million-per capita incomes of US\$120 per annum. Average salaries for the working population were US\$5. Per/month. All State institutions became dysfunctional as schools only ran for 28 days out of 365. With even more repression on discerning voices for the return to democracy (i.e.) commit to an equitable, legal and transparent land reform among

other, government angry with the so called ‘Western countries’ and ‘opposition parties’ regime change agenda, and, the economy continuing to slide into oblivion destined for a virtual total crash, the United States of America ZDERA-(Zimbabwe Democracy and Economic Recovery Act) imposing targeted sanctions to support the people in their struggle for change (World Bank/IMF 2013-2014 et al.: Reporting on Zimbabwe’s economy, Banking Sector and recapitalization of the RBZ).

The country’s neighbors were forced to intervene following the controversial disputed election of 2008, which the opposition leader for Movement for Democratic Change Mr Morgan Tsvangirai claimed victory but disputed by the ruling party of Mr Robert Gabriel Mugabe (Cede) for ‘comrade’ resulting in the formation of a government of national unity in February, 2009. The impact of the government of national unity and especially the takeover of the Ministry of Finance by the opposition Movement for Democratic Change (MDC) with Tendayi Biti as Minister of Finance made an immediate positive impact and in the 4 years that ensued, the country’s GDP rebounded by a factor (14) reaching an estimated US\$17 Billion in 2013. Inflation collapsed and a policy of strict controls over expenditure created a small budget surplus each year to 2013. By that year, incomes per capita reached US\$133 per capital. Also, in the period prior to 2009, also referred to by others as the ‘lost’ decade in Zimbabwe, Zimbabwe ‘currency’ bank notes lost considerable value, quantitatively captured by (official) inflation ratings as having surged from around 20% in (1997) to (231 million percent) in (2008).

Qualitatively, inflation under the obtaining environment of ‘creeping’ hyperinflation in Zimbabwe could/can in generic terms be defined as a monetary phenomenon pushed or driven by the quantity of money (as the central bank RBZ under the government’s instruction, put printing machines to work to produce more paper money to fund its activities), the actual money held by the market lost value. As banknotes lost their purchasing power, the demand for government to print more ‘worthless’ paper money became greater in order to buy the same amount of the really goods said financial market analysts. When more was not enough, still the government increased the denominations on bank notes, the highest being a (**ZW\$100 trillion note**).

Qualitatively also, the excessive inflation and multiplying zeros caused authorities to re-base the local currency by ‘removing’ a total of 25 zeros’ – all this happening between 2006 and 2009. This fiasco with bank notes, call it real ‘ML’ cycle that created even more inflation – excessive hyperinflation in the country ended in April, 2009, with the abandonment of local paper money – the (Zim-Dollar), and the adoption of dollarization- (the use of basket of local currencies), by the government (of national unity).

Phillip Haslam and Russell Lambert (2014), in their book, ‘When money destroys nations’ narrate tales of how Zimbabweans struggled through excessive hyperinflation, was to them was akin to a feature of the return to barter trading as people traded ‘tangible goods’ as the (local) paper money lost its purchasing value or power. Qualitatively, Dollarization (use of a multi-currency system) in 2009, brought stability to Zimbabwe’s monetary policy, a major record of achievement in Zimbabwe’s laborious journey with money experiences. As proponents of dollarization cited de-facto monetary policy discipline as the panacea to the return to normalcy since it effectively puts a halt to government’s ability to print more money, they cite the concomitant inherent cross-cutting risk on cash shortages – in particular as government cannot directly influence cash in circulation in the economy. Fast forward, in order to plug such cash shortages, in November, 2016, government of Zimbabwe experimented introducing a surrogate local currency called – ‘Bond Notes’ – on pretext as an incentive to foreign currency inflows. This aspect of the introduction of the ‘Bond Notes’ will be discussed a few steps (hereunder).

Then in the July, 2013, general elections, without the opposition’s demands for reforms to guarantee restoration of democracy and freedom of association and speech for all citizens, the ZANU PF party supported by the military ‘Junta’ engineered a massive victory over the Movement for Democratic Change (‘Tsvangirai’) (MDC ‘T’). They achieved a two-thirds majority and Mr R.G. Mugabe was returned. The economic consequences were quick to be felt – a ‘billion dollars’ in cash fled the banks and nine (9) banking institutions (then) had capitulated – registering another US\$1. Billion, of depositors’ funds and further undermining the already fragile faith of the people in the banking sector services. Qualitatively also, another 1.5 billion fled the Stock Market in the ensuing period leading to an immediate collapse of

values by a third. But, this aside, in the first flush of victory, the State president instructed the Ministry of Finance to pay a massive increase in Civil Service Salaries. This yet again raised total expenditure to US\$ 4.8 Billion – an unplanned budget deficit of US\$ 500 million.

In 2014, the State maintained the level of expenditure the level of expenditure incurred in 2013 at \$ 4.8. Billion, but the economy after expanding rapidly from 2009 to 2013, suddenly moved into recession. Revenues fell to US\$ 3.8 billion dollars – doubling the budget deficit to 1 billion. The same happened in 2015, when revenues declined to US\$3.6 billion and the State expenditure remained at the unsustainable levels of US\$4.8. Billion dollars. By December, 2015, the State had built up a Stock of Treasury Bills of US\$ 20. Billion and in addition owed money to everyone.

As a result of pressure from regional currencies including the South African Rand, which were in ‘free-fall’ and using the strong US\$ base currency as main means of exchange (which Zimbabwe introduced in 2009), the Zimbabwean economy contracted from US\$ 17. Billion in 2013, to US\$ 14. Billion in 2015. At the same time inflation rates turned negative and averaged minus 2.5 percent in that 2015. The downturn in the commodity cycle and continued failure in Agriculture couples with a sharp downturn in new investments suddenly made Zimbabwean look at their circumstances and ask themselves if things could get any worse. They did not have to wait long. In January, 2016, to April, 2016, the State was yet again forced to take extraordinary measures not only to find money for Civil Service Salaries, but also pensions and much bigger food import bills. The obtaining worsening liquidity crunch (hard cash shortages in banking halls) making banks ‘real’ white-elephants, created by these extraordinary measures kicked-in and escalated rapidly and, by April, 2016, the RBZ had to make-do with having to manage payments to protect essential supplies.

In real terms of happenings on the ground, money transfer systems managed by banks (the RTGS System) slowed down progressively until business was panicked by the inability to pay their suppliers on time. Then the crisis kicked-in, one bank after another began restricting access to ATMS, banking halls and limiting cash withdrawals. Panic kicked-in at the RBZ with the recognition that if no action is



taken, the entire banking system could crush bringing down with it what remained of the formal economy. So a whole raft of emergency measures by the RBZ designed to curb the demand for cash were initiated.

In particular, the RBZ governor did something that until (now) could be labeled totally taboo – the re-introduction of the printing press at (Fidelity Printers) and other of the Central bank's printing cites, to manufacture/print and introduce **“BOND COINS/NOTES”** with a face value of the United States Dollar. For ease of reference and to stop confusion to those who don't know what a BOND COIN/NOTE is: in general it is a Zimbabwean (most vulnerable) currency based on its decree and use as exchange rate at par to the United States Dollar by the President of Zimbabwe in November, 2016. At the instigation of the Reserve Bank Governor John Mangudya to reverse the hemorrhage (corruption-led ML and externalization of currency) suffocating banks as the cash crisis had reached a crescendo, the president decreed it as Zimbabwe's official currency (Ken Yamamoto, (2016)/ <http://wp.me/p3NGP9-JYM>). In attempts to reassure a public that has endured two decades of increased uncertainty obtaining within the country's financial system coupled with acute cash and foreign currency shortages, the chief proponent, the newly appointed governor of the Reserve Bank Dr John Mangudya (2016), made press announcements that the 'Bond Notes' in their being introduced onto the market, would be backed by borrowings from an African Export and Import Bank and could only be used locally. Of course for some, the introduction of 'bond notes' was viewed as a re-introduction of the 'printing press' to print worthless paper money and bring back the (Zim-dollar) through the back-door that way. He also announced Controls on imports to protect the balance of payments and restrictions on daily cash withdrawals – something that was, and still is in force (today) by banks themselves and some limited withdrawals of small sums (i.e.) US\$20 per day etc. He even went further to announce other raft of incentives (i.e.) that exporters would be credited with export proceeds in proportion of: US\$ 50 percent USD; 40 percent per SAR; and 10 percent per Euro 'currency 'Note' etc., as incentive on exports. What culminated in the aftermath of the raft of measures by the RBZ is anybody's guess, exacerbation of the economic paralysis that has gripped the country and the financial sector for more than two decades with no real solution by the government. The question that has been and still remains is what must be done. As shown by the results of the primary survey the

deep seated fundamental view from respondents is that: firstly, the country needs to deal with the political crisis (stepping down of the aged president R.G. Mugabe, whose economic policies were regarded as retrogressive), and secondly; that government stop interfering with economic freedoms ...this to bring back confidence in the banking/financial sector in particular and the economy at large.

## **6.5 Demographics & Characteristics of Zimbabwe's FIs & the Types of Risks they face - (Threats and, Vulnerabilities)**

Demographic data following (hereunder), provides an outline characteristic of Zimbabwe's banks/financial institutions sector, (i.e.), those responsible for their security and fraud management, operations risk and compliance functions within the community of banks and their associate card services, and, the types of inherent security risk threats / vulnerabilities that target VFIs in Zimbabwe as part of the findings of study.

### **6.5.1 Financial Institutions: (Commercial banks, Building Societies, POSB)**

According to the Reserve Bank of Zimbabwe, Zimbabwe had / has (51) registered Financial Institutions (FIs), among them: Commercial Banks, Building Societies, Post Office Savings Bank, Discount Houses, Insurance, Financial Asset Management, Credit Financing, MTAs, and Development Banks.

The local banking/financial institutions sector continue to hold its own thirty-seven (37) years (to date) after independence in an economy which for two decades (plus) has been burdened with a plethora of impediments stemming mainly from poor economic policy decisions and implementation. These among them: capital flight, tight liquidity; company closures due to low industrial capacity utilization; rising formal unemployment and declining disposable income. Factors such as increasing non-performing loans (including internal loans to senior management and politically exposed cronies), and, macro-disproportionate trade balance, fraud and corruption-led ML and laundering (other) have also impacted these institutions negatively.

Still comparatively small and local establishments, particularly the cluster of indigenous banks which sprouted in 1991 as the economy and banking sector started

to liberalize and the ushering in of many new 21<sup>st</sup> century developments, particularly technological causing many to simultaneously undergo rapid diversification development away from their traditional services consists among others, the Central Bank (RBZ), Commercial banks, merchant banks, finance houses, building societies, the Post Office Savings Bank, insurance companies, pension funds and stock exchange.

The liberalization of the sector in 1991, thus, witnessed new players and considerable growth in the banking/financial services sector. The Reserve Bank of Zimbabwe (RBZ) as the architect of the local banking sector expected that this would improve efficiency and lead to an expansion of a range of financial sector products available on the market. Low barriers to entry (then), meant that market differentiation is not made particularly on price but on customer segmentation. This led to a tailoring of services towards the moderately wealthy and high net worth individuals and the top notch of the corporate markets. Whilst all of the banking/financial institutions have continued to compete for the business of the remnants of national and transnational corporations left so far, there is comparatively little evidence to confirm wholesale adaptation by banks of financial inclusivity by servicing of the lower echelons of the business market particularly the small to medium enterprises (SMEs), the informal sector traders in the streets, rural traders and their communities etc., who no doubt also need banking services. For an example, there was/is no venture capital house within the country that will consider funding start-up small-to-medium enterprises (SMES) or small business ventures in rural areas in which the majority of Zimbabweans live community ventures.

Generally, the research established that the banking systems in most of sub-Saharan Africa remain underdeveloped compared with other developing regions, and the lack of financial inclusivity. The small size of the national markets, low incomes, and weak creditor rights and, corruption in both public and private sector, and corruption in the criminal justice systems and correctional service, AML/Anti-Corruption judicial enforcement mechanisms, remain the major impediments to the industry/sector. However, despite the teething liquidity conditions experienced, with the expansion of mobile-phone banking and the spread of Pan-African Banking Groups, these markets especially that of Zimbabwe expert analyses and stress tests

measuring assets, deposits, profit postings including loans and advances continues to hold fort despite the teething liquidity conditions is a sign that long-term, with the expansion of mobile phone-based banking and the spread of Pan-African banking groups for example, these markets especially that of Zimbabwe that has been lagging for (+) 18 years (2000 -2018). This, notwithstanding the security risks of ML driven crimes of corruption, bribery and others, that can make it difficult for the industry/sector to play its part in the development matrix of the economy.

Anecdotally, in 1998, the country's banking/financial services sector system - (commercial banks, building societies and post offices), came under great stress with the collapse of United Merchant Bank, the first and major financial scandal ever witnessed in the country prior and after independence. The Reserve bank among other bankruptcy risk measures, responded by instituting economic reforms including stringent monitoring of banks, and also, increasing the capital adequacy requirement for banks, compared to the internationally accepted minimum ratio of (8%). This brought about a greater awareness of the importance of credit policies and the need for regular assessment of assets particularly for the financial sector (RBZ).

After the United Merchant Bank first financial disaster many other scandals saw more financial institutions (all new indigenous banks) giving a total of not less than twelve (12) go bust. Reporting on banks' financial statements have contented for years that the investment climate in the country remained and still remains acutely subdued due. This is due to a myriad of continued micro/macro-economic woes that for decades have bedeviled the country. Among them: corruption, high interest rates, liquidity crisis that has become evident in delayed salary payments across sectors, falling retail turnover values, unsettled debts to banks, suppliers and landlords and reduced remittances to pension funds, medical aid funds and insurance companies (Zimbabwe Sunday Mail, 9 November 2014 : 'HY14 - Reporting banks / financial statements'). Cumulatively, these have caused reductions in taxes due to government, which is also now further delaying payments to private sector suppliers (ZIMRA, Africa Tax Administration Forum, RBZ, 2014). Generally, the lack of liquidity, does have many triggers, but all are symptoms of the deeper problem of an unattractive investment climate. Among the triggers are the economic policy choices and shifts made in the last years, forcing production volumes down and making the country

dependent on imports. This has resulted in government prioritizing scarce funds to be drained out of the country to pay for them, the more serious losses being that of goods that formerly earned export revenues.

Also, deeper issues affecting liquidity include the cancellation of the market value and collateral value of all the farmland that used to support the greater part of bank lending. Further also the knowledge that property rights might be disregarded (even now) and that, savings and bank balances might be appropriated without the owners' consent continues to undermine confidence and seriously inhibits the investment inflows into the banking financial sector – and transform Zimbabwe's prospects. In 2014, the International Monitoring Fund (IMF) in its report on Zimbabwe's Staff Monitored Program – meant to help place the country back onto a recovery path, reported that Zimbabwe's banking sector remained a high risk, which was/is attributed to government intervention(s) during the past years and this not helping the cause to combat perceived social ills such as corruption and ML. At most by its own making through putting printing machines at work to print paper money (bearer cheques and bond notes) as and when it likes, invading treasury and buying foreign currency on the black market, it contributed to the heightened security and risk factors. The list is endless. This of course the government has denied and will always deny so as to save face.

Conclusions from the economic risk survey analysts and focusers however continue to show that, while globally the call for financial deepening continues to beckon increasing the risk appetite for both weaker and stronger banks. It also creates a context and situation where the latter group is able to borrow more cheaply and attract more deposits and be able to fine tune their business models in order to align their operations with the changing times/landscape of, in particular of African banking groups' economic outlook which remains fragile and uncertain. In Zimbabwe the national savings rate continues to attract a downward trajectory owing mainly to the then prevailing toxic politics of the R.G. Mugabe's government, (IMF, WB, and, the ZSE). As the negative politics continued/continue to attract isolation of the country's economy from the rest of the world, liability growth according to experts, remained and will remain a challenge as low incomes growth and weak investor confidence

continue to militate against deposit mobilization from the majority unbanked population, and likely to wreak havoc on the already hamstrung banking sector.

Added, the ever-rising level of ‘self-saving’ non-performing bank loans to bank owners/senior executive management and PEPs in government/public sector, continued/continues to tie the noose around the banking sector’s neck, hence further dampening the risk appetite of local banks. Qualitatively also, of what has become a normative culture driven by tendencies of political patronage corruption in the country. Statistically the persistence increasing channeling of non-performing loans (NPLs) usually and particularly to politically exposed persons (PEPS), (Ministers, Presidents, their family, friends/conies, senior police and military chiefs, for domestic local consumption (acclaimed for economic development schemes) at the expense of key productive sectors of the economy by banks/financial institutions that remain hamstrung in a fragile economy highly burdened by a plethora of corrupt laden impediments. This, prompting the IMF in 2017, to declare that the country’s “banking system still remains fragile and weak”.

The regulatory authority (Ministry of Finance / RBZ) come up with a raft of measures to bolster much needed reforms as Zimbabwe re-emerges to register as an integral social and economic development partner to do business. Qualitatively and quantitatively, by cursory appraisal of fiscal and monetary policy documents revealing that the developments in the banking sector during the decade (2003 - 2013), (11) banks/financial institutions (all indigenous black owned), collapsed due to a raft of causes among them: poor corporate governance and poor management boards oversights: inexperienced management, political interference in public and private sector(s) enterprise management boards; wide exposures to insider loans; poor risk management systems/practices, abuse of depositors funds (engage in non-bank related and misappropriations for speculative laundering purposes), abuse of the Reserve Bank of Zimbabwe liquidity support to fund non-banking subsidiaries and associates, and creative accounting to conceal assets and under-reporting non-performing loans (NPLs). These to a large extent influenced the promulgation of the Banking Amendment Act of 2015, (hereinafter) called the “Amendment Act”. It stated that the improvements will enable the Banking Act., to deal more effectively with (these) developments in the financial sector in particular, (for some reasons, the

RBZ and the wide-financial sector itself chose to call these, ‘mischief’s’), to among other key reasons:

- To Improve the corporate governance of banking institutions,
- To make banking institutions more responsible to their customer’s needs,
- To encourage the resolution of disputes between banks and their customers,
- To low banks the RBZ to monitor and regulate bank holding companies, and
- To increase co-operation between different financial institutions.

The (2015), Banking Amendments raft of measures in its attempt to rehabilitate the financial services sector, did also incorporate a ‘special purpose vehicle’ (SPV) – the Zimbabwe Asset Management Company (ZAMCO). Its function was to buy ‘toxic’ assets from local banks (the majority local owned indigenous banks). The efforts have also attempted to re-capitalize the Reserve Bank of Zimbabwe and to attract long term capital inflows that can be directed towards revival of the industry (RBZ).

A critical examination of the changes brought about by the Amendment Act., to see the extent to which its new provisions have, and or are likely to remedy the improprieties (so-called mischief’s) by the banks focused on only three areas with direct bearings on governance (not suggesting the rest others are not important), namely;(a) duties of directors of banks and their accountability; (b) supervision of banks by the Central Bank (RBZ); and (c) ownership of banks; as follows:

#### **6.5.2 Duties of directors and their accountability (Implications of)**

Duties of directors and their accountability are in terms of the Banking Act, set out in Section (20A) and (20B). Section (20A) codifies the common law duties of corporate directors, namely that directors have a judiciary relationship with their institutions and companies and are obligated to act in good faith, avoid any conflicting interests, possess and maintain appropriate knowledge and skill for their jobs, and in carrying out their duties exercise such care as they may be expected of a diligent person in the same position. The codification of the common law duties of directors transforms them into statutory duties, thus providing certainty to the law relating to the duties of directors in Zimbabwe. Section (20 A) of the Banking Act

thus, complements Section (318) of the Companies Act [Chapter 24:03] [hereinafter cited as the Companies Act] in that if the directors banking institution is placed under curatorship, judicial management, or is wound-up, and its business has not been carried out prudently, the directors shall be jointly and severally held responsible with the institution or company for any loss or damage suffered by the creditors of the institution or company. In such event(s) the Registrar and the Chief Executive Officer of the Deposit Protection Corporation (DPC) are empowered to institute proceedings on behalf of depositors and creditors who have suffered loss. While this remedy was generally available under (Section 318) of the Companies Act, its express inclusion in the banking Act (new/current), reinforces the legislature's desire to elevate Directors accountability for the losses brought about to depositors and creditors arising from Bankers negligence. As a measure to guarantee transparency and the absence of conflicts of interest, (Section 20B) obliges Directors to disclose their assets and business activities on an annual basis, failure which they will be liable for a civil penalty in addition to being barred from carrying out the duties of Directors. Enough to conclude that the civil sanctions imposed for negligence also act as appropriate deterrence to the reckless carrying out of duties by Directors.

### **6.5.3 Supervision of Banks by the RBZ (Implications of)**

In terms of the Amendment of Section (45) of the Banking Act, the supervisory responsibilities of the RBZ were seen to have been expanded to cover the holding companies of banking institutions and their associates. This puts bank-holding companies and their associates under the purview of the RBZ. The effect is positively double edged; firstly, it arrests the problem of banks engaging in transgressory behaving through the agency of their unregulated controlling companies, and secondly, in certain circumstances, it subjects controlling companies in economic business sectors other than the banking sector to heighten their regulatory compliance. Econet Wireless Holdings Zimbabwe (Private) Limited would be a good example. Whereas it is a telecommunications operator, it is also primarily subject to regulation by the Postal and Telecommunications Regulatory Authority (POTRAZ). However, by virtue of its controlling interest in Stewart Bank Zimbabwe, it becomes subject to regulation by the RBZ. This no doubt increases it's the costs of regulatory



compliance, and hence of doing business at the controlling company level, thereby creating a discouragement to portfolio horizons broadening, and or, diversification.

Added to Section (48) of the old Banking Act is the new sub-sections 3 and 4, which serve to clarify the kind of immediate action that the RBZ may take on a banking institution or its associate following an adverse supervision report. Such action encompasses demanding of the banking institution to develop and implement where necessary, a recapitalization plan, capping the activities or investments of the banking institution, taking charge of the institution, and restricting asset disposals. This has the effect of making the supervision process by the RBZ more efficient in that it expressly stipulates the corrective measures available to the RBZ to stop further haemorrhage on the part of a troubled banking institution or its associate.

Also the new Banking Act incorporated to Section (48), Sections (52A, 52B and 53C) which provide for the Central Bank's discretion to avoid the cancellation of registration of a distressed bank by designing and implementing a resolve plan. To prevent potential abuse of this discretion, Section 52B (1) provides the safeguard of requiring confirmation of such resolution by the High Court of Zimbabwe before its implementation, while also Section (52C) makes provision for stay of proceedings against a bank which is the subject of a resolution plan. These are positive changes in that they afford an opportunity for the resurrection of a troubled bank institution before it is deregulated as what happened with Time Bank Zimbabwe and other deviating banks. The positive impact it has is the minimization of ripple effect risk that is usually associated with total bank failures.

#### **6.5.4 Changes to ownership of banks (Implications of)**

Prior to the promulgation of the Banking Amendment Act, the acquirement of a banking operating license was regulated by Section (26) of the Banking Act which prohibited, the acquisition of a significant interest in a banking institutions without the Registrar's approval. In terms of Section 8(1) of SI 205 of 2000 (Banking Regulations 2000) specified 10%, as the threshold constituting the acquisition of a significant interest for purposes of Section 26 of the Banking Act. Added to that, Section 26 (3a) of the Banking Act required the Registrar to consult the Minister of

Finance, through the Governor of the Reserve Bank, before approving the acquisition of a significant interest in a banking institution. The Roger Boka United Merchant Bank financial scandal of 1988, and ENG Capital financial scandal, sufficiently proved/prove that loopholes amenable to corruption existed in two major grey: (1). the (then) 10% minimum capital requirement approval without referral to the Minister for his/her assent, and, (2). The poor implementation of extant vetting procedures for the proposer owner/director of a bank by the regulating authority: Gvt-Ministry of Finance/RBZ. In the latter case scenario, relative to Roger Boka's case study, the regulator /'Competent Authority' (Ministry of Finance/RBZ) as responsible banks licencing authority for Financial Institutions (FIs) and DNFBPs did not (wittingly/unwittingly), carry out due diligence in processing and licensing or registering Roger Boka to carry out legal banking business (the first for a black person) in Zimbabwe. The licensing and registration framework requires that the respective licensees (prospective bank owners/directors) provide bank ownership information to government/bank regulator Ministry and Central Bank (RBZ) for verification as a safeguard to deter and prevent infiltration of the sector by potential, and/or, actual lone or organised financial/economic crime swindlers as Roger Boka did.

The new/current Finance/Banking Amendment Act, brought/brings about the following key corruption and ML remedying changes to Section 26 of the Banking Act among others:

Lowering the threshold of 10% as specified in the old Section 8(1) of SI205 OF 2000, to 5% without seeking regulatory approval. This to mean that in order for any one individual or institutional investor (small or large), to acquire an interest in a banking institution, approval to acquire 5% stake in a bank's shares on the stock exchange must be sought which certainly increases the cost of investing and engaging in banking business and their controlling companies.

Broadens Section (26) of the Banking Act's application which deals with the acquisition of significant interest in the controlling company of a banking institution. The positive effect is the placement of controlling companies of banks within the purview of the RBZ as a measure to curtail the occurrence of corporate banking

sector misdemeanours which historically, and or, factually escaped regulatory sanctions as they were carried out by controlling companies that were (then) not regulated by RBZ. Conversely, the requirement would/makes it more arduous and expensive to invest in the controlling of banking institutions. A good example is that of Old Mutual Zimbabwe which has the majority controlling stake in Central African Building Society (CABS). It would be more laborious for a potential investor with interests in insurance business to seek the Registrar's approval on the Alternative Trading Platform (ATP) before acquiring a 5% stake simply because (it) Old Mutual Zimbabwe controls CABS, a financial institution shares, this despite the investor's main interests in the later (Insurance Business) than the former (banking/financial business).

Removes the requirement to refer to the responsible Minister before granting approval for the acquisition of a significant share interest in a banking institution or its controlling company. This bureaucratic statutory provision according to this study, created and exacerbated the possibility of engagement with PEPs corruption and ML.

As a way of punishment for a breach, it imposes civil and criminal obligation on a shareholder who fails to divest or rid of shares in the event of the registrar's refusal to approve the acquisition of a significant interest in a banking institution or its controlling company...etc. There is/are salient changes made to Section (15A), Section (15D) and (15E) of the Banking Amendment Act which impose on shareholding in a banking institution or its holding company as well as compelling divestment under certain circumstances. The following salient changes and implications of these referred sections relate.

The imposition of upper of 25% limit on the controlling shares that can be held by an individual or corporate body in a banking institution or its controlling company. The net effect of the upper shareholding limit can prevent a special resolution at an extra-ordinary meeting of the company, complementing the provisions of Section (15B) on the acquisition of a significant interest by curtailing the dominance of a single shareholder in a banking institution or its controlling company, thus reducing the attendant corporate governance infraction.

The registrar preserves the discretion to waive the upper limit on the shareholding of 25% subject to satisfaction that such breach is not contrary to public policy as well as the interests of the banking institution concerned and its depositors. The individuals, and/or, corporates breaching the threshold are fit and proper to hold shares in the banking institution or its controlling company. An exception to the general rule, it can be seen that the requirement imposes an additional cost for one to invest in the local banking sector which helps in de-risking the same from individuals or organized syndicates who enter the system with the aim to launder through institutional investment portfolios. The studied cases of Boka's United Merchant Bank (1988) and ENG Capital (2003/2004) help to put this aspect into perspective.

The registrar may cause disinvestment from a banking institution or its controlling company by a shareholder for a wrongful or unlawful stimulus or overbearingness. This is of positive effect as it provides curative action where a shareholder has improperly influenced the Board of a banking institution or its controlling company. It therefore effectively remedies the misdemeanours where shareholder dominance resulted in corporate governance infringements, and or, transgressions.

That 'Competent Authorities' responsible for licensing of FIs and DNFBPs have put in place sound licensing or registration framework including manuals, procedures and processes as the basis to give permission to FIs and DNFBPs to conduct lawful business activities in Zimbabwe. Although the licensing and registration framework requires the respective licensees to provide ownership information, it is noted there might be no sufficient understanding of the concept of beneficial ownership by the Competent Supervisory Authorizers to enable them to effectively identify and verify beneficial owners. This brings into focus the need to familiarise with the Act, and this particular (Section 26)

The findings from the foregoing conclude that, the Banking Amendment Act, ushered in several positive changes such as: (a) the imposition of civil and criminal liability on delinquent public/private company directors, (b) the requirement for divestment by directors exercising inappropriate influence on a board, (c) the expansion of RBZ supervision to cover the holding companies and associates of

banking institutions; and (d) the implementation of a resolution plan for distressed banking institutions. Contrary to the belief however, these historic changes are no freebies as they come with their own downside effects including: (I) increasing the costs of regulatory compliance and reducing the ease of doing business at holding company level for controlling companies that are in the financial sector which have been placed under the regulatory purview by the RBZ thus providing a disincentive to portfolio diversification; (ii) increasing the cost of investing in banking institutions and their controlling companies by lowering the acquisition threshold of a significant interest to 5% and capping the upper limit to 25%, particularly for institutional investors whose only interest in a company are its returns and diversification characteristics, and, (iii) the invalidation of acquisitions beyond the 5% threshold which will compromise the integrity of capital markets by making transactions on the stock exchanging uncertain even where a party has acted in '*bona-fide*'.

#### **6.5.5 Human Capital & Remuneration Policy (A Risk Mgmt. Approach to AML/AC):**

The research found out that the generality of local banks (big and small) / (indigenous / non-indigenous); remain committed to principles of good corporate governance. This to say, in addition to observing accepted best practice standards, banks apply and comply with the principles articulated in the 'King Report', the listing of Zimbabwe's Stock Exchange, and the Companies Act (Chapter 24:03). The banks also on the general, recognize that implementation of, and compliance with, all legal and statutory requirements is in the best interest of the sector as a whole as much as it is to the sustainable growth of corporate Zimbabwe business in general.

Retirement funding is one of the benefits bank employees in Zimbabwe enjoy from their employers. From findings, all full-time employees are members of each bank's defined contribution pension fund and of the compulsory defined benefit National Social Scheme. Qualitatively, the NSA fund requires 3.5% of pensionable earnings, up to a ceiling of \$700.00 per month from employees and the same from the employ banks.

In acknowledgement of the importance of incentivizing employees, local banks are always in search of enhancing their incentive schemes and linking them to performance as a di-risking measure against internal frauds, corruption, laundering and other white-collar related crimes that eat on shareholder profits.

Further also, local banks strive to avert industrial strikes by employees which disrupt production and destroy their reputations by striving to achieve the highest levels of employer – employee good industrial work relations. In the past five years (to date): backdating to 2013, no local bank (group or subsidiary holding company) in their financial year (FY) or half financial year (HY), reported industrial action by employees despite the obtaining persistent harsh economic conditions in the country that saw companies closing and some of the banks receiving nocks post the (2003-2013), frauds, corruption and ML scandals.

Also, bolstered by the new Finance/Banking Act, which speaks more on governance issues following the (1988, 2003-2013; 2013-2017 +) financial scandals, causing of millions of losses to account holders, investors and the owner of business alike, Boards of banks oversee remuneration matters of banks which are ratified by the shareholders. Executive remuneration is deemed to be an important aspect in the sustainability of banks operations and is linked to the nature and responsibilities of the executive's position as well as on market benchmarks and individual performance. In the same vein, Non-executive Directors remuneration is also subject to shareholder approval. Remuneration of directors and other members of key management during the year are disclosed in financial statements.

Overall, every local bank strives to attain the 'employer of choice' status through strong employer brand equity in the top companies market. Those banks that fair very well by remaining competitive in attracting and retaining talent locally and abroad, implementation good governance standards – evidenced by strong leadership team(s), and, show of professionalism and personal form for example, are rewarded by appearing, and or listing in the Old Mutual sponsored annual 'The Gazette -Top Companies Survey' re-launched in 2014. A few of these banks and corporate Zimbabwe (general): CABS, Standard Chartered Bank, FBC holdings, Stanbic Bank, Delta and Colom among others have scooped recognition and awards for defying

odds and producing resilient results over the years (Top Companies Survey, 2017). Barclays one of the oldest banks in Zimbabwe having operated for 100 years (to date), was rated by the 'Top Companies Survey as the 'go-to-bank because of its prudent lending practices, strong risk management framework and strict adherence to corporate governance best practices that in (2014) made it one of the top companies in the country wrote Farai Gwaka, on 'Banking sector's benchmark'.

On deliverable - operational efficiencies, local banks mainly those with regional and international holding companies: Standard Chartered Bank, Stanbic Bank, and, Barclays Bank, strove/strive to continuously improve their organizational structures, systems, and policies in line with business goals and objectives. This is despite the cross-cutting lack of resources, (e.g.) IT equipment that is required for business communication in banking (intra-bank and extra-territorial) to meet AML (GRC) FATF and, the Basel Committee requirements.

On equal employment opportunity based on 50/50 proportional gender representation policy, banking institutions in Zimbabwe were perceived by majority respondents as striving hard to promote fairness in recruitment (without favouring male or female), and maintaining a working environment where the majority of staff members felt/feel valued in order for them to fully contribute to the success of their employ business. This despite the fact that, the aggregated field survey and interviews analysed results of respondents views irrespective of (age, gender, employment status and income), corroborated by, substantive data in the form of bank staff and branch net-work statistical records reviewed, showed/show that about (71%) of the staff members in banks are male, whilst (29%) are female. Banks defended this position suggesting that it had more to do with the historical and demographical issues when not so long ago men took up majority formal employment in industry. Suffice to conclude this piece of discussion by stating that banks showed that they continue to make increased efforts toward engagement the formerly disadvantaged group albeit, basing on merit. Trend-wise, the problem of deviating in the financial sector suggests both quantitatively and quantitatively to be a male/men problem – something banks have isomorphically taken lessons from, when it comes to recruitment policy in the future...that giving equal opportunity to women in all areas of banking including

senior management positions as they seem less prone to corruption influences may not be such a bad idea.

From the analysis of the primary survey carried out, staff headcount distribution since 2013, would suggest that about (71%) of the staff members in banks are male, whilst (29%) are female. Banks promised to continue to make increased efforts toward engagement of females, based on merit.

#### **6.5.6 Operations Centre(s): Voucher Processes (VPC):**

Qualitative data, through interviews and observations (direct/indirect) confirm (all) banks/financial institutions (Commercial banks, Building Societies and Post Office Savings Banks) have a key department, one at the heart of any banking transaction system, the 'Voucher Processing Centre (VPC)', and or simulated version of a VPC, commonly referred to just as 'Operations Centre'.

Barclays Bank has a VPC under which the following processes and products discussed briefly as number (1-8) are pertinent: (a) Banc assurance (Bank Insurance) (b) Data Capturing, (c) Cheque master, (d) Call-over and Technical verification, (e) Clearing House and Reconciliation (f), Hello Money and (g) Cash Send.

**Banc Assurance:** an insurance sub-unit of the bank, entails receiving and capturing, call-over, reconciliation, query solving, dispatch and filling. It has got stand-alone insurance sub-products that require separate handling, to wit: Personal accident cover; (a) Yellow cards, (b) Staff, (c) Warm-lead Commercial property cover(s), (d) Ordinary customer, (e) Passenger Insurance, and; (f) Queries. Communication is two-way (i.e.) to Zimnat and to all Branches Renewal and New Policy cover documents

**Cheque master:** a cheque book ordering and processing unit which has the following key functions: Receiving, sorting and dispatch / Reconciliation / Filling and Confirmation of invoices by the supplier before payments / Queries follow-up and settling.



The processes involve branch instructions as well as BIR (Internet requests) - and because volumes increase by daily basis when business is booming this increases the security risks of fraud to the bank.

**Data Capturing;** involves financials and non-financials (daily average number of transactions – 1061/2), receipting, vetting and sorting, machining on FOS and universal terminal, Queries and, recording and dispatching of rejects.

**Clearing House and Reconciliation of LBC Accounts;** Entails: reconciliation of LBC accounts (mornings) (passing of entries if there are any differences); receiving entries from branches; verification of cheque limits and date stamp; capturing and telling; photocopying and sorting of vouchers in their order; ticking/confirmation of capturing; attending RBZ Settlement(s) Council (13.45hrs daily), exchange of vouchers at RBZ (it takes approximately 60 minutes), (I) After RBZ – preparation of LBC entries, and; record and dispatch of inward unpaid to branches, and; attending to queries.

Also entails reconciliation (2); re-directing and branch balancing (i.e.): (a) raising of RTGS schedules and passing entries, (b) machining of USD salary rejects on E-box, (c) printing of FOS or E-box interim statements for re-direct, branch balancing and LBC accounts and, (d) preparing take-out on all reconcilable accounts.

**Call-over;** involves the following; (a) Foes-ticking of entries, and technical verification (b) A005 – ticking of input-forms, filling of FOS journals and queries.

**Hello Money – Mobile Banking;** involves back-end reconciliation of airtime and non-airtime transactions of the previous day using various reports (i.e.) (a) Obliquity, A009, Cellulant and Econet invoices, (b) calculation of commission and onward passing of daily airtime sales to MNOS Accounts (Purchase of airtime top-ups-Telecel; Consolidation of daily MI; and Queries), (c) Audit trail, SFI – Cheque Book requests.

**Cash-end;** entails reconciliation of all transactions from the previous day using the following reports: (a) Money voucher purchase analysis; (b) Money Voucher statistics/settlement, (c) Money voucher redeem; (d) Money voucher sweep and locked-out voucher report; (e) daily transaction age analysis, reversal of expired and locked-out vouchers; (f) Daily MI (g) Daily MI, and (h) queries.

**Bill Payments;** payments to service providers including: DSTV, ZESA, Net-One, BIR Airtime reversals, commissions and sales etc.

To reiterate, in the foregoing outline, the importantly high riskiness/vulnerabilities to a banking operation, the Voucher Processing Centre (VPC) usually falls under the remit Operations Senior Manager with direct-report supervisors for each of a number (-+8) of stand-alone functional processes. In the studied Barclays' management structures, these supervisors are called (Team Leaders). They are responsible for among other duties, ensuring segregation of the input and validation functions of financial data, verification and sign-offs of reports, authorising transfer payments, monitor timely processes in (e.g.) productivity of salary payments schedules for client business organisations and other banking deposit taking and payments debit/credit settlement issues, general administration and correspondence proofing, fraud detection and compliance monitoring. The latter in the context of staff verification procedures during voucher processing (debiting/crediting to various customer accounts) at which layered (split) small transactions for laundering purposes can go through undetected. As coordinators of their respective departments, they also attend meetings and play the role of gate-keeping.

#### **6.5.7 Money Laundering/Anti-Money Laundering (ML/AML) - Policy:**

According to the research findings, the most common form of ML encountered on a day to day basis locally takes the form of accumulated cash transactions where large sums are deposited in the banking system or exchanged for value items. Electronic funds transfer systems increase the vulnerability of the banking sector, enabling the cash deposits to be switched rapidly (transferred and/or split in a layered fashion) between accounts in different names and different environments / jurisdictions.

Prevalence-wise, all 3 target respondent publics: <sup>(1)</sup> All Banks/Financial Institutions and their employees, <sup>(2)</sup> Criminal Justice System (CJS) - (Judicial and Law-enforcement agencies), and <sup>(3)</sup> business and members of the public general, identified, corruption and corruption-led ML as of relatively high levels in the country's CJS.

Surprisingly, about two-thirds of the law-enforcement (police) target respondents (all ranks) reported a 'high' prevalence levels of bribery/corruption in the country in general, and also, within their own organisation's rank and file. This is corroborated by the Transparency International (TI's), 2007, "Corruption Perception Index" covering 179 countries ratings which rated Zimbabwe in the league of, and/or, equalling that of Benin and Nigeria. Even more indicative of high prevalence across the three respondent groups is the suggestion that corruption and laundering of proceeds of crime using bank systems as well as public and private sector organisations has become systematic, "routinized" and endemic, permeating virtually all levels of political, corporate and public life. So rampant is corruption and corruption-led laundering that, even those perpetrating it; politicians, police and ordinary criminals, are alarmed and lobbying for robust prevention and combat remedies in terms of best practice risk management.

Policy-wise, international and local legislation (FATF, Basle Committee, WB and IMF) require banks/financial institutions to establish and maintain specific policies and procedures to guard against their businesses and the financial system being used for the purposes of ML. For Barclays Bank and Standard Chartered Bank international standards and shared in all countries in which they have a presence, Zimbabwe included. These are rooted in the United Kingdom Criminal Justice Act 1993 and supplementary ML Regulations (1993) incorporating the European Union (EU) ML directives. These big banks and the consortium of banks with local and regional roots are also in compliant with Zimbabwe's AML/CFT and Anti-Corruption Act, and legislation(s) including the Criminal Law (Codification and Reform) (2014), Trafficking in Persons Act (2014) Suppression of Foreign and International Terrorism (2014), which align with the FATF standards (FATF, October 2014).

The implications of the global ML policy regulations require that procedures be established and implemented in relation to: KYC (Know Your Customer), and, CDD (Customer Due Diligence), compliance and reporting policy standards requirements for banks which carry out financial businesses as defined in the regulations. (i.e.);

- Identification of customers
- Record keeping
- Internal reporting procedures (to provide the (MLRO) with reasonable access to information which may be of assistance)
- Internal control and communication for the purposes of forestalling and preventing ML.
- Education and training of relevant employees (to enable them to fulfil their obligations under the ML legislation).
- The responsibility to establish internal controls and procedures to comply with this policy within any bank singly and or group business which rests with the Executive charged with its management and, penalty of non-compliance.
- Reporting requirements (establishment of internal controls and procedures to comply with the policy – and making arrangements for accessing information by the MLRO. Within Zimbabwe, following international standards e.g. (UK/EU) regulatory management structures, MLRO's office, where established will be carried out by the controlling office (Head Office). The MLRO receives all reports of suspicious transactions and reports to the RBZ FIU in liaison with the bank's Security/Fraud Department for further investigation and escalation to the Police where necessary (RBZ).

The findings however indicate that only respondents across the banks particularly from the two large financial institutions (Barclays Bank and CABS) studied, knew importance of the provisions against ML risks, and also the provisions against Corruption risks. The findings also indicate respondents from the Criminal Justice System (CJS) particularly, Law Officers from the Prosecutor General's Office, and, Provincial and Regional Magistrates Courts, and also, the generality of Judicial Services Commission Officers, knew the "importance or essence" of the provisions of ML and Corruption.

Talking of the risk factor, quantitatively and qualitatively, not only do the research findings confirm risk is inherent in a bank's diverse business activities, but also that, it can be managed through a process of ongoing identification, measurement and monitoring (Gill, and Mathews, 1994 et al.). The process of risk management is critical to a bank's continuing profitability, and, anyone employed by a bank should be made, and/or, is accountable for the risk exposure (potential/actual) relating to his/her area of responsibility.

Apparent is that, banks/financial institution are exposed to credit risk, liquidity risk, strategic risk, reputational risk and market risk. They are also prone to country risks and various other operating risks including security and fraud-led corruption and ML risks such as those that have visited and afflicted Zimbabwe in the last +2 decades leading to the down-fall (plus) thirteen (13) banks, and, continue to affect the country (today).

Guided by the Companies Act. ... 'King Report Code 3.1.4. recommendations', the 'Board of Directors' constitutes the risk management and internal control structures of a bank and this board of directors is responsible for the overall risk management approach in terms of policy, strategy, aims and objectives of the organisation. Banks in Zimbabwe have on the general established the Assets and liabilities Management Committees (ALCOs) and other governance committees which have the responsibility for development of their risk strategies and implementing principles, frameworks, policies and limits. Following the 1988, 203-2013 bank case disasters, local banks have tried to embed 'bank-wide Risk Management Framework(s)' with all significant risk types allocated to the risk control owners as a di-risking measure (RBZ).

Having witnessed several bank failures, all with the same ailments: undercapitalization, poor corporate governance, advancements of self-serving insider non-performing loans and fraudulent abuse of depositors' funds by owner/general management, reforms saw several amendments to the Finance/Banking Act and, the ML and Proceeds of Crime Act. The objectives were among others: the introduction of provisions that subject bank directors, senior managers and shareholders in the execution of their duties act negligently or fraudulently resulting in loss of money by

depositors or failure of a banking institution, to civil and criminal liability. This forces banking institutions to be responsive to their customers' needs, and, encourages the resolution of disputes between banks and their customers. The amendments were/have been made thus, to introduce transparency in the shareholding and operations of same. To curb the growth of non-performing loans in particular insider loans, (as defined in the new Banking Regulations SI 205 of 2014), the Reserve Bank barred banks from granting loans to insiders except where such credit was/is granted as part of the employee's conditions of service and is available to other employees. Individuals and companies may however, access loans from other banks where they are not classified as insider or related parties. All banks under these provisions have been/are directed to review the existing levels of insider loans, ensure adequate provisioning and report insider loans to the RBZ to discourage corruption and ML. Generally, the ML and Proceeds of Crime Act is by itself in conformity with the 1999, United Nations Convention for the suppression of Financing of Terrorism.

Zimbabwe is a member of the Stern and Southern African ML Group and is supposed to "apply AML" measures to all serious crimes and implement any other measures contained in multilateral agreements and initiatives to which member countries subscribe for the prevention of and control of laundering of proceeds of crime (assets: cash and kind). Added, the ML and Proceeds of Crime Act passed in June 2013, brought amendments to the Bank Use Promotions and Suppression of ML Act, Building Societies Act, Criminal Matters (Mutual Assistance) Act and the Asset Management Act (RBZ).

Under the international and local AML legislation, banks are empowered to "receive. Analyse and disseminate suspicious transactions." Financial institutions can also scrutinize transactions by politicians and heads of state-owned companies (PEPS) to minimize any chances of corruption-led ML, and, terrorism financing for example.

As for risk measurement and reporting systems; Barclays Bank and CABS representing the majority of the local banks, produced document based evidence to show that information compiled across their businesses is examined and processed in order to analyse, control and identify risks on a timely basis. Boards of banks

receive comprehensive risk reports once a quarter which are designed to provide all the necessary information in order for them to exercise their cross-cutting oversight role of de-risking their institutions in terms of the Banking Act.

Bank managers are thus required to exercise their oversight role on excessive risk concentration, and credit risk in terms of the Banking Act to prevent incurring losses. Generally, excessive risk concentrations arise when a number of counterparties are engaged in similar business activities, or banking activities of banking business in the same geographical region, and/or, have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Risk concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

Credit risk is the risk that the bank will incur a loss because its customers or counterparties have failed to discharge their contractual obligations. In terms of the enhanced new Banking Act and AML and Proceeds of Crime Act, bank managers control credit risk by setting limits on the amount of risk (they) are willing to accept for individual counterparties and for geographical and industry concentrations, by monitoring exposures in relation to any such limits etc. In the wake of the failed banks disasters and risk inducing hyperinflation environment, banks in Zimbabwe were found in this research to have established credit quality review processes to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by using a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision(s). The credit quality review process aims to allow a bank to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

#### **6.5.8 Operational risk**

Generally operational risk of loss arises from systems control failures, human error, fraud, embezzlement and ML - developments such as the ones experienced in the Zimbabwean banking sector during the decade 2003 to 2013. When controls fail to

operate effectively because of human internal and external illegal influences, this can cause damage to the reputation of an organisation. It will also cause legal or regulatory implications that may lead to financial loss. Generally, while banks in Zimbabwe and elsewhere cannot be expected to eliminate all risks, they are encouraged to endeavour to manage any risks (actual/potential) through a control framework and by monitoring and responding in terms of best practice. Barclays Bank and CABS were found to having most of the general controls that include effective segregation of duties, access control, authorization and reconciliation procedures, staff education, and assessment processes such as the employing and engagement of the internal audit function.

Most banks particularly the international and regional connected ones were found to having established management structures with operational risk well represented by head of department at director level.

#### **6.5.9 Compliance risk**

Generally, compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with laws, rules, regulations, prescribed practices, internal policies, and procedures, and/or, ethical standards (King Report). This risk exposes banks, and/or, banking institutions to fines and payment of damages. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential, and an inability to enforce contracts. The Internal Audits and the Risk Departments ensure that their banks fully comply with all relevant laws and regulations.

Compliance departments for the two bank representative organisations: Barclays and CABS, were found to be stand-alone and headed by senior managers operating at director level. The tendency for local banks is to recruit people with a legal profession background. These are assumed as legally savvy in aspects of both local and international anti-corruption and AML laws and their interpretation.

In terms of the AML legislation, banks/financial institutions in Zimbabwe disseminate suspicious transactions to the Reserve Bank BUPSML/ (FIU), through designated Compliance Officers for further analysis and investigation. This research



established that most reportable suspicious transactions that banks have dealt with and continue to deal with in Zimbabwe are mainly linked to politically exposed persons (PEPs) and their companies.

#### **6.6.0 Banks Information Technology (IT) Systems/Communications:**

Generally, information processing facilities within any bank are the means by which most data, information and records are maintained and underpin all the banking and finance facilities provided to customers. The security, reliability, integrity and recoverability of associated information and systems are of vital importance to a bank and will continue to be of fundamental importance in the future. Information is a strategic resource and it is the most important business asset to any bank locally and transnationally. Securing the computer and technological infrastructure from unauthorised access and corruption is essential to protect from serious micro-macro financial/economic and security risks.

All banks/financial institutions in Zimbabwe operate on IT (computer based), Telecommunications (leased lines) and cellular network operations. This connects them to the 'V Satellite' system (global) which enables all internet connectivity (i.e.) (financial transaction switching, point of sale, cellular network services etc.). Not all the banks are linked to the V Satellite system, the international banks (Barclays and Standard Chartered Bank) use the V sat system directly, while local banks use a regional Kenyan domiciled' Satellite System. While most banking institutions are driving towards total automated systems the inherent danger is that banks without access to the V Sat system and enhanced technology, such as smaller bank in Zimbabwe, run the risk of fraud and ML opportunities.

The Barclays Bank Security Handbook on Information Security qualitatively establishes that telecommunications within the Barclays group internationally and nationally utilize four different systems:

LEASED LINES - (Lines leased or rented for exclusive group use for:

- End-user access into the bank's networks - (e.g. UNDN, WWN, DEC net)
- Trunk connections between network switches

- Gateway connections to other networks - (e.g. between UKDN and PSS).

PUBLIC SWITCHED TELEPHONE NETWORKS (PSTN) – (An ordinary telephone system which uses dial-up to link two-end points)

PACKET SWITCHSTREAM – The Zimbabwean Telecom's data communication system which uses a dial-up facility similar to public switch networks

PRESTEL – (A public view-data system which enables modified television receivers to interact with computers via-the public telephone system. The system is not used extensively within Barclays Group and other banks.

The complexities and the transient nature of telecommunications systems make them highly vulnerable to security threats (Barclays Security Handbook, 1990). The major threats to the system include:

- Unauthorized access/observation of Data. This may occur on both leased lines and public networks throughout wiretapping. A passive method which can operate without the user being aware of the incident.
- Electronic Eavesdropping. This is achieved by receiving radio signals radiated from much electronic equipment (e.g. VDUs), not only copper wires. Optical fibres do not emanate electrical signals, but they can still be tapped by cheap and easily obtained equipment
- Physical Damage. Often caused accidentally if there are building works nearby
- Data Manipulation: Often an insider attack using equipment on a line between a valid terminal and terminal controller.
- Hacking, personal computer equipment and the public telephone network are used by hackers to attempt to gain access to computers. Usually implies an external attack.

#### **6.6.1 The Hardware / Software Intranet System Requirements:**

As per policy, Barclays Bank (group) machines are part of the extensive networks so it is essential that all comply with common security standards.

Also as per policy, security must not be only applied to users but to those technical support areas which have responsibility for such functions as:

- Day to day running of the network
- Administration of access control information
- Engineering and maintenance of equipment
- Release of new versions of the network software, configuration details, and user profiles
- Analysis, design, development, planning and implementing of the network.

Another of the requirement also, network security maybe enhanced by applying such general techniques as:

- Dual control and segregation of duties
- Control of the whole physical environment
- Logical access controls
- Provision of redundant equipment and lines for standby purposes if required  
- (expansion/emergency purposes)
- Message encryption and authentication.

Generally, the security requirements of applications using a network (intranet or other) are among others:

- To ensure the integrity of messages (i.e. they are not corrupted, interested, or removed, either accidentally or maliciously)
- To prevent delay in the receipt of messages
- To ensure privacy for messages which contain sensitive data
- To ensure the network software, configuration data and user details are not corrupted or lost (either accidentally or maliciously)
- To ensure that users do not access network services and facilities to which they are not entitled

- To ensure that network equipment is not stolen
- To ensure that network equipment and lines are not damaged (either accidentally or maliciously)
- To provide audit ability for the network; it should be possible to ascertain what has been done, when and whom –users, support personnel, equipment, software.

Coming on to the issue of physical access control, the Barclays group practice asserts that whenever the equipment or lines which make-up the network are on group premises it is more practical to enforce tight physical access controls. Unfortunately, lines and terminals are often in areas which cannot be controlled by the bank. Also, sensitive communication equipment must be kept in secure areas. Access to equipment such as ‘front-end-processors’ (FEPs), multiplexors, terminal exchanges (PABXs), message switches, and hardware base decryption devices must be restricted to only those staff who need it.

When need to access arise for maintenance and error investigation purposes, hardware engineers must always be accompanied and or supervised by a trusted member of staff. It is/has become usual for this type of access to be from a remote location over a dial-up line. This must be tightly controlled so that:

It is only by permission of the bank (i.e.) the engineer cannot make a connection without previously making arrangements), and the engineer can access only the hardware/software/data which he needs in order to do his job (this may involve stopping applications and removing data files.

Last but not least on physical access control, in many cases access to terminals cannot be fully restricted (e.g.) they are in an open plan office or are for use by the general public). In these circumstances only, limited protection can be afforded by such devices such as: terminal keyboard locks, and greater emphasis must be placed upon use of logical access controls through passwords, badges and other facilities. Terminal printers must also be protected according to the sensitivity of the information being printed.

Another area of the telecommunications is documentation of the network to ensure continuity of operation and adequate maintenance of important components. Documentation in terms of the Barclays security handbook best practice should be up to date and preferably on-line as it will be easier to maintain and more secure against unauthorized access.

Accordingly, user documentation should include among other issues:

- How to access the system and use each service on the network?
- How to get help
- List of errors and actions required

Whereas, systems documentation should include:

- Description and diagram of the network
- Change log – indicating when each hardware / software change was made, by whom and what the change was
- Incident log and procedures for reporting incidents: [reporting suspicious transactions (STRs), actual incidents of fraud, robbery etc.].
- Description of all access, security, control and logging functions – hardware and software
- Security administration documentation – including controls, security authorization levels, while

Operations documentation should include:

- Preventive maintenance
- Details of responsibilities
- Backup and recovery procedures
- Protection from unauthorized users

Further, Barclays security best practice stipulates that planning to limit the impact on operations in the event of a disaster or emergency (contingency), is necessary. Telecommunications contingency plans should include details of:

- A fully documented and tested disaster plan
- Content person (i.e.) person in charge of the contingency operation

- Availability of experienced back-up staff
- Location of back-up data lines, back-up documentation, priorities (i.e. which data lines will be reconstructed first)
- Replacement of telecommunications hardware/software by the manufacturer
- Location of alternative telecommunications facilities.
- Last but not least, physical access security cannot be guaranteed for lines as they are mostly external to group premises. Leased lines are less accessible to casual 'hacking' than dial-up into a public network, while transmissions over satellite connections can be browsed easily by unauthorized agencies. Message security can be achieved by: giving a sequence number to messages, message authentication; encrypting messages (restricting users to only those functions which are necessary for their needs); restricting users to only those functions which are necessary for their needs; message validation may be useful in simple systems etc.

Hacking generically is the unauthorized access to systems or resources via communications network. Banks across the globe are potentially at RISK. Anecdotally, there is good reason to believe, with the scaling down of the cold war, that intelligence organizations of governments around the world have now moved from military espionage to concentrate on commercial espionage, William Webster, CIA Director (USA) is quoted (in the Barclays Security Hand Book) as having said. "The KGB planned and helped Soviet companies in their global dealings by providing information on Western economic developments. Similarly, "The CIA also established a special division (Fifth Directorate) for planning and coordinating to monitor international economic competitiveness and its effect on US national security, Weber is quoted as having said.

Back home here in Zimbabwe, suffice to say, when it comes to computer security risk dangers, particularly to multinational financial organizations with international roots, such as Barclays Bank and Standard Chartered Bank, it is obvious these are not only confined to 'hacking'. Generally, company critical data constitutes information which is sensitive because of its value to a rival bank/financial institution, or the harm its publication could cause to the group's corporate image – even its financial stability. Such information which is normally only produced or

accessed at Director level, whether held on paper or computer, must positively take to control copying as copying can be used as a means of declassification. The following are examples of company critical data for banks:

- Corporate plans and strategies
- Proposed corporate acquisitions
- Unannounced strategic products
- Unannounced technical developments
- Internal reports (all operations – customer data, pricing, interest rates, loan exposures and repayment plans for external borrowings etc.)

For the Zimbabwean banks the research established, ever since the demise of so many institutions for reasons among many: shareholder and management delinquency, and serious poor disclosure gaps emanating from corporate deficiencies issues– lack of protecting user information (confidentiality) both a business and legal requirement, heightened information systems security awareness (ISS), oblivious that a breach of confidentiality can damage any bank's reputation for integrity (ZSE). A serious highly publicized breach as what happened in the case of each of the 13 plus fallen banks between 2003 and 2013, and, before that, the 1988, demise of the Boka United Merchant Bank causes irreparable damage from which the banking sector, lacking in bringing back the much needed public and, investor confidence, has failed to rise – dragging the country that has for more than a decade (2009-2018) puddled in unconventional monetary system resulting in an ever worsening economy-wide liquidity crunch. Anecdotally, no bank (today) except for Barclays and Standard Bank, and even them,(albeit) to a very limited extend is able to offer clients (all classes): retail, corporate and investment banking services (i.e.), simple financial transaction of depositing, receiving payment in cash (real money) and foreign currency on demand, point of sale or value added services that exploit the convergence of banking, information technology and telecommunications as should be in a reliable utilities market.

It is this minefield that Barclays Bank, Standard Bank, and on the local side of indigenous banks: CABS, POSB, ZB Bank, CBZ, Bank ABC (Grind lays) and a few established ones – competing for the troubled market share, successfully navigated,

thanks to their groups high quality and strong risk management processes and controls, (following of Corporate Governance Guidelines), and, cost cutting as guided by international and local regulatory guidelines.

Having taken a brief overview on IT systems and telecommunications (data Communications networks) focusing on one of the target responded banks, Barclays Bank for reasons non-other than that the primary data stemming from ‘The Questionnaire Survey for Banks’, interviews and observations, confirmed that both it, and CABS and the majority of other financial institutions they represented in Zimbabwe, have effective IT systems, short of the modern recommended ML/AML Governance Risk Control (GRC) monitoring system recommended by the two international AML regimes: FATF and Basle Committee. This, the country’s Central Bank and the wider-financial sector financial institutions particularly the cluster of small to medium indigenous local banks can ill-afford at this point in time due to the persistent inflationary scourge exacerbated by corruption and ML.

To prevent serious threats posed by hacking and other worse white-collar crimes with ML, and or, laundering demand, best practice computer security literature imposes that all lines and communication equipment must be secured according to the policies the organization. One sure way of doing that is by secure maintenance of Passwords, PINS, and tokens. For the Barclays group, the prevention systemic able to detect any unusual activity particularly dial-up lines which must at all times must be treated with suspicion (Barclays Security Handbook). Where doubt remain after further checking, line responsible staff members, the bank’s Information Systems Security (ISS), and or manager, is/are informed to take necessary steps, including escalating the case further for ISS to commence an investigation to prevent (all) types of risk particularly user risk causing (potential/actual) loss.

#### **6.6.2 Bank Security Management – (Security Officers / Managers)**

The security officers/ managers, herein referred to as security professionals, have a variety of job titles. Overall, findings established that security officers, and/or, managers in Zimbabwe while employed in a dedicated line security function, most are “investigative security officers” albeit with an advisory function, but mainly



dealing with common banking crimes: thefts, frauds and embezzlement at the expense of a wider array security and risk management functions of crime prevention (white-collar crime), disaster management, contingency planning, and, health and safety management required of today's modern-day practitioner.

Of the eight (8) respondents, four (4) are (Heads of Security/Investigative Security Officers) doubling as specialist fraud prevention and investigators depending with the size of the bank. This to confirm that those charged with the role of heading security in banks hold varying titles dependent on type, operational size and strength of the individual organization to wit; security advisor, security manager, security officer, fraud and or risk manager, (herein) cited as "Gatekeepers) whose role functions (common to all except for those employed by the bigger international/regional institutions such as Barclays, and Standard Chartered Bank) inter-alia involve disaster management/contingency planning and health and safety issues.

The research showed/shows that almost all the private security managers have a traditional police background. The inference here is that Corporate Zimbabwe including banks, have a conservative culture of recruitment policy...for example, the system of recruiting former members of the police to manage the affairs of banks' security. The perception possibly being that those from the police have investigation experience which can be used to provide the necessary investigative and security advisory capacity required for banks. The response rate to the structured/semi-structured all-bank(s) employees (Questionnaire No. 1) and, interviews carried on ML and corruption: causes/influences, prevalence, nexus and micro/macro impact with particular emphasis on banks/financial sector, relative to key objectives of the study, from this (special) target respondent group as per aggregated analysed primary data findings in Chapter (4) was/is in the majority (100%).

From the aggregated analysed primary data results in (Chapter 4), the security officers/managers in Zimbabwe today have slightly improved in terms of their qualifications and on-the job training skilling through short courses in the area of security and risk management. Ten years ago, the story was slightly different; Zimbabwe had only one University and none offered certificate, diploma or degree

courses in the field of security. Ex-police bank security officers and or managers, important as they were perceived then, and, while having some degree of autonomy, would generally not be placed or considered at for senior level positions in organisations they worked/work. This was and is still the case in the sector which is yet to see a security practitioner being appointed to the board of directors etc.

The low perception with which security personnel are still perceived were confirmed during interviews carried out with majority security officers/managers. The respondents cried foul that their roles were in the majority relegated to levels lower than their (legal, audit, accounting, risk, or even HR in the banks and across industry) even one had attained a degree. This is absurd because all the other functions that claim superiority are all security functions. As private sector competent authorities, majority held/hold the belief that work standards in banking security in particular could still be improved, with changes in statutory provisions, in-house education and development training, improvement in conditions of service, to help minimize institutional lethargy, motivate employees and promote greater efficiencies to reduce corruption, and ML targeting banks in particular and the country in general.

### **6.6.3 Perceptions on Corruption & the Vulnerabilities of the banking/Financial services sector in Zimbabwe**

By employing both field surveys and secondary data analysis the research identified common crime risks and the main typologies of predicate offences and related security vulnerabilities of the banking/financial sector in Zimbabwe. Through primary data gathering, the factors considered most responsible for incidences of, and/or, heightening the predominance of corruption-led ML in the country were identified. This section will engage with the perceived security crime risk threats / vulnerabilities identified by the respondent groups. It will also identify techniques of corruption (i.e.), trends, prevalence and related issues in the country that validate its nexus to ML as indicated in the analysis below.

### **6.6.4 National /Transnational Banks / FIs Vulnerabilities to Corruption ML**

Literature shows that across the divide banks proneness to ML vulnerabilities/risks, founded that most predicate offence proceeds of crime were and continue to be

channelled through mainly deposit accepting and paying banks: (Commercial Banks, Building Societies and Post Office Savings Banks). The commercial banking/financial sector in Zimbabwe was thus found to be the most vulnerable, while *other financial Institutions: (Pensions and Insurance and the Securities Sector)*, followed in that order.

The methods and/or, practices employed to perpetrate corruption as indicated by the majority three-tier respondents groups in the field survey (primary data) are virtually myriad but the following 10 are among the most perceived as dominant in Zimbabwe: Embezzlement/fraud, bribery, splitting and inflating contracts, over-invoicing, abuse/misuse of office for personal gains, currency externalisation, smuggling / custom duty evasion, extortion, rent-seeking and arbitrage (appropriation/share transfer fraud ), and, insider-trading

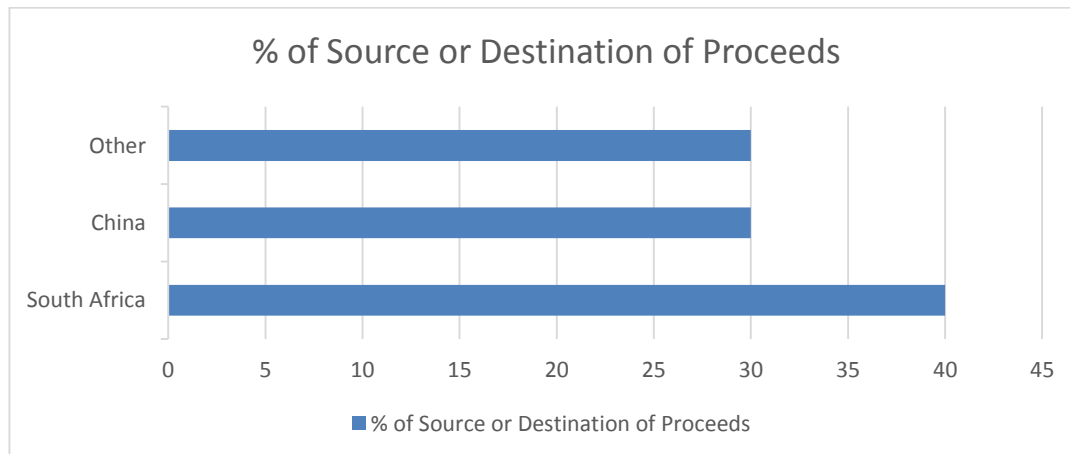
The finding(s) on the second term of reference in this contextual study, which sought to look at corruption and other exogenous criminal activities' contributions towards ML in Zimbabwe, nexus particularly in relation to corruption, and, the application of monetary proceeds was/were broad. The three (3) tier sampled majority's respondents when answering to the question were of the agreement that monetary gains, and/or, proceeds from corruption in Zimbabwe (on a wider scale) by PEPs, business entities (public/private) and their owners/executive employees or other, were/are mostly "saved and/or, used for consumption of goods and services locally and abroad" irrespective whether the laundering is internal or external – using a variety of channels most preferably banks to transfer the same to and from abroad.

The finding galvanizes other patterned results of other researches that have already been undertaken with respect to the matters covered by this and other two key objectives (herein) that reflect the dominant tendencies: techniques and observed trends in the country and the region of using banks particularly those with weak defences that can be exploited, or, primed for ML, *as* channels of transferring proceeds of corruption (internally or externally). The cited grand corruption case studies of Samson Bernard Paweni & GMB - Gvt tender fraud/ML financial scandal; the Morris Nyagumbo et.al., Gvt/Bank of Credit and Commerce/Willogate Motor Industries Ministerial car scheme financial corruption scandals, and not least, the

Roger Boka UMB financial scandal - in which proceeds were traced to local/transnational banks, and/or, found to have been negotiated via local banks/financial institutions and transmitted electronically locally or abroad, are pertinent

As to the destinations, substantial literature (local/foreign print media, court records, surveys), and, primary data from perceptions and opinions, have it that, in Zimbabwe and the region, proceeds of crime were/are found to be ordained mainly to the following countries and or, jurisdictions of choice: <sup>(i)</sup> Mozambique and Malawi = (drugs particularly marijuana or ‘mane’ and, second hand goods), <sup>(ii)</sup> South Africa = (smuggling-in of proceeds of sale of tobacco and cigarettes, gold, diamonds and platinum, groceries, and other merchandise for resale, and <sup>(iii)</sup> Zambia = (poaching and stealing in wild-life products, and smuggling of tobacco and cigarettes). The table below showing the percentage of source or destination of proceeds from Zimbabwe is pertinent.

**Figure (5.1) % of Source of Destination of Proceeds:**



Source: Qualitative data (RBZ, 2013)

Also broadly considered in the findings is the link between corruption and ML which is indicated as at least, two-fold (i.e.), the proceeds of corruption particularly when substantial are prone to be laundered, and, the combined effects of corruption and bad governance in institutions (public/private), can, and, do blunt the effective operation of AML systems. Further also, as according to literature, the relationship

between these two forms of white-collar crime, is symbiotic or reciprocal, since, just as corruption facilitates ML, the latter encourages the former.

Most respondents indicated that the levels of effects, and/or, impact of transnational financial/economic crimes as they obtain in Zimbabwe – among them and in particular singling out corruption, bank frauds, embezzlement, tax evasion, theft of property, currency externalisation and cross-border smuggling of goods, were moderate to average high level. The perception index is valid particularly with ML as one of transnational financial/economic crimes major drivers. Conversely, ML driven by corruption and other predicate offences and their exigencies, apart from subjecting banks and cash dealers to serious risks especially reputational, operational and legal risks, has (if left unchecked), other serious adverse macro effects to an economy such as, changing the demand for cash, making interest rates and exchange rates more volatile; and, triggering inflation.

Cumulatively, aggregated results of findings indicate that as a country, Zimbabwe has a number of short comings when it comes to measures to deal with cross-border wire transfers type of laundering. In some of the interviews with the respondent banks and the Central Bank BUPSML/FIU, revealed was that cross-border wire transfers were/are being used by companies to avoid paying tax. The deviating companies use personal accounts of senior management to move business funds out of the country to foreign jurisdictions through un-suspecting/suspecting banks (RBZ)

To deter and prevent being used as laundering conduits, banks in addition to the normal KYC information obtained through the ‘SWIFT’ messaging platform to apply enhanced due diligence procedures on originator and beneficiary information. They banks further indicated that they already were/are in the practice of applying enhanced due diligence (CDD) measures on all originator and beneficiary information which is screened through CDD databases at branch, country head office and parent company head office. One bank indicated that they have a specialized cross-border wire transfers unit, SWIFT/Reconciliations Department at Head Office for screening all transactions including verification of details before final transmission to ensure compliance with the Exchange Control requirements of the RBZ. These measures have enabled banks with their diverse nature of business and

financial market products which make them targets, to identify and mitigate risks associated with cross border wire transfers (externalisation of currency), one of many predicates offences to ML trending in Zimbabwe and other countries of the region.(RBZ, Goredema, 2003/4).

#### **6.6.5 Country Vulnerabilities to Money-Laundering (ML)**

The study cursorily assessed Zimbabwe's overall vulnerability to ML as an emerging from both an agricultural economy and minerals extractive economy, by looking at issues of demographic and socio-economic and politic characteristics: land-mass, population size, inflation, unemployment, poverty, and, capacity and integrity of the Criminal Justice System (Law-enforcement-police, judiciary and the Prison/Correctional Service) mechanisms. The country formerly known as the bread basket of Southern Africa if not the continent as a whole because of its high grade tobacco farming exploits once the country's top foreign currency earner, Zimbabwe's economy fell to one Africa's poorest and now known for corruption, money-laundering, dependant on an extractive industry. The reasons, according to World Bank and IMF 2013-2014, reports, other substantial media reports, majority respondents perceptions/opinions and the researcher's own familiarisation with facts from witnessing the events as they unfolded in the country, were/are:

1. Government's 1992, embarking on an economic suicidal exercise to pay veterans of the liberation war some (Z\$3.5 billion) equivalent to about US\$1.billion in reparations which money was not budgeted for and this exacerbated the deficit in State funding.
2. President Mugabe's 1998, committal without approval from Parliament, of the military to a war in the Congo to prop-up Laurent Kabila's fight against Rwandese Tutsi propelled insurgents seeking to topple his embattled government at a massive cost of (US\$1.5 million) a day – (US\$27million per month). Over 3 years, the country consequently spent an extra (US\$1.5 billion) equivalent on the very war outside budget. Put together these two (untimely) commitments pushed the budget deficit to unsustainable heights and the Zimbabwean local dollar currency began plummeting towards devaluation. As to what motivated

Mugabe's DRC war expedition, it is reported, had everything to do with grand corruption: lucrative mining concessions, theft, embezzlement, abuse of office, undervaluation of goods, smuggling and other forms of illegal remittances, false invoicing, non-payment of taxes kick-backs, arms racketeering, corruption and bribery in the Congo and locally in which organised syndicates linked to militaries of Congo and Zimbabwe benefited.

3. The controversial Agrarian Land Reform Programme, stoked by the late Dr Chenjerai Hunzvi which broke the back of the camel, as foreign direct investment (FDI) inflows and exports needed for sustainable development projects started waning – leading to the rise in inflation and a corresponding further decline in value of the local currency. Resultantly government was forced to print money and, by 2008, among other effects of economic mismanagement, the local currency was worthless – inflation reaching historical heights similar to, or, reminiscent to countries in war conflict.

Within this contextualised real case study research, reviewed philosophical positions in a bid to try understand corruption rather than trying to 'explaining' it per se', discussed this far, have given some valuable insights on what can be identified as ascribing predisposing causes, and also, sometimes triggering causes in specific situations. Gross National Product 'GNP', leadership, norms, culture and structure of organisations as variables under which corruption is more likely to occur whether in a rich or poor country are stated in the substantial literature as some of those. Poverty for example probably can have something to do with one form, or, other type of corruption, be it, bureaucratic or petty corruption. Such a macro variable has its influence on an individual level. Conversely greediness probably also has something to do with corruption, for example, grand or political corruption. Such a micro variable has its influence also on an individual as much also on their influences on cultures of public/private organisations that one leads or is employed. Zimbabwe is not short of cases of grand corruption and financial/economic crimes such as bribery, extortion, smuggling and currency externalisation among others, all which demand laundering, starting as early as 1982/1983, following independence (to date). These are adequately demonstrated contextually in the real case studies chronicled herein - courtesy of public sector enterprise officials, politicians and private sector business,

particularly financial institutions owners/chief executives and managements of +13 small to medium banks' gargantuan corrupt practices who stole and continue stealing whopping millions from treasury and client depositors funds alike.

Summarily the alarming incidence of corruption and their variances in Zimbabwe as revealed in the findings indicate that the phenomenon is on the rise in both volume and seriousness. Qualitatively, while there are extant anti-money laundering legislations and their enforcement agencies to enforce them, albeit rudimentary or minimum in certain cases, their effective enforcement is impeded by an assortment of corrupt practices, particularly those orchestrated by PEPs and other corrupt/corrupted public/private sector institutions such as the police. Convenient to mention, that, Zimbabwe has no formal MLA treaties or agreements with pertinent other countries but relies on its membership top ESAAMLG as well as on inter-governmental bilateral understanding, and/or, non-formalised routes for each assistance which hinders the effective implementation of FATF AML 40+9 regulatory standards. These and other teething socio-economic and politic problems such as: reduced perennial money market cash shortages, high rate of inflation, unemployment, and non-formal economy and porous borders among others, were identified qualitatively and quantitatively in opinions by respondents as contributing to crime particularly corruption, increases the country's extractive economy to money-laundering risks. .

#### **6.6.6 Strengths and Weaknesses of Zimbabwe's financial institutions AML**

##### **Regimes:**

The study also reviewed as part of the aims and objectives, literature on the ML and Proceeds of Crime, legal and regulatory institutional frameworks.

The aim was to assess and determine the strengths and weaknesses of the country's AML regimes/systems

From the previous alluded to RBZ BUPSM/ FIU first AML/TF National Risk Assessment Report following the 13-26<sup>th</sup> June, 2015, and the Eastern, Southern African AML Group (ESAAMLG) September, 2016, FATF sanctioned first and



second country Mutual Evaluation Reports forming a sizeable literature on the regulatory/competent authority AML scope of operations, the study established that Zimbabwe had been declared weak on its legal framework implementation of the AML and counter –terrorist financing measures. The Stern, Southern African AML Group (ESAAMLG) mutual evaluation reports in particular—focused on the international inter-governmental FATF which Zimbabwe joined in 1999.

The (13-26 June 2015) country report by the (ESAAMLG) on Zimbabwe’s AML / CFT systems as alluded to in (Chapter 2) provides a summary of the AML, its proliferation and combating the measures in place in the country. In its analysis, (ESAAMLG) found the level of compliance with the FATF 40+9 recommendations and the level of effectiveness of Zimbabwe’s AML systems, and / or, regimes as needing strengthening and made recommendations as to how they could be fortified. Some of the key findings in the (ESAAMLG) report adding to the above are as follows:

- Zimbabwean ‘current AML laws were found lacking in the dictates of the FATF (140+9) AML international regulatory standards requirements calling Financial Institutions and DNFBPs or the company’s registry to establish and verify the identity of a beneficial owner except in circumstances where a customer carries out a transaction classified as prescribed transaction.
- While smaller FIs, and to a limited extent, the DNFBPs apply generic CDD requirements, they had/have limited understanding of the beneficial ownership requirements. In general, some FIs and the rest of the DNFBPs are yet to appreciate the concept of verification of the identity of a customer using independent, reliable sources of information.
- Zimbabwe has a cross-cutting issue of low human capital and electronic technological (modern GRC Financial Intelligence analysis and communications) resources capacity in its RBZ BUPSMU Unit, which negatively affected the implementation of the AML/CFT measures by competent authorities
- While competent authorities had fared well on national cooperation and coordination of the NRA survey and preparation of its report on AML/CFT strategy, the June, 2015 survey report was found to have limited information

on practical implementation of the very coordination and cooperation measures against ML.

- The quality and use of financial intelligence was found to be less developed largely due to expertise and resources constraints to conduct: (a) a proper analysis of reports by the BUPSMIL Unit and, (b) parallel financial investigations to identify potential ML/TF cases by the Police and other LEAs.
- Further, commending on STRs (socio-technical operational communication systems between RBZ-BUPSMIL/FIU, and banks), it was found there was/is no feedback mechanisms between the RBZ BUPSMIL Unit and reporting designated institutions / persons or individuals on the reports received and their work-in-progress or finalisation status. Also there was/is little evidence showing need for, and/or, use of BUPSMIL Unit financial intelligence/information by the police specialised CID Fraud Unit and other LEAs, to carry out ML investigations and prosecution.
- While Zimbabwe had a sound legal and regulatory framework to implement targeted financial sanctions in respect of (UNCRCs 1267 and 1373), and its financial Institutions (particularly the well-established bigger banks), had/have a good understanding of the requirements shown by their having put in place internal AML control processes and procedures, the country had not prioritized application of seizure and confiscation measures on property involving illegal proceeds as policy at national level. As a result, there is insignificant cases of seizure and confiscation of property related to ML
- The country was found without specific legal or regulatory measures to implement targeted financial sanctions in respect of proliferation financing. The RBZ BUPSMIL/FIU Inspection/Supervisors Unit was reported to be in the process of developing a risk-based approach supervision framework following the release of its ML/CFT NRA findings report. This confirms findings by this current study that generally, AML supervision of FIs and DNFBPs in Zimbabwe by RBZ BUPSMIL is still less developed, which can be said to have contributed to some of the deviances in the sector. There had been, and/or, there is no supervision of DNFBPs by the RBZ BUPSMIL/FI Unit as the focus by the authority has been/was on FIs. As a result no sanctions were found to have been issued by the BUPSMIL/FIU supervisors

for non-compliance with the FATF/Basle Committee 140 + 9 AML regulatory requirements this research established.

- On regulatory framework requirement to obtain and maintain beneficial ownership information on legal persons and persons, the country was found lacking.
- The RBZ BUPSM (FIU) was found not to have conducted a comprehensive and sufficient risk assessment of ML/TF on both public/private sector companies/organisations including the banks. The Registrar of Companies has no supervisory capacity including ensuring that the information it obtains and keeps, is accurate and up to date it was also established.
- While the country had a sound framework for provision of MLA, the provisions/measures had been applied only on predicate offences and not on ML and TF cases by the competent authorities particularly by the criminal justice system (CJS) (Police and the National Prosecuting Authority/Courts). The reasons for doing so (including poor AML awareness and low understanding of the broader concepts of the subject of ML by police investigators) which have been mentioned here severally are pertinent.

Broadly it transpires the primary survey data results in this research, and, the 2015/2016 ESAAMLG Mutual Evaluation Report(s) findings on Zimbabwe are significantly similar: confirmatory of the existing risks and or vulnerabilities of the country's banks/FIs and the impediments short circuiting the effectiveness of the AML regimes. Pursuant to the negative report, in 2016, (ESAAMLG) implored Zimbabwe to commit to the implementation of the AML/CFT legislation and relevant structures to meet regional and international requirements by making amendments the existing ML and Proceeds of Crime Act. Failure to implement same meant that Zimbabwe will increasingly continue to remain isolated from the international financial AML/CFT programmers. In April, 2018, Zimbabwe in a bid to remedy the highlighted deficiencies occasioned introduction of the ML and PC (Amendments Bill). Among the amendments the Bill will seek to strengthen legislative defences against misuse of financial system for the purpose of ML or the financing of terrorist activities.

Particular also, the Bill will also among other, amend the ML & PC Act (Chapter 9:24), Section 27 of the National Prosecuting Authority Act (Chapter 7:20), Section 6 of the Criminal Matters (Mutual Assistants) Act (Chapter 9:06), Section 87 of the Deeds Registries Act (Chapter 20:05), (and) Section 2010 of the Customs and Excise Act (Chapter 23:02), Section 5 of the Income Tax Act (Chapter 23:06) etc.

#### **6.6.7 Banking/Financial Sector Vulnerability Assessment Findings:**

This section will provide a collation of the primary survey data analysis from the three target respondent populations; on their perceptions on banks security risk vulnerabilities, banks security systems,

An analysis of eighteen (18) general AML vulnerabilities as well as controls that exist and operate within the sector are provided along with assessed ML vulnerabilities of (13) banking products found to exist within the country. These include among others, internet, mobile banking, demand deposits, card and electronic banking and money market deposits.

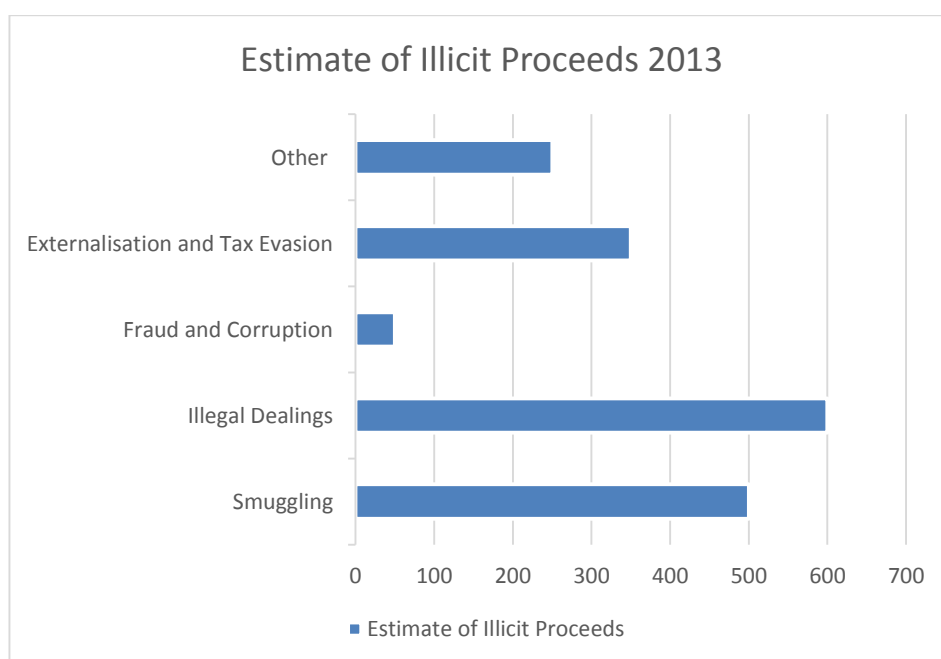
Firstly; the study survey results identified 18 out of the list of 21 FATF menus of listed predicate offences in Zimbabwe. Seventeen out of these most prevalent predicate offences produce proceeds of crime with a laundering demand in Zimbabwe. These according to both qualitative and quantitative (primary survey data) drawn from the three study sample populations are:

1. Corruption
2. Drug Trafficking
3. Externalisation of Foreign Currency
4. Bank Fraud (Cheque/Document)
5. Bank card and electronic fraud (POS-Merchant fraud - Card not present - White plastic /Counterfeiting (card cloning)
6. Bribery
7. Smuggling (in and out);
8. Illegal dealing in diamonds, gold and other precious stone
9. Embezzlement / Fraud

10. Tax evasion;
11. Wild-life crime;
12. Human trafficking
13. Theft of copper cables
14. Theft of motor vehicles
15. Robbery
16. Extortion
17. Cybercrime: espionage

It is estimated that some and or, all these types of offences put together, (as depicted in figure below), generated (plus), US\$ 1.8 billion of illicit proceeds in the year 2013 alone (RBZ).

**Figure (5.2).Estimate of Illicit Proceeds in 2013:**



**Source:** Qualitative data collation from RBZ

A quantitative summary collation of some of these illicit activities with a laundering demand - point to pervasiveness of corruption and the associated techniques is the respondents estimates of the proportions /percentage, in terms of volumes of proceeds, destination and effects, cross-validating the findings on prevalence, which

suggest or is indicative that (it) corruption in Zimbabwe, is systemic, “reutilized” and endemic, ubiquitous in virtually all spheres of society particularly the Gvt/public/parastatal enterprises including the business.

#### **6.6.8 Banking Products in Zimbabwe:**

Secondly; there are (14) notable banking products that are traded in the Zimbabwe banking sector. Each one of these products has some level of vulnerability to ML which was assessed using the generic ‘World Bank Tool’. These were found to be:

1. Savings deposits/Cash accounts)
2. Demand deposits/Current or credit accounts
3. Credit - Loans and Advances
4. Foreign Currency Denominated Accounts: International Wire Transfers Corporates
5. Foreign Currency Denominated Accounts: International Transfers – Individuals
6. Foreign Banking Services: Letters of credit foreign bills guarantees
7. Correspondent Accounts: Nostro & Vostro Accounts
8. Negotiable instruments: Certificate of Deposits & Bankers Acceptances
9. Trusts and Asset Management Services: Private Banking; Fund Management
10. Mobile Banking
11. Time Deposits
12. Money Market Deposits
13. Specialised Units: Platinum, Prestige Accounts
14. Bank electronic debit/credit card accounts

In order to assess the level of vulnerability of each of these (14) banking products in Zimbabwe, respondents were quantitatively and qualitatively asked a similar question posed in each of the 3 different public questionnaires and during follow-up interviews to give a rating by using statistical 3 random sample of observations all drawn from the same distribution criterion of low, medium, high (i.e.): **0.0 – 0.3+-** for low; **0.4 – 0.6+-** for medium and **0.7-1.0+-** for high. The aggregated applied result

of the 3 different respondent's samples ratings of all the products was scored at **medium 0.6.**

Following is the discussion and rating of each product in terms of its vulnerability to ML. It is essential to mention that the assessment was/is based on the volume, value, client profile and many other related variables.

### **Savings Deposits:**

A savings account or cash/debit account is a basic type of account that can be maintained at a bank. On opening the account, the customer is issued with a cash card or bank debit card. This means that the client or account holder can only withdraw cash or pay for services using available balance in the account (draw-down balance system). Qualitatively and quantitatively, (all things being equal), the product constitutes a quarter of all deposit products in the country. Low salaried individuals (civil servants and others), and/or, small business enterprises use this product.

As the name implies, the purpose of this account is to save money. The account offers interest. The interest is determined by the inflation rate and other factors attaining in a particular bank and, banks have certain periods within the year during which they pay interest rates on these type of accounts. Savings accounts require that a minimum balance be maintained in the account. There is generally no prescribed that can be said to be appropriate. Meaning each bank prescribes how much it will require the account holder to leave in the bank at any given times. This minimum balance ensures that the bank can lend the money out without facing a risk of amount being demanded. It is from these accounts that investments are made. The major disadvantages to this type of account include among others: firstly; the minimum amount to remain in the account may be too big for the depositor which inhibits maintaining such an account if it's too high, secondly; the interest rate may not be sufficient enough to cover inflation and other risk factors, and, thirdly; the account is not user friendly like a current or credit account which allows one to pay bills and other obligations using a cheque or credit facility.

After the Zimbabwean dollar crashed in 2009, the introduction of the multi-currency system meant to bring back the economy from the abyss, saw many low paid people

lose capacity to generate income from which meaningful savings could be made. The public had since lost confidence in the banking sector due to the ravaging hyperinflation the country started experiencing back in (2000), following the controversial land reform program that among other negatives reduced direct foreign investments, closure of companies and fall of formal industrial production and high unemployment rates, consequently primed the country not only to ML, but also corruption as ensuing cash shortages heralded a cash based economy.

The fact that the economy is extractive, and cash based, gave the product an inherent proneness to ML a vulnerability was rated (**Medium**) with a score value of **0.6+-** by majority of all three respondent groups. The score value was reduced to (**0.4+-**), due to factors the research observed as consistent with the existence of specific AML internal controls that banks employ including ‘early fraud identification/detection red-flagging ‘and reporting any suspicious high value transactions by way of ‘CTRs and STRs’ Exceptional Production Reports (EPRs).

#### **Demand Deposits / Current Accounts:**

Another of the most popular bank account products that average to high net-worth individuals and corporate organisations can maintain with a bank in Zimbabwe. This kind of account is also known as a demand deposit account. The account offers the customer/holder or drawer, credit facility through use of a cheque book or bank credit card. This allows even non-face-to-face transaction interactions (where bank credit cards are used) to withdraw or pay for a service as long as the amounts or fee is within the set limits agreed to by the drawer bank.

Highly favoured by non-organised/organised criminals, those in positions of power, the politically exposed and their associates, the product was according to responses by mainly bank employees assessed and rated as (**Med/High**) with a score of (**0.65+-**) due to its susceptibility to ML where customer due diligence is not carefully considered by a bank/banks at account opening stage in terms of the KYC guidance principle under the FATF 40+9 AML standards for banks.

Under this and other international standards recommendations for banks, individuals transacting through this product should be required to declare the source of their



funds and limits should be set to control the amount that can be deposited, transferred or withdrawn without proof or supporting documents narrating the purpose of the transaction.

A cursory assessment of the product indicated that company owners/directors divert incoming or outgoing company funds through their accounts in a bid to evade tax, or, avert the Exchange Control requirements of declaring this source and purpose of funds when making international transactions. In terms of the law, all funds in individual or personal accounts are regarded as “free funds”, which do not require declaration of source when being made particularly when coming from outside the country. Cash transactions and wire transfers were/are a common feature for this product in Zimbabwe. And these two features alone makes the product highly prone to money laundering. A trend was noted in the Christopher Kuruneru, James Makamba (Telecel), and, the Roger Boka United Merchant Bank (UMB) cases. Similarly, the trend was observed in the Chinese National cases, where individuals, some identified as linked to PEPs in Zimbabwe, made deposits of large sums into their personal demand deposit bank accounts locally and immediately transfer the amounts to their bank accounts in China, and/or, in other laundering disposed countries of choice.

### **Credit Products - Loans and Advances:**

One of the major functions of a bank is to advance loans to individuals, businesses and organisations. Qualitatively, commercial banks for example create loans for those in need and capable to repay, from cumulative deposits in different accounts made by several other depositors (basing on the knowledge that not all depositors will demand or withdraw their money at the same time), and, use some of the deposits (rather than allow it to idle) by loaning it to the alluded (in need) individuals and businesses at an interest rate.

Qualitatively, as at 30<sup>th</sup> June 2014, the country’s bank loans and advances portfolio stood at (US\$ 3, 81 billion). The loan portfolio was dominated by borrowings and industrial, household, transport and agriculture sectors. Generally, an average loan amount of (US\$15 788.00) is significant for ML. In terms of the MLPC Act., Section

15 (b), all bank transactions above (US\$5 000.00) are regarded as significant and the customer should be identified in terms of KYC AML requirements.

Generally, ML through loans occur when borrowers make large repayments which are inconsistent with the agreed repayment plan or where the debt is cleared through a once-off payment, usually using funds generated illegitimately by (lost/stolen/ or counterfeit) credit card. Also laundering takes place in banks where senior management through flawed internal arrangements get preferential profit sharing allotments, overdrafts and unsecured cheap loans which are spun to create super profits using black market foreign currency rates. In one bank, the United Merchant Bank UMB and corresponding companies' case, several thousands of dollars in unsecured loans were allegedly advanced to PEPs by the owner/CEO Roger Boka himself and large volumes of the money were never repaid (Roger Boka).

In this regard, proneness to ML levels on 'Loans and Advances was rated '**Medium**' with a score of **0.39**.

#### **FCD Accounts (Wire Transfer) - Corporates / Individuals:**

Qualitatively, this type of an account is denominated in foreign currency. It may be denominated in a particular foreign currency. It may not be necessary these kinds of accounts where the national currency is freely convertible like in the United States of America, the United Kingdom, Canada, Japan and so on. However these accounts maybe crucial where the national currency is not convertible and is experiencing acute shortage of foreign currency as in the experiences of Zimbabwe in close to two decades plus particularly since year (2000). Where such is the case as has been the case in Zimbabwe, these/this type(s) of account(s) have been found of greater importance in harnessing the available foreign currency. Individuals and businesses are allowed to maintain these accounts in commercial banks.

Foreign currencies are obtained through export earnings, remittances from mainly locals living abroad/overseas, and, from other off-shore accounts. Depending with the extant exchange control regulatory laws, usually the holders of these accounts are permitted to withdraw telegraphically send or wired transfer remittances for local consumption equivalent to local currency is given to them. However if they want to buy or make a payment outside the country a bank draft is normally issued to them

in that foreign currency, and/or, the amount or fee is transmitted by international telegraphic or wire transfer. Generally these accounts don't yield interest which is a major disadvantage to the beneficiary account holders.

Substantial amount of literature, and, quantitative and qualitative findings from this empirically study have shown that international transfers can be abused by money launders to clean their ill-gotten proceeds. In Zimbabwe, the ML vulnerability attributed to devianting corporate business organisations (public/private) including banks was rated (**Low/Medium**) with a score of **0.33**. This was/is mainly due to shrinking low level volumes of transactions that that the country has been producing through this product post year (2000), for mainly socio-economic and politic reasons attributed to the controversial land reform program that invited international condemnation and biting targeted sanctions on the country's authorities – heralding death to, direct foreign investment, poor performance of industry export sector, and formal employment and so on. To motivate the level of international transactions (incoming remittances), the Governor of the Reserve Bank of Zimbabwe in his August 2014 Monetary Policy Statement advocated for companies to set-up investment businesses in other countries.

As for the international transfers by individuals, these were rated **Medium/Low**, with a score of **0.38**. This product is mainly used by Zimbabweans working and living abroad as alluded. It is also used by local individuals and car-sale business owners for buying and importing used second-hand cars from Japan and the United Kingdom. The volume of tractions was regarded as low by mainly bank respondents considering transactions that are processed through other banking products such as Savings Deposits. Analysed Suspicious Transactions Reports (STRs) on record (all banks) indicate that a number of foreign nationals were/are using this product to remit money back home to their family members for domestic consumption through this product channel. Those in business outside the country are using the product for the same purpose or to prop up their businesses back home as a way to avoid paying relevant taxes such as sales tax and capital gains tax.

In comparison, the evaluation observed and concluded that international wire transfers mainly, by individuals at **(0.38+-)**, have higher risk of ML than international wire transfers by corporates at **(0.33+-)**.

#### **Foreign Banking Services - Letters of Credit, Foreign Bills, Guarantees:**

Under this product, literature showed that only 125 transactions were undertaken by banks during the first quarter of 2014 (i.e.), (January to April, 2014),

Banks apply enhanced due diligence when dealing with foreign transactions such as foreign loans and guarantees. This product is used by large companies with well-known banking track records and audited accounts in place. These factors reduce the risk of the product's proneness to ML.

The product was assessed and rated **(Medium Low) with a score of (0.38)**.

#### **Correspondent Banking (National/International) – Nostro & Vostro Accounts:**

Qualitatively, the concept revolves around a relationship between a smaller bank and a bigger bank (inter-state and intra-state): inter-state when a smaller bank enters with a bigger bank in the same country or outside the country and vice-versa. The reasons for such a relationship can be varied but in most cases, its' about resources mobilisation and service provision to satisfy both domestic and external customers. Some banks are so small that they may not establish themselves in other countries, while others like Barclays Bank, Standard Chartered Bank, CABS and so on, have networks in many countries. The former usually in smaller cities or remote areas outside major cities may need to keep their deposits with larger banks and by so doing gain the benefits of provision of foreign exchange advance services at cheaper rates, networking and clientele satisfaction (albeit) for a fee, while the bigger bank gets the deposit, which in turn it can use to give out credits and loans.

Most banks in Zimbabwe, particularly the big ones maintain mainly Nostro accounts relationships to help meet their foreign obligations (RBZ). Only one bank in Zimbabwe had/has a Vostro account (RBZ). In both cases the volume of transactions is low indicating the risk of ML in corresponding accounts with Zimbabwean Banks

is limited given the banks compliance with extant AML laws and regulations which govern the operations of these accounts.

This product had the lowest perceived risk of ML with an assessed rating of **(Medium/Low)** at score **(0.28)**.

**Negotiable Instruments (NI's) - Certificate of Deposit & Bankers Acceptances:**

By generic definition, negotiable instruments are investment products which are commonly used by corporates for investment purposes. Qualitatively, a cursory evaluation of RBZ literature evaluated (on the first quarter of 2014), showed that some underperforming Zimbabwean companies had invested in negotiable instruments with banks to the tune of US\$600 million dollars. ML risks to banks for these two products was assessed as **(Medium/Low) with a score of (0.29+-)** due to the low volumes.

**Trusts and Asset Management Services - Private Banking: Fund Management:**

Qualitatively, 'Trusts and Asset Management Services' accommodate specialised units such as 'Private banking' and 'Fund management' accounts. Clients are high net-worth individuals, pension funds and trusts accounts. Most PEPs are also accommodated under these products.

Substantial amounts of literature from empirical studies on mega financial scandal disasters—led ML and failed banks globally identified and discussed as case studies in background literature (Chapters 2), among them: (The Barings Banking (Nick Leeson) Crisis; Bank of Credit and Commerce –BCCI; The Vatican Bank, Enron Bank USA, Stanford Bank USA, Fidentia Asset Management, ENG Capital Asset Management S.A., and so on), have shown that corrupt officials abusing such products identified for high net-worthy clientele and in which large sums can be deposited can systemically falsify transactions to hide proceeds of fraud. Usually diverted business funds are fraudulently deposited into personal accounts in breach of internal control guidelines.

On a global scale, the inherent vulnerability of ML with these accounts is (High), since the customers who use the product are considered as high risk in terms of FATF AML recommendations. Results of research, basing on the average transaction size Zimbabwean banks handle, of (US\$ 4000.00) according to RBZ statistical records, and also a sizeable respondents views from the banking sector, the product vulnerability rating to ML was rated (**Medium**) score of **0.49**.

#### **Fixed Deposit / Time Deposit Accounts:**

Time Deposit product is used as an investment channel where Customers place the funds for a specified period from 30 days to over 360 days at specified high rates of interest. Businesses and individuals are not allowed to withdraw from these accounts before maturity period specified. This means that the money is not available to the owner until the expiration of that period. If the account holder insists on withdrawing, before maturity, a high penalty fee maybe imposed. As a fraud prevention measure clearing of the withdrawal usually takes days. The fact that it takes some days to clear a withdrawal cheque before realising the funds makes the product less prone to ML. However, that aside, the fact that the product is indefinable with high net-worth individuals, non-bank financial institutions and corporates which are regarded as highly prone to money-laundering, majority respondents in the banking sector group rated it (**Medium**) with a score of (**0.41**).

#### **Money Market Deposits:**

In general, money market deposits are mainly used by banks to facilitate interbank transactions, and also, help blue chip companies to invest their funds. According to information from RBZ, during the first half of 2014, money market deposits had the highest average transaction size of \$419, 597.00 as compared to all other products.

While international transactions are effected through the money market accounts and these transactions are regarded as highly vulnerable, to ML, statistically established from the RBZ was that Zimbabwe had not recorded a case of ML through this product in the past. This making chances of using this product for ML very low. The fact that banks in Zimbabwe are highly regulated and most of them compliant with the AML regulatory policies and procedures makes them less prone to ML through this product.

### **Specialized Units - Platinum, Prestige:**

Another high net-worthy banking product used for investment purposes at applied favourable rates, and, found popular with business people including PEPs. ‘Suspicious Transactions Reports’ (STRs) received by RBZ FIU from banks in which high net-worth individuals using these two products for transferring funds to their foreign bank accounts – usually to evade paying taxes, and, for externalisation of proceeds were reviewed to confirm the use of these products by the alluded to net-worth individuals including the PEPs.

While some banks and building societies were found compliant with FATF AML Regulations 7, 9, 10, and 11 (of FATF 40+9 international standards) that deal specifically with CDD (i.e.), identification procedures verification and exemptions and so on, with customers the high net-worthy category, others like CABS were reported not to be compliant, and/or, not applying enhanced CDD when dealing with the same category of clients. This it was concluded impeded the effective implementation of the 40+9 FATF AML international standards in Zimbabwe.

Due to its proneness to ML, a rating of (**Medium**) with a score of 0.50 was assigned to this product.

### **Card and Electronic Banking Services**

Following the liberalization of the economy in 1990, the government of Zimbabwe embarked on the implementation of the prescribed World Bank and International Monetary Fund measures under the Economic Structural Adjustment Programme - ESAP (1991 – 1995) aimed at resuscitating an already ailing economy due to years of socialist driven state controlled and centralized command-style planning policies.

During the same or about the same period, starting in 1991, technology driven changes in the growth, operation, significance and economic driving power of the Zimbabwean financial banking sector also started taking shape. Barclays Bank in its quest to further advance and maintain its market leadership, became, as alluded, the first commercial financial institution to launch plastic credit card business services in the country.

Since 1991, the world of banking in Zimbabwe witnessed many new players enter the lucrative but high risk card payment system resulting in increased competition for the market share of deposits, retail merchants and individual card carrying clientele. A wider variety of banking products and service delivery initiatives including more technologically driven proliferation of electronic delivery channels in the payment card system services ensued. In that process, banks thus, proceeded to invest more in acquiring not only state of the art computer systems to meet the modern demands of medium to high volume local and international customer card operations but also, card security and fraud prevention systems. Not surprising, Barclays still found itself (then), at the fore front in the acquisition of the state of the art computer equipment, (i.e.) Satellite Banking, Voucher Processing and Imaging, and, prevention technologies.

Worryingly though, such developments and technological enhancements by the larger financial institutions with international breeding such as Barclays Zimbabwe and Standard Chartered Bank, and also, indigenous emerging smaller banks, suddenly engulfed by the need to adapt to technological changes, did not anecdotally, until late, seriously consider taking parallel on board, best practice fraud risk management practices consisted with those of other countries like the U.K. USA, and South Africa as an integral part of their prevention models. A major commercial criminal industry in many countries of the advanced world, plastic and electronic banking fraud did not therefore spare the Zimbabwean banks whose prevention practices at the time was still at the low level(s) of robustness than those of the said other countries, against which the criminal card '*bandits*' took advantage.

The crime which, as it stood, was not well understood and acknowledged then by many a stake-holder publics: (banks/financial institutions generality of clientele, law enforcement agents, courts-criminal public prosecutors and acquirer/issuer merchant businesses stood to cost the banking sector in particular and the economy's gross domestic product (Reserve Bank of Zimbabwe Economic Bulletin Report -4<sup>th</sup> quarter 1999), millions to card organised crime of card thefts, counterfeiting/skimming and Merchant frauds. Its emergency and prevalence in Zimbabwe during (1990-2000), would among other indicators as cursorily discussed in (Chapter 2) of this research, be linked more to micro/macro socio-economic and politic factors according to a



local empirical study by the author. Following the peak period of the card fraud invasion targeting banks (1995-2000), a lull ensued after a successful blitzes of the king-pins of the organised crime syndicates by banks security agents and the debilitating hyperinflation that followed – leaving banks to nurse their wounds and heighten their weak card payment system defences that had been exploited.

At the time of this research, (2014-2017+- period), the card electronic business remained depressed with very little activity on the credit card type transactions which dried up with the fall of the economy and the criminals themselves emigrating to other emerging and weaker card markets. As a result a **(Medium)** score of **(0.55)** was assigned to the product relative to its proneness to ML driver activities highlighted.

In summing up this discussion on findings on banking products in Zimbabwe, the fact that the research identified the sector's vulnerability rating as medium with a score of (0.6) means that while the country has made some efforts in guiding banks on measures that are meant to help in the combat of ML, (in terms of priority ranking), the country needs to put more effort in dealing with the quality of bank supervision and monitoring, to heighten enforcement of AML obligations. The fact that the Central Bank has sufficient regulations does not on its own help reduce the risk that exist in the Zimbabwean Banking Sector gauging by the perceived rating. According to Macleans Mzumara, "...those Central Banks that have sufficient provisions may have the problem of enforcing those regulations. In some central banks, supervision takes place only when something adverse has taken place". Could this be true for Zimbabwe's Central Bank? The answer is definitely a yes. Analysed documented cases of financial scandals during the first of two phased periods (1988-2003, and, 2013-2016), prove this. The then newly appointed and incumbent governor of the Reserve Bank of Zimbabwe Gideon Gono's 18<sup>th</sup> December, 2003, maiden monetary statement clouded with the obtaining multiple deviance-led bank failures instructed banks/financial institutions to refrain from undertaking non-core activities and withheld liquidity support that helped banks engage in, ML related activities was in actual fact an after event, following the fall of not only one, but five and more financial institutions. After this monetary policy statement a can of worms opened revealing 5 of the 13+ financial institutions that had been engaging in the

string of the banking sector scandals that shook the country over night as documented in back ground literature (Chapter 2) (and beyond) in here.

## **6.7 Summary Interpretations of Key Findings (Quantitative and Qualitative Analysed Results**

The considerations in this section (a summary of rest of Chapter 4 study findings), are meant to cumulatively interpret and give aggregated results as key findings to satisfy the demands of the research's (first, second and third, terms of reference) that sought to vindicate the hypothesis that indeed ML and corruption were existed and prevalent in Zimbabwe, that either of the two could not exist without the other – meaning the phenomena was symbiotically related and that its effects using a variety of techniques, if left unattended would have devastating effects on the country, its economy in particular, and, the economies of member regional countries and the world in general.

### **6.7.1 Key Findings – (On Study Objective No. 1]):**

**Respondents' perceptions on conceptions and prohibitions of Corruption and ML: their understanding of causes/influences, characteristics, techniques, trends, prevalence, nexus, micro/macro effects on Zimbabwe's banks/financial sector in particular and the economy at large.**

This discussion rounds off, and/or, summarises respondents' perceptions on conceptions and prohibitions of Corruption and ML: their understanding of causes/influences, characteristics, techniques, trends, prevalence, nexus, micro/macro effects on Zimbabwe, the banks/financial sector in particular and the economy in general. The various techniques or methods employed for the perpetration of corruption and ML studied in existing literature to help prove the hypothesis that the twin problems exist and are rampant, and/or, prevalent in Zimbabwe is corroborated by the findings of the field-survey (primary) across the 3 different researched target respondent populations.

Most respondents understanding of corruption and ML in the past and present, (petty, political, grand, and/or, inward or outward etc.), were agreed, the techniques

employed to perpetrate the phenomena mainly by bank promoters/owner-chief executive officers, senior managers, and, government/public sector – mainly politicians and parastatal chief executive officers and senior employees herein referred as PEPs, were, and/or, are virtually varied but, some most dominant of the methods used in certain of the 13+ banks (long and recently shut down) across the country during the period (1982-2017+-), are as follows:

**Deliberated poor bank risk management practices** - smaller to medium indigenous emerging banks/financial institutions, specifically, were found to have employed un-prudential in-sider lending practices, inadequate management information systems, engaging in speculative activities (non-bank related), creative accounting and non-reporting of under-performing loans, these creating huge money-laundering that induced losses in the sector. (The Roger Boka UMB and ENG Capital Asset Management financial scandal (1998-2004) cases are pertinent.

**Embezzlement:** Bank executives/management and Gvt/public sector - parastatal frauds (i.e.), abuse or misappropriation of customer savings deposit, and or, any other funds, entrusted to a bank/financial institution; and/or, other deviations of public property/assets by politicians or government officials;

**Corruption by public officials and inhibitions of AML Regulations through interference with AML Agencies by PEPs** - (infiltration of corrupting of power bodies including police and the judiciary by the politically connected or those in positions of power to inhibit effective implementation of the FATF 40+9 AML international regulatory standards in Zimbabwe.

**Procurement fraud: inflation of tender contracts, over-invoicing, and, diversion of funds;** In Zimbabwe this usually occurs in government /public enterprises and parastatal bodies. PEPs who engage in fraudulent government tender bids/awards, split contracts and inflating of payment invoices like in the (1983) Bernard Paweni - GMB Draught Relief unbidden Government tender award by Minister of Agriculture Hon Kumbirayi Kangayi were found common. These transgressive behaviour techniques are not limited to local tender frauds but extend to mega projects such as roads and dam constructions that attract international bidders. In these PEPs mainly

government ministers were also found to solicit or demand millions in bribes for the tender to succeed. The bribe money is usually in hard currency and factored in the costing of the tender bid.

**Abuse/misuse of office for personal gains by Competent Authorities/AML Agencies:** The Criminal Justice System (CJS) cluster organisation members, particularly the police some politically exposed (PE). In Zimbabwe this was/is characterised by police officers setting up systematic road-blocks of convenience, and soliciting or demanding bribes (in local or hard currency) from suspecting/unsuspecting, and/or, witting/un-witting members of the public.

**Trading in “influence” (*to get things done or not done*):** In Zimbabwe this would generally, and/or, generally involves public officials and their acquaintances abusing positions of influencer for ill-gotten gains. For example a certain known PEP (name withheld) and her alleged affiliations with Wild-Life international syndicates smuggling and externalising of poached/killed wild-life products to Malaysia and mainland China using her proximity to the seat of power.

**Illegal Externalisation of currency** – Illegal transfer or taking of money abroad (currency externalisation of US Dollars, Pound Sterling, South African Rand, Bond Notes, and/or, any other currency of opportune choice). In the Zimbabwean context, this nature of transgressory behaviour was characterised in the case studies dealt with (herein) of Bank owner/CEO's, Parastatal Boards members/Directors, PEPs in both public and private sector organisations. Also characteristically, those in political high seats – are known for raiding Central Banks' vaults and stealing millions in the guise of working for their ruling political party/parties. The same also by characteristic are facilitators of currency externalization via official routes of entering or aggraving the country: airports and border post using their diplomatic (red) passports. Holders of diplomatic passports are not searched or asked to declare their goods when leaving or coming into the country. This by itself is a negation of the efforts to try and combat ML.

**Dealing in illegal externalisation of precious minerals** – Diamonds and gold was and continues to be the most on demand precious minerals externalised by organised

syndicated criminals aided by PEPs and banks as the most preferred vehicles to launder the proceeds within and outside Zimbabwe. In some of the notable cases identified and published by the private media, PEPs and their other public sector employees (particularly personal security aids) easily externalise the precious minerals via official routes of entry/aggress in and out of the country (e.g.) airports and border post using diplomatic (red) passports. Holders of diplomatic passports are not searched or asked to declare their goods when leaving or coming into the country. This also inhibits the effective implementation of the AML laws.

**Poaching of wild-life (particularly the ‘big five’)** – This was characterised by illegal products exportation of China, South Korea and other Indonesian countries, via India, Malaysia and Hong-Kong. The main perpetrators were mainly by PEPs with payments wired to credit local and overseas (individual/corporate) bank accounts of perpetrators through diverse foreign banking services platforms.

**Embezzlement (special / broader type of fraud)** - misappropriation of investor/customer depositors funds, and/or the re-routing of public/private property/funds by government or private sector officials held by bank. Again this was/is amply shown in the thirteen (13+) devianting banks/financial institutions led by among others: Roger Boka’s UMB bank (1995-1998), ENG Capital Asset Management, First Mutual Asset Management, Century Discount House (2003-2010+) leading to millions of losses and their collapse.

**Financial statement frauds:** The creation of false entry accounting in books to balloon performance results to increase profit sharing particularly for self-gain, abusing travel and entertainment re-imbursement facility (e.g. co-opting personal items on claims); miss-stating of financials (e.g.), improper revenue recognition and asset over-statements by public sector boards and banks/financial institutions boards/general management;...(contrary to the best practices of the IFRS (Institute of Financial Records Systems and the Companies Act 24:03., and, any other legislation unique to an entity (i.e.) Banking Act or, Insurance Act in Zimbabwe was also found to have been a common problem but went unreported because of paucity of effective monitoring and supervision of banks by the RBZ during the height of the bank frauds.

Perhaps most illustrative of the myriads of the corruption practices was the qualitative data extracted for the study. The expose of 13+ banks that fell on the wayside (collapsed) from 1988 – 2003 and 2013-2017+, caused by corruption and ML activities leading millions of losses that wrecked the economy's financial system is pertinent

Contextually, the variety of the practices becomes highly worrying when it is realised that, on the surface, they seem to affect only the public sector/parastatal organisations that is usually under public gaze, compared to the private sector. Yet, most of the techniques identified in this research findings can hardly be executed without the aid, collaboration, and/or, participation of the private sector diverse business models e.g. the banking/financial sector and its personnel, some disposed to criminality as history has shown. This point is mirrored in all the contextual case studies of corruption and ML identified and chronicled in this study and its findings. The Bernard Paweni and (Hon) Minister of Agriculture K Kangai - Gvt/GMB Draught Relief Grain Transportation Tender (Z\$ 6 million) Corruption and Fraud Scandal in which the former was convicted and sentenced to 15 years in prison – reduced to 10 on appeal after a long winding trial, and the, Roger Boka's UMB Gvt bank licencing, and, Gvt /Cold Storage 'tradable bills' 'Ponzi-style' pyramid scheme (Z\$855.16+- million ) fraud and ML of 1998, (as indicated by the background literature and in-depth in Chapter 6): are some of the (13+) (up to 20) real case studies profiled (herein) exposing the colossal corrupt and laundering of the PEPs and Management of banks obtaining during the period studied (1983-2017), – capable of ruining the country's financial system.

In terms of trends, a higher proportion of respondents were of the opinion that corruption had increased significantly. Also by public opinion, the number of officials being fingered in financial/economic-linked transgressory behaviour activities in parastatal organisations and private businesses alike had generally increased. Statistically, both qualitative drawn data, corroborated by the field data, supports the general perception that corruption is indeed growing.

Prevalence-wise, as indicated in [Chapter 4] (Table 43) law-enforcement/judicial figures would suggest a high level of corruption underlying money-laundering

transgressory behaviours in Zimbabwe during the period investigated and up to (to date). This perception of ‘high’ prevalence appears corroborated by TI’s 2016/2017, “Corruption Perception Index” covering 179 countries: including Zimbabwe with ratings of 118/179 against other countries like Ghana and Senegal with ratings of 69 and 71. TI’s 2016/2017, “Corruption Perception Index” also rated the Zimbabwe Republic Police’s prevalence as (High) when measured against police organisations with existence of prevalence of corruption by country. And perhaps more indicative of “high” prevalence of corruption in the Z.R. Police by TI, is the qualitative data corroborating with field study results drawn from across the majority of the three (3) tied surveyed different respondent populations suggesting that (it) corruption is systematic, “routinized” and endemic, permeating in virtually all of public and corporate public sector life in Zimbabwe including the police.

Also pointing to the commonness of corruption and the associated techniques across the Zimbabwean economic sector, relative particularly to the vulnerability of banks/financial institution to white-collar crime typologies as predicates, particularly corruption and its impediments which it creates in the way of effective implementation of AML, provisions posing a security risk, majority rated the prevalence and risk factor relatively high.

Demographically also, there are (14) banking products in the country, among them: (Savings Account, internet, mobile banking, demand deposits, card and electronic banking and money market deposits), and, in order to assess the level of vulnerability of each of these banking products to particularly corruption, and, ML, respondents were quantitatively and qualitatively asked a similar question posed in each of their 3 different public questionnaires, and, during follow-up interviews; to give a rating by using statistical 3 random sample of observations all drawn from the same distribution criterion of low, medium, high (i.e.): **0.0 – 0.3+-** for low; **0.4 – 0.6+-** for medium and **0.7-1.0+-** for high. The aggregated applied result of the 3 different respondent’s samples ratings of all the products was scored at **medium 0.6**.

The interaction between corruption and other predicate financial/economic crimes including bank frauds/embezzlement, bribery, drug trafficking and tax evasion among others predicates, and, the laundering of their proceeds as has been discussed

is not a new phenomenon. What has been established from substantial amounts of literature in previous case studies, points to the growth of channels and increasing scale of mass-marketed digitalized or technology-driven fraud offence linked organized crime, the players (perpetrators) (e.g.), mafia-style techno-survey bandits ... a wide range of them, private and public institutions, and, their members (individuals within them) technically referred as PEPs – these including among them, politicians/ legislators, civil servants other, police and judiciaries. The latter (government/public institutions) - particularly looking inwardly here in Africa, that is, their power, where they would have been compromised, impedes the effectiveness AML/AC regimes, resultantly increasing the risks of financial loss to business and cause devastating damage and economic harm to ‘victims of choice’ (herein this context), the banking sector, their clients and the generality of country and economy.

For example, weakness of laws and prohibitive sanctions could be deliberated safeguards by those in power particularly PEPs, against effectiveness in enforcing AML laws. This has been shown in the context of the rich examples of contextual corruption and money-laundering scandals catalogued throughout in this, Zimbabwe’s own (first of kind) case study, showing that, fuelling the corruption-led laundering is, the “unique”, and/or, out patterned increased rates of PEPs involvement. In discussions, during interviews with the researcher, majority respondent proportions, identified “power” of PEPs as most linked to bribery/corruption, externalization of currency/foreign currency, smuggling and wild-life related crimes etc. Also a few number of law enforcement agents (partisan senior police) who only get identified mainly through arrests, prosecution and conviction ...a “posteriori”, albeit, selectively of course (by their peers) fit into this transgressory PEPs bracket.

In the local media, as reported, a ‘feeding frenzy’ following alarming corruption and CEO’s salaries scandal(s) exposures (January, 2014), in state-run and public sector enterprises, to wit; (The Zimbabwe Broadcasting Corporation, Premier Service Medical Aid Society and The Harare City Council) as well as corruption in Parastatals and quasi-state entities like Air Zimbabwe and Zimbabwe United Passenger Company among others, and fierce backlash against Information Minister Jonathan Moyo and the Information Ministry Permanent Secretary George Charamba



perceived as the forces behind the anti-corruption campaign, the desire to apportion blame on identified PEPs became and continues to overwhelm.

The fact that the phenomenon of corruption, an increasingly essential furtive driving power in Zimbabwe, and, one of the particular finding (not surprising at all) having identified law-enforcement agents, in particular the National Traffic Section Police getting even more corrupt under Robert Mugabe's long authoritarian rein, to a point, until the 21<sup>st</sup> November, 2017, when the regime was overthrown, had become so serious as to begin to undermine not only the citizenry's faith in the culture of our society as a people, but the culture of the rule of law as defined more particularly by a corrupt and unjust police institution and its members. In the wake of their transgressionary behaviours, police officers solicited and demanded bribes at their immensely populated 'designer road blocks' (another method to finance a broke government), so much to the chagrin of the overly policed motoring public and commuters alike (media reports).

Qualitatively and quantitatively, as the research findings confirm, there is nothing one can call new about corruption in Zimbabwe after 37 years being fed on it, and despite it not getting the recognition it deserves. This research exploring to understand it in its broader conceptualizations, identified several methods of its dimensions particularly in the Zimbabwean context such as in: investment frauds, embezzlements from treasury by public officials (PEPs), and thefts of customer deposits and investment funds by bank executives and employees (other), which according to findings from other surveys, tend to (with/without organised crime), cause more harm than previously thought. We will not have to dig far for the signs and symptoms of the effects of grand corruption-led laundering locally: the height of the Zimbabwean bank(s) crisis (1988-2003, and, 2013-2016+ phases), leading the (plus) thirteen (13) financial institutions closures / liquidation and others, that just ran aground – bringing the total to about (20) between 1988-2013.

Short of official statistics and other qualitative data on the twin serious crimes, documentary evidence in the form of mass-media exposes, corporate Zimbabwe such as 'top companies' survey 2014, and 2017, reports (banks), other unofficial reports, and, quantitative field survey data from the three (3) target respondent group findings

are sufficient to confirm that corruption, and, laundering proceeds of corruption and other predicate offences in the Zimbabwean context is no longer a matter of individual, special channels of behaviour, but something which can now be regarded as fairly common practice as a culture, and affecting many sectors of the economy. Why?

**Corruption**, as for its negative micro/macro effects, through all its activities to hide or mask the origins of, or entitlement to cash or property, or rights acquired from predicate crime(s), particularly corruption theoretically and anecdotally, left unchecked cumulatively can:

1. Undermines political decisions (directly/indirectly), leads to inefficient use of resources, and, benefits the unscrupulous at the cost of the law abiding.
2. Involves the loss of moral authority, weakens the efficiency of government operations, increases opportunities of organised crime such as ML, encourages police brutality, adds to taxpayers' burden, and affects the poor directly.
3. Allows immunity for criminal acts so that the law is for sale to the top most bidder(s).
4. Make it difficult to detect the motivating criminal activity that makes the profits,
5. Be used to invest in newer start-up types of crime, and or, prop-up other operations of existing criminal activities from which enjoyment of the profits by the criminals (organized/non-organized) can be sustained,
6. Promote the growth of global networks and connections with criminal entities of different origins to form cycles (which law enforcement authorities find difficult to disrupt) used by the same to derive benefits from illegal profits,
7. Can permit the launderer to exploit certain inherently corrupt economic systems and momentary circumstances or situations in a particular environment such as that of Zimbabwe looking at its fragile socio-economic systems prevailing since about year (2000), and, as much also, the Southern African region, Africa at large, and the globe in general as deserving significant considerations in cases of ML. Outside organized crime circles, ML fulfils certain investment objectives (i.e.) speeding up acquisition of assets, or promote pathway to new commercial opportunities, (Goredema, et al.), and,

8. Promotes socio-economic and politic deeper shifting negative economic choice policies, which for Zimbabwe, have isolated the country from the rest of the world in the last two decades. This has led to company closures as the country unable to source scarce funds increased its dependence on imports,
9. Causes rise in unemployment, and rise in corruption / bribery, other predicate offences and laundering activity levels. People engage in open corrupt-led laundering deals: selling cash, selling and buying foreign currency in the streets by exchange dealers,
10. Seriously subdues business activity (all sectors), but more seriously the banking/financial sector which in (current) is accosted by deeper issues affecting liquidity,
11. Promotes deviancies and weakens law enforcements agents resolve against white-collar crime (organised/non-organised),
12. Inhibits the efficiency of the successful implementation of international and regional FATF 40+9 special AML regulatory framework Recommendations.

In addition to the findings under objective number (1), yet another problem with the scourge is that, despite the evidence that we have on hand, corruption remains substantially less visible than most other types of predicate offences hence the founding of the loose term - *“the darker-shed of white-collar crime”* to describe it more appropriately by B.A.K Rider (1993) (in Organized Crime in the UK). Such is, that, it earned yet another conceptualized definition, (‘A Consensual Crime’), ‘in where and it happens, the participants are at most, willing participants, who, together harbour interest in, or, have intention to concealing the act and the proceeds generated, or, to be generated. Ordinarily, there are very few if any conscious victims and witnesses to its discourse(s). Of course there are those who disputably try to make a simplistic hard sell of the fact that the origin of corruption, and to reach where it is today, in Zimbabwe stems from economic sanctions placed upon the country by the USA and its Western allies following the enactment of the controversial land reform program which consequently plunged the country into a deteriorating economic and social environment chaos, since 1999/2000.

Findings from other earlier researches (as made reference to herein), have concluded that the link between ML and corruption is not only related to laundering of proceeds

of corruption, but goes much further. In its broadest conceptualization, corruption impedes the effectiveness of designated AML regimes and related agencies (public/private). The majority (100%) responding to the questionnaire and follow-up interviews on this variable, concluded that in the absence of corruption as the primary offence, ML will not thrive. This is because laundering feeds from the offence which need to happen or occur first. This to say, generally and in specific terms, corruption creates and safeguards money-laundering, before, during and after the corruption event, respectively. Due to the link between corruption and ML, various international forums have noted that a comprehensive anti-corruption strategy must also include actions to prevent and control the laundering of corruption proceeds.

On safeguards, or, prevention, (all) the evidence gathered from past and current/ new research that helped this study conceptually, it is clear that prevention is better than cure. The British Bankers' Association "Fraud Managers' Handbook states that, putting together an efficient one-stop shop corruption-free organization system, and/or, prevention framework will no doubt be cost effective, than, spending years investigating imagined one case after another, or, isolated information-related investigation activities of corruption that maybe occurring easily within a system of business that is penetrable or easy to be infiltrated by crime. Further argued is that, it is less confrontational and less socially divisive to promote and achieve good behaviour than to wait for the crime to occur and then investigate and punish the perpetrator.

To manage security, combat fraud and other related predicate offences including corruption, banks as target victims (VFI), are encouraged to adopt outside the main 16 complementary situational practical measures of crime prevention/ combat by Angel et, al., (1968), Clarke and Hamel, et.al, (1997), based on opportunity reduction (that target precipitators), social (secondary) tertiary measure of staff awareness education and development in AML/AC crime prevention and loss control. These are discussed in-depth in background literature (Chapter 2), and, also in this (Chapter 5), under social (secondary) prevention of (Isomorphic Learning).

Under social (Secondary) tertiary measures, cooperation and some form of risk communication through AML/AC awareness education and development training

programmes to conceptually arm and enhance identification and specialised investigation knowledge critical for both banks (key security management compliance, operations, front office personnel), and, their partner in prevention/combat, the CJS. Hiding behind the ‘customer secrecy policy’ is a hindrance or inhibitor to such cooperation and introducing corporate whistle-blowing policies and creation of a full-time oversight boards with authority to regulate banking directors is another key element. Also the need for the regulatory authority to adhere to several AML procedural amendments (Banking Regulations 2000) among them Section 8 (1) of SI 205, which implores heightening of extant screening procedures for promoters of banks - specifying 10% shareholding as the threshold constituting the acquisition of a significant interest in a banking institution; and also, the need to implement constant reviews, and, updating of organizational ICT systems and procedures of regulating auditors to prevent corruption and its exigencies for ML. Most importantly embedding into the corporate banking act, laws that make managers accountable for their responsibilities and actions to ensure correct following of procedures are seen as some of the pillars of risk management and best practices approaches. This puts a premium on the role of accountability in an organisation to management. Commonsensically, this means that, should the organisation suffer loss say due to sloppy behaviour or facilitated transgressory behaviour, and/or, should a staff member steal from the organisation, his/her manager, should be cashiered/fired.

“Ignorance has been blamed for some security failures.  
This is never a justifiable excuse. Management are  
Responsible for ensuring that staff receive sufficient  
Training in Security”. (*Barclays Security Handbook*,  
*Sept, 1990, Version 2*)

Barclays Zimbabwe has been at the fore-front on the issue of crime prevention training policy not only to its staff but law-enforcement agencies at all levels in the country, raising awareness on fraud and AML through the national broadcaster (ZBC/ZTV), class training at its training centre, seminars/symposiums and workshops, literature (books, pamphlets/booklets and fliers) and so on and, being the first to start initiatives such as ‘Business against Crime’ since the early 1990’s

Suffice to conclude that these summary findings discussed are/is corroborated evidence from both qualitative and quantitative data extractions in this contextual real case study survey setting on the Zimbabwean scene (that answer to the satisfaction of the first research objective requirement), cements the hypothesis that:

“Corruption and money-laundering indeed have a symbiotic relationship. ... That the link between the two, is at least, two-fold: the earnings of corruption, in particular if huge, are prone to be laundered; and the joint effects of corruption and paucity of good corporate governance can and do inhibit the effectiveness of extant laws and operation of AML systems”. “Qualitatively and anecdotally also the suggestion that banks and other financial institutions, along with business, do corruptly undermine the implementation of AML standards. PEPs made up of high-level government/public sector officials (parastatal enterprises office holders included), political office holders, together with devianting tripartite criminal justice system (CJS) partners [law-enforcement police, and/or, its agents, judiciary, and/or, its members, and, prisons and correctional services, and/or, its members) commonly referred by the public as ‘the golden triangle’. In collaboration with PEPs, devianting private sector banks promoter-owners/CEO’s and employees), particularly those in the first, second and third business model categories (according to Reuter and Truman 2004): set-out wittingly from the outset to corruptly commit ML, and, set-up legitimately and operate as such for ages until corrupt employees then, see an opportunity to engage in ML, and lastly, those that unwittingly facilitate the laundering of funds; were/have been, and, continued to be the biggest perpetrators/players of corruption, and, ML (incoming/outgoing) in the country, during and beyond the studied thirty seven (37+) years (1980-2017+) period.

The next discussion is in answer to the satisfaction of the demands of key objective/variable (2): considered findings on the extent to which corruption constitutes and impediment to the effective implementation of AML regimes in Zimbabwe in particular, and, across the region and the globe in general.

### **6.7.2 Key Findings – (On Study Objective No. 2):**

**Examining Corruption and ML: The application/usage of the monetary proceeds (direction/destination of proceeds), and impediments that the former creates for effective implementation of international FATF (40+9) AML regulatory standards:**

Qualitatively and quantitatively, the primary goal of ML is to legitimate “dirty money” for re-entry into the mainstream economy is acknowledged in this findings to involve three stages: placement stage (entry point usually via conventional banking system ); layering (making the origin hard to trace/tying to obliterate the audit trail by breaking up and moving smaller amounts into different account in the same bank or different banks); and integration (re-entry into the legitimate formal economy through usage/spending of spoils or profits e.g. discreetly rewarding criminal associates in cash and kind, buying or building luxurious homes, luxury cars or going on expensive holidays abroad etc.).

Qualitatively also, the value of the emphasis on the placement stage usually through banks must however be considered doubtful in the context of a country which for 37+ years on being fed on corruption, despite ‘it’ not getting the recognition it deserves, for its greater harm, more than previously thought (according to new research as alluded again in the background literature herein); is .significantly characterised by informal sectors and a cash economy. In Zimbabwe, perpetrators of grand corruption, for instance, have been reported to allegedly “hide” huge sums of money, in both local and foreign currency, in roof-ceilings, and/or, underground “bankers”. Such funds then become available for cash payments for noticeable-service-consumption and for purchase of assets, consumable goods and services – for the former (e.g. real estate, shares and stocks, luxury cars and opening automobile businesses etc.), whose profits permit integration. The point is corroborated in respondents qualitative submissions made and also indicated in alluded local newspaper reports about the concerns with rather “sudden” property boom in Harare, and also, acquisition of holiday homes in foreign lands such as Singapore and South Africa by the most of the powerful PEPs, relative to the suspected growth of ML in Zimbabwe.

In the research's findings herein, most of the three-tier sampled respondents corroboratively opined that monetary gains, and/or, proceeds from corruption in Zimbabwe (in the majority of cases by PEPs,) are mostly “saved and/or, used for consumption of goods and services locally and abroad” irrespective whether the laundering is internal or external – as perceptibly, the channels or methods used to transfer the proceeds of corruption to and from abroad are both abstractly and practically wide. In Zimbabwe, (both internal/external-laundering country) the following methods or channels of transferring proceeds of corruption were cited by respondents as:

Banks and other non-bank financial institutions: (as cited in the case study of Samson Bernard Paweni & GMB - Gvt tender fraud/ML financial scandal; The Gvt/Bank of Credit and Commerce/Willogate Motor Industries Ministerial car scheme – Morris Nyagumbo financial corruption scandal.

Business/trade partners and other third parties: (as cited in case studies of James Makamba and Econet Wireless – currency wheeling and dealing and externalisation case; the Christopher Kuruneri corruption-led ML and currency externalisation case; and the Roger Boka UMB financial scandal and ML scandal etc.).

Cash and prohibited goods smuggled through ports and neighbouring country borders: smuggling of mainly foreign currency and prohibited goods (food, industrial and motor vehicle parts which are perennially in short supply or expensive) by lone and organised criminals (e.g.), between Zimbabwe and South Africa was reported as rife by respondents. Also the smuggling of cash particularly United States Dollars and wild life products (rhino and elephant tusks/ivory) to mainland China and, other far Eastern countries where there is a lucrative market for the products, respondents observed.

By-country case-studies by the World Bank (WB) and International Organization for Migration (IOM), have also demonstrated the role of financial mediation in facilitating illegal externalisation of currency that come into the country as migrant labour remittance inflows through informal channels. Convenient to mention that



with the pre-ponderings of non-digitalised transactions in Zimbabwe, “leakages” of cash through borders and ports as gateway to regional countries like South Africa and Botswana and others should therefore not be underestimated.

The 2009, research by IOM International Organization for Migration Zimbabwe), sponsored by the World Bank revealed that Zimbabwe is one of the “top ten” emigration countries in Sub-Saharan Africa, together with Mali, Burkina Faso, Ghana, Eritrea, Nigeria, Mozambique, South Africa, Sudan, and Democratic Republic of Congo, affected by Migration. Quantitatively, at least one emigrant exists per immediate family, while it is also true of the extended family (Teheran Crush, 2003). In July 2008, the Zimbabwean migrant stock was estimated to be over 4 million (Orozco and Lindley, eds. 2008). Migration in Zimbabwe has been a result of the need by families and individuals to cope with the adverse macro-economic environment, specifically since 2000. Over time remittances through formal and informal channels have assumed greater importance for both resident Zimbabweans and Zimbabwean Diasporians – with the latter being most popular, which means greater risks for laundering in money or kind. Because of their characteristic, informal channels are more responsive to the need of both the sender and recipient in and outside the country, for example remittances sent direct to the recipient outside Zimbabwe have arguably no impact on the macro-economy as they are more than likely to be spent for consumption purposes...which on its own is not a bad thing as it stimulates production demand for consumer goods needed locally. For Zimbabwe’s banking sector the informal remittance channels and in kind, which claims the larger chunk of remittances exacerbates its liquidity problems and industry undercapitalization.

Prior to 2009, due to shortages of food, fuel, and other basic commodities in Zimbabwe, many Zimbabweans living abroad used to remit goods back home rather than money. Correct to conclude that remittances through normal channels (banks) could go a long way towards providing the much needed foreign currency Zimbabwe desperately needs for capitalization and balance of payments support for the fescues. The estimation of cash value of in-kind remittances received by the Zimbabwean households in official statistics was/is by itself problematic. For this reason the

research concluded that Zimbabwe was/is receiving larger volumes of remittances through informal channels (i.e.) than is captured by official statistics.

A snap survey of remittance flows (mainly informal) to confirm the existence of corruption and laundering was conducted by International Organisation for Migration (IOM) research team during its quantitative/qualitative research at the country's border posts of:

- Nyamapanda border post
- Forbes (Mutare town) border post
- Kazungula (Victoria Falls Resort/town) border post
- Chirundu (Kariba town) border post
- Plumtree (town) boarder post
- Beitbridge (town) boarder post

Its findings were that there are substantial informal remittance flows coming into Zimbabwe in the form of both cash and goods...which signifies corruption-led laundering activities at play. In interviews carried out between 25<sup>th</sup> September and 2<sup>nd</sup> October, 2008, as part of the study, it was estimated that US\$ 4.4. Million were brought into the country through informal channels during the survey period. Goods are the most preferred form of remittance through smuggling, under-invoicing and bribing of (Zimra) Customs Officers, Border Police, military and Intelligence Officers). The fact that goods are the more preferred form of remittance accounting for (53%) of total informal remittances which cash accounts for (45%), can explain partly the shortage of basic commodities in Zimbabwe during the time of survey (which is co-opted in this study). The M.O *'Modus Operand'*s that goods are carried by public passenger transporters (cross-border buses and taxis or kombis) and commercial transporters (*'Malaitsha(s)'*). Based on interviews and field survey data, the research also found people (individuals) were/are also used as couriers or transporters of cash and goods. Suffice to conclude that due to shortages of basic commodities in Zimbabwe, between 2000, and 2009, and up to this day, remittances of CASH (foreign currency) from abroad (UK, USA) were/are used to purchase basic commodities, commercial goods for resale and luxury goods including cars, furniture and jewellery from South Africa, Zambia, Botswana, constituting what

could/can, and, now under the enhanced AML FATF 40+9 Recommendations, “diverted “remittances, and or, smuggled goods – the majority by corrupt means, and used for, “saving, consumption and services”. There is also so much desperation and naked corruption so much that, apart from seeing one can feel it...people demand to be paid even the least denomination of (USD 0.50c) even for opening doors an Foreign Missions/Embassy Visa Offices, or for assisting one seeking help to jump-start a broken down vehicle in the street. Motorists volunteer to pay Police after being stopped at any of the numerous “convenience” police road-blocks. This also to give recognition to same majority’s perceptions that petty corrupt is also rife in Zimbabwe and that this on its own is also an impediment to the effective implementation of control standards. This by itself indicates the impediment that corruption poses for the effective implementation of the FATF 40+9 Recommendations AML standards. This indicator is bolstered by the perceptions of respondents in this current study with respect to the techniques or channels of remittances, and or, used to transfer the proceeds of corruption abroad in the following arrangement by order of importance or spending (i.e.) *(5 -being the highest important and 1-being the least important)*:

- Banks/financial institutions, and, “designated non-bank/financial business & professions (DNFBPS) (e.g.) car dealers, real estates, air-time merchants, lawyers, accountants and casinos and gaming.
- Corporate business/trade partners and other third parties.
- Currency smuggling – externalisation (border jumping/wire transfers)
- Personal couriers (transnational)
- Smugglers/border-jumpers (regional)

These sets of findings suggests that, government/its corrupt public officials, banks and other financial institutions, along with businesses (other), and/or, their promoters, do corruptly undermine the implementation of AML standards here in Zimbabwe.

When also asked about the influences, and/or, factors responsible for the high level incidence of ML in Zimbabwe, in spite of extant laws and specialised, and/or, conventional agencies like the police, customs, and ZIMRA, (herein also referred as competent authorities), to enforce their provisions, majority percentage of

respondents in the 3 different grouping not surprisingly branded factors in the following order:

1. Grand corruption “power” of the politically exposed persons (PEPs)
2. Law enforcement: police, weak/ill-equipped/ not independent enough- (i.e.), they are politically compromised.
3. Laws not sufficiently punitive, more so, relative to dealing with more complex forms of white-collar crimes like corruption and money-laundering.
4. Those involved in ML are “powerful” in government and society; and
5. Bribery/corruption of / by enforcement personnel - (Police deviance)
6. Lack of familiarity with abstract and practical broader conceptions of ML and corruption mainly by both Police – which in majority of times has inhibited and continues to inhibit (“in the few occasions arrests usually of PEPs have been allowed”), their effective investigation and prosecution.
7. A severely declined extractive informal economy, high unemployment rate, widespread poverty (all these and other factors causing general rise in crime particularly corruption in urban centres such as Harare).

These particular finding(s) are paradoxical in that even lower proportions of the CJS cluster respondents, identified “power” of PEP’s and bribery and corruption of officers within their ranks as factors increasing the incidence and prevalence of ML in the Zimbabwean society (government/public sector, banks, business other and civic society). Qualitatively, as examples, weaknesses of laws and penalisation could be deliberated safeguards against effectiveness in enforcing AML regimes that are comparable to internationally acceptable standards. The lack of political will to allow enforcement agencies or judicial authorities enough independence to function unhindered, is also deliberated safeguards against effective implementation of the AML regimes.

A common fact is that, despite differences among causal factors, they all indicate official corruption as prevalent in the troubled Banking Sector, and the Public Enterprises/Parastatal Sector. It can be concluded that weaknesses of laws, soft penalties, and the denying law-enforcement or prosecution authorities enough independence to start off the process against exposed cases of effective

implementation of AML/AC standards by the same AML/AC control regimes could be premeditated protection against effectiveness in enforcing local AML regimes that are similar to inter-governmental international agreeable standards.

Further found out is that corruption in the judiciary poses a serious threat to the implementation of FITF international AML/AC recommendations. Allegations of people involved in money-laundering and corruption arrested by the Police/Zimbabwe Anti-Corruption Committee (ZACC) and have their cases referred to the courts are often left out of the latch of prosecution without asset recovery, irrespective of the hard efforts made (i.e.) by the police/investigating agencies to ensure that these criminals meet justice. The alluded to Willovale Motor Industry Limited Zimbabwe (Willogate/H/C Judge – Wilson Sandura Commission fame) – Gvt/Bank of Credit and Commerce (BCC) Ministerial car loan scheme corruption and laundering (herein Chapter 6 cited as Case Study 2 of 9), in which several senior government officials among them and most notably, the then, senior Cabinet Minister in the President's Office, Morris Nyagumbo, and the then ZANU PF Midlands Provincial Chairperson/ Resident Governor Frederick Shava fingered, arrested and subsequently charged for the lesser charge of perjury (rather than the main charge of corruption/abuse of office) as early as 1988-1989, is pertinent.

Fast forward, the embattled (late) Morris Nyagumbo and Fredrick Shava found themselves facing charges of perjury following the then State President Robert Gabriel Mugabe commissioning an enquiry headed by High Court Judge Wilson Sandura - (known by its 'moniker' name... 'The Sandura Commission'). The commission's brief was to look into the alleged transgressory behaviours of two of his cabinet members and of course others also fingered in the second to be high publicised corruption scandal following the first, the Samson Paweni GMB corrupt-led fraud and ML scandal of (1982/1983), as alluded herein. The Commission's findings were without further collateral damage. The first casualty to fall on his sword was Morris Nyagumbo who upon being formally charged for perjury and before the full trial ensued committed suicide. The nation has never come to know why Morris Nyagumbo committed suicide apart from guessing the man of 'politics' could not stand the humiliation. The then Midlands Governor was also arraigned before the court(s) on the lesser charge of perjury rather than corruption, and/or,

abuse of office. Arraigned and convicted by a Harare Regional Court Magistrate, he was sentenced to a '*maiden*' jail term. After serving (plus/minus 4 months), he received a 'Presidential Pardon' and was released. Back in society, he was subtly re-admitted into the party and re-appointed to yet another party/Gvt senior position. Rather to be precise, he was rewarded with a diplomatic posting to Washington DC, USA, where he has remained (to date). For their crime "whistle blowing" the then, Chronicle newspaper reporter(s), Geoffrey Nyarota and Davison Mariziva were removed from their posts for having exposing the scum. Back then, it was not yet fashionable a thing to do to for the media people to expose government, its principal agents, and or, those politically connected.

Apart from the subtle constitutional 'presidential pardons' rescue from prison jaws, not so subtle and unobservable, is the political interferences in affairs of the CJS (Police, Justice, Prisons). The judiciary's "schizophrenic" kind of manner of handling corruption cases involving the powerfully connected politically in society, can also be concluded to constitute a significant category of impediment to effective implementation of AML (40+9) FATF international recommendations in Zimbabwe... Why?, because, qualitatively and quantitatively, while a few of the offenders who by a slim chance are brought to court get convicted and imprisoned, to the "once-off" applaud of the populace, majority of cases against identified PEPS (e.g. political party leaders/cabinet ministers, legislators, CEO's of public sector enterprises and the like) have been interfered with, and/or, deliberated to remain pending in the courts for donkey years.

Also established by the research is that deviancy in the financial markets (banks/financial institutions business); abuse of office (i.e.) corrupt use of office for personal enrichment, and/or, self-gratification) in isolation or, in combinations heightened its threats to the macro-economy when compounded with bribery/corruption activities of law-enforcement personnel, and/or, police deviancy/any other AML regimes deviances; is one major impediment to the effectiveness of AML organisations / regimes or agencies; and corruption and its exigencies produce and protects ML, before, during and after the corruption event, respectfully.

Also convenient to mention is that, by findings, perpetrators of corruption in Zimbabwe have been suspected to “hide” large sums of money, in both local and foreign currency, in roof-ceilings cement house floors, and/or, underground “bunkers”. Such funds then become available for cash payments for conspicuous-service consumption and for purchase of goods and assets (e.g. real estate, cars/automobile business, and even shares and stocks) “whose profits” allow for integration. The point here is indicated in several newspaper reports (during the obtaining period 1982-2017+), about the concern with rather “sudden” property boom in Harare in relation to suspected rampant growth of corruption and ML activities in the country.

On the awareness of the international FATF 40+9 AML regulatory standards for banks and DNFBPs, and/or, lack of it, as an impediment to effective implementation of the AML/AC regimes in Zimbabwe, the research established that other than bank employees employed by the larger banks and have had some AML basic training, most respondents in the 3 tier surveyed grouping were not aware of some or all of the (40 + 9) FATF AML / CFT Recommendations. This despite a large proportion of the majority respondents claiming lack of clear familiarity, holding middle to high ranks /positions in their places of work – with some charged with policing and prosecuting white-collar type - financial/economic crimes that have a ML demand. The high levels of unawareness the research established and concluded this was a result the lack of ML/AML targeted awareness education and development training within and outside the banking sector, to benefit both banks/financial institutions personnel and partner stakeholder institutions (in the struggle against ML) such as, the CJS: (police, justice and prison and correctional services) by those responsible for delivery of such including the RBZ / BUPSM Unit, and, banks themselves.

On its part, the RBZ FIU reported that, due to lack of resources, it found itself selectively parcelling out basic training on AML/TF to mainly one competent authority group - the Attorney General (AG) now Prosecutor General’s Office (PG) (Law Officers and its specialised economic crimes Criminal Prosecutors only), to the detriment of other competent authorities e.g. Police, ZIMRA, Prisons etc. For business and the generality of members of public, their lack of awareness of the existence of the (40+ 9) FATF recommendations was/is not unexpected considering

that the majority of respondents were/are unaware, and/or, even lack knowledge and conceptualization of the actual terms (ML/AML) and (Financial Action Task Force). Thus the issue of compliance with the recommendations becomes a problem across the country's economic business sectors especially designated non-financial businesses and professionals (DNFBIs) which showed little or no understanding of ML/TF, and, even micro/macro corruption risks. However a few bigger banks/financial institutions such Barclays and CABS with their better understanding of the AML recommendations and fortified by modern risk management regimes, were found by the research to be compliant in their control systems of 'policing'. Considering, the inherent cross-cutting issues of low resources, under-developed/poor utility of financial intelligence data that the (RBZ) BUPSM/Financial Intelligence Unit (FIU), provides to user-banks, and, where deemed necessary the police, to carry out investigations in suspected ML cases the level of compliance in smaller banks were found to be low.

Also the non-existence of inter-agency (BUPSM-FIU – banks – police) socio-technical AML suspicious transactions reports (STRs), formal communications resource feedback mechanisms increases the levels of non-compliance with the FATF international standards requirements. These findings corroborate with qualitative data (i.e.) the Central Bank, RBZ's own (1<sup>st</sup>) ML and Terrorist Financing – National Risk Assessment (June, 2015) Report, and ESAAMLG AML/TFC Zimbabwe (September 2016) – on-site Mutual Evaluation Report: both providing summary of the AML and Combating the Financing of Terrorism and Proliferation (AML/CFT) measures in place in the country (as at the pertaining periods of time).

On impediments caused by corruption to effective implementation of the AML/AC regimes in Zimbabwe, evidence from substantial new case study surveys have found that weakness of laws and non-prohibitive sanctions could be deliberated protection against effectiveness in enforcing AML laws that are equivalent to acceptable international FATF criteria. Observed as fuelling the corruption and other serious 'predicate' offence led laundering in Zimbabwe is the uniquely patterned increased rates of both government/public sector, and, private sector institutions-led 'power' of PEPs that weaken the extant laws. To frustrate the effectiveness of local AML/AC agencies and regimes, public sentiment and respondents views were that PEPs use



the mix of “power and, influence” that is, use of “office and position”, and, monetary tools to bribe, and or, corrupt less disposed law-enforcement agents”. Such was/is the ‘power’ of PEPs involvements as shown in the majority of real case studies of corruption-led ML within/without the country, reviewed in this research. Exacerbating the existing laws are the enforcers themselves (notably partisan high ranking police officers) who only get identified mainly through arrests (indirectly/post-event by the private media), prosecution and conviction, and in majority of cases get let off the hook (*in the country’s perfected ‘catch -and-release’ (modus operandi) design/style system*), the majority respondents, including ironically, junior to middle-ranked police officers concurred. The case of former Commissioner General of Police (under public corruption) among others mentioned elsewhere in the literature: including ‘Public Print Media Exposes’ [**Appendix C1: 1-116, and C2: 1-22**] (some just for noting) is pertinent.

The fact that corruption, an increasingly proven essential furtive driving power for ML, and, the law-enforcement agencies, particularly, the Z.R. Police ‘National Traffic Section’, having become more brazenly corrupt under former president Mugabe’s long authoritarian rein, that ended with his overthrow in 2017, as the phenomenon begun to undermine not only the citizenry’s faith in the culture of our society as a people, but also the culture of the rule of law, defined more particularly by an institutional transgressory culture of some of its members, cements its compounding factor in Zimbabwe. In the wake of their transgressionary behaviours, Z.R. Police Officers became known and continue to be known for soliciting or demanding ‘bribes in cash payments (preferably hard currency), and sometimes, e-money transactions that links direct to one’s bank or phone account. In Zimbabwe the latter form of payment or receiving money transactional facility uses two bank/financial institutions products linked to telecommunications companies mediums/platforms: (‘Eco-Cash’/ Telecel, / ‘One-Money’) executed at/from their immensely populated ‘designer road blocks’ points’. Anecdotally, the spoils are laundered by investment into real estate – buying of residential stands and houses in towns and cities across the country to create more wealth through renting out, and/or, re-selling in hard currency (United States Dollars) - (placement and integration stages). The same are also commonly used to buy cars/vans which get legally registered as public vehicle transporters with the user public paying preferably in

hard currency and the money deposited in banks (under the country's novel multi-currency system). The same cars (police members') do not get fined at the ('*designer*' police road blocks) as their numbers are uniquely purposefully circulated – further exacerbating the corruption ML phenomena.

Outside the police, "bribery/corruption/ in the judiciary was also identified as posing a serious threat to the implementation of AML/AC recommendations, because those involved in ML, corruption and other predatory predicate offences are often left out of the hook irrespective of the overwhelming evidence against them, all because those supposed to implement the AML laws are themselves corrupt as receivers of bribes to cover-up.

Again reiterating what has been stated already, a substantial amount of literature states that in certain jurisdictions where corruption is debilitating, corruption in the judiciary creates a serious threats to the implementation of international FATF AML/AC recommendations because persons involved in money ML, and corruption are often allowed to go scot free irrespective of the hard work put by investigating agencies/their officers to guarantee that these same criminals are brought to book.

In Zimbabwe apart from the legal immunity from prosecution for certain political office bearers and subtle but observable political interference, it was/is perceived by most of the respondents the judiciary forms part of a sizeable category of impediments to FATF AML and, anti-corruption. Notwithstanding the country's AML/CFT and AC framework(s), for provision to implement anti-corruption and AML controls, law enforcement and judiciary are viewed as failing badly. Despite the occasional conviction or two, for example former Minister Kuruneri who actually served time (albeit briefly) before being acquitted on appeal, there are numerous cases involving PEPs where even with glaring evidence, have remained pending either waiting further investigation by ZAAC / Police, set aside for determination by the NPA, whether to prosecute or not, and or, pending set-down for hearing/trial in the courts.

More instructive of the impediments certain high profile political figures, and also, the judiciary in Zimbabwe constitutes, can further be illustrated with one or more of

their/its deliberated actions, decisions, rulings, and/or, judgements. For example in July, 2016, (then) ACTING Zimbabwe President Phelekezela Mphoko was sucked into the corruption saga at the Zimbabwe National Roads Administration (ZINARA) after he reportedly ordered the release of acting chief executive officer Engineer Moses Juma and non-executive director Davison Norupiri (Mr) who had been arrested by the Zimbabwe Anti-Corruption Commission (ZACC) on allegations of “criminal abuse of duty as public officers” and defrauding the parastatal of US\$1.3 million.

Mphoko, in a move which borders on abuse of office, on a Wednesday evening “arrived in person at Avondale Police Station (in Harare) where brazenly, he personally secured the immediate release of the incarcerated duo on the grounds that they were his boys”. At the time his ‘boss’ President Robert Mugabe was away in Kigali, Rwanda, for the African Union summit.

This latest controversy ironically came at a time Mphoko had freshly hit the headlines over his botched attempts to facilitate a costly US\$ 350 million loan deal at a usurious interest rate between the Zimbabwe Electricity Supply Authority and Botswana’s Capital Management Africa where his son Siqokoqela is a shareholder, reported the ‘Independent’ newspaper.

The show of primacy by the Vice President of the State, made him join a long list of senior officials who have interfered with ZACC’s operations to protect themselves and their cronies from arrest for corruption.

ZAAC is a commission established in terms of (Section 255) of the constitution with a mandate to investigate and expose cases of corruption in the public and private sectors in order to “combat corruption, theft, misappropriation, abuse of power and other improper conduct in the public and private sectors”. “However, government and ruling ZANU PF so-called ‘big-wigs’ have consistently sought to stifle ZAAC to protect corrupt officials” (Z.R. Police Avondale RRB 08/05/16) / ‘The Independent, July 15, 2016’).

In 2009, then Attorney General Johannes Tomana's office threw out corruption charges laid against then acting Bindura Hospital medical superintendent Beauty Basile whose allegations against were that on (219) occasions between January 2006 and June 2008, she abused a government fuel facility by causing the sale or free issuance of (6980) litres of petrol and diesel worth (Z\$ 35 000.00+-) to undeserving hospital staff for self-gratification. Further allegations by the State represented by the then health secretary Edward Mabhiza as the complainant were that during the same period Basile abused the Ministry of Health facility by causing the sale of or free issuance of (4 345) litres of diesel and (3 092) litres of petrol worth (Z\$ 38 000.00+-) to non-hospital staff for self-gain.

Despite the testimony of Mabhiza and seven other witnesses brought in by the government to testify, a dramatic twist of events to the case happened when, the trial was brought to a premature end when on 24, November, 2009, the Chief Law Officer in the AG's Office Michael Mugabe on the directives of the Attorney General, wrote an internal memo to the prosecutor-in-charge of Harare Magistrate Court instructing him to stop the trial. Citing (Section 9) of the Criminal Procedure and Evidence Act, Mugabe indicated that it was not in the best interests of the state to continue with the trial without further elaborating, notwithstanding the seriousness of the charges laid on Basile.

The eyebrow-raising (Section 9) of the Criminal Procedure and Evidence Act which the Attorney General's Office invoked states that, "the Attorney-General may at any time before conviction, stop any prosecution commenced by him or by any person charged with the prosecution of criminal cases but, if the accused has already pleaded to the charge, he shall be entitled to a verdict of acquittal in respect of that charge". Legal experts and critics argued that the decision by the AG to stop the criminal proceedings against Basile, undermined the efforts of the Zimbabwe Anti-Corruption and the police which collected evidence to weed out graft.

Owing to the particular cases and probably more, there was sustained pressure from various quarters for the then Tomana to be removed for abuse of office. His fate was eventually sealed when in (2015/16), he allegedly stepped on the toes of the powers that be by making politically in-correct decisions viz; prosecution matters regarding

suspects/accused's in the 'Gushungo Dairy' bombing affair ('The Independent, July 22, 2016'). 'Gushungo Dairy' was/is, the former President's farm.

There are certain regulations that tend to negate the AML laws. The Zimbabwe Investment Regulations were put in place by government to harness capital from potential-hard currency investors in the country, and by their characteristics assist in ML, For instance the Home Link System aimed at harnessing foreign currency from Zimbabweans living abroad was introduced in the quarterly monetary policy statement of April, 2004. Under the Scheme, individuals can bring money – preferably hard currency (cash), into the country and no questions will be asked about the source of the funds. Initially recipients of funds transmitted through the Homelink remittance platform arrangement could elect to receive the money in hard currency. The Reserve Bank latter discovered the funds were making their way into the underground parallel market. To stop the laundering, a law was put in place that funds received be converted at the ruling exchange rate into Zimbabwe dollars. Consequently this has reduced the rate of foreign currency inflows as senders and recipients prefer to use underground or non-bank courier remittance channels of choice operating in the country, region and beyond, (RBZ).

Further also government, in its bid to attract foreign currency inflows, allowed Zimbabweans in the diaspora the opportunity to invest a minimum US\$ 1000.00, for a 12 months period – at interest rate payable half yearly in “*London - Interbank Offered Rate*” (LIBOR), plus six percentage points. The bills which (are) guaranteed by the Central Bank (RBZ), are tradable, and both interest and capital are fully remittable.

Outside the first two examples, what these latter two examples mean is that, desire for much needed foreign capital, can, make the authorities turn a blind eye to tainted money (RBZ).

Clearly, government itself, the ‘politically exposed: (police, judiciary, prisons, parastatal bodies and other related statutory bodies, and/or, agencies of Zimbabwe), negatively promotes the efficacy of the functioning of AML regimes, as corroborated in abundant international and local literature unveiled in led discussions of this real

case study research. In the furnished findings, the majority response views from across the three (x3) different industry stakeholder groups purposively sampled in this study survey, was that, the government was/is, unlikely to put in place or implement AML laws that jeopardise the economic survival of the country. The immigration regulations and the special dispensations for those working in the diaspora tend to be more important than the need to arrest ML. And for the PEP, the most recurrently used modality to frustrate the effectiveness of the AML agencies is a combination of “power/influence of their office/position” and money to bribe/corrupt law-enforcement/police, *(see Chapter 4): By-respondent group results of primary survey, and, aggregated correlating all three samples response data from primary survey – (sub-point 4.1.4) - tables descriptive 42-46).*

Also, the fact that the value of the emphasis on the placement stage of ML practice by perpetrators of predicate offences (outside cheque and card fraud activities and others), must be, and/or, can be considered lessened, or, diminished in the context of the country being significantly characterised by an extractive mining informal sector and cash transactions (cash economy) which unlike a formal agricultural based economy, has been found to attract corruption, is also by itself inhibiting to the successful implementation of the international FATF (40+9) AML regulatory standards in the country and rest of the region.

Still on impediments the research also found out that, some banks/financial institutions along with designated non-financial businesses and professions (DNFBPs), to wit; (Car Dealers, Real Estates, dealers in air-time products, Lawyers, Accountants and Casinos and Gaming), in Zimbabwe, do also corruptly undermine the implementation of AML standards partly because of their non/or partial compliance with the (40+9) FATF special Recommendations. Qualitatively also, Zimbabwe’s own weaknesses in the levels of compliance with FATF 40 Recommendations and levels of effectiveness of its AML/CFT system needing urgent attention as acknowledged in the RBZ’s own 2<sup>nd</sup> round ML/CFT National Risk Assessment Report of June, 2015, and the ESAAMLG September, 2016, MUTUAL Evaluation Report on the country, rating it ‘complaint’ and ‘partially compliant’ respectively in certain core areas with regard to laws (legal and institutional frameworks, and implementation of the new measures) did/does infect undermine

the implementation of AML standards. Asked about the factors responsible for the incidences of money-laundering through the banking sector in spite of existing laws and the relatively new AML regime the RBZ BUPSM Unit), official/public police and anti-corruption agencies, respondents in particular (security officers-managers/compliance and operations risk managers), not surprisingly identified the following factors characteristic with Zimbabwe:

Not so surprising, the ESAAMLG ‘On-Site’ (2<sup>nd</sup> Review) AML/CFT standards Compliance Country Report on FITF (40+9) Recommendations contains sourced details of the kind of impediments highlighting that the government of Zimbabwe had/has been delaying or unwilling to prioritize domestication of applicable provisions. This finding is not surprising considering that there would have been and is still no “incentives” to pass or legislate Anti-Corruption or AML agencies. Likely because, many officials, and or, their allies would have been, were and or, are “beneficiaries” of the crimes that corruption and money-laundering.

It is thus in this outline of the impediments which corruption constitutes for the effective implementation of AML regimes that the link between the two crimes exhibit. Suffice to state that the effects of corruption coupled with ML, has been documented in other substantial general researches have been shown to include: causing a disproportionate impact on the poor and most vulnerable anywhere it occurs; the reduction of access to basic services including health, education and justice; changes the demand for cash (which also undermines savings) - making interest rates and exchange rates more volatile; and, causes high inflation where criminal elements are conducting business are pertinent to mention.

While Zimbabwe has come a long way in trying to putting up strong AML defences in the economy, as a developing economy, suffice to say, it is faced with among other challenges the need to attract foreign direct investment/capital. Unfortunately for the country, the world has shown it does not forgive, and, its continued downward spiral coupled with some of the foul measures taken to attract foreign capital have and continue to impede the effectiveness of the FATF (40+9) AML Regulatory standards. The net effect is the increase in corruption and ML.

### **6.7.3 Key Findings – (On Study Objective No. 3):**

#### **Respondent's perceptions on: AML/AC laws, awareness to domestic and international FATF 40+9 AML regulatory standards.**

In furtherance of the demand of the third objective, and/or, term of reference of the study, this part of discussion focuses on the findings on extant laws/regulations, competent authorities and designated banking institutions, AML/AC agencies and Regimes (human and technological systems of ML prevention): (enforcement obligations, investigations, prevention measures, compliance supervision and recommendations on safeguards to dissuade corruption-led impediments to effective implementation of best practice international and regional AML FATF (40+9) Recommendations particularly relative to the banking/financial sector's vulnerabilities due to increased financial/economic risk threats factors abound.

Since the (2<sup>nd</sup>) 2007, ESAAMLG Mutual Evaluation process that commenced in 2006, and formally adopted in 2010, Zimbabwe underwent a series of other comprehensive reviews of its AML/CFT regime. This subsequently led to the promulgation of a number of new laws and amendments to the existing legislations to strengthen and make the country compliant with the FATF (40+9) Recommendations. Prior to this process, the primary provisions underpinning the AML/CFT regime were; Criminal Law (Codification and Reform) Act, 2006, Serious Offences Act, 2001, and the Bank Use Promotion and Suppression of ML Act., 2002. In 2013, Zimbabwe passed the ML and Proceeds of Crime Act (MLPC Act), which is a composite legislation criminalizing money laundering ML and terrorist financing (TF). The Act also provides for provisional and confiscations measures, preventative measures and supervision responsibilities, and sanctions for failure to comply with obligations and commission of ML and TF offences. These include *'provisions against illegal/transfer of money abroad (externalization of currency/currencies)-* (whatever their descriptions. Some of these legal provisions underpinning the AML regime in the country (intended, promulgated /actually in place), are briefly remarked as follows:



Zimbabwe has since undergone a series of comprehensive reviews of its AML regime that led to promulgation of a number of new laws and amendments to the existing legislations to strengthen and make the country compliant with the FATF (40+9) Recommendations. Prior to this process, the primary provisions underpinning the AML regime were; Criminal Law (Codification and Reform) Act, 2006, Serious Offences Act, 2001, and the Bank Use Promotion and Suppression of ML Act, 2002. In 2013, Zimbabwe passed the Money-laundering and Proceeds of Crime Act (MLPC Act) which is a composite legislation criminalizing ML and the predicate offence of corruption. The Act also provides for provisional and confiscations measures, preventative measures and supervision responsibilities, and sanctions for failure to comply with obligations and commission of ML and corruption offences, which include *'provisions against illegal/transfer of money abroad (externalization of currency/currencies)-(whatever their descriptions)*.

Zimbabwe had a relatively new AML regime following the 2007, comprehensive review of its legal and institutional framework put in place and implementation of the new measures started emerging. However while the country devoted/devotes to strengthened its AML legal framework, it still remained/remains with low institutional capacity that impedes implementation of the new measures the research established. Convenient to mention that the majority of the business Financial Institutions Units (FIUs): (Designated Non-Financial Businesses and Professions (DNFBPs), and, the Competent Authorities), are still in the early stages of developing and implementing their risk management policies, procedures and processes to take into account the new AML legal framework;

Zimbabwe has not yet prioritized application of seizure and confiscation measures on property involving illegal proceeds as 'Policy' at national level. As a result, cases of seizure and confiscation of property related to ML were found to be inconsequential.

As alluded, a relatively new AML/CFT regime in the process of developing a risk-based approach supervision framework for banks/financial institutions and DNFBPs and, cooperation and coordination model(s) with law-enforcement agencies (bank security, private security other and public police) which in its current state is/are

poorly or less developed by international standards because of lacking in practical implementation of their coordination to combat ML. in practice.

A cross-cutting issue of low resource capacity in the Central Bank (RBZ) BUPSM-FIU, Law-enforcement agencies (Police, Prisons and Correctional Services, Judiciary), and ZACC (Zimbabwe Anti-Corruption Commission) – commonly referred to as competent authorities; which has negatively affected the implementation of the AML/CFT measures by competent authorities. These entities have a plethora of challenges (i.e.) lack of equipment, lack of specialized training in AML/AC and not having enough independence among others;

Also, paucity of quality use of financial intelligence data largely due to: (i) low expertise and resources constraints to conduct, (ii) proper analysis of the very reports by the BUPSM Unit itself, and, the police. This exacerbated by the absence of feedback mechanisms from the RBZ-BUPSM FI Unit to reporting bank institutions on the (STRs) Suspicious Transactions Reports filed, on the one hand, and, on the Police and other LEA's' use of Financial Intelligence or other relevant information from the BUPSM Unit to initiate or support ML/TF, and or, corruption-led cases, on the other hand.

Death of, and or, low appetite by the authorities to regard corruption as the most serious of all predicate offences and to demonstrate a good understanding of its micro-macro risks to the country.

Poor AMLs compliance monitoring on banks by the RBZ BUPSM/FI Unit. The Unit has no supervisory capacity including ensuring that the information obtained and kept by BUPSM/FIU, is accurate and up to date due to human capital and technological resource constraints.

Also, there is no adequate legal and regulatory framework to obtain and maintain beneficial ownership information on legal persons and persons. No comprehensive, and/or, sufficient national assessment of ML risks, short of this study has been conducted on companies outside the banking sector. The Registrar has no supervisory

capacity including ensuring that the information it obtains and keeps, is accurate and up to date.

Zimbabwe has a localised MLA framework to pursue predicate offences-led domestic ML and extradition that is based on three arrangements (i) the 1990, Harare Scheme – generally applicable to Commonwealth Countries, albeit yet to be officially domesticated by regional member countries. (ii) The SADC Protocol on MLA and Extradition, and (iii), reciprocity for jurisdictions not covered by categories (i) and (ii). Whilst Zimbabwe regards international cooperation as an important component of its fight against ML taking into consideration the majority of the criminal elements have a cross-border tendency, particularly within/without the region, certain parts of East Asia and even further into the Western Hemisphere, it has not yet formally formalised MLA treaties or agreements with pertinent other FATF international member countries. Suffice to say, provision of mutual legal assistance (MLA) on ML and predicate offences including corruption, (albeit not enough by itself without formal agreements), is provided for in the legal and institutional framework of Zimbabwe (RBZ).

Anecdotally in countries like South Africa where an (AFU) exist, the (FIU) provides direct assistance to the former by referring cases arising from analysis of STRs and supporting the same AFU's operations at national and international level. Normally, non-conviction cases take six to eight weeks to complete which is significantly shorter than pursuing conviction based forfeiture. Also the South Africa's AFU seems to have better capacity carrying out financial investigations, and it appears to be effective in pursuing cases involving relatively small amounts of proceeds, (IMF/SA Country Report No. 15/51).

Zimbabwe has a bank to a single operational Financial Intelligence Unit (FIU), officially known as the Bank Use Promotion and Suppression of Money Laundering Unit (BUPSMU), which was established in 2004, under the Bank Use Promotion and Suppression of ML Act., The FIU is the overall AML regulator in the country and works in close cooperation with regulatory bodies of the different classes of designated institutions (banks/financial institutions), and, competent authorities (police, justice, ZIMRA) (public/private) to enforce compliance with international

FATF 40+9 AML regulations. It receives Suspicious Transaction Reports (STRs) and, Cash Transaction Reports (CTRs) from designated institutions (banks/financial institutions) and disseminates financial intelligence (FIs) to law enforcement agencies (Police) – (herein cited as competent authorities). The FIU is responsible for issuing guidance on AML/CFT to the various classes of designated institutions in terms of the Banking Act., and, BUPSM Act.

On domestic cooperation relative to AML issues, Zimbabwe has an active National Task Force chaired by the Director of the FIU which is responsible for coordinating all AML efforts by a wide spectrum of stakeholders who include: the FIU itself, Ministry of Finance and Economic Development, Ministry of Justice,, Legal and Parliamentary Affairs, The National Prosecution Authority/Attorney General's Office, Law Enforcement Agencies (Police) and the Financial Sector Regulators.

The level of compliance for both bigger and smaller banks in particular, DNFBP (Designated Non-Financial Authorities), corporate business with or without AML standards cannot be solely contributed to the lack of knowledge of legislative provisions, or, the non-existence of specialized and effective AML regimes / institutions. Also neither can weak or, low level of compliance by some, be fully explained by any difference between corruption-free illegal remittances and money-laundering, or just, laundering proper (i.e.) transfer from the proceeds of crime of corruption). Sufficient to take notice of this peculiarity or distinction because, there are transfers which (by their amounts, and or, channels of transfer go against legal provisions) are not from the proceeds of corruption nor meant for illegal purposes, or extension of further illegal purposes at their destination. So it becomes relevant to locate the responsibility, better still, the place at which the issue of corruption as an impediment to effective implementation of AML standards starts. As such, most probably a better place to start the consideration of the issue of corruption as impediment to implementation of AML best practice, is the application of the micro/macro proceeds derivable from the crime. By first acquiring knowledge about MLA, identifying the prevalence of corruption itself, and conceptualization of AML – linked legislative provisions, existence and adequacy of Mutual Legal Assistance Agreements, information on the models of the application of the proceeds of

corruption would indicate, in completeness, its impeding role to implementation of FATF (40+9) standards.

In a country hamstrung by among other debilitating socio-economic and politic challenges; cash shortages, basic commodities, food and fuel shortages, acutely experienced in the five years leading to 2009, most respondents perceived that proceeds of corruption in Zimbabwe were largely used for consumables mainly imported groceries, motor vehicle parts and agricultural imports from South Africa and Botswana, some that gets further laundered on the black market for super profits. Quantitatively, while maintaining the view of “internal” spending of the benefits of corruption, this same group of respondents in the majority were/are also of the perception that (today) with the levels of the phenomenon’s techniques reaching a crescendo and getting even more devious as the country’s woes particularly the in shortage of money/cash deepens, interwoven with a strangling black market ...the gains obtained apart from being just to satisfy subsistence-related expenses, are now invested in real estate and purchase of public transport among other personal investments.

***Period 1980 – 1990:*** *Qualitatively*, post-independence – period between the period 1980 and 1990, Zimbabwe sustained policies aimed at suppressing imports to assist in the maintenance of external Balance of Payments support and meeting of debt service obligations. Rigid and extensive foreign exchange controls were administered through the Foreign Exchange Allocation and Import Licensing systems. The Cabinet Committee on Financial and Economic Affairs determined global foreign exchange allocation whilst an Inter-Ministerial Committee decided on the sectoral foreign currency allocation. In 1990, the IMF/World Bank sponsored Economic Structural Adjustment Programmed (ESAP), was introduced leading to the liberalization of the trade and exchange system. The major controls during this period were:

- The imposition of a total embargo on dividend and income remittances for a two-year period. The introduction of the 4, 6, 12 and 20-year government external bonds.

- The introduction of the *Open General Import License (OIL)* and No Currency Involved Import License where the Ministry of Industry issued import licenses once Exchange Control had approved the payment for the imports.
- The introduction of the Export Revolving Fund (*Period 1991–1995*): Policy shifted towards the introduction of a fully liberalized trade and exchange system. This led to the free floating of the exchange rate, the deregulation of the financial sector and the introduction of Foreign Exchange Bureau de Change in mid-1994. The Current Account was fully liberalized in 1994 with transactions conducted in terms of the Instructions to Authorized Dealers which borrowed most of its provisions from the ‘Green Book.’

***The 1996–2003 Era: Qualitatively,*** The Zimbabwe Programme for Economic and Social Transformation (ZIMPREST) was implemented for the period 1996 – 2000. Exchange controls were also further relaxed, a move which resulted in empowering Authorized Dealers to authorize most of the current account transactions in 1996.

In 1997, the country started experiencing critical foreign currency shortages following the ‘crush’ of Zimbabwe dollar on 14 November 1997. The Reserve Bank withdrew of the Authorized Dealers’ delegated functions. All foreign exchange applications reverted to being-centrally processed and approved by the Reserve Bank. The situation was worsened with the withdrawal of IMFs funding in, 1999, that culminated in further reviews of some of the Exchange Control policies. With the continued and persistent shortages and externalization of foreign currency and a mushrooming parallel market, for foreign currency, there was a need to further review the existing foreign currency policy. This led to the introduction of the current batch system through Directive RD 346 of 15<sup>th</sup> November 2002. The introduction of this system meant that Authorized Dealers were completely stripped of their powers to approve foreign currency payments. The Exchange Control solely dealt with all foreign currency payments, leaving the Authorized Dealers only with powers to vet applications submitted for approval by the Exchange Control.

***The (2004 – 2008) era: Qualitatively;*** foreign currency shortages remained a real challenge to the economy. To address the challenges, the Reserve Bank introduced a Managed Foreign Exchange Auction System on 12<sup>th</sup> January 2004. Foreign currency

users submitted their bids to the Auction Floor for allocation of foreign exchange through their Authorized Dealers. Later, the Foreign Currency Auction system was replaced by the Tradable Foreign Currency Balances System (TFCBS) on 21 October 2005. Under TFCBS, a dual exchange rate system prevailed with market transactions being conducted at the inter-bank market exchange rate and critical Government payments being conducted at the official exchange rate. The dual exchange rate system was abolished in April 2006, to consolidate and support the growth of the export sector. That resulted in all transactions being conducted at the prevailing inter-bank exchange rate.

*Qualitatively* also, the Exchange Control (Foreign Exchange Licensed Shops) Order, S.I. 131/08 was promulgated in 2008 in response to excessive shortages of basic foodstuffs and raw materials which precipitated an increase in the volume of imports of finished products from the region and the Far East by both the formal and informal sectors. The Reserve Bank realized that the country could immensely benefit by tapping into the foreign currency resources which were being used to import various goods from across the borders. Some retail outlets were thus designated to adopt dual pricing to enable Retailers to sustain business and replenish their stocks without disruption of supplies to the market.

*Qualitatively*, in 2009, following the ushering in of the Government of National Unity (GNU), and adoption of the multi-currency system, the Exchange Controls regime was liberalized. Concurrently, current account transactions were liberalized to facilitate the free movement of goods and to create confidence in the economy. All applications for foreign currency payments were left to the Authorized Dealers. Surrender requirements and the exports approvals by Exchange Control were removed, and only left were the instruments which were necessary for collection of foreign trade statistics. Liberalization was only extended to Current Account transactions. Capital account transactions remained restricted.

Importantly also to mention at this juncture on the issue of International Compliance Standards is that, the FATF at its October, 2014, Plenary Session Meeting, had pronounced that Zimbabwe had completed its Action Plan to address deficiencies previously identified in June, 2011, and with that, directed an on-site mission should

visit the country for a 2<sup>nd</sup> Evaluation. This was carried out in January 2015, following which the international group again pronounced that, the country had addressed the range of the identified Compliance process deficiencies and as such was no longer under the (then) ‘on-going’ global AML/CFT Compliance processes requirements. Going forward however, Zimbabwe was indicted to continue to work with ESAAMLG as it continued to address the full range of AML ‘*legal and regulatory framework*’ issues as identified in the alluded to, ‘first’ National Risk Assessment Mutual Evaluation Report”, (FATF, Jan 2015).

The position of the literature on the legislative/regulatory framework and the formal/legal conceptions of corruption and ML in the country can, from this discussion be summarised as there being: neither a shortage of legal provisions against both ML and corruption, nor apparatus for their control and enforcement; and that, the provisions and modes for their enforcement are, generally considered, in line with the direction and origins/concepts of applicable regional and international protocols and conventions.

However, in spite of extant necessary provisions against both ML and corruption, the literature (past and new research), suggests a high and increasing prevalence of the crime phenomena in the country particularly by PEPs. And, the methods and trends used are not varied, even as the character and fortunes of the economy and, the mode of governance make for minor differentiations, the research established and concluded.

Not so surprising, the ESAAMLG ‘On-Site’ (2<sup>nd</sup> Review) AML/CFT standards Compliance Country Report on FITF 40+9 Recommendations contains sourced details of the kind of impediments, highlighting among them the alluded experiences with the government of Zimbabwe’s continued delays, or, unwillingness to prioritize domestication of applicable provisions against AC/AML agencies (as competent authorities) which (when appointed) help with compliance implementations at both micro/macroeconomic levels. Likely because, many officials, and or, their allies would have been, were, and/or, are “beneficiaries” of the crimes that corruption and money-laundering.



As shown by findings in preceding discussions on awareness of the Forty + Nine FATF AML Relative to (Compliance Monitoring, and Mutual and Legal Assistance) and so on, starting from ‘Findings Chapter 4’ and, Summary Key Findings (third objective hereto), the level of awareness of AML-related – local, regional and international protocols/conventions (e.g. “Mutual Legal Assistance Agreements”, and, “Compliance and Monitoring” provisions was/is very low across the country’s public and private corporate economic sector organisations including banks themselves represented by the respondents: (bank employees, CJS, business and members of the public other). Here it is helpful to expand by pointing out that background literature had indicated the problem of non-domestication (formal ratification) of such international and regional instruments between Zimbabwe and other countries, even though the country has AC/AML legislation or regulations, and, conventional (none-specialised) enforcement agencies or some semblance of them (no matter how rudimentary).

Consequently majority of respondents (banks/none-banks) – particularly law-enforcement officers (police/prison officers), business other and generality of the members of the public, and even, personnel from the cluster of smaller to medium banks, had no knowledge of what is referred to as “Mutual Legal Assistance Agreements” in the first place. The MLA Agreements as it is understood in terms of protocols/conventions helps countries of the region with the tracing and recovery of stolen/laundered money. Illustratively also, the survey “shows that the various stakeholders are not fully conversant with all the special (40+9) MLA/AML, and even, AC provisions, and, there is an urgent need to conduct wide and extensive systemic *“risk communication and education”* campaigns of awareness and information throughout the country as already alluded herein.

## **6.8 Media Exposures - Real Case Examples of Corruption & ML in Zimbabwe**

### **(Arrests/Indicted/Unindicted Cases Précis**

In furtherance to unpacking the results of study findings, a re-cap discussion of a sub-cluster of a few examples of individuals made out of 11 of 116 and more identified in mainly private print media exposures (see Appendix E1 and E2) majority of them, politically exposed persons (PEPs), which despite the evidence in majority of them

had / have not been indicted or prosecuted for years was seen as necessary to corroborate findings of the field (primary) study herein. From this random pick sub-cluster list of (11), follows under (**Chapter 7**), what the writer chooses to call an exclusive cluster pick of (9) individuals (mainly, PEPs) confirmed both qualitatively and quantitatively as not only most exposed but, whose grant malpractices of corruption and ML in Zimbabwe were/are, identified and exemplified mainly by the private print media, and (albeit) to a lesser extend, by arrests and indictments by the criminal justice system. In this Chapter an in-depth analysis of each of the case study profiles is made.

As indicated in the background literature [Chapter 1], Zimbabwe's economic history is littered with cases of individuals who were fingered for corruption-related ML including currency externalization and most of those identified/accused and some charged for breaching the Exchange Control Act, acquitted. The law says "if one earns any money while resident in Zimbabwe that money must be brought into the country".

Some of the prominent public sector, and, private sector high profile figures (PEPs/NON-PEPs), forming the sub-cluster of (11 of 116), Exposees cluster by the private print media mainly, and arrests/indictments or prosecution exposures as it were, suspected or actually involved in instances of corruption-related ML, during the period studied (1982-2017+) thus, include the following:

Samson B Paweni (Mr)	:	Paweni Transport (MD) (1982/1983)
Morris Nyagumbo (Mr)	:	Senior Minister President's Office (1984)
Wiknell Chivayo (Mr)	:	Entrepreneur
Roger Boka	:	Entrepreneur/Chair & MD UM Bank (1995)
Christopher Kuruneri (Dr)	:	Former Minister of Finance (2003-2007).
I Chiminya-Chombo (Dr)	:	Former Minister of Fin/Home Affairs (2017)
S Undenge (Mr)	:	Former Minister of Energy (2017)
Mr Nicholas Vingirai	:	Inter-Market Holdings - (now ZB Holdings)
Mr David Butau	:	Former Mbire Member of Parliament.
Mr James Makamba	:	Former MP M't Darwin/Director Telecel
Mr Julius Makoni	:	NMB - National Merchant Bank

Mr Otto Chekecheke	:	NMB - National Merchant Bank
Mr James Mushore	:	NMB - National Merchant Bank
Mr Francis Zimuto	:	NMB - National Merchant Bank
Mr Gilbert Muponda	:	ENG Capital Asset Man (Founder/MD)

For some, (14) of them, the characteristics of their instances of corruption related ML, arrests/indictments, and their court processing finalisations through the criminal justice system CJS where this has happened or will ever happen, as reported mainly by the press are cursorily catalogued below. Convenient to reiterate that, within/without this select sub-cluster list (PEPs/NON-PEP and all male), for easy following and rigor, emerge the excluding pick cluster of (9) under (‘Print Media and Criminal Courts Expose–Identifications of PEPs and Vulnerable Financial Institutions grand corruption/ML case studies’) where each profile as alluded, is in-depthly analysed from identification, arrests/indictments, and their processing finalisation through the criminal justice system CJS where this happened/happens, that is, if it happened/ happens at all.

#### **6.8.1 Harare Magistrates Court: State V’s B S Paweni – (PEP) - GVT/GMB**

##### **Tender Corruption/Fraud-led ML (1982-1984).**

Qualitatively, the first known and documented Zimbabwean corruption and ML related crime series is the (+Z\$6Million) GMB Imported Drought Relief Transportation - (1982-1984) Corruption and Fraud-led ML Scandal, involving Bernard Paweni (then) a politically connected prominent businessman whose associations in the ruling party included the now late (Hon) Kumbirayi Kangai (then) Minister of Agriculture.

Circumstantially, between 1982, and 1984, and on diverse occasions the then Agricultural Minister ‘Honourable’ Kumbirayi Kangayi, irregularly following formal tender procedures awarded a Government tender contract to Bernard Samson Paweni’s company to import and distribute grain from South Africa to affected areas in Zimbabwe. Subsequent to awarding of the tender, Paweni and his company, issued irregular inflated invoices of (+Z\$ 6 Million) which the Minister signed authorizing

payment into the former's local bank accounts while allegedly aware that they were fraudulent.

Following payments into his bank accounts, Bernard Paweni's went on diversely to withdraw, and or make electronic disbursements payable to certain third parties and associates alike, allegedly for services rendered etc. an activity indicating suspected or actual money/asset laundering (placement, layering, and, integration play out) facilitated by the Minister of course, as having taken place.

Only Bernard Samson Paweni was arrested, prosecuted and jailed for this massive fraud. It is worthy to note that while Bernard Samson Paweni was arrested, and arraigned before the courts leading his being thrown into jail, but only for the several counts of invoice fraud, to the loss and prejudice of the Grain Marketing Board (GMB) and its principal the State, the Minister Kumbirai Kangai was never called to account directly/indirectly, and or, called to sanction criminally or otherwise for his (suspected) hand in the scam.

Case was closed and filed at ZRP Harare Central). (*The Herald, Bulawayo Chronicle News, The Sunday Mail, et.al. 2007/2009*)

#### **6.8.2 Harare Magistrates Court: State V's Hon Minister M Nyagumbo (et.al.)**

##### **“The Willogate Scandal” (1988-1989):**

Willogate corruption/fraud scandal was a (1988-1989), Zimbabwean political financial scandal in which The Zimbabwe Chronicle Newspaper revealed a bank/government cheap loan facility purchase scheme for ('on demand') Toyota Cressida sedan type vehicle from the (then) only car plant (assembly plant/manufacturer - Willowvale) for Ministers which went wrong. The Ministers and various other Government power-elites in (then) former President Robert Mugabe's Cabinet including the likes of Morris Nyagumbo (Political Affairs Minister), Kumbirayi Kangayi, Enos Nkala (Defence Minister) and Calistus Ndlovu (Industry Minister) and Frederick Shava (Governor for Midlands) among others, started to corruptly cut deals, engaging in illegal resale of same at (+-200% profit(s)) - leading to a trail of destruction in its wake upon the story breaking out. Minister

Morris Nyagumbo committed suicide upon being charged for perjury, while (Then Chronicle reporters) Geoffrey Nyarota and Davison Mariziva got removed from their posts.

Of all the Cabinet Ministers in the (then) R.G. Mugabe Government involved in the scandal (at the time), only one of two, Fredrick Shava (Mr) would find himself being formerly arrested and being charged, sentenced and convicted for abuse of office (fraud and corruption). Not surprising 'albeit' to the 'sceptical' public, he survived the ordeal of prison by a 'Presidential Pardon' after serving just a fraction of his time in 1984/85, – thanks to a corrupt compliant 'Head of State'. As for rest, the likes of Kumbirayi Kangayi and others whose cases were also thought to be as strong, slipped through the net on technicalities, thanks to political interferences and all. (*Daily News, The Herald, Bulawayo Chronicle, The Sunday Mail, Financial Gazette et.al. 2007/2009*).

### **6.8.3 Harare Magistrates Court: The State v's C Kuruneri–Former Hon Min of Finance–(PEP): ML/Externalisation of Currency:**

Qualitatively, the then Finance Minister Christopher Kuruneri became the first person under former President Robert Mugabe's administration to face currency externalization charges involving: US\$ 1.082 million, 34 471 British pounds and 30000 Euros. He was also accused of holding dual citizenship, now permissible under the new Constitution. For this he was to spend more than a year in remand prison and, after 10 appeals for bail; he was released by Chief Justice Godfrey Chidyausiku on bail and later to be acquitted by the High Court in 2007.

It was the State case that, Kuruneri had violated provisions of the Exchange Control Act, Chapter 22:05, in that during the period extending from March 2002 to 2004, he acquired foreign currency amounting to US\$ 582 611.99, British Pounds 34 371.00 and Euro 30 000.00 from unauthorized dealers in Zimbabwe. The applicant thereafter exported the funds to South Africa where he gave it to Christopher Hayman, the Director of Venture Projects and Associates, a company he contracted to manage his businesses in South Africa, including the reconstruction of one of his properties. Part

of the money, was used to purchase properties including: a Mercedes Benz motor vehicle valued at R 547 734.00 which remained in South Africa, three more residential properties, in Cape Town, valued at total R 5.2. million. Further allegations were that on 6 March 2002, Kuruneri unlawfully caused a Zimbabwean bank, the Jewel Bank/CBZ Holdings, to transfer R 5.2 million to CB Nil and Partners, a South African law firm which as transfer secretaries presided over the legal issues in the acquisition of his new real estate in the Republic. All the newly acquired immovable properties were registered in the name of a company known as Choice Decisions 113 PTY Limited, in which Kuruneri is the sole director.

In his defence arguments in court, Kuruneri averred that whatever he did was above the law because all the monies he used to buy the properties was legitimately earned from consultancy work for Mobile Systems International and Felipe Solano. He gave out he was an investor, and that being, he was free to invest anywhere and in anything that brought financial gains to his capital.

In maintaining its case the State, averred, “it is the law in the land that, if one earns any money while resident in Zimbabwe that money must be brought back into the country. Consequently thus, the High Court rejected the defence’s request to have all the externalization charges against the former Finance and Economic Development Minister Chris Kuruneri thrown out.

Justice Susan Mavangira, who heard the case with assessors Mr Patrick Musengezi and Mr Hands call Mashanda, rejected the technical exception by the defence arguing it was defective and ordering the case be set for hearing in the High Court of Zimbabwe. Consequently Kuruneri spent more than a year in remand prison detention before the matter was heard“. On 27<sup>th</sup> July 2007, Justice, Susan Mavangira presiding threw out all the seven charges against Kuruneri arguing, the State had failed to prove a prima facie case against the accused.

Winding back time, He Dr Kuruneri’s woes had started when earlier questions had been raised by certain quarters of the South African Media as to how and why the senior public official should build a mansion in South Africa and not in Zimbabwe. He had been reported by the media as having built a SAR 30 Million (about \$19, 5

billion) mansion in neighbouring South Africa, allegations the government minister had partly disputed arguing the figure involved in his real estate venture there in SA was just about (+- SAR 7 million). The Sunday Times (daily) of South Africa which had exposed Kuruneri by publishing the story about the mansion went on to allege Kuruneri was supervising construction of a seaside resort house in Cape Town's up-market Llandudno suburb. That the minister was paying monthly visits to Venture Projects and Associates, a construction company that had won a tender to build the mansion. According to the newspaper sources, it had also been reliably understood that Kuruneri purchased two other properties in Llandudno, Number 17 Apostle Road and Number 38 Sunset Avenue, and was funding construction of the mansion. The property at completion was to have eight bathrooms and a dining room that accommodates 20 people at any given time. Cumulatively with improvements and, touch-ups, the house was estimated to cost SAR 30 million.

"Yes I have a property in South Africa and I have never denied that", Kuruneri said. "It is an investment, and like any other business person, I should allowed to invest anywhere and in anything I think will bring financial return on capital" . I don't see anything wrong with that (my) investment in SA", he was to be quoted by one of the local mass-media newspapers as having further said years later on November 9, 2013. (*S.A. Sunday Times, Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2007/2009*).

#### **6.8.4 Harare Magistrates Court: State v's N Vingirai (NONE-PEP): Bank**

##### **Fraud & Currency Externalisation:**

Qualitatively, in 2003, Nicholas Vingirai a lawyer by training, who later rose to prominence as founder director/Chairman of the (new) TN Bank, and TN Group Holdings another of the promising impressive empires in the financial sector in 2010, going forward; was arrested on 11 alleged charges of theft and (2 counts) of externalization involving US\$ 300 000, R1 500 000 and Z\$ 5 216 727. The State alleged, the accused fraudulently stole and used depositors' funds from Intermarket Bank, and/or, its subsidiaries for his own benefit or for the benefit of companies in which he had interests. The state also further alleged that Vingirai illegally exported the laundered proceeds of the fraud in foreign currency to the tune of US\$ 300 000

and SAR 1, 5 million between April and September 2003 to foreign off-show financial centres. It was also alleged that in August 2003 Vingirai issued a cheque valued Z\$ 570 million which was drawn from an Inter-Market Bank and paid to First Bank Corporation for the purchase of US\$ 100 000. The money was allegedly externalized illegally to Citibank London through Inter-Market Corporation in Zambia in violation of the exchange control rules (RBZ). In another transaction US\$ 100 000 was transferred into his Zambian bank account whilst a further US\$ 100 000.00 was moved to his UK account (RBZ).

Qualitatively also, in ensuing court proceedings following his arrest, arguments arose between the State Prosecution bench and the defence when the later failed to avail original documentary evidence to back its case. The defence did not want the State to produce photocopied documents insisting to see the originals.

Through his lawyer, Advocate Isiah Mureriwa, Vingirai argued that the evidence against him was not in the hands of the police and the documents' authenticity was questionable. The defence argued that his client deserved the right to a fair trial within a reasonable time and which right was being infringed upon, and, urged the court not to be used and abused by the State. The Magistrate concurring with the defence ordered the release of the suspect/accused on bail, saying it was evident that the prosecution's failure to produce original bank transaction and other documentary proof relative to the allegations of externalisation was sufficient reason to show that the State needed more time to prepare its case hence it should proceed by way of summons when it is ready. While on bail Vingirayi fled Zimbabwe to Zambia and the U.K in 2003, only to be re-arrested in 2011, when he returned thinking his criminal court case charges had by then all vanished. On 2, July 2012, he was released after the State prosecution failed to prove its case by not availing the desired original bank documents (statements – local and foreign) central to the case. The matter did not re-surface...another one of the numerous bank fraud(s)-led money-laundering scandals to die silently partly (it was/is thought), due to police inefficiencies in handling white-collar related crimes. (*Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2003-2010/2011*)



#### **6.8.5 Harare Magistrates Court: State V's David Butau (Mr) - (PEP):**

##### **ML/Currency Externalisation**

Qualitatively, Butau a former MP (Member of Parliament for Mbire), was accused by the State of externalizing BP 350 000.00 Sterling. He fled the country into self-imposed exile in 2007, upon being summoned by the police for questioning. He only returned in 2009 upon which he was tried and was acquitted on technicalities relating to the Exchange Control laws. (*Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2007/2009*)

#### **6.8.6 Harare Magistrates Court: State v's J Makamba - (PEP): ML &**

##### **Currency Externalisation:**

Qualitatively, Makamba, J. a former ZBZ D.J come-prominent radio broadcaster in the 1970's, a ruling party Central Committee member and also the Board Chairman of Telecel Zimbabwe (Pvt) Limited, (currently) living in South Africa (Cape Town), was on 9<sup>th</sup> February, 2004,, arrested on charges of externalization of foreign currency: (UK£ 3, 7 million), (US\$ 2, 1 million) and, (SAR 15 million). in violation of Section 5 of the Exchange Control Act (Chapter 22:05), as read with (Section 4(1) (a) (i) and 11(1) (a)) of the (Exchange Control Regulations, SI. 109) of 1996 ("the Regulations")

Following the arrest, on 14 February 2004, Makamba appeared before a Harare Magistrate Court whereat it was alleged that, on certain dates during periods mentioned he, in his capacity as director of Telecel Zimbabwe, made purchases of foreign currency from persons who were not foreign exchange registered, dealers. It was the State case that, neither (he) Makamba nor Telecel were at the time registered foreign currency dealers. Makamba was also alleged to have opened a foreign currency account in Sandton, Johannesburg, South Africa without the requisite exchange control authority, and, to have illegally exported maize to South Africa and caused the proceeds of the sale to be banked in a Telecel Zimbabwe Limited foreign currency account in Luxembourg. Consequently, he was remanded in custody and placed in remand prison for a long time under a presidential decree which allowed

the state to hold a suspect for up to a month without bail. Released on bail subsequently, Makamba left the country for the UK and later South Africa, Cape Town on self-imposed exile where he still resides. (*Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2007/2009*)

**6.8.7 Harare Magistrates Court: Wicknell Chivayo (Mr) - (PEP): Bank Card Fraud, Tender Fraud-led MI (Transnational):**

Qualitatively, by public knowledge, courts records and newspaper exposes, “Jailed for Bank Card Fraud related ML between 2005 and 2007, Wicknell Chivayo (Mr), now self-styled ‘Flamboyant’ businessman and affiliate political socialite currently hogging the lime-light for yet another the wrong reason: financial scandal involving yet also, another Government Parastatal – ZETDC (The Zimbabwe Electricity Transmission Development Company) in a (*US\$ 5 million Gwanda-Site Solar Project Fraudulent Tender Award to his company Intratrek in (2015)*), that sucked in and claimed the scalps of two Cabinet Ministers (former and incumbent), for alleged collusion in the scam, told an interviewing radio station reporter (identity withheld) on Sunday 19<sup>th</sup> June, 2016, while speaking about his prison life: boasted that jail term for him was like a house arrest as he used to enjoy expensive food and had little worries as what was going to happen when he eventually left prison because he had entered the prison when he was already a millionaire. ...Boasting further, “I staged a grand exit from prison driving a flashy Mercedes Benz...prison taught me to be patient when you just watch the clock ticking, doing nothing that really teaches you to be a good person...”/

When recently (February, 2018), summoned to appear before a Parliamentary Portfolio Committee for Mines Chaired by Hon Temba Muliswa to explained the US\$5 million Government Tender Award that he bugged (deposited into his **local bank account(s)** and he benefited without meeting a single part of his bargain) ...to build a Power Station in Matebeleland North. Chivayo retorted that he was/is connected to the former ‘First Lady’ and the then Minister(s) of Energy both who had weighed in on the Gvt. Public Tender which by inference can be said to have influenced the un-due process. During the end quarter of 2015, Wicknell was quoted

by the media as having spent a walloping figure (US\$ 15K) on shoes from as far away as Japan for Christmas.

At the time of writing Chivayo's newer cases were still pending further probing and prosecution. (S.A. *Sunday News*, *Daily News*, *The Herald*, *Bulawayo Chronicle*, *Sunday News*, *Financial Gazette et.al.*,. 2007/2009).

#### **6.8.8 Harare Magistrates Court: State V's I M Chiminya Dr - (PEP)**

##### **Corruption /Abuse of Office & Fraud (2004-2017):**

Qualitatively, basing on print media newspaper exposes, police, and, court(s) records, the former Minister of Local Government, Minister of Finance, Minister of Home Affairs, and, at the time of his arrest, Gvt. Minister of Finance and Secretary of Administration for the ruling party in the former government of President R.G. Mugabe's, was arrested on (21/11/17 at 2030 hrs.) following a military-led coup that led to the toppling (he) Mugabe on 21/11/17, for, among other financial/economic crimes allegedly shielded against him (politically) dating back 20 years (2004-2017):- Grand Corruption (Contravening Section 4 (a) of the Prevention of Corruption Act Chapter 9:16 – doing anything contrary to, or inconsistent with his duty as a public officer), Criminal abuse of duty as a Public Officer as defined in Section 12 (1) (a) of the Criminal Law (Codification and Reform) Act, Chapter 9:23, and Fraud causing prejudice to the state, Parastatals, quasi-government bodies, and private persons alike. The suspect / accused government minister, director of multiple shelf companies involved in shoddy ML deals owned/owns +11 houses and several other residential and business properties all around the country corruptly acquired using his office as Local Government Minister, Home Affairs Minister and Finance Minister worth several millions, was among other currencies, allegedly found in possession of US\$10Million (cash).

All five (5) high-profile cases (listed), some still under police investigation and others already on the set-down roaster for trial begging on July, 26<sup>th</sup> 2018, (S.A. *Sunday Times*, June, 17, 2018), this is the second senior member of the ruling party (ZANU PF) and government minister since the 1983-84, Willogate (government ministers

car loan scheme) scandal which claimed one ministerial scalp, to be arrested and charged by the new government of Mr Emmerson Munangagwa following the military take-over from Robert Mugabe.

At the time of writing the former Local Government, Urban and Town Council Minister and Finance Minister, and Home Affairs Minister's cases were still pending further Police, ZAAC probing and possible prosecution. (*Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2007/2009*)

**6.8.9 Harare Magistrates Courts: State V's G Pasi – (ZIMRA Commissioner General) - (PEP)-Corruption (2016):**

The Commissioner General of ZIMRA (Gershon Pasi), was in 2016, suspended for (40 counts) of corruption and misconduct related transgressory behaviours involving vehicle importations and un-due excess fraud involving close to (US\$1.million) over a period.

At the time of writing the case was still pending finalisation of police and ZAAC criminal investigations. (*Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al., 2007/2009*).

**6.8.10 Harare Magistrates Court(s): State V's W Chidhakwa (Mr) – (PEP): Corruption (2017):**

Walter Chidhakwa (former mines minister in the former president Robert Mugabe government) was arrested on (20/12/17), by the Zimbabwe Anti-Corruption on allegations of corruption: He subsequently appeared before the courts and was released on bail pending further investigation (The Zimbabwe Herald, Daily News, News Day et.al., Dec, 2017).

At the time of writing, the former Minister's case was still in the processing by police and ZACC and Prosecutor General's Office pending his day in court. (*Daily*

*News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2007/2009)*

**6.8.11 Harare Magistrates Court(s): State V's Messrs W Mzembi & S Undenge (PEPs): Corruption (2017):**

Former Minister of Foreign Affairs Walter Muzembi, and, the former Energy Minister Samuel Undenge were arrested on 21/11/17, by the Zimbabwe Anti-Corruption Commission (ZAAC) on allegations of flouting Public Tender Regulations for self-enrichment said the media. The pair appeared in Court on January, 5, 2018, at which several allegations ranging from abuse of office, to embezzlement were levelled against them by the State (The Zim Herald, Daily News, and Newsday Dec, 2017).

At the time of writing the two former Government Ministers' cases were still pending in the courts.

**6.9 Implications of Study**

The expected outcome of this study, guided by the objectives included the provision of a deeper understanding of the nexus between corruption and ML, knowledge about the former weaken the implementation of provisions against the latter, and propositions to diminish the vulnerabilities of AML regimes to corruption in Zimbabwe in particular, the region and rest of world economies in general.

Considered broadly, as alluded already (herein), the research establishes that ML and corruption are inter-twined. This is substantially confirmed by the available existing literature (secondary data), and substantial findings of the field-survey (primary data) on all the substantive terms of reference. By way of real case-study examples of cases corruption and

ML in which disposed banks, other deposit taking entities and, public entity officials (PEPs); it has/is shown that, grant corruption is prevalent, essentially endemic and institutionalised in Zimbabwe, with the following (among others), most dominant variety of techniques for its perpetration: <sup>1</sup> Embezzlement, misappropriation, or other diversions of public/funds by mostly government/public entity officials (PEPs) with their number (2) in corporate private sector financial institutions; <sup>2</sup> Bribery of senior/junior rank-and- file civil servants (e.g.) police; 3. Illegal transfer or taking money abroad using off-shore financial sector industry structures.

Social and economic implications of corruption in its various manifestations undermine a country like Zimbabwe's capacity to harness the FATF global standards against ML. and financing other predicate offences including human trafficking, drug trafficking, arms trafficking and even terrorism. Corruption and ML by their chameleon like nature, leads to economic retardation as has been shown in the case of Zimbabwe in the close to four decades (to date) studied. Therefore, as has been concluded in a number of researches on corruption and its inhibitions on global AML regimes, including that by Magarura (2010), the symbiotically related offences of corruption and ML should be accorded the same level of attention as grave economic/financial crimes of white-collar nature at domestic and international level.

## 6.10 Conclusion

The outgoing Chapter elaborated on the findings and possible implications thereof. The imbedded exhibition of **Case Files: extractions from (116) print media** random secondary data collection sample of identification exposures of those alleged of involvement in malpractices of corruption-led ML, for the period (17/03/11 –

23/03/18) only, as depicted in “**Exhibit**” – **Appendix E-1 and E-2**, here attached, brings to the fore (as one of the major negative implications), evidence of the extent to which corrupt PEPS – (public/private office holders mainly), adversely affect the success of functioning of AML and AC regimes in Zimbabwe. The next **(Chapter 7)** specifically discusses in-depthly, a **small select sample of six (6) PEPs “proper”** (combination of Government, and/or, public sector parastatal enterprise official and bank/financial institutions owner/executives - (extracted) from the (+12) referenced print-media expose’ list whose grand corruption/money laundering cases made headlines of identification in the media, and CJS through arrests and indictments/prosecutions since (1983 – 2017+) as documented/alluded to in background (Chapters 1, 2 ,3 and 4) and in this last section of the Chapter, (Daily News, The Herald, Bulawayo Chronicle, The Sunday News, Financial Gazette et.al. 2007/2009).

## CHAPTER SEVEN

### **MEDIA AND OTHER EXPOSES: A RICHER DISCUSSION OF A SELECT SAMPLE OF (PEPS) AND VULNERABLE INSTITUTIONS/INDIVIDUALS (PUBLIC / PRIVATE): ARRESTS / INDICTMENTS (1983-2017+).**

#### **7.1 Introduction**

Pursuant to the discussions of the instructive primary survey results in the preceding [Chapter 6] and other chapters behind, this [Chapter 7], in order to satisfy one the study's objectives, rounds off in '*richer*' detail, the already reviewed and analysed rich mass-media expose extractions of real-life corruption and ML case reports of a select few: **six (6)** identified '*posteriori*' politically exposed persons (PEPS) covering period (1983-2017+). The PEPS, constituted in the main by high level government/public sector officials and, private sector intermediary institutions, (banks/financial institutions): their owner/chief executive officers, senior management/employees (other), the latter without whose participation or collaboration in some of the cases, the former (government/public sector officials and, their other accomplices), may/would not have successfully partook in the grand economic/financial scandals of money/asset laundering underlay, mainly by corruption and its other predicated manifestations – concluded in the discussion of findings in the preceding Chapter, as predominantly rampant and driven by PEPS in Zimbabwe.

According to Robert (1998), a case study is an empirical enquiry that investigates a contemporary phenomenon within a real life context. Thomas (2001) says; "A **case study** is a form of descriptive research in which a single case is studied in-depth, to reach a greater understanding about other similar cases (elsewhere)". Herein, individual cases of corruption-led ML against mainly public enterprise parastatal businesses and banks – the latter many of them that failed (as discussed in previous Chapters), were/are similar by character of the actors, and, the magnitudes of losses similar to those experienced in some of the world known choreographed financial scandals mainly, by political figures (PEPs) that have included/include heads of



states, and, bank financial institutions / their CEO's and/or, State Treasury gate-keepers (Central Banks), as also discussed.

Contextually the identification of (PEPs) [government/public sector, banking / financial sector owner/executives and parastatals] as major drivers, was/is 'posteriori' via arrests/remand court appearances, actual trials (albeit) with very limited prosecutions, and/or, little success in convictions. Empirical studies have shown that in countries infested with (PEPs) involvement in one form of corruption or other including, grand and bureaucratic corruption: (i.e.), where government officials (Ministers, Principal Officers of Ministries/ Departments), take bribes to award contracts, and the former where heads of States and senior Ministers misuse power; trust in government is eroded, and impediment in economic growth ensues with consequent effect on job growth reduction. Also, last but not least, 'Vulnerable Institutions' and 'Vulnerable Individuals' (VIs) for instance banks, their innocent employees, customers, and public at large, pay the highest percentage of their meagre profits/income from ML scums more so, when the organisation goes under sequestration and/or is liquidated.

Qualitatively it has been shown that, in particularly African countries, some beset with corruption, studying the scourge, "priori" (deductive form of argument) to identification of PEPs is characteristically rare even though the corrupt officials are "obvious" or "known" to the public or population at large because of political interference. PEPs identification(s) is usually "*posteriori*" "or empirical through arrests, indictment, prosecution, trial and conviction, and/or, from exposure by the mass-media or documentaries and newspaper reports as is the case with majority of the identifications in these contextualized case study series where profiles have been/can be appropriately and faithfully applied and executed (albeit against relatively limited number of officially recorded cases). While the mass-media or documentaries source is "rich", the limitations is that they are un-structured, usually anecdotal, and some of the times biased. As for extractions of cases of arrest/indictment from official records of police and anti-corruption and related enforcement agencies some also reported in the newspapers, the major draw-back of this source is the relative insignificance of the figures and non-uniform

incompleteness of the records for required information, in addition to virtual absence of arrest(s)/indictment(s) for such cases of corruption/money-laundering.

The other instructive source outside the media extractions was primary data in the form of respondents perception(s) statistical ratings in the questionnaire survey responses. The coded, scientifically analysed and interpreted data revealed as in [Chapter 4] and discussed at length in [Chapter 5] that, in Zimbabwe, PEPs (proper) and, non-PEPs (proper) are mainly made up of the following:

1. High-level Government/Public sector officials [Ministers, Permanent Secretaries, Political party officials (other)]
2. Parastatal (CEOs) and Boards Chairpersons
3. Criminal Justice System [Law Enforcement (Police), Courts (NPA), Prisons & Correctional Services]
4. Banks/Financial Institutions sector (Owner/Executives and functionary line management]
5. Individuals (other) [Private persons – owners of formal/informal businesses]; Who, without economic, political or moral justification, corruptly abuse their positions to perpetuate, shield themselves and associates against arrest by the law.

What is found not to be unique with the majority identification confirmations of the prevalence of corruption, typologies, values and the category of the most exposed, comparative to the rest of the region and the world in general if you like (according general or very few contextual studies of this nature), is the absence of lower occupational socio-economic categories as also “most exposed”. By 100%, in all the (12+) banking/financial institutions financial scandals and all the cited PEP identifications herein, high level private sector business people, politicians, Gvt./public sector-parastatals senior public officials, and bank/financial institutions owners/chief executive officers (CEOs) have been/were or, are identified as most exposed and actually involved. The majority cases, taken together lend credence to the argument by Sutherland that crime, particularly white-collar crime including corruption and money-laundering, contextualised by occupational / socio-economic,

(countries or regions) category, is a crime committed by a person of respectability and high social status in the course of his occupation (Sutherland, 1940).

Sutherland was basing on the transgressory dealings of several large USA corporations and distinguished individuals that he had studied, Sutherland first penned the term “White Collar Crime” in (1940), in an attempt to challenge what he considered to be in equalities and classist nature of the attribution of criminal behaviour, arguing that actions of the well to do could also be classified as criminal. His study attempted to do basically one of two things (i.e.), present evidence that members of upper social class commit many crimes and that these crimes should be included within the general theories of criminal behaviour. Now thought restrictive and gives a platform of debate contemporary writers like Hazel Croall, (1989), argue that although white-collar crime is traditionally associated with high status and respectable offenders they point that if strict adherence is kept to his definition, a high number of offences such as crimes committed against insurers and credit card offences will not be classified as white collar due to the fact that they are not carried out during the miscreants occupation. Supporting Sutherland’s position is the finding that, majority respondents hold material and/or, esteem seeking by (PEPs proper or elite), for the prevalence of corruption and money-laundering at grand level stage, than those individuals of lower occupational socio-economic categories that are less exposed albeit at grand level stage, “driven” by “socio-economic conditions of existence” (largely created by the former),

Still confirming the prevalence of corruption-led ML in Zimbabwe and the Gvt/public sector officials, banking sector owner/executives and line functionary management and a minority individuals/private persons/business (other) as most exposed and indulging (PEPs), newspapers and respondents alike also rated another relatively lower occupational socio-economic PEP grouping, the Law-Enforcement Agencies, particularly the Zimbabwe Republic Police (ZRP) as also most exposed. Nonetheless, because they are unlike the PEPs “proper”, who qualitatively and empirically have been shown in a number of studies, and in this study, as material and or esteem seeking, they others in their categories are better regarded as “Vulnerable Individuals” (VIs’) (i.e.) those individuals who are “forced”, as it were, by their socio-economic and, politic conditions of existence (largely created by the

corruption and ML of “real” PEPs, to engage in corruption and ML practices. This position is supported by a majority of respondents who hold both “poor governance systems” and “poor socio-economic conditions” stocking the country for a long time, more responsible for the enormity of fast-growing scourge(s) of corruption-led laundering through formal and informal channels (particularly banks/financial institutions) in Zimbabwe.

However, despite their enormity and increasing scale across Zimbabwe, the study found out both Corruption and Money-Laundering have not had the recognition they deserve, and tend to fall between the gaps of several local AML/AC agency regimes, including the police. As the offenders laundering the proceeds of corruption continue to prove difficult to prosecute in some instances because of their political ‘correctness’, and also because of other weaknesses inherent in the country’s AML/AC combat safeguards laws, (as the study found out). It is clear that there remains vulnerable victims, top on the list banks themselves, their employees and customers to protect, and other crimes that demand ML (e.g.) fraud and tax evasion, externalisation of foreign currency to mention but just a few to be prevented. It becomes most important that those agencies and authorities do not abandon their responsibilities in confronting them.

Confirming this need, the Minister of Finance Patrick Chinamasa in his 2017 first quarter monetary presentation to parliament reported that the Central Bank (RBZ) had received (400) ML Suspicious Transactions Report (STR) cases mainly from banks. Attributed this increase in the number of identified ‘suspicious’ transaction cases were the increase in the monitoring and inter-institutional co-operation within the local financial services sector he said. Mr Chinamasa however complained that non-financial sectors (DNFBPs) like Casinos, Real Estate, Legal Profession, Precious Stones and metal industry, were ‘lagging behind’ in implementing the AML/ATF safeguards by not being part of the designated reporting sector which increases the risks of introducing laundering through trust accounts to the detriment of the entire financial sector.

Guided by objectives of study thus, a select **(6)** and richly discussed case study files extracted from the (116) exposes listed in **[Appendix C1.1 – C1-116]** of this report,

as emanating from mainly, as alluded, secondary evidence, to wit; <sup>1</sup> The mass-media/newspaper reports and documentaries of “Identified Politically Exposed Persons” (PEPs), as perpetrators of corruption and laundering: their arrests/non-arrests, court appearances and sentences, those still to receive Police, ZACC and criminal Courts’ full attention etc., and, <sup>2</sup> Official forwarded Police and the Zimbabwe Anti-Corruption Commission (ZAAC) case files of (PEPs ) in both private and public sector enterprises including the banking/financial sector arrested for real financial fraud, abuse of office/corruption and externalization of foreign currency. Qualitatively and quantitatively, most animating of these corruption and ML/laundrying – (in-bound/out-bound) types crime series techniques and their variations within the Zimbabwean context (as also identified in Chapter 1, can be stratified within three distinct areas:

1. ***Public Sector (Public Officials)*** - Corruption and ML/Laundrying: [Real case study examples -1980-2003+ era]
2. ***Banking Sector (Executives)*** - Corruption, Fraud, ML and Externalization of Foreign Currency cases: [Real case study examples dealt with by the courts - (2003-2009+ era]
3. ***Private sector businesses (other)/members of public*** - ML/laundrying cases, [Real case-study examples dealt with by the courts), (up-to 2017+]

One of the objectives of literature review in this study was to identify what relationship exists between ‘Public sector corrupt launderer/agent – PEP, and, private sector banking - PEPs and, non-PEPs): where the offender(s) commit the crimes, techniques involved, residence/domicile, geographical movements and target or intended destination of the proceeds of crime(s), and, application/implementation of the rule of law as it obtained/obtains (then/now) in Zimbabwe when the phased crimes were/are committed.

Here, two or more quality case study examples under each of the **three distinct areas ‘marked’ [6.1 – 6.4]**, are presented demonstrating the (*what, where, who, how, ‘questions’* aspects/variables of the launderer (PEPS) activity aspects/variables to answer one or more of the study’s key objectives (i.e.); the crime, its unlawfulness,

where committed, by who, modus operandi, (M.O.), financial/economic value descriptors.

Under each of the (6) select case studies falling under the three distinct areas (1-3), will also be discussed indicators and (actual) trends of ML and corruption, as important variables showing the type(s) of business relationship transaction(s) that did/have heightened loss making financial/economic loss-making risks (actual/potential) to banks in particular, and or, any other business and victim (general). When one of these ‘indicators’ is identified on its own, it is not sufficient to suspect ML, yet when several of these indicators concur, this should be seen as identifying to and or identifying suspicions of ML.

Also under each of the select crime trends series case study is included to also answer one or more of the key study objectives, the (3) (FATF) recommended AML prevention and combat pillar frameworks in Zimbabwe, to wit; <sup>1</sup>. Legislative, <sup>2</sup>. Enforcement, and, <sup>3</sup>. Mutual legal assistance (National/International), and, draw conclusions on their applications and effectiveness against patterns of ML and corruption in Zimbabwe in particular and other countries within ESSAMLAG in general. The latter, corruption is as alluded, perceived as the major impediment to successful investigations, prosecutions or judicial proceedings, including searches and seizures of the proceeds of crime in particular externalised foreign currency from Zimbabwe held in overseas banks etc.

Suffice to conclude that, perhaps for better understanding of the (6) corruption and ML/asset laundering crime case study series by PEPs, the analysis distinguishes the corrupt launder players by 3 key identification variables (prescribed in ‘Key Table’ to follow), (i.e.); who they were/are, their associates, country of residence/domicile, techniques, destinations of laundered proceeds, and, the alluded to, AML/AC prevention pillar frameworks, to wit; <sup>1</sup>. The legislative pillar <sup>2</sup>. The law-enforcement pillar, and, <sup>3</sup>. The international / national cooperation pillar and their application / enforcement) as at the obtaining periods in time each of the crime series were committed. The applications of these (3) AML/AC Prevention Pillar Frameworks in Zimbabwe and their effectiveness can perceivably be seen as depended on dictates of the rule of law at the obtaining periods and times of the crimes occurring.

As for the first prevention pillar: “The Legislation”, Zimbabwe has had various pieces of formal legislation designed relevant to prevention and combating of ML and its facilitator crimes before and at the obtaining time of these corruption and ML manifestations occurring. These among them, discussed as alluded to in Chapter [1 and 2], and further examined in each of the corruption and ML related nine-case studies of those indicted and processed through the criminal justice system (courts) (relative to their application and implementation) were/are:

- Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17):
- Prevention of Corruption Act, (Ch. 9:07):
- Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004):
- Criminal Matters (Mutual Assistance) Act (Ch. 9:06):
- Reserve Bank of Zimbabwe Guidelines on Anti-ML and combating Terrorism:
- Bank Use Promotion and suppression of ML Act.,
- ML and Proceeds of Crime Act (Ch. 9:24):

Accented, summarily basing on the analysis of (all) the PEPs tentative profiles by corruption and ML case study activity, the following conclusions were drawn:

1. That all the arrested/indicted suspects/accused were/are adult male persons, within the (41-80+-) age bracket.
2. That most were/are high-level political office holders or high-level public officers
3. That about half were indicted with a single predicate offence while the other remaining half were charged with multiple offences.
4. That in almost all the cases the suspects/accused were charged alone
5. That most of the cases were non-corruption or money-laundering specific with Police and the Prosecution choosing to indict them for lesser or

competent predicate offences: (fraud, smuggling, externalisation of currency, abuse of office) etc.

6. That abuse of office and demanding/receiving gratification were the PEPs dominant techniques of corruption.
7. That in terms of value, the amounts of money involved in corruption-related and corruption specific cases, were/are usually far higher than those involved in ML related, and/or, ML specific, or, both combined corruption and ML cases.
8. Also that overwhelmingly, in majority of all those that had a brush with the law, ,and/or, were at one time or other arrested/indicted in the close to past three decades (1980-2017+) had been granted bail, by the courts.
9. That corruption-specific, and/or, combined money-laundering/corruption-specific cases stayed/stay longer in courts than corruption-related cases, and where both case scenarios exhibited, less likely were the chances of recovering the loot-recovery by the law.

All in all, variables constituted in the **(6)** real case study examples (hereto) portray the profile of a (PEP) as above (40 to 80+-) male, who is either highly-placed socially and economically, and/or, who is associated to a political office holder, most of cases, a civil servant, or, private or business person of wealth, affiliated to a political party/or people of certain political persuasions - fingered for, or, charged with a single corruption-linked or specific offence, with accomplices and where usually granted bail, his trial is delayed.

The profiles of both public sector and corporate private banking/financial institutions PEPs contextualised real case studies that follow are guided by the ‘**KEY**’ below:

**KEY:**

- 1.0: Individual corrupt and launderer players (PEPs) involved
- 1.1: Residence/Domicile of PEPs/Non-PEPs
- 2.0: Trends: (under this variable, PEPs are identified with the commission of acts of M/L/Asset laundering as an agent of corruption and other Organised/Non-Organised predicate economic/financial crimes within and outside the country



3.0: Anti-ML: Prevention/Legislation, Enforcement and  
International Corporation Pillars: (The rule of law in Zimbabwe to combat  
ML and Corruption, the latter as an impediment to AML).

**7.2: Select List of Six Richly Discussed [Peps] Profiles - Arrests / Indictments -  
(Period 1982 – 2017+):**

**7.2.1: Case Study [1 of 6]: State V's B.S. Paweni: GVT/GMB Drought Relief  
Maize Tender Corruption, Fraud & ML Scandal (1982-84):**

The first known and documented Zimbabwean corruption and ML related crime series is the (+Z\$ 6 million) GMB Imported Drought Relief Transportation - (1983-1984), Corruption and Fraud-led ML Scandal, involving Bernard Paweni (then) a politically connected prominent businessman whose associations in the ruling party included the now late (Hon) Kumbirayi Kangai (then) Minister of Agriculture.

Circumstantially, according to press: (*Daily News, The Herald, Bulawayo Chronicle, The Sunday Mail, et.al., 2007/2009*), *police and court records*; between 1982, and 1984, and on diverse occasions the then Agricultural Minister 'Honourable' Kumbirayi Kangayi, irregularly following formal tender procedures awarded a Government tender contract to Bernard Samson Paweni's company to import and distribute grain from South Africa to affected areas in Zimbabwe. Subsequent to awarding of the tender, Paweni and his company, issued irregular inflated invoices of (+Z\$ 6 million) which the Minister signed authorizing payment into the former's local bank accounts while allegedly aware that they were fraudulent.

Following payments made into his bank accounts, Bernard Paweni's went on diversely to withdraw, and or make electronic disbursements payable to certain third parties and associates alike, allegedly for services rendered etc. an activity indicating suspected or actual money/asset laundering (placement, layering, and integration play out) facilitated by the Minister of course, as having taken place.

Only Bernard Samson Paweni was arrested, prosecuted, and jailed for this massive fraud. It is worthy to note that while Bernard Samson Paweni was arrested and arraigned before the courts leading his being thrown into jail, but only for the several counts of invoice fraud, to the loss and prejudice of the Grain Marketing Board (GMB) and its principal the State, the Minister Kumbirai Kangai was never called to account directly/indirectly, and or, called to sanction criminally or otherwise for his (suspected) hand in the scam.

In terms of the Serious Offences (Confiscation of Profits) under Criminal Procedure and Evidence Act (1983), (now) Serious Offences (Confiscation of Profits) Act (1990), and subsequent provisions of the Prevention of Corruption Act., the Presidential Powers (Temporary Measures) (Amendment of Criminal Procedure and Evidence Act) Regulations 2004, as read with certain other amendments criminalising ML in Zimbabwe; one would/can soundly argue that the Minister could also have been successfully charged firstly for corruption and, secondly and thirdly, fraud and ML as an accomplice.

Here, the criminal investigation hypothesis of “deductive argument”, , can be used to support the theory of complicity between the two: “Deductive argument” hypothesis implies the carrying through of a logical reasoning or substantiation of the general to the particular facts basing from a situation’s general occurrences as well as the relevant phenomena and circumstances can lead (tested objectively) can lead to verifiable conclusions about a theory to a crime (Van der Walt et al 1982; Jordan et. al., 1982; Marais 1989). The road map, pertinent to this hypothesis, points to the actual fraud acts/conducts occurrence that began first; with the Minister’s okaying of undisputed irregular Gvt tender award, and secondly his signing-off of the over-stated invoices that culminated into payments totalling (+Z\$ 6 million) to Paweni’s back accounts and the laundering, as the motive. Suffice to state that qualitatively, ML (dependant with variety), has a traceable pattern comprising placement, layering and integration stages. However not every model of ML carries all three stages, it can be one or more. In this case all the three stages were arguably present.

Thus, the fact that only Paweni later got arrested and was convicted of the fraud and not the Minister is suggestive or evident enough to suggest the existence of the practice of selective application of the law by the State apparatuses in Zimbabwe born since then (i.e.) where those with political and economic influence have since then gotten away, and continue to get away with corruption and its spoils despite overwhelming evidence pointing towards them, while those of lesser economic and political power, have continued being singled out and prosecuted like what happened to Bernard Paweni. Perhaps ‘a typical case of the big fish and small fish in a pond scenario’ one would say: where the small fish is sacrificed to deflect attention from the real culprits, the big fish.

Safe to conclude here that, this case study alone brings more evidence vindicating the argument that political “power” of corruption as a factor to ML, adversely affects the implementation and effective functioning of AML regimes/agencies in Zimbabwe and other jurisdictions experiencing similar patterns of ML and grand corruption. Zimbabwe’s public sector and financial world’s first experiences with Mr Paweni, case was surely not to be the last in which corruption a major predicate offence is shown in all the empiric case study examples forming the core of this Chapter to underlie ML/laundering in Zimbabwe and beyond.

At the time of this study being carried out, both Bernard Samson Paweni and Kumbirai Kangai had long since died. Bernard Samson Paweni died while serving his time at Chikurubi Maximum Prison Harare around early 1990’s.

**Country of Origins>Residence of PEPs >Corruption & ML indicators / trends):**

The two PEPs connected to this case were native black Zimbabweans and prominent and well known across the country by virtue of their positions in society. Kumbirayi Kangayi (Mr) was a Zimbabwe Government Minister of Agriculture, whereas Bernard Paweni (Mr) was a prominent indigenous businessman politically connected to politicians in government. Both were at all relevant and material times living and resident in Zimbabwe at the time and period when this GMB (Grain Marketing Board) case in which only the latter Bernard Paweni was charged for Fraud.

The fact that only Bernard Paweni was charged just for fraud should not absolve both the other charges had they been preferred by the police and State Prosecution, this study findings concluded. Here the road map to the actual fraud for which Bernard Paweni as sole accused was charged began with the Government minister's signing of the irregular GMB imported maize transportation tender award to (he) Paweni's company (Paweni Transport). The second offending by the Minister indicating collusion was the signing of irregular, and or, fictitious - over prized invoices by Paweni and company causing (Z\$ 6 Million) fraudulent payment. The millions paid into Paweni's bank accounts were moved between his company and personal accounts. Regular and large payments, including wire transactions that were clearly identified as bona fide transactions to anonymous third part account holders which are commonly associated with illicit fraud deals were made diversely and severally.

***Indicators:***

The following are some of the characteristics that indicate corruption and fraud-led ML/laundry activities played out by one, or both (Paweni and Minister of Agriculture) in this reviewed/surveyed case study scum(s).

***Bribery, fraud.***

- Infiltration of power bodies, (i.e.) seeking association with PEPs/Non-PEP particularly one or more holding political positions or connected to people in power to obtain favours including government tender awards.
- Corruption, Fraud and or, forgery and uttering.
- Unexplained cash or electronic fund transfers beneficiaries by a PEP/Non-PEP on an in and out basis or without passing through an account.
- Use of letters of credit and other methods of trade finance to move money between accounts where such trade is not consistent with the customer's usual business.
- Known PEP/Non-PEP who makes regular and large payments, including wire transactions that can be clearly identified as bona fide transactions to, or

receive regular and large payments from, countries which are commonly associated with illicit fraud deals etc.

- Any dealing with an agent where the identity of the ultimate beneficiary or counterparty is undisclosed, contrary to normal procedure for the type of business concerned.
- Unusual large cash deposits made by an individual or company whose normal business activities would normally be generated by cheques and other instructions
- Improper contributions to political parties / extra ordinary gifts to decision makers.

### ***Actual Trends.***

Empirically, the history of those people who hold positions of authority in society (i.e.) government/public sector enterprises as well as private sector businesses are usually perpetrators of the offences of corruption, and or bribery, fraud, and ML. Empirically, corruption was given birth in Zimbabwe at the on-set of this case. Here the road map to the actual fraud for which Bernard Paweni as sole accused was charged began from the moment the government ministers signed the irregular GMB imported maize transportation tender award to (he) Paweni's company (Paweni Transport). Generically a corrupt act is an unlawful and intentional offering to, or, agreeing with a person to give any consideration in return for action or inaction. It also involves unlawfully and intentionally agreeing to accept a consideration in return for action or inaction by him/her. The irregular government tender award which can be construed as having been deliberate and a sign of undue favouritism towards Paweni indicate motive for the fraud and ML that ensued.

As for fraud by itself, Section 137 of the Criminal Law (Codification and Reform) Act [Chapter 9:23] fraud/counterfeit/forgery have common elements which involve misrepresentation, inducement or deception which cause actual/potential prejudice (financial or image reputation. This to say the use of counterfeit bank notes or forged documents is also considered a fraud.

Permitted, this would have been the first recorded case of grand/public or bureaucratic corruption which manifested into the fraud and ML (as may have been

planned) leading to only Paweni's arrest and conviction. As to why police and the courts prosecution chose not to also charge the minister or both for corruption can only now be guesswork. Brief reflections on this research conclusion(s) on this aspect are carried under the Law Enforcement Pillar following the legislative framework hereunder.

### **The Legislative Pillar:**

The formal legal provisions already in place in Zimbabwe touching on corruption, fraud and ML during the period, and or at the time this case(s) here surveyed taking place (i.e.) (1982/1984), were/are: <sup>1</sup> The Serious Offences (Confiscation of Profits) Act, (Ch. 9:17); <sup>2</sup> The Criminal Procedure and Evidence Act, (Ch. 9:07); <sup>3</sup> Criminal Matters (Mutual Assistance) Act (Ch. 9:06); <sup>4</sup> Prevention of Corruption Act, (Ch. 9:16) : Qualitatively, these are accentuated summarily as follows:

The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17): This Act., makes ML an offence. Its enactment was meant to increase the country's effectiveness in identifying instrumentalities of ML related predicate offences, their investigation, prosecution, tracing and, and enhancing cooperation with other jurisdictions to confiscate their proceeds crime that can be used to further crimes (organised/non-organised) including externalisation of foreign currency etc.

Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004): Under this Act, suspects of ML and or, related predicate crimes such as corruption, violation of the exchange control regulations (i.e.) smuggling and externalisation of foreign currency, terrorism or subversion etc. can be arrested and detained for 21 days without right to bail to facilitate full police investigations.

Criminal Matters (Mutual Assistance) Act (Ch. 9:06): The Act recognizes ML as a trans-national crime and seeks the fostering of cooperation between the Reserve Bank FIU, the police, and the National Prosecution Authority (NPA) with their fellow regional and international counterparts. At the time

of writing the (RBZ) FIUs international co-operation was restricted to the ESAAMLG region given that Zimbabwe remained outside the Egmont Group.

The Prevention of Corruption Act: criminalises corruption a leading predicate offence. Persons suspected of having committed the crime can be specified by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will investigate the matter in order to give substance to the suspicion. The special investigator, and or, a police investigator, has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

What makes this case study unique is that this was the first suspected corruption-tainted economic/financial fraud case registered in Zimbabwe from the time the country gained its independence in 1980. Also unique about it is its being the first registered economic/financial scandal involving two real (PEPs): a public office holder – Minister of Agriculture Kumbirai Kangai, and, a non-public office holder and highly politically connected business man Bernard Paweni in which despite there being in place some semblance of adequate pieces of legal provisions in the country no action politically, administratively, and, legally was taken by government and the police for the former's strongly suspected facilitation to the scam's success by the former. .

### **The Enforcement Pillar:**

Also pertinent to the AML law enforcement pillar, during the period and time of this surveyed case study taking place, (1982/1984), the pieces of legal provisions Zimbabwe already had and in its work making certain amendments to consolidate

the existing laws (as described) relevant to the combating of ML and also corruption in particular The Serious Offences (Confiscation of Profits) Act (Ch. 9:17) and the Prevention of Corruption Act, (Chapter 9:07): which on its / their part; empowered/empower the police to investigate ML and also, to enable them to confiscate, and, where appropriate to secure the forfeiture of the proceeds of the crime. In addition, the Act(s) empowered/empowers Investigating officers to obtain information from financial institutions about, a person/persons or organisation's financial status, and or about, transactions that are important for their investigations. Typically, also these legal provisions provided/provide for the lifting of the corporate veil in circumstances where individuals use public and private enterprise companies to commit offences to sustain enjoyment of the profits or their reinvestment in future crimes. Further it/they also provided/provides for the seizure, forfeiture, and confiscation of tainted assets/property

The case(s) cited in this crime series involve suspected corruption, actual fraud and laundering offence activities, the former two as predicates of the latter, involving: <sup>1</sup>: an irregular Government tender award, and; <sup>2</sup>: approving payments against fraudulent (over-invoiced) claims by the (then) Min of Agriculture in favour of Bernard Paweni/his certain company bank accounts against which the latter directly benefited and also the former ought to have benefited financially and economically through quantitative varied disbursements made these accounts resulting in (US\$ 6 Million) worth of loss to government's Ministry of Agriculture, and or Treasury (Police, RBZ).

Noteworthy mentioning is that, under the existing Zimbabwean legislation (then) when the crime(s) were committed (1982/1984), there was no offence specifically named corruption (RBZ). Rather there were acts constituting a corrupt conduct. A corrupt conduct is (in part) an unlawful and intentional offering to or agreeing with a person to give consideration in return for action or inaction by him/her (RBZ). During the same period also (1982-1984), the offence of ML had not yet been specifically defined in Zimbabwe. Could this explain why Bernard Paweni alone was charged for the underlying predicate offence of fraud, yet the relevant acts constituting a corrupt conduct as those exhibited in the Minister's irregular awarding of the GMB tender to Paweni and company, and the irregular signing of the



fraudulent inflated invoices (completing the fraud road map) were present but not invoked by the law?

Alluded to, as to why police and the courts prosecution chose not to also charge the minister or both for corruption can only now be conjecture. Left to this study alone, basing on evidence (qualitative and quantitative), the conclusion could be anything from: firstly, the lack of knowledge and appreciation of the (then) emerging phenomena of corruption-led ML gaps in its legal and law-enforcement infrastructures, operational capacities (i.e.) low investigational abilities., and secondly, succumbing to political pressure not to embarrass government could have left the police and prosecution with no choice but to choose the easy route...charge Paweni only with fraud.

These arguments to examine (Law-enforcement) - Police action or inaction, while now seemingly secondary in a post-mortem of a case that has since ‘died’ and finalised, and can be rested for another day, are in the ‘eyes’ of the study crucial in the understanding the trends of ML and appreciating its strategic importance to the underlying criminal activities that generate the profits

#### **7.2.2: Case Study [2 of 6]: State V’s M Nyagumbo (et.al.): The Willovale “Willogate” Corruption/ML Scandal (1988-89):**

##### ***(Paradox of a ‘Bee-Line’ for Toyota Cressida Cars by Gvt Ministers (1988/89):***

Qualitatively, the (1988-1989), Bank of Credit and Commerce (BCC) / Government cheap car loan scheme for Government Ministers (that got adulterated with corruption), became the second highly publicised and documented financial/economic ‘graft-led’ money/asset laundering scandal after the Paweni GMB corruption-fraud case. This bank-funded cheap vehicle loan scheme was meant to give senior civil servants in particular cabinet ministers a head-start to owning their own new vehicles, at a time when it was not yet fashionable for the ordinary man to drive own private new car, let alone a Toyota Cressida in the country when also back then, only government ministers could only manage to drive scarce government chaffier driven Mercedes Benz cars.

To qualify for the loan, each prospective beneficiary Minister had to open an account in his/her name with local banks into which, the loan amount(s). From this, each Minister would then approach Willovale Motor Industry (then) the only car production plant in Zimbabwe to buy the Toyota Cressida sedan car at the going price of Z\$25 000.00. The Ministers made a bee-line scrambling for the few cars that Willovale already under pressure to produce more and deliver to satisfy demand, could only supply each of them on first come basis. Among the early beneficiaries of the scheme were Cabinet Ministers, the likes of Morris Nyagumbo, Enos Nkala, Calistus Ndlovu, and Kumbirayi Kangayi, Enos Chikowore, F Shava, Enock Porusingazi, et.al., scheme went sour when among these first beneficiaries the likes of Morris Nyagumbo, Enos Nkala, Enos Chikowore, and F Shava were fingered for corruption having obtained more than one of the new cars, and, started the business of re-selling the same extras to motor vehicle sale companies and interested members of the public at 200% profit (i.e.) Z\$ 75 000.00).

As court records will have it, Cabinet Ministers, in particular Morris Nyagumbo, and the Midlands Province Frederick Shava and others using their “power” of PEPs, and high public office in government, wrongfully and unlawfully immersed themselves in ‘bee-line’ queue of bribery and political interference to get more than their fair share of one each of the Z\$25 000.00 factory (off-the-line) “Toyota Cressida” allotted cars – in the special agreement between government, BCC and Willovale Motor Industry Limited Zimbabwe management board. Morris Nyagumbo, F Shava and others not mentioned, upon getting more than their fair share, intentionally proceeded to register the same in their wives and other relatives names to hide their transgressory behaviours before selling them (just as new) to garages and private persons in the country at inflated (200%) profit above the special rate discounted retail price of Z\$25 000.00, (i.e.  $Z\$ 25000.00 + Z\$ 50\ 000.00 = Z\$ 75\ 000.00$ ) over and above the government guarantee/bank discounted facility factory value prize of (Z\$ 75 000,000) – causing a furore as the public demanded that the corruption be investigated and stopped by (it) government.

In those early days, the then State President Robert Gabriel Mugabe set up a commission of enquiry headed by High Court Judge Wilson Sandura - (known from

then on by its 'moniker' name, as 'The Sandura Commission') to look into the transgressory behaviours of his cabinet members. The Commission left a trail of victims in its path. The first casualty to fall on his sword was Morris Nyagumbo who upon being formally charged for perjury, and, news breaking out that another of the ministers F Shava was also to face perjury charges, committed suicide. The nation had never known why Morris Nyagumbo committed suicide apart from guessing the man of 'politics' could not stand the humiliation.

At the same time, the media reported the (then) Chronicle newspaper reporters, Geoffrey Nyarota and Davison Mariziva as having been removed from their posts...their crime; whistle blowing; exposing the scum. Back then, it was not yet fashionable a thing to do to for the media people to expose government, its principal agents, and or, those politically connected.

Shava the only other Minister to face charges of perjury was convicted by a Harare Regional Court Magistrate and sentenced to a certain jail term. He was convicted and sentenced to nine months prison term but received a 'Presidential Pardon' from his 'excellency' President R.G. Mugabe after spending only one night/few hours in jail and was released. Back in society, he was re-appointed as a functionary in government by the President R.G. Mugabe. At the time of writing the former (Midlands Province Governor) was still serving the Government at a foreign mission overseas.

It is important to note at this juncture that, during the obtaining period surveyed (1988-1989), Corruption as a specific offence was not in existence in Zimbabwe's Statutes. Rather there were acts constituting a corrupt conduct (Police, RBZ). Generically, a corrupt conduct is unlawful and intentional offering to or agreeing with a person to give and consideration in return for action or in-action by him. It also involves unlawfully and intentionally agreeing to accept a consideration in return for action or inaction by him. Both the person taking the bribe and the one offering are criminally liable. By using their positions of authority in Government to be awarded favours to buy more cheap cars with the sole objective to profiteer Shava and Nyagumbo committed not only corruption but laundering. As to why they

were only charged for perjury and not certain of the acts constituting corruption (then), should be an argument left for another day.

**Country of origins>Residence of PEPs > (Corruption & ML Indicators/Trends):**

All the PEPs involved were indigenous Zimbabwean black male/female adults aged above (25), who at the time of engaging in corrupt conducts held political positions as senior ruling party government ministers...senior civil servants if you may. All had come back from the war of liberation from bases in Mozambique, other front-line States and countries abroad to settle into their government appointed positions.

***Indicators:***

- As alluded, a corrupt conduct leading to laundering can be/is characterised by the following indicators:
- Unlawful and intentional offering to or agreeing with a person to give any consideration in return for action or inaction;
- Corruptly using a false document
- Concealing a personal interest in transaction from one's principal,
- Corruption/Bribery [Criminal abuse of office as a public officer]

**Actual trends:**

In this case also it can be seen that people who hold positions of authority in Government, the public sector enterprises as well as private sector businesses such as Government Ministers are player perpetrators of the offences of corruption and money/asset laundering. Here the corrupt act was evidenced by unlawfully and intentionally to accept a consideration or considerations from Willovale Motor Industries by government minister in the form of Toyota Cressida motor vehicles received by each or every one of those involved above his/her, their quota allocation, in this case one car.

***The Legislative Pillar:***

Pertinent to this case taking place (i.e.) during period (1988-1989), the following formal legal provisions touching on corruption, and ML were already in existence in Zimbabwe: <sup>1</sup> The Serious Offences (Confiscation of Profits) Act, (Ch. 9:17; <sup>2</sup> The

Criminal Procedure and Evidence Act (Ch. 9:07); <sup>3</sup> The Prevention of Corruption Act (Ch. 9:16); the Criminal Matters (Mutual Assistance) Act (Ch. 9:06); and, <sup>4</sup> The 'Prevention of Corruption Act. These provisions are accentuated as follows:

The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17): This Act makes ML an offence. Its enactment was meant to increase the country's effectiveness in identifying instrumentalities of ML related predicate offences, their investigation, prosecution, tracing and, and enhancing cooperation with other jurisdictions to confiscate their proceeds crime that can be used to further crimes (organised/non-organised) including externalisation of foreign currency etc.

The Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004): Under this Act, suspects of ML and or, related predicate crimes such as corruption, violation of the exchange control regulations (i.e.) smuggling and externalisation of foreign currency, terrorism or subversion etc. can be arrested and detained for 21 days without right to bail to facilitate full police investigations. Criminal Matters (Mutual Assistance) Act (Ch. 9:06): The Act recognizes ML as a trans-national crime.

The Prevention of Corruption Act: (criminalised/criminalises corruption which as stated is a major predicate offence for ML. Individuals and organisations suspected of having committed the crime can be specified (today) by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done in order to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and or, a police investigator, has the power to search premises, collect crime

information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

### **The Enforcement Pillar:**

Pertinent to mention that, prior to the enactment of the Prevention of Corruption Act (1990), there was no specified offence named corruption, other than certain acts constituting a corrupt conduct. The Act now criminalises corruption which is a major predicate offence for ML (Common Law, Serious offences (Confiscation of Profits Act) (1990). Individuals and organisations suspected of having committed the crime can be specified by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done in order to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and or, police investigator has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

In terms of the law in Zimbabwe, the 'Serious Offences (Confiscation of Profits) Act (1990)', (then/now) empowered/empowers the police to investigate ML and also to enable them to confiscate, and, where appropriate, to secure the forfeiture of the proceeds of the crime.

In addition, the Act empowered/empowers (then/now) Police and RBZ Financial Intelligence Unit (FIU) investigating officers to obtain information from financial institutions about, a person/persons or organisation's financial status, and or about, transactions that are important for their investigations in corruption and suspected/actual ML matters.

The Act typically also provided/provides (then/now) for the lifting of the corporate veil in circumstances where individuals use companies (public /private) to commit

offences. Further it provided/provides for the seizure, forfeiture and confiscation of tainted assets/property

Further also, according to the Bank Use Promotion and Suppression of ML Act., an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

The Act also indemnifies designated institutions, officers, employees or other representatives of the institutions from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. The RBZ Financial Intelligent Unit (FIU) are similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF.

These cited AML/AC legal provisions' were applied to the latter resulting in the indictment and arraignment of the late Senior Minister Morris Nyagumbo (then alive) for engaging in 'corrupt conduct'. The then Midlands Province Governor Frederick Shava on his part was charged for perjury, a common law offence in Zimbabwe and elsewhere This after he, while under oath as a witness in 'corrupt act' criminal proceedings against Morris Nyagumbo et al., made certain unlawful and intentional declarations (Harare Magistrates 1988/89, Court Record). Perjury at common law consists in the unlawful, intentional making of a false declaration under oath (or in a form allowed by law to be substituted for an oath in the course of legal proceedings).

### **7.2.3: Case Study [3 of 6]: State vs. C Kuruneri -ML/Illegal Currency**

#### **Externalisation:**

A former Finance Minister Christopher Kuruneri became the first member of cabinet under former President Robert Mugabe's administration to face criminal charges

when he was arrested on, 24<sup>th</sup> April, 2004, a Saturday, for externalizing suspected laundered funds in foreign currency. (i.e.), (US\$ 1.082 million), (£34 471) British pounds, and, (30 000 Euro) - equivalent to (Zim local currency at the obtaining period/time). He was also accused of holding dual citizenship, then not permissible under the Zimbabwean constitution. Following arrest, he spend more than a year in remand prison, and, after (10) appeals for bail, he was finally released by Chief Justice Godfrey Chidyausiku on bail, and later tried and acquitted by the High Court of Zimbabwe in 2007.

It was the State's case summary facts, that, Kuruneri had on diverse and various occasions, violated provisions of the Exchange Control Act, Chapter 22:05, in that during the period from March, 2002, to 2004, while in Zimbabwe, he, through diverse activities of internal money/asset laundering (unknown to the Public Prosecutor): illegally acquired foreign currency in varying amounts from unauthorized dealers amounting, to wit; as alluded, (US\$ 1.082 million), British Pounds Sterling 34 371.00, and, Euro 30 000.00; in order to externalise South Africa for purposes of carrying out certain investment objectives. Subsequent and to meet these certain investment objective (i.e.) buying real estate and cars, he then exported the illicit proceeds to South Africa through his South African agent, one Christopher Heyman, Director of Venture Projects and Associates, a company he had contracted to manage his businesses affairs there in South Africa while he remained in Zimbabwe. The contract included, the reconstruction of one of his private business premises, and buying three residential properties (x1 house in Cape Town valued at SAR 2.7 million, (x1) house, and, an apartment in Johannesburg valued cumulatively at SAR 2.5 million); and procurement of other assets including a personal Mercedes Benz vehicle to use whenever he Kuruneri visited South Africa, valued at SAR 547 734.00: all payable mainly using the foreign currency illegally exported and further laundered in that country.

The State further alleged that, on the 6<sup>th</sup> of March 2002, Kuruneri unlawfully caused a Zimbabwean bank, the Commercial Bank of Zimbabwe (CBZ), to transfer SAR 5.2 million to CB Nil and Partners, his lawyers in South Africa as payment for the purchase of yet another property, in Cape Town for an undisclosed figure. All the identified and mentioned immovable properties were registered in the name of a



company known as Choice Decisions 113 PTY Limited, in which as it turned out Christopher Kuruneri was the sole director. Mr Kuruneri's dealings came to the fore when certain quarters in the South African media started to question some of his business and private dealings relating to property acquisition and payment of taxes declaration issues.

During trial in the High Court, Kuruneri averred that his actions of repatriating foreign currents were lawful and that all the funds for which charged (SAR 53 348 864.00 Million equivalent to US. Dollars and UK Pounds Sterling money), were derived from private consultancy work leaving him free to invest anywhere he wished. According to the State, however, in terms of the Exchange Control Regulations guidelines (2002), if one earns any money while resident outside Zimbabwe, that money must be declared and brought into the country legally. The High Court thus rejected his defence's request to have all externalising charges dismissed. It is generally believed that he (Kuruneri) was sacrificed for political purposes. The High Court threw out all seven charges against Kuruneri on 27 July 2007. In her judgment, Justice Susan Mavangira said the state had failed to prove a prima facie case against Chris Kuruneri.

About trends: the offence is committed when individuals or companies say, exports goods or services and deliberately fail to repatriate the proceeds. Throughout literature in various other studies similar to this one, individuals have been recorded to divert company funds into personal accounts on the pretext that they are importing goods and in turn divert the funds for other uses abroad Companies

**Country of Origin>Residence of PEP> Corruption & ML Indicators / Trends:**

A black male adult born and bred in Zimbabwe, who at the time of arrest held a public office as an appointed government Minister of Finance. Qualitatively, prior to being appointed Minister of Finance, Christopher Kuruneri worked for various organizations in the region and abroad, including South Africa as a finance and accounting expert (media).

Reading through his charges, Christopher Kuruneri's case(s) have all the hall-marks which lead to conclusions regarding the types and trends of criminal activities

characteristic of a PEP living and carrying out out-bound ML/asset laundering from his residence or domicile country, in this case Zimbabwe. The alleged criminal activities encompassing buying and selling foreign currency, money/asset laundering by way of externalisation and depositing into banks in South Africa through his agent(s) for distribution to buy residential and business properties, and also buying luxury Mercedes Benz cars there in South Africa can be classified as consistent with a lone launderer operator, and or, syndicated launderer bend or intent on committing out-bound or external money/asset laundering activities right from the time he decided to commit these alleged economic crime(s)...as empirically shown, to serve certain investment objectives alluded to hereto.

Irrespective of the definition of type of ML adopted, there is a general consensus that systematic (rather than haphazard) ML usually has a traceable pattern comprising: <sup>1</sup> the placement stage, like in this case where some of the ill-gotten proceeds or predestined assets are placed in a foreign country's financial system; <sup>2</sup> the layering stage where numerous transactions are carried out with the assets or proceeds; and <sup>3</sup> The integration stage, where the result of placement and layering is placed at the disposal of the actual perpetrator of the crime or would be criminal (Goredema). The commission of all, and or, anyone of the three model stages in this surveyed report of Christopher Kuruneri would have been sufficient indicators or for-guilt of money/asset laundering by the suspect/accused.

***Indicators:***

Apart from the three model elements to indicate money/asset laundering, the following are some of the indicators or characteristics of both out-bound and incoming laundering of proceeds identified with this surveyed case report.

- Engage in certain activities of money/asset laundering, buy and selling foreign currency with the intent to further carrying out certain other investment objectives outside the country of domicile
- Opening off-shore foreign denominated bank accounts using associates or agents, for depositing ill-gotten proceeds (cash/cheques) earned without economic justification.

- Carrying out financial transactions revealing several suspicious indications; (transit account, “one-off” transaction, no economic justification, use of natural person’s account data to carry out a transfer or several transfers between say one or more foreign domiciled banks abroad.
- Frequent paying in of traveller’s cheques of foreign currency drafts, particularly if originating from overseas and vice versa.
- The use of multiple accounts to collect and then channel funds to a small number of foreign beneficiaries, both individuals and businesses, particularly when these are in locations of specific concern.
- Use of letters of credit and other methods of trade finance to move money between countries where such trade, is not consistent with the customer’s usual business.
- Known PEP makes regular and large payments, including wire transactions that can be clearly identified as bona fide transactions to, or receive regular and large payments from, countries which are commonly associated with the production, processing or marketing of gold or diamonds etc.
- Any dealing with an agent where the identity of the ultimate beneficiary or counterparty is undisclosed, contrary to normal procedure for the type of business concerned.
- Non-registration or non-remittance of tax due to the state.

***Actual trends:***

Qualitatively, both people who hold positions of authority in Government the public sector as well as private sector business players including the banking sector; are perpetrators of the crimes of corruption, laundering and externalisation of foreign currency/assets. Corrupt/ bribery and tax evasion acts in Zimbabwe for example have been evident in use of false documents, concealing a personal interest in a transaction from principal among many.

Also qualitatively, in cases involving illegal currency externalization, the offence is committed when individuals or companies export goods or services and deliberately fail to repatriate the proceeds, and pay taxes due to the State. Literature in previous studies notes that individuals divert company funds into personal accounts on the

pretext that they are exporting or importing goods and in turn divert the funds for other uses abroad, Companies in some instances export their goods and fail to repatriate the full value of such business activity transactions – a deliberate move to evade the payment of duty, and or taxes for example. The offence of tax evasion is the result of deliberate suppression of facts or the deliberate distortion of facts for the purposes of evading the payment of taxes due in terms of the law as it obtains in a country in this case Zimbabwe.../ (RBZ). The offence has cross border effects. The attempt to clean the funds usually occurs in another country or separate jurisdiction receiving the smuggled or externalised funds or assets.

According to literature, occurring at and or around the period of this case, was a new trend of cross border tax evasion where foreign businessmen tap business earnings through their personal bank accounts and transfer the same in laundered foreign currency to off-shore bank accounts as allegedly happened with some of the transactions in this case. The 6<sup>th</sup> of March 2002, Commercial Bank of Zimbabwe (CBZ), SAR 5.2 million transfer to CB Nil and Partners, (his), Christopher Kuruneri's lawyers in South Africa as payment for the purchase of yet another property, in Cape Town for an undisclosed figure is a case in point alluded to in the State court case. Elsewhere according to gleaned literature, intelligence evidence then suggested that other preferred destinations then and even at the time of writing were/are China, Malaysia, Mauritius, the British Virgin Islands and the Cayman Islands.

### **The Legislative Pillar:**

Relevant to the combating of ML and also corruption, the latter which by characteristics is a major inhibitor to the effective implementation of international FATF AML/AC standards particularly as they affect banks/financial institutions, Zimbabwe already had among other laws, the following formal legal provisions during the period, and/or, time, the crimes of corruption, externalisation of foreign currency and ML (internal/external), were committed (i.e.) (2002-2004):

- The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17):

- The Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004):
- The Criminal Matters (Mutual Assistance) Act (Ch. 9:06):
- The Prevention of Corruption Act:

Summarily these legal provisions are accentuated as follows:

The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17): This enactment makes ML an offence and meant to increase the country's effectiveness in identifying instrumentalities of ML related predicate offences, their investigation, prosecution, tracing and, enhance cooperation with other jurisdictions to confiscate proceeds of crime that can be used to further increase organised/non-organised crimes including externalisation of foreign currency etc.

The Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004): Under this act, suspects of ML and or, related predicate crimes such as corruption, violation of the exchange control regulations (i.e.) smuggling and externalisation of foreign currency, terrorism or subversion, and tax evasion etc. can be arrested and detained for 21 days without right to bail to facilitate full police investigations.

The Criminal Matters (Mutual Assistance) Act (Ch. 9:06): This act recognizes ML as a transnational crime. This provision is accented as follows:

The Prevention of Corruption Act: Criminalised/criminalises corruption which as stated is a major predicate offence for ML. Individuals and organisations suspected of having committed the crime can be specified (today) by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done in order to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is

required to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and or, a police investigator, has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

Suffice to remind that in its economic history, theoretically and quantitatively, Zimbabwe as alluded herein other preceding [Chapters], has been littered with cases of prominent individuals arrested and charged upon being accused of breaching the Exchange Control Act: (externalizing foreign currency) (albeit) the majority of those persons find themselves being released, acquitted on appeal, and ,skipping the country temporarily or for good – never to be found and brought before the courts to face justice. However on his part, Christopher Kuruneri after acquittal remained in the country and at the time of writing was a commercial farmer having benefited from the government's (2000) land reform programme which from primary evidence remains a perceived enclave for the political elites in Zimbabwe.

### **The Enforcement Pillar:**

The Criminal Justice System housing the (police, courts/justice, prison services) as institutions mandated to effectively manage the implementation determine the success or failure of such laws in Zimbabwe.

Qualitatively and in practice, The enactment of the Serious Offences (Confiscation of Profits) Act (1990), as alluded gives powers to the police among other things to manage the implementation of this law (i.e.), to investigate ML, and also, enabling them to confiscate, and where appropriate, to secure the forfeiture of the proceeds of the crime.

In addition, the Act empowered/empowers investigating officers to obtain information from financial institutions about, a person/persons or organisation's financial status, and or about, transactions that are important for their investigations.

Also qualitatively, the Act typically also provides for the lifting of the corporate veil in circumstances where individuals use companies (public /private) to commit offences. Further it provided/provides for the seizure, forfeiture and confiscation of tainted assets/property

However, of special note is that, the Act, at its initial inception, did not appropriately circumscribe ML and the penalties imposed were small in relation to the preceding predicate crimes committed – making it not deterrent enough would be offenders and or, actual offenders to repeat or commit further ML. Its power though not as deterrent enough, still rested on the provisions allowing police powers to investigate, seize and confiscate proceeds of crime, which is a good departure point for deterring

Qualitatively, under the Prevention of Corruption Act on one hand, the Minister in the responsible for Home Affairs/Anti-Corruption Commission can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done in order to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and or, any police investigating officer has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

Qualitatively, The Bank Use Promotion and suppression of ML Act., (BUPSMML) enactment as alluded, spells out among other AML policy requirements (i.e.): implementing of the Know Your Customer (KYC) principle by banks/financial institutions; spelling out accountable institutions requirements; Penalties for non-compliance with KYC and CDD rules; requirement for banks to set-up FILE as repository of ‘Financial Intelligence’ to supervise/investigate errand banks. Also under this legal provision (all encompassing) (BUPSMML), an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of

particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

Qualitatively, The (BUPSM) Act, also indemnifies designated institutions, officers, employees or other representatives of the institutions from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. The RBZ Financial Intelligence Unit (FIU) are similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF.

### **International Co-operation Pillar:**

Following muting its long term plans as far back as the late (1980's' to early 1990's'), to enter into bilateral cooperation agreements with international bodies that include the EGMOND member countries grouping of Financial Intelligence Units (FIU), to help in identifying, tracing and confiscating proceeds and instrumentalities of crime of laundering, Zimbabwe apart from formerly joining (ESAAMLG), had not done so, let alone signing (MOUs) with other countries outside ESAAMLG, the first step to acquisition of membership. According to the (FATF) international AML/AC standards a country should enter into (MOU) agreements with multilateral organisations, other FATF member countries' Central Banks FIUs, and, accountable financial institutions, in order to get assistance when tracing laundered and externalised funds.

However as transpired, Zimbabwe did not get sufficient cooperation to information, tracing and recovery of the alleged laundered funds to South Africa by Christopher Kuruneru. In the end, upon pleading innocents (to all charges) the suspect/accused was acquitted. Though acquitted he did not get his ministerial job back. The reasons for his acquittal could have been partly that, the State due to non-signing MOU agreements say with South Africa, while able to identify the criminal acts and presented its facts on the basis of formulated hypothesis, was maybe weak to validate the burden of proof in specific terms to support the same formulated hypothesis on ML, exchange control regulations, tax evasion(s) that had taken place in South Africa. This shows to confirm as discussed that, the clandestine nature of ML and



its constituent elements (placement, layering and integration) underplayed by corruption, fraud, externalisation and tax evasion among other predicate offences where investigations, not carried out systemically to be able to be traced can be very difficult to prosecute.

#### **7.2.4: Case Study [4 of 6]: State V's I M Chiminya: Fraud, Corruption & ML:**

On 14 November 2017, following a military-led coup that deposed former President R.G Mugabe on 21/11/1, - was arrested for a plethora of financial/economic crimes for which he had been shielded politically from prosecution for close to two decades (Media).

#### **(Country of Origins>Residence of PEPs > Corruption & ML Indicators/Trends:**

An indigenous black African male adult aged over +65 years (at the time of writing), PEP had/was at all relevant and material times of the crimes being perpetrated resident in Zimbabwe. Returning to the country from the United States of America after independence in 1980, he settled for a lecturer's position at the University of Zimbabwe, following which as early as 1983, he was appointed in various Government Ministerial positions including that of Minister of Education, Finance, and, Home Affairs and, Secretary of Administration for the ruling party etc. until his arrest on 14/11/17 at the height of a military-led coup that toppled former President RG Mugabe. Allegations against him range from crimes back dating 20 years (2004-2017) which include Grand Corruption (i.e.)(Contravening Section 4 (a) of the Prevention of Corruption Act Chapter 9:16 – doing anything contrary to, or inconsistent with his duty as a public officer), Criminal abuse of duty as a Public Officer as defined in Section 12 (1) (a) of the Criminal Law (Codification and Reform) Act, Chapter 9:23, and Fraud causing prejudice to the state, Parastatals, quasi-government bodies, and private persons alike. Proceeds of crime-led ML deals are exhibited in real estate properties that include +11 houses and several other residential and business stands in prime locations of Harare and other cities around the country.

Qualitatively and quantitatively also, PEP allegedly corruptly benefited immensely from the country's economic reform housing cooperative policy establishments, on

vast tracts of prime urban land in the country's major urban cities of Harare Bulawayo and Gweru which he superintended, and also, from Companies and Trusts which he established locally using third parties. The same third parties contacted financial transactions with banks (locally) and (abroad) on his behalf although the external illegal businesses have never been validated. Using his political influence, PEP allegedly also turned to financial institutions, for huge loans at preferential rates of interests, and sometimes dipped into treasury (RBZ) to unjustifiably benefit himself in cheap funded agriculture inputs schemes usually corruptly targeted to benefit political elites.

According to literature, in varieties of both internal and external (outbound/in-bound) ML/asset laundering scheme trends large amounts of money of illegal origin can be integrated into the legal economic system by opening new bank accounts, with different banks, purchasing movable property or real estate including motor vehicles. Such is what PEP practiced. Some of these ML operations can also be conducted for and on behalf of foreign PEPs, by third parties on either side of the boarder that are closely linked to the local PEPs such as the suspect/accused in this case.

***Indicators:***

Some of the other corruption and ML/asset laundering indicators exhibited in Ignatius Chombo (alias) Chiminya's plethora of cases apart from the above include the following:

- Engaging in certain activities of internal ML, and or, asset laundering nature to acquire foreign currency with the intent to further carrying out certain other investment objectives.
- Opening off-show bank accounts using agents, depositing foreign currency (cash/cheques) earned without economic justification.
- Carrying out financial transactions revealing several suspicious indications; (transit account, "one off" transaction, no economic justification, use of natural person's account data to carry out a transfer or several transfers between say one or more foreign domiciled banks abroad.
- Carrying out financial money transfer transactions traded with fraudulent short term commercial bills (promissory notes).

- Frequent paying in of traveller's cheques of foreign currency drafts, particularly if originating from overseas and vice versa.
- Unexplained electronic fund transfers by customers on an in and out basis or without passing through an account.
- The use of multiple accounts to collect and then channel funds to a small number of both local foreign beneficiaries, (individuals and businesses), particularly when these are in locations of specific concern: (for example Southern African region countries among them, Zimbabwe and even South Africa in this case, which because of their socio-economic systems fragility makes them prone to ML).
- Making regular and large payments, including wire transactions that can be clearly identified as bona fide transactions to, or receive regular and large payments from, countries which are commonly associated with the production, processing or marketing of gold or diamonds etc.
- Any dealing with an agent where the identity of the ultimate beneficiary or counterparty is undisclosed, contrary to normal procedure for the type of business concerned.

***Actual trends:***

Again as alluded in above cases, people who hold positions of authority in Government the public sector as well as private sector business players including the banking sector; are perpetrators of the crimes of corruption and laundering. Corrupt/bribery and fraud acts have been evident in use of false documents, concealing a personal interest in a transaction from one's principal, and, asking for favours or showing favouritism in awarding of bank agriculture/farming in-put scheme loans, and being awarded residential, industrial stands as what variedly happened in these cases for which Chombo, variously charged is yet to be tried.

Qualitatively people who hold positions of authority in Government the public sector as well as private sector business players including the banking sector; are perpetrators of corruption, laundering and externalisation of foreign currency/assets. Corrupt/ bribery and tax evasion acts in Zimbabwe for example have been evident in use of false documents, concealing a personal interest in a transaction from one's principal among many.

### **The Legislative Pillar:**

Pertinent to note that during period (2002-2016), when the cases referred above took place, the following formal legal provisions touching on corruption, and ML were already in existence in Zimbabwe: <sup>1</sup>. The Prevention of Corruption Act; 2. The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17); <sup>3</sup>. The Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004); <sup>4</sup>. The Criminal Matters (Mutual Assistance) Act (Ch. 9:06); These provisions are summarily accentuated as follows:

The Prevention of Corruption Act: criminalised/criminalises corruption a major predicate offence to ML. The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17): prescribes ML as an offence. Its enactment was meant to increase the country's effectiveness in identifying instrumentalities of ML related predicate offences, their investigation, prosecution, tracing and, and enhancing cooperation with other jurisdictions to confiscate their proceeds crimes that can be used to commit further crimes (organised/non-organised) including externalisation of foreign currency etc. Further, the Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004): which prescribes that suspects of ML, and related predicate offences such as corruption, violation of the exchange control regulations (i.e.) smuggling and externalisation of foreign currency etc., can be arrested and detained for 21 days without right to bail to facilitate full police investigations. Last but not least, the Criminal Matters (Mutual Assistance) Act (Ch. 9:06); recognizes ML as a transnational crime.

The Bank Use Promotion and suppression of ML Act., (BUPSMML): as alluded spells out among other AML policy requirements (i.e.): implementing of the Know Your Customer (KYC) principle by banks/financial institutions; spelling out accountable institutions requirements; Penalties for non-compliance with KYC and CDD rules; requirement for banks to set-up FILE as repository of 'Financial Intelligence' to supervise/investigate errand banks.

**The Enforcement Pillar:**

The success and failure of effective management and implementation of enacted laws in Zimbabwe rests as alluded on the criminal justice system (police, justice and prison services).

Under the (all encompassing) Bank Use Promotion and Suppression of ML Act., (BUPSMML), an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

The (BUPSMML), also indemnifies designated/cooperating institutions, their officers/employees or other duly appointed representatives from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. Staff of the RBZ Financial Intelligent Unit (FIU) are similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF (RBZ).

During the obtaining periods and times of the alluded to corrupt malfeasancess including multiple acquiring of residential stands/properties, and, internal (within country) asset laundering, (all) during the more than 2 decades as senior member of the ruling party holding decision making positions, and, a Cabinet Minister in one Ministry or other, the Serious Offences (Confiscation of Profits) Act., (1990), empowered (as it still does), the police to investigate ML and also, to enable them to confiscate, and, where appropriate to secure the forfeiture of the proceeds of the crime.

While Zimbabwe as alluded in the literature herein throughout, had been and continued to be littered with cases of prominent individuals arrested and charged upon being accused of breaching the Exchange Control regulations., and some, externalizing foreign currency/assets, but the majority of those/these persons sooner

or later finding themselves being released, acquitted on appeal, and, skipping the country temporarily or for good: this case is slightly different in that all of Ignatius Chombo's malfeasances were internal – suggesting there were/are no indicators of violations of the exchange control Act and externalisation of the millions of laundered proceeds found headed to overseas or off-shore banks by the police or the RBZ.

### **National co-operation Pillar:**

For purposes of increasing the effectiveness of the legislations so enacted to combat ML and predicate offences mainly corruption, fraud and externalisation of foreign currency among others as happened in these criminal case series, the country in line with its regulatory legislative requirements and the ensuing period(s), witnessed the deliberate move to:

- Increase national cooperation and coordination through a national task force, on AML operational issues (RBZ).
- Closer policy coordination through the AML Advisory Committee (AMLAC) whose composition encompassed/encompasses key stakeholder national institutions representative agents on legal, law enforcement (Z.R. Police), RBZ(FIU), and, financial sector (banks).

This National Task Force on (AML) established in terms of the law in Zimbabwe, is chaired by the Director of the RBZ (FIU). Its primary responsibility is to advise the Minister responsible for AML policy.

By collaboration pertinent to this case study, designated institutions and local law enforcement agencies (i.e.) the Zimbabwe Republic Police (ZRP), Zimbabwe Revenue Authority (Zimra), National Prosecuting Authority (NPA), National Economic Conduct (NECI) and Immigration Department (Customs), carried out extensive investigation stretching more than 5 years (2004-2009) to be able to arrest the PEP. Generally, Dr Ignatius Morgan Chombo (alias) Chiminya who, due to systemic public sector grand/bureaucratic type corruption continuing to permeate every sector of society including public bodies such as urban city councils and also, due to his opulence spun out of the series of ill-gotten corruption scandals, political

interference and ring fencing from the corrupt police, had proved highly difficult to arrest until 17 November, 2017, during the proceedings of a military coup that ousted former President, RG Mugabe he was arrested at gun point and arraigned before the courts. At the time of writing his plethora of corruption, internal money-laundering /asset-laundering and other related financial scandals were still pending trial.

#### **7.2.5 Case Study [5 of 6]: State V's R Boka/UM Bank Financial Scandal –**

##### **Fraud / Corruption / ML):**

According to official Registrar of Home Affairs births and deaths records and, from his autobiography published in his Boka group in-house magazine, Roger Basil Nyikadzino Marume Boka was born on 5/11/46. The third of nine children born to a family in a poor rural area of eastern Zimbabwe, his father a carpenter in then Rhodesia worked at a general store. Qualitatively it is said that he always won the best-math-student award at school. Later, the story continued, that, his math smarts helped him build a business empire encompassing interests in publishing, banking, mining and tobacco. He started working as a temporary science teacher at a school in Highfields, Harare in the early 1960's, to become an entrepreneur in a number of business ventures that saw to his owning the following companies along the way:

Boka Watch Repairs (Pvt) Limited

Boka Cosmetics (Pvt) Limited

Boka Book Sales (Pvt) Limited

Boka Gold Mining (Pvt) Limited

Boka Tobacco Auction Floors (Pvt) Limited

Boka: United Merchant Bank (Pvt) Limited

In 1998, suddenly however his arithmetic failed him, as his business empire crumbled, triggered by his corruption-led frauds and ML at his short lived United Merchant Bank. His fall from grace and that of his vast business empire (by Zimbabwe's standards) is best explained in the corruption, fraud and ML / laundering crime series summary (following), the third in the country's earliest known financial scandals involving the State owned Cold Storage Commission (CSC) a meat processing company that had just privatised in 1995, which in search of operations

capital in 1997, sought the services of the new United Merchant Bank, but in turn fell victim to (he) Boka and (UMB)'s fraud and laundering criminal techniques (RBZ).

In 1994, Boka became the first black person to get a tobacco merchant's license in Zimbabwe. Boka persuaded President Mugabe to give government financial guarantees to black traders for all their tobacco purchases. He argued that the guarantees were necessary because Zimbabwe's white-owned banks were financing white tobacco merchants so they could depress tobacco prices and cheat the country of revenue (RBZ).

Top on Boka's agenda according to his own memoirs was to build an own 'Tobacco Auction Floor' (large enough to break the dominance of the (then) two Harare existing floors in the country, which he lambasted for being closely tied to Zimbabwean white farmers (RBZ). Anecdotally, in order to finance the project, he figured he would need to set up his own bank. As the old adage goes; "If you want to steal money open your own bank". The government fast-tracked his banking application and dropped requirements for additional shareholders (RBZ). In January 1995, Boka's United Merchant Bank opened its doors to the public, making him the first black person once again to obtain a banking licence. Boka got government business, including a deal to issue debt on behalf of The Cold Storage Commission Ltd., the alluded to a State-owned meat-processing firm that had just privatised/been incorporated.

Backed by (UMB) as the financier, the construction of a 50,000-square-foot Boka Tobacco Auction floor was completed in 1997, at a reported cost of more than (US\$8.6 million). Reportedly the auction floor managed to capture 8% of the tobacco merchant market after launch (RBZ).

In 1997, Cold Storage Commission authorized UMB to raise Z\$19 million for the meat-processing company through short-term bills. The Bank however printed (15) extra short-term bills and sold them to the public through money market dealers – among them Rapid Discount House for (Z\$25 million), which same bills the Cold Storage was not capable of honouring. In an affidavit for a lawsuit filed against Cold



Storage by Rapid Discount House a brokerage firm holding some of the notes, Washington Samanga financial director of Cold Storage, said that the Cold Storage Commission advised the government - (RBZ) officials about the circulation of unauthorized notes, but action was deliberately delayed.

Following its incorporation the CSC, a former government parastatal found itself having to raise its own working capital requirements from the money market, unlike its predecessor which relied on government subsidies. The government of Zimbabwe through the Reserve Bank issued guarantees to UMB to cover “bills” and “notes” issued by the defendant with the object of raising money it found necessary to have from the financial market.

The procedure the CSC had to follow to raise operating capital from the financial market using short term ‘commercial bills’ in the form of promissory notes was set out in the agreement between it CSC and UMB in the following: CSC Senior management board would decide on the amount it CSC needed to be raised from the financial market (RBZ). The senior management board would direct the finance manager, and or, his assistant to give instruction to UMB to issue on its behalf a specific number of “bills” or “promissory notes” to raise and the amount required. The instruction would then be cascaded to UMB as authority for its dealers to process and issue short term ‘commercial bills’ in the form of promissory notes to tread with accepting money market financiers to and raise the specific capital requirements. One of the financial market lenders or financiers in this crime series by Roger Boka and his (UMB) was Rapid Discount House (RBZ). Qualitatively, according to the Reserve Bank and The Zimbabwe High Court Civil Division record(s), there were three market dealers at UMB at the time to execute this task on behalf of their principal, these were: Mr Changara, Mr Dulani and Mr Gotora.

In the immediate preceding days that follow authority was given by telephone and confirmed in writing by CSC for a certain number of short-term bills, among them, ones, identifying with Z\$36million worth of short term commercial bills / promissory notes. Within twenty-four hours of receipt of the instruction, UMB through one of the money market dealers, sent to CSC a ‘discount statement’ or, ‘deal slip’ confirming compliance with the instructions entered into with the lenders. The

statement advised Rapid Discount House (Pvt) Limited, for example on: amount to be received/received, discount rate, the date of issue and due date, interest rate and net proceeds. It transpired, in order to enable UMB to carry out its agreed mandate, the CSC (Limited) company provided it UMB with an authentic ‘specimen signature’ of its general manager. From the authentic specimen signature of the financial general manager, UMB must have generated a computer specimen which it then placed on the “promissory notes” (genuine and fictitious ones) among the latter the fifteen (15) intended for issue and was issued without authorisation to financier of Z\$125million , to wit; the said Rapid Discount House (Pvt) Limited (Media, RBZ ).

The five (5) unauthorised and or, fraudulent short term “commercial bills” and promissory notes worth for (Z\$25 million) issued to Rapid Discount House by UMB on behalf of its client CSC Limited on 2<sup>nd</sup> March, 1998 as well as the further ten (10) short term ‘commercial bills’ and ‘promissory notes’ worth Z\$100million issued to it Rapid Discount House on 3<sup>rd</sup> March, 1998, also unauthorised or fraudulent, became the basis upon which (it) Rapid Discount House commenced a Civil Claim in the High Court of Zimbabwe for a cumulative Z\$125million on 21<sup>st</sup> Jan, 1999, after (it) CSC Limited refused to honour the same fifteen (15) (10 + 5) short term commercial bills and corresponding promissory notes upon their presentation for payment on the stated due date(s) (i.e.) 15<sup>th</sup> April, 1999 by (it) Rapid Discount House. . (RBZ, Zim High Court Civil Appeal No 366\2000 & Judgment No S.C. 127\2002).

The basis of CSC’s denial to having authorised issuing of the fifteen questioned short term ‘commercial bills’ (promissory notes) to UMB, was that no instruction had been given/was given to UMB (i.e.) on 2<sup>nd</sup> March 1998, and, 3<sup>rd</sup> March, 1998, respectively to raise money for its capital requirements in form of loans from the financial market that would have culminated into the (Z\$25 million), and, (+Z\$100 million) plus (35%) interest rates due to the financier and plaintiff /claimant Rapid Discount House. The major question at issue in the Rapid Discount House case of the (15) fraudulent unpaid ‘promissory notes’ was that of the signature(s) thereon imposed on each of them which CSC denounced as not being that of their financial general manager – the only authorised signatory-a suggestion that each and every one of them were simulated forgeries (RBZ, High Court Civil Appeals / case judgement record). It was (it) CSC’s conviction that the same ‘promissory notes’ were fraudulently

raised as extras to authentic short term commercial bills and promissory notes that it authorised UMB to issue on 3<sup>rd</sup> March, 1998, and which became due on 3 September, 1998. According to CSC, the signatures on the fraudulent promissory notes were thus not that of its financial general manager but of some other person or persons known to United Merchant Bank (UMB) who, in the work of doing his/her, and or their misdeed, must have simulated the computer imposed signature image of the financial general manager.

Anecdotally, according to literature (some of it, Roger Boka's own chronicled treasured family autobiography), it transpired then that, months before, (i.e.) in February 1998, Boka had persuaded the tobacco industry to open its annual auction season a month earlier than usual a move according to the tobacco merchant world, intended to leverage Boka Auction Floors' commercial advantage. However some of his friends who were interviewed by Reserve Bank and Police investigators (then) subsequently, aired a different view stating unequivocally, that the move was motivated by his Boka's desperation to cover non-performing debts. Early opening causes a market slump as tobacco buyers traditionally only came to the country in April of every successive year, they argued. Not to have gone unnoticed, the media began reporting of trouble at some indigenous black-owned banks/financial houses among the suspected being Boka United Merchant Bank. At about the same moment in time Boka reportedly wrote to President Robert Mugabe asking that his bank be bailed out as it had lent more than (US\$26 million) to government companies and war veterans. The bank's collapse, he said, would have "serious consequences" to the economy, but the government could not help (RBZ).

With rumours of a troubled financial discount house linked to UMB and CSC Limited led by the media starting to spread, pointing to a troubled financial sector, a run 'on-the-bank' ensued with holders of short term "commercial bill" / promissory notes seeking to redeem or cash them found the cheques given to them bouncing, a symptom confirming simmering troubles at the financial institution (Media, RBZ). Consequently, this led to the withdrawal of the bank's licence on 29 April 1998, after RBZ auditors report (it) UMB was in serious financial difficulties because of other financial malpractices, imprudent lending and poor debt collection policies. The bank had shown it was failing to meet depositors' claims and other liabilities (RBZ).

Further investigations by the Reserve Bank of Zimbabwe then culminated into the fraudulent crime activity series chief among them: the unauthorised (15) commercial bills/promissory notes all valued at (Z\$125 million), and, the alluded to syphoning of equivalent amount(s) in USD currency proceeds to foreign accounts in the United States, the United Kingdom and others in violation of the Exchange Control Act Regulations. Boka's total bank malvesceants using the explained modus operandi (M.O.) and similar techniques in other suspected/actual fraud-led transnational ML was estimated to have reached (\$800 million) at the time. When Boka, and or, his employee dealers' or any other person directed by him did print extra "bills"/promissory notes misrepresented to the financial / money market as genuine financial negotiable instruments he, other or all of his representatives knew that he/they were committing an offence of fraud leading to ML/laundering (RBZ).

In accordance to records held by the Reserve Bank, and, the police, Boka wrote to government and President Robert Mugabe complaining that the fall of his bank, be squarely and largely blamed on the government, its agencies and senior politicians whom he claimed to have been lent / borrowed money from his bank but never repaid (RBZ).

### **How Roger Boka actually abused Zimbabwe's banking system:**

It will be helpful here to observe from different sources of academic literature that outside organised crime circles, ML serves certain investment objectives (Goredema et.al 2003). It may speed up the acquisition of assets, or facilitate access to new commercial opportunities.; all these indicators are present in Boka's case.

Boka abused the banking system as described in detail above by way of siphoning-off targeted earnings from the fraudulently raised and signed (5) + (10) extra (CSC) short term 'commercial bills' /promissory notes cumulatively worth Z\$125million plus (35%) interest rate, and also, other abuses of depositors funds worth several other (millions) traded in a similar fashion on the unsuspecting financial market – using his Boka/UMB personal and business bank accounts and for his and UMB bank benefit and to the loss and prejudice (actual/potential) of both business and ordinary clients .The (Z\$125million) broken down as (5 promissory notes at Z\$5million each = Z\$25million + 10 promissory notes at Z\$10million each = Z\$100million) plus 35% interest rate. Boka allegedly traded these vast amounts illegally, for millions in US

Dollar currency equivalent (then), proceeds of which he with the assistants of his lawyer a certain Gregory Slatter syphoned mainly to off-shore accounts in the United States, United Kingdom, Botswana, South Africa and others via transnational banks. Qualitatively, by his own admissions, some of the money which he chose to purport as genuine business (other) and bank loans was splashed locally by him, loaning to mainly local political elites government agents and their associated companies with little or no security; and indeed, without guarantees of repayment.

The spirit of the scheme was to convince investment depositors and other banking and financial institutions, through false pretences, and misrepresentations, that United Merchant Bank was a safe and fit financial institution to be trusted with savings and investment deposits by the public (Media, RBZ). Not concerned with the profitability of the bank but rather liquidity from deposits from which to launder by way of financing personal obligations among them: illegal foreign currency deals, and, transferring the proceeds illegally to accounts in local and foreign banks, and, investing into properties locally and abroad – the most notable; the purchase of a prime industrial swath of land in Harare, upon which (what he himself loved to call) the (world's) largest tobacco auction floor was built for (US\$8.6 million). In South Africa, Botswana and United Kingdom, Boka used his lawyer, Gregory Slatter to open trust accounts that were then used in the laundering activities. By using a lawyer, the proceeds would be/were perceived relatively safe from a public and ordinary business scrutiny. Slatter opened a foreign denominated account in the United Kingdom into which it appears some of the larger amounts were channelled. Qualitative and quantitative literature from the bank's repository showed sufficient proof that UMB accepted deposits and paid interest rates well above the obtaining market average to make it appear as though it was a solvent, profitable bank.

At economic policy level, the result of the UMB financial scandal were three regulatory enactments by parliament, to wit; the, Anti-Corruption Commission Bill (2004), the Criminal Law (Codification & Reform) Act (2004), the Bank Use Promotion & Suppression of ML Act (2004).

Boka was eventually but belatedly criminally charged under the Serious Offences (Confiscation of Profits) Act., following government's belated announcement of its

intention to consider initiating criminal charges against for fraud, corruption and ML leading to his being declared a specified person under the Prevention of Corruption Act. His ill health leading to his death a year after the fall of his short-lived banking empire and his arrest however delayed the investigation process. Boka died at the height of his and bank's fraud, corruption and ML criminal series scandals cases were at the courts. None of the fraudulently stolen moneys had been recovered by the Police Serious Fraud Squad or the Reserve Bank's Financial Intelligence Unit. A civil case in the High Court of Zimbabwe brought against CSC and UMB by Rapid Discount House involving the alluded to (Z\$25million ) sum in prejudice to it, (as discussed) had been partially heard in the High Court of Zimbabwe gone through ,( (Z.R. Police Harare Central: Harare Magistrates Courts, 1998). (*See-Case Study (No.1 of 13 Chapter (2))*): and (Zim High Court Civil Appeal No 366\2000 / Judgment No S.C. 127\2002)

The Several hundreds who lost money as a result of the collapse of the 'budding' United Merchant Bank have over the decade been compensated under the RBZ "Failed Banks Relief Fund". The government eventually also issued five-year bonds to honour some of the Cold Storage 'capital sourcing' short term "commercial bills" that UMB had fraudulently issued to Rapid Discount House causing millions in potential/actual loss to the latter but from which by objective, qualitatively and quantitatively, Boka and UMB, had benefited through the laundering of proceeds of same through illicit buying and selling foreign currency, and, externalising same to bank and buy properties (RBZ).

Boka became seriously ill reportedly from HIV related complications around the time his bank collapsed and his business empire appeared to be crumbling as companies had been put under Government supervision. This following his trip to Atlanta in the US to seek medical treatment and while there, stayed with friends.

On 21 February 1999, Boka passed away on a private plane on his way back from the USA where he was seeking treatment. He died about 30 minutes before the plane landed at Harare International Airport. He was (54) at the time of his death. As alluded, it was not clear whether the Reserve Bank and Police investigators had

managed to recover anything from the fraud and the externalised laundered money by Roger Boka before, and after his untimely death.

After his death, President R. Mugabe praised Boka as "a man of action, a fearless voice and doughty fighter for black empowerment" who had "systematically broke into sectors hitherto dominated by multinationals and white commercial outfits"

**Country of origin >Residence of PEP >Corruption & ML Indicators/Trends +:**

As alluded at the beginning of this Chapter, the third of nine children, Roger Basil Nyikadzino Marume Boka was born on 5/11/46, to a family in a poor rural area of Eastern Highlands Zimbabwe. He started working as a temporary science teacher at a school in Highfields, Harare to become an entrepreneur in a number of business ventures that saw to his owning a considerable business empire. He lived his life mostly in Zimbabwe with occasional excursions into the diaspora mainly to South Africa, Botswana, United States of America and the United Kingdom for business.

Boka's business dealings as alluded, can be traced to his early beginnings in the world of business activities mainly among them: illegal and sometimes legal buying and selling alluvial gold in the early 1960's. Following independence, his proximity to corridors of power of (PEPs proper), (i.e.) senior public servants (permanent secretaries of government ministries, and others, up to the highest office in the land, the president) helped him propel into tobacco and banking business. Generally, politicians are ordinarily perceived as material and esteem seeking during their period of stay in their elected and or appointed positions. As they try to make quick wins, they become more exposed, and get further compromised by corruption for example from within or without their political parties the latter usually by lone or organised criminals (e.g.) money launderers in this case, the likes of Roger Boka. By practicing unethical loaning/lending practices to political elites, government agents etc. Boka was exercising the power of corrupting power bodies in order to get favours/preferential treatments when it came to acquiring bank and tobacco merchant auction floor licences, one indicator showing his dodgy corrupt business characteristic practices of a (PEP).

According to literature, those responsible for authorising and issuing banking licences knew very well that Roger Boka because of his perceived and actual dodgy activities in some way or other was not fit in his persona to acquire a banking license, and, operate a bank, they non-the less did issue him with the banking licence culminating into the coming into being of UMB. The irregularity was in the fact that the bank application had no mention of other shareholder directors – a requirement under the Companies Act, except himself (RBZ).

From both a qualitative and empiric view point, it can be argued successfully therefore that the corporate structure of (UMB had been set up from the beginning to evade national and international AML banking laws, and facilitate among other illegal activities, fraud and ML/laundering as exhibited in the CSC case study (hereto).during its short-run of existence. Boka and UMB fraud and ML-led demise left in its wake, thousands of depositors ( small and large), who, misled by his appearance of respectability in the commercial business world had lost millions leaving them financially broken, an illustration how political considerations can be used to obtain favours in this case obtain a bank license.

Roger Boka and his United Merchant Bank's as discussed, had thus, all the hall-marks leading to conclusions regarding the type and trends characteristic of a PEP living and carrying out out-bound ML/laundering activities from his country of origin Zimbabwe ...a country already beset with corruption problems then, and, which corruption problems persisted during the entire period of this study, and, likely to perceivably persist at much higher levels in the future considering other negative micro-macro ills that negate economic recovery. His UMB bank fraud, and externalisation case crime series trends that can be classified as consistent with an institution that was intent on ML activities right from the outset. As the sole shareholder promoter, Boka set up a Ponzi-like pyramid scheme offering to the gullible investment public unrealistically high interest rates in order to lure depositors. Thus his in setting up the bank must have been sinister from beginning. He used his privileged position as a prominent businessman and a (PEP) but in the lived existed of his bank, was charged in his personal capacity.

***Indicators:***



The following M/laundry indicators exhibited in Roger Boka's case support this analogue:

- Infiltration of power bodies, (i.e.) seeking association with PEPs particularly one or more holding political positions or connected to people in power to obtain favours including banking business trading licences.
- Irregular Government approval of a bank operating licence when not satisfying the Banking Regulator and The Companies Registration Act requirements (case of government's irregular issuing of Boka's UMB licence).
- Opening off-show bank accounts for himself, his (UMB) bank Luxembourg Germany, United Kingdom, and the United States using agents, depositing foreign currency (cash/cheques) earned without economic justification.
- Carrying out financial transactions revealing several suspicious indications; (transit account, "one off" transaction, no economic justification, use of natural person's account data to carry out a transfer or several transfers between say one or more foreign domiciled banks abroad.
- Carrying out financial money transfer transactions traded with fraudulent short term commercial bills (promissory notes) as exemplified in this UMB, CSC v's Rapid Discount fraud and ML case study (hereto) above.
- Frequent paying in of traveller's cheques of foreign currency drafts, particularly if originating from overseas and vice versa.
- Unexplained electronic fund transfers by customers on an in and out basis or without passing through an account.
- Use of letters of credit and other methods of trade finance to move money between countries where such trade is not consistent with the customer's usual business.
- Making regular and large payments, including wire transactions that can be clearly identified as bona fide transactions to, or receive regular and large payments from, countries which are commonly associated with the production, processing or marketing of gold or diamonds etc.
- Any dealing with an agent where the identity of the ultimate beneficiary or counterparty is undisclosed, contrary to normal procedure for the type of business concerned.

***Actual trends:***

Again shown in this/these case(s) both people who hold positions of authority in Government the public sector as well as private sector business players including the banking sector; are known to perpetrate crimes of corruption, laundering and externalisation of foreign currency/assets. Corruption / bribery and tax evasion acts in Zimbabwe for example have been evident in their use of false documentation, concealing a personal interest in a transaction from principal among many.

As for externalization, the offence is committed when individuals or companies export goods or services and deliberately fail to repatriate the proceeds, and pay taxes due to the State. Literature in previous studies notes that individuals divert company funds into personal accounts on the pretext that they are exporting or importing goods and in turn divert the funds for other uses abroad. Companies in some instances export their goods and fail to repatriate the full value of such business activity transactions – a deliberate move to evade the payment of duty, and or taxes for example. The offence of tax evasion is the result of deliberate suppression of facts or the deliberate distortion of facts for the purposes of evading the payment of taxes due in terms of the law as it obtains in a country in this case Zimbabwe.../ (RBZ). The offence has cross border effects. The attempt to clean the funds usually occurs in another country or separate jurisdiction receiving the smuggled or externalised funds or assets.

Emerging around the period of this/these case crime series happening, was a new trend of cross border tax evasion where foreign businessmen tap business earnings through their personal bank accounts and, transfer the same in laundered foreign currency, to preferred off-shore bank accounts as shown to having happened, and or, could have happened with some of the transactions in this case.

**The Legislative Pillar:**

Qualitatively, pertinent to this crime taking place (i.e.) during period (1995-1998), the following formal legal provisions touching on corruption, and ML were already in existence in Zimbabwe: <sup>1</sup> The Prevention of Corruption Act; 2. The Serious offences (Confiscation of Profits Act) (1990), (Ch. 9:17); <sup>3</sup> The Presidential Powers

(Temporary Measures Amendment to Criminal Procedures and Evidence Act) (Statutory Instrument 187 of 2004); and <sup>4</sup>. The Criminal Matters (Mutual Assistance) Act (Ch. 9:06); Summarily these provisions are accented as follows:

The Prevention of Corruption Act: criminalised/criminalises corruption which is a major predicate offence for ML. Under this act, Individuals and organisations suspected of having committed the crime can be specified (today) by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done in order to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and or, police investigator has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

Also pertinent to this/these case(s), at this juncture is that, during the obtaining period surveyed (1988-1989), Corruption as a specific offence was not in existence in Zimbabwe's Statutes. Rather there were acts constituting a corrupt conduct (Police, RBZ). Generically, a corrupt conduct is unlawful and intentional offering to or agreeing with a person to give and consideration in return for action or in-action by him. It also involves unlawfully and intentionally agreeing to accept a consideration in return for action or inaction by him. Both the person taking the bribe and the one offering are criminally liable. By using their positions of authority in Government to be awarded favours to buy more cheap cars with the sole objective to profiteer Shava and Nyagumbo committed not only corruption but laundering. As to why they were only charged for perjury and not certain of the acts constituting corruption (then), should be an argument left for another day.

The Serious Offences (Confiscation of Profits) Act, (1990): on its part, empowered (as it still does), the police to investigate ML and also, to enable them to confiscate, and, where appropriate to secure the forfeiture of the proceeds of the crime. In addition, the Act empowered/empowers investigating officers to obtain information from financial institutions about, a person/persons or organisation's financial status, and or about, transactions that are important for their investigations. Typically also it provided/provides for the lifting of the corporate veil in circumstances where individuals use companies (public /private) to commit offences. Further it provided/provides for the seizure, forfeiture and confiscation of tainted assets/property.

However, the Act, also by itself (then), did not appropriately circumscribe ML then and, the penalties imposed were small in relation to the preceding predicate crimes committed. As a result the Act as it then stood before amendments was not deterrent enough. The only positive side though then was that it did by itself provide for the investigation, seizure and confiscation of proceeds of crime, which is a good departure point for deterring would be offenders and or, actual offenders to repeat or commit further ML.

The (now) all-encompassing Bank Use Promotion and suppression of ML Act., (BUPSMML): on the one hand spells out among other FATF AML policy requirements (i.e.): implementing of the Know Your Customer (KYC) principle by banks/financial institutions; spelling out accountable institutions requirements; Penalties for non-compliance with KYC and CDD rules; requirement for banks to set-up FILE as repository of 'Financial Intelligence' to supervise/investigate errand banks was not yet in place of the time of this crime series occurring.

### **The Enforcement Pillar:**

Under the (all encompassing) Bank Use Promotion and Suppression of ML Act (BUPSMML), an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash

that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

Further also, according to the Bank Use Promotion and Suppression of ML Act., an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

The Act also indemnifies designated institutions, officers, employees or other representatives of the institutions from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. Staff of the RBZ Financial Intelligent Unit (FIU) is similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF.

Under The Serious Offences (Confiscation of Profits Act) (1990) Police investigating ML were/are empowered powers to confiscate, and, where appropriate, secure the forfeiture of the proceeds of the crime. It also gives them powers to obtain information from financial institutions about, a person/persons or organisation's financial status, and or about, transactions that are important for their investigations.

Typically, the Act also provided/provides for the lifting of the corporate veil in circumstances where individuals use companies (public /private) to commit offences. Further it provided/provides for the seizure, forfeiture and confiscation of tainted assets/property

On the other hand, as alluded, in terms of the (Prevention of Corruption Act), individuals and organisations suspected of having committed the crime can be specified (today) by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or

organisations on the basis of suspicion that they have been involved in illegal activities that include corruption. This is done in order to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and or, police investigator has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her. In this case series, Roger Boka was specified by the former President Robert Mugabe in 2004/05.

Further also, according to the Bank Use Promotion and Suppression of ML Act., an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers. The Act also indemnifies designated institutions, officers, employees or other representatives of the institutions from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. Staff of the RBZ Financial Intelligent Unit (FIU) is similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF.

Finally, pertinent to this surveyed case study the Presidential Powers (temporary measures) (Reconstruction of State-Indebted Insolvent Companies) Regulations (2004) were put into effect to enable among other measures, the Minister of Justice in conjunction of Minister of Finance to issue 'reconstruction orders' for state indebted companies that are unable to pay the State as a result of fraud, mismanagement or any other cause. In this case study example, government later in (2004), issued five-year bonds to honour (his) Boka's UMB fraud induced (5) 'short term commercial bills' for and on behalf of CSC that caused (Z\$25million) potential/actual loss to Rapid Discount House is pertinent.

#### **International co-operation:**

In 2004, apart from being admitted into (ESAAMLG), and, partially satisfying some of its membership requirements to the group, Zimbabwe had still yet to comply with the (FATF) other demands to join the international (AML) co-operation memorandums of understanding (MOU) agreements standards between it, and the EGMOND multilateral organisations grouping, and also, other transnational member countries Central Banks FIU's, and their accountable financial institutions, hence, had difficulties in tracing laundered and externalised laundered funds to United Kingdom, Luxemburg Germany and the United States even after his death.

As alluded Boka died as he was returning from the US aboard a private hired plane nearing Harare International airport in 1999. At the time of his untimely death, none of the alleged illegally exported criminal proceeds–foreign currency, about (US\$ 6 million) worth, identified by police and RBZ investigators as having been stashed in the noted overseas countries had been recovered.

#### **7.2.6: Case Study [6 of 6]: State V's Chen Guoliang: Wildlife Crime - Corruption & ML (Smuggling of Raw Ivory to China - 2013).**

A Chinese man, in the country on a temporary resident permit one Chen Guoliang (36), was arrested and brought before a Harare Magistrates Court on 2nd November, 2013, for being found in possession of (17) pieces of raw ivory in his luggage at the Harare international airport as he attempted to catch flight to China. The actual value of the raw ivory pieces was not disclosed although for the purposes of the remand court case hearing it was quoted to be worth plus/minus US\$200K. The case was remanded to 4<sup>th</sup> November, 2013, for trial. What became of the raw ivory pieces recovered presumably by the police was not immediately disclosed and never to become public news again, up to the time of writing which can suggest, political interference of kind, by someone or other 'top placed' PEPs involved in poaching and wild life killing and trafficking organised crime in Zimbabwe. Although the real truth will never to be told after the suspect/accused was let off the hook of prosecution despite the efforts made by the arresting and investigating LEA agencies the media had it that Chen Guoliang was just a 'pawn' in the bigger syndicated wild-life crime, and laundering of proceeds from sell of pieces of ivory abroad in which the 'first lady' (then) was fingered. The suspected political interference, and/or, "corruption in

the judiciary thus, poses a serious threat to the effective implementation of the AML/AC FATF international standards.

**Country of origin>Residence of the PEP>Corruption & ML Indicators/Trends**

PEP was/is a Chinese national, domiciled, and or resident in China linked to transnational wild-life poaching rings, carrying out trafficking in wild-life products and ML operations by opening bank accounts in names of front companies, usually on behalf of national or foreign PEPS the research findings concluded.

Chinese nationals criss-crossing Zimbabwe, and, other victim prone – fragile and struggling countries in the region like Zimbabwe, are often linked with on goings of illicit businesses dealings with organised crime syndicates involved in drug trafficking and human trafficking linked to high profile local political figures, their relatives and friends.

**Indicators** of corruption-led laundering are among others:

- Financial transactions / banks revealing indications of ML (opening of accounts, depositing cash, no economic justification(s), conducting transactions on the account that are not linked to intended nature of the business relationship).
- Involvement of a PEP of foreign origin, especially from another country or a region with major corruption problems like China itself.
- The PEP(s) holding a position in politics ...often as senior politicians of senior civil servants apart from being heads of state or government(s).

As for the actual trends; Poaching and illegal wildlife dealing/trafficking mainly of rhino and elephant raw tasks involving syndicated local PEPs and non-PEPs is reported qualitatively by statistics (Zimstats, Police, Courts), as increasing at an alarming level despite the existing AML and anti-poaching (AML/AP) laws in Zimbabwe. Past and present research have shown that, triggered by fragile socio-economic systems prevailing in much of the ESSAMLAG region, there has been an increased demand for wildlife products mainly in Asian markets, which pay good rates, resulting in corresponding increase in poaching and illegal trafficking of raw



ivory in Zimbabwe – struggling with security in haphazard parcelled out (formerly) white owned farms and in the National Parks such as Hwange and Gonarezhou just as an example.

Other emerging trends show Zambian and Mozambiquean foreign nationals involvement in armed poaching activities. There are also recorded cases past and present in which endangered species have/are being illegally smuggled across Zimbabwe's borders – including to away lands such as China and Britain.

Suffice to conclude this discussion by agreeing that poaching and wildlife trafficking has cross boarder implications with most trophies – pieces of ivory destined beyond the shores of Zimbabwe as laundered proceeds/assets.

### **The Legislative Pillar:**

Pertinent to the crime being committed in 2013, the following formal legal provisions touching on corruption, and ML were already in existence in Zimbabwe: <sup>1</sup> The Prevention of Corruption Act; <sup>2</sup> The Serious offences Confiscation of Profits Act (1990), (Ch. 9:17); <sup>3</sup> The Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) (Statutory Instrument 187) of Regulations (2004); <sup>4</sup> Criminal Matters Mutual Assistance Act Ch. 9:06; <sup>5</sup> The Bank Use Promotion and suppression of ML Act: <sup>7</sup>. ML and Proceeds of Crime Act., (Ch. 9:24); These provisions are accentuated summarily hereto as follows:

The Parks and Wildlife Act: deals with poaching and unlawful killing of wildlife, the possession or dealing/trafficking in specially protected species such as pangolin, rhino and elephants, plus, possession or dealing/trafficking in raw ivory as a serious crime. The crime is a predicate offence to laundering in Zimbabwe.

Both the Serious Offences Act, and, the Prevention of Corruption Act, criminalised/criminalises poaching: the illegal wildlife killing dealing, and/or, trafficking specially protected animals such as pangolin, rhino and elephants and their raw ivory, (all) major predicates to ML. The Serious offences [Confiscation of Profits Act] (1990), (Ch. 9:17) on its own, makes money-laundering an offence. Its enactment was meant to increase the

country's effectiveness in identifying instrumentalities of ML related predicate offences among them fraud, its investigation, prosecution, tracing and, and enhancing cooperation with other jurisdictions to confiscate their proceeds crime that can be used to further crimes (organised/non-organised) including externalisation of foreign currency etc. Further Under the Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004), suspects of poaching and or, related predicate crimes such as smuggling/externalisation of protected species animal meat or raw ivory etc. can be arrested and detained for 21 days without right of bail in order to facilitate full police investigations. Last but not least, Criminal Matters (Mutual Assistance) Act (Ch. 9:06); recognizes fraud-led ML as a transnational crime.

Further also in terms of the Bank Use Promotion and Suppression of ML Act: an Inspector of the Reserve Bank of Zimbabwe (RBZ) BUPSM (FIU), or, a Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy protected animal species meat, their raw ivory, or, as proceeds from sold protected animal species meat, their raw ivory by individuals or organised group(s) not authorised dealers.

**As for the common trends;** generally and from new evidence from research, exhibit that in this new world of electronic business in commerce, fraudsters target banks/financial institutions wholesale and retail businesses, mining, farming business, real estate and even ordinary citizens.

From qualitative statistical data obtained from Zimstats, police and court records, 90% of fraud cases are made up of bank ATM and other electronic based low level values related pervasions, while the other (10%) point to public sector large financial/economic proceeds related frauds such as one exhibited here in this case involving US\$ 1,215 263.42 (actual) prejudice.

**The Enforcement Pillar:**

At the obtaining period and time of this fraud, money/asset laundering (internal) occurring, the Serious Offences (Confiscation of Profits) Act (1990), giving powers to the police to investigate poaching and illegal wildlife trafficking related to ML and, also enabling them to confiscate, and where appropriate, to secure the forfeiture of the proceeds of the crime of poaching and illegal wildlife trafficking related crime was in place.

In addition, the Act empowered/empowers investigating officers to obtain information from Zimbabwe's Department of Parks and Wildlife about, a person/persons or organisation's financial/economic status, and or about, financial/economic transactions that are important for their investigations.

The Act typically also provided/provides for the lifting of the corporate veil in circumstances where individuals use companies (public/private) to commit poaching and illegal wildlife trafficking offences. Further it gives right for the seizure, forfeiture, and/or, confiscation of tainted assets.

On the other hand, under the Prevention of Corruption Act, the Minister of Justice and Legal Parliamentary Affairs, can specify individuals or organisations on the basis of suspicion that they have been involved in illegal activities that include corrupt acts of poaching and illegal wildlife trafficking. This is done in order to expedite inquiries since persons who are specified are denied of the power to deal in their own right. Once a person is specified, the Minister is entailed to appoint a special investigator who will look into the matter in order to give substance to the suspicion. The special investigator, and/or, police officer has the power to search premises, assemble crime data from witnesses under oath, and, examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

**International / National Co-operation Pillar:**

During and or at the time of this crime occurring, Zimbabwe had still not yet committed itself to bilateral cooperation agreements membership with jurisdictions affiliated to AML international bodies including the EGMOND Group, and other by-country Financial Intelligence Units (FIU) to help in identifying, tracing and

confiscating proceeds and instrumentalities of crime such as ‘poaching and illegal wildlife trafficking’ had not yet been admitted, let alone signing of MOUs, the first step to membership acquisition(s). The EGMOND group was created to foster development of FIU’s and information exchange as well as developing and implementing of technology based AML solutions such as its Egmont Secure Web (ESW), (RBZ). This system allows for transmission of critical AML intelligence between two or more member FIU’s via internet or e-mail based protocols maintained with high levels of security and speed etc. (RBZ).

Locally, for purposes of increasing the effectiveness of the institutionalised regulatory, control and/or, enforcement agencies, the country established a National Task Force (NTF) in order to:

1. Increased national cooperation and coordination through a (newly) formed national task force, on AML operational issues (RBZ).
2. Closer policy coordination through the AML Advisory Committee (AMLAC) composed of ‘key’ national economic and security sector institutions (i.e.) Law-enforcement agents (Police), Justice and legal (NPA), RBZ (FIU), banks and, designated institutions (The Zimbabwe Revenue Authority (ZIMRA) and the National Economic Conduct (NECI) get help in detection, investigating, identification, tracing, confiscating proceeds and, Instrumentalities of crime and prosecution.

This National Task Force on (AML) established in terms of the law in Zimbabwe, is chaired by the Director of the RBZ (FIU). Its primary responsibility is to advise the Minister responsible for AML policy.

By collaboration the local law enforcement agencies: the Zimbabwe Republic Police (ZRP), National Parks and Wildlife, Zimbabwe Revenue Authority (Zimra), National Prosecuting Authority (NPA), National Economic Conduct (NECI) and Immigration Department (Customs), helped carry out investigations into this case post the arrest of the suspect/accused at Harare International Airport, and, his arraignment before the Zimbabwean Courts.

It is noteworthy to mention as a closing remark that while the ‘Chen Guoliang’ case became public interest, its outcome at the criminal courts was never published. Suspect was rumoured to be a member of an Asian international wildlife trafficking organised crime syndicate connected to the local cyanide rhino and elephant poaching PEP syndicate(s). Typical of Zimbabwe, it is thought the case could have suffered political interference at the highest level, and its fate can be anybody’s guess...natural pontificated ‘death’.

### **7.3: (PEPs) Arrests/Indictments Wrap-Up:**

This analysis establishes that, of all the politically exposed persons (PEPs) identified as involved in corruption-led criminal transgressions precipitating money-laundering, the majority, about (90%) , were of Zimbabwean origins. The proceeds of crime (Bank frauds/ embezzlements, smuggling, externalization of currencies / foreign currency, poaching and trafficking of wild-life products, corruption/bribery (abuse of office) mainly and money/asset laundering by PEPs public sector and banking institutions as the most notable and cause for concern to the country itself, its neighbours and, other countries at large.

Proceeds or, earnings from (outbound) laundering (i.e.), money/asset laundering activities under laid by mainly corruption and also other predicate offences such as fraud and tax evasion, acts, empirically played predominantly by (PEPs), using a myriad of techniques including traditional banks, financial transmitters, and even the illegal underground/parallel banking systems on a local and international scale are used for domestic consumption, buying real estate (up-market urban houses / residential stands), luxury motor vehicles, savings in off-shore accounts, and in some cases, expanding the criminal empire/networks (locally/abroad).

Empirically, while the true extent of ML associated with (majority) PEPs and (minority) non-PEPs corruption levels are unknown in Zimbabwe estimations run into millions per-year (i.e.) about (+-US\$ 438.19 million p/a) – translating to about 24%) of the total illicit profits generated - as per the RBZ first national risk assessment and other qualitative sources, in 2015). We however only need to look at

the number of press reports involving government officials to see that the problem is ever present.

As for predicate crimes (organised/non-organised) being committed outside Zimbabwe by both local businessmen/women and foreign business nationals mainly, in particular those politically exposed (PE), and the proceeds or earnings illegally channelled for money/asset laundering (in-coming/in-bound laundering) in Zimbabwe, the estimate amount also difficult to pin (but estimated by the Reserve Bank of Zimbabwe (RBZ) in its alluded to first national ML risk assessment) to amount to (US\$ 237.35 million – translating to about 13%), of the total illicit profits generated.

In the cited 2013, ‘wild-life crime, and suspected corruption-led and laundering case, The State V’s Chen Guoliang (Mr); the Chinese man attempted to smuggle raw ivory from Zimbabwe to China via the Robert Mugabe International Airport [...] an illegal act exemplifying ‘the Chinese factor’ on both in-coming and out-going corruption and laundering (organised/non-organised) crime proceeds distribution channel characteristics in Zimbabwe.

Empirically, many African countries including Zimbabwe have developed political and economic relationships with China. This has culminated in Chinese businesses investing and being awarded lucrative contracts in agriculture, mining, and tourism on bilateral agreements terms. However, it seems that organised criminal groups from Asia did also follow. Small shops, medium to large-size Chinese businesses were/have been found to be fronts for (PEPs) ordained criminal operations locally – buying and selling US Dollars on the black market; fronting wild-life poaching operations and dealing in rhino, and elephant raw tasks and abalone; and also, buying diamonds on the black market, all, proceeds of which when laundered within or without the country, have corruption cross boarder effects – as (it) corruption is sometimes committed directly at the entry/exit points.

Suspicious transactions combined with the individual profile determine whether this is a high-risk situation involving a (PEPs). Anecdotally, PEPs carry out ML operations themselves or use middlemen who carry out transactions on their behalf.

Several examples herein and in other many real cases in Zimbabwe not exhibited, illustrate the use of middlemen who carry out transactions on their behalf. Several examples also illustrate the use of complex ML practices, such as the use of front companies, offshore centres and non-financial businesses and businesses (DNFBPs).

For reasons associated with (PEPs) risks, reporting institutions - banks/financial institutions and those DNFBIs' need to comply with their CDD (Customer Due Diligence) and disclose all ML suspicions (whether in-coming or out-going). Zimbabwe's experience of corruption and ML within and without in the sector, illustrates the vital role (they) banks play given that the majority of cases of fraud and corruption-led ML: including (abuse of depositors funds), unethical practices / poor governance practices, externalization of foreign currency and theft of proceeds of minerals (diamonds and gold) etc.- a few of these prosecuted (albeit) with limited success and effect to make an impact on AML efforts – mainly following media exposures.

Further also in this Chapter on (PEPs), the writer makes observation on the implications of the findings which assumedly he considers to be in order. Assuming that perception of target respondents in the pertinent foregoing findings is truthful and acceptable as true reflection of real events on the ground, Zimbabwe is truly on fire ...under serious attack by corruption and ML, and as such faces a mammoth task in the combat against the two-in-one pronged phenomenon.

Again,, assuming that the perception of target respondents in the findings on one of the key terms of reference (identification of PEPs and their role in impeding AML regimes effective combat measures), that PEPs (i.e.) civil servants in particular senior civil servants: politicians (cabinet ministers, legislators, public sector –parastatal enterprises Principal Officers/CEO's, and, government office employees (other) - not excluding the highest office in the land), <sup>2</sup>. Corporate bank/financial institutions owner/director - CEOs', Principle Officers is truthful and acceptable (see Chapters 4 and 5), and, <sup>3</sup> Law-enforcement agencies – (Police, Judicial Officers and Prison Officers) the three top-most players (by order of merit) in the drafting/designing and implementation of Anti-Corruption and AML laws are celebrated as “most exposed” to corruption and all evidently also material or honour-seeking; institutions (public

and private corporate/non-corporate), are bound to get compromised, and in actual fact indeed highly compromised and (all) in the fore- front of the play field in a country perceived as highly corrupt. Anecdotally, when the authority–(government and its top civil service)–constitution(s): legislatures, criminal justice system–(Police, justice, prison and correctional services) ,(that design/legislate, implement, interpret and prescribes corrective sanctions on law breakers respectively), and also; the CEO’s of key sectors of the economy such as banks that drive the development of the country through capital financing(all) cumulatively describable in terms of the law (local/international) as competent and designated institutions respectively; are all compromised and have become the “most exposed” to “graft” as perceived by the majority of respondents; the statutory / legislative provisions targeted / focused at countering the same and other predicate offences that have a ML demand are more likely than not, to be more than fairly “ineffectual”, and or, powerless, for the task on/at hand (combating corruption).

Whereas also, basing on the study results, the "banking sector", its various products and staff, are also among the “most exposed” when it comes to laundering proceeds of corruption. It follows therefore that bank staff particularly those in the high echelons of power as policy and decision makers, are more likely (than not) to find it more, profitable perpetrating malpractices engendered by criminally disposed political office holders, and, government officials their spouses, relatives and friends, to amass and share ill-gotten proceeds laundered through the financial system : (by way of, placement, layering, and integration), than in effectively taking notice and enforcing local and international FATF-derived provisions espoused in the 40+9 recommendations.

Owing to the ‘death’ of, and or, problems of aggregating arrests/indictment data from official police, courts and prison records as required of their various jurisdictions to help reporting institutions (i.e.) banks and DNFBPs to combat ML in terms of the FATF AML – KYC /CDD policy requirements; and fragments of data on arrested/indicted PEPs since Roger Boka as the first entrant in 1988, up to the latter arrests of the likes of W Mzembi et. al., in 2017/2018, on single/multiple offence-types including externalizations, corruption and laundering, and recovery/non-recovery of amounts involved: reports from the mass media and other un-official



were used in here to illustrate findings on profiled PEPs. The mass-media secondary data extractions as one of the three (3) main sources on majority the/these real-case studies, despite the nominal limitations, exposed the following credible evidence:

- The majority if not all identified, arrested/indicted were male, within the 35-65 age bracket and particularly the 45-60 age group
- The overwhelming majority were high-level political office holders or high-level public officers working for the Mugabe regime
- Slightly over half (52%) of those identified, arrested/indicted (if any) were involved with a single offence while the remainder (48%) were linked or connected to multiple allegations
- Most of the cases were a combination of bank fraud/corruption –related (85%), while combined abuse of office and money-laundering cases in the same, constituted 15% in both the banking/financial sector and public – parastatal enterprises sector.
- Abuse of office / corruption – demanding bribes by members of the AML regimes (Police, Judiciary,), and CEOs and Board Members of Parastatals Chairing Tender Boards (qualifying as PEPs) were/are the dominant techniques of corruption in the public/civil service institutions sectors
- Amounts of money involved in the identified –specific cases while estimated to be of higher than those involved in alleged money-laundering (specific) could not be quantified because of the fragmented data and of course other know complexities of collecting data, recovery, and covert tracking of perpetrators of such offences, and at thus remain guesses.
- Virtually almost all the majority of those arrested/indicted persons except for about sixteen (16)+ out of as many as (40+) real-case exposes mainly of Political Exposed Persons (PEPs) by the mass-media, arrested/indicted for corruption, and or, corruption and ML companied since independence – including (Bernard M Paweni (194/87), Shava (1984/86, Chivayo (1997), Kuruneri (2007), and, Air-Zimbabwe’s two senior executives (2015/16), who served some semblance of part, whole or still serving time after sentences, were granted bail, usually by the courts.

In the twelve (12+) up to twenty (20) real-cases (by-phase) - ‘bank financial scandals’ (of periods: (1988-2003 / 2003-2013 / 2013-2016); about only eight (8) suspects/accused persons (all highly placed founder-C.E.Os.) including the famous Roger Boka of United Merchant Bank, Gilbert Muponda and his lawyer Nyasha Watyoka of the ENG Capital Management, and others were arrested/indicted, but only two: Bernard Paweni, Frederick Shava, both PEPs – served time in prison following convictions on fraud and extortion respectively – the latter (albeit) very short (i.e.) ‘one night’ only, courtesy of a presidential pardon. The majority found themselves being either set free by the police or, placed on remand pending finalisation of usually very long investigations processes, and/or, were set free on ‘stringent’ bail conditions. For some, the likes of James Makamba, Nyasha Watyoka despite the stringent bail conditions set for them, found their way to freedom after skipping the country never to return. Their cases now ‘very cold’ are never visited even though they now (10 plus years after), frequent the country and walk in public. For others when they return, they are either acquitted by the High Court following trial or are placed in an indefinite prosecution stay.

Qualitatively and quantitatively in most exposed environments like Zimbabwe, the experience is that Money-laundering and/or combined corruption/ML related cases, take longer to finalise in courts than corruption-specific cases. The latter are more likely to result in recovery of the loot than the former due to impeding reasons imposed by meddling PEPs.

Delays in finalising corruption-led money/asset laundering cases by the criminal justice system (CJS) in Zimbabwe could be attributed to capacity deficiencies noted particularly with the Law Enforcement Agency (LEAs). It would be logical to conclude that, during the studied economic/financial scandals committed close to 4 decades (i.e.) (1983-1984, 1988-1989, 2002-2004, 2004-2013, 2013-2016+), law enforcement agencies have evidently appeared by implication, more fixated, on dealing with predicate offences when it comes to dealing with commercial or white-collar crime rather than the actual ML conducts by the corrupt (PEPS). According to the Reserve Bank, the Police and the (NPA)’s fixations on predicate offences has led to ‘suspicious transactions’ (STRs) referrals from banks, where corruption and ML commissions were strongly suspected, being investigated for the predicate offences

and not the more serious offence of ML per se’ – which if one is convicted, carries a heavier sentence/sanction under the all-encompassing ML offence Act.

Outside the RBZ AML STR investigations example, another befitting example showing the Police and (NPA) appetite for want of dealing with predicate offences rather corruption and ML, is the surveyed GMB Financial Scandal of Bernard Paweni **(Real Case Study 1 of 6)**. This study found the underlying cause among others to be the lack of understanding both the abstract and complex dimensions of money-laundering and corruption, the former being better understood for its strategic importance to the latter, other predicate offences to meet the objectives of the criminal world among them: hiding the underlying criminal activity that generates the profits and sustaining the enjoyment of the profits. Also broadly considered, poor conceptualisation of terms corruption and money-laundering, and deciphering mounts of financial statements. As per study findings this gap can be closed through further education, and professional training for both Police and Economic Crimes Public Prosecutors.

The (PEPs) and vulnerable institutions/individuals (public/private) profiles: (those arrested/indicted and processed through the criminal justice system to near finish, and/or, finished), reveal why this category formation of mainly public officials (Executive, Cabinet Ministers, Civil Servants (other)), and their equal number 2 in private sector financial institutions as “most exposed” in terms of exposure to laundering-led corruption and related practices, and also, as most involved in majority of real-time cases during the close to 4 decade period reviewed. There is abundant evidence that corroborate with field survey drawn data that, where and when police and the judiciary that carry out enforcement and justice administration are also “exposed” to corruption as perceived by the respondents in the field survey, the statutory/legislative provisions aimed at thwarting corruption and ML are more likely (than not) to be impotent. Similarly also, where and when high level private sector executives who make and superintend decisions, and/or, company policies, are also exposed to corruption by virtue of their proximity to political power, as perceived by respondents and corroborated by there activities/actions, it follows that they are more than likely (than not), to find it more profitable to collude with political

office holders usually government officials, in sharing and laundering spoils of corruption than in effectively observing and enforcing FATF-derived provisions.

These contention(s) above, demonstrate that laws on their own cannot work unless they are enforced efficiently. Mugarura, (2009), in his works *“effects of corruption as a factor in harnessing global AML regimes”* “confirms by positing that, prescribing regimes without the will to enforce them: by those charged with the role(s), cannot go far in forestalling the twin global threats. Overall, the full implication(s) of this discussion is that corruption does interfere with effective implementation of the global FATF AML Recommendation(s) for banks: Recommendation [No.5], and, by extension; Recommendation [No.6], and, consequently undermines full compliance by Financial Institutions.

Further it can be seen that global financial structures have emerged as the integral part of ML not only in Zimbabwe, but also the region and the globe in general. As has been exhibited, illegal funds are transmitted from Zimbabwe through the official banking system and, bureaux de changes, one reason why the latter were banned in the country. .

The fact that, Corruption’s most striking impediment is that it creates inhibition(s) for effective implementation of AML standards, and the appropriate emphasis and cause for intervention, and/or, prevention policy implementation strategies and mechanisms in Zimbabwe, all of which constitute the core of the next final [Chapter [8], is (herein) this contextual, and/or, real case study research findings, laid bare for everyone to see. From a socio-economic implication perspective, one of the remedies lies in getting the Zimbabwean economy back on the track. No doubt the need to review the system through which the Zimbabwean domestic currency (of the day) is pegged at realistic levels against the major currencies particularly the currency of choice, the United States Dollar, comes to the fore, to prevent law-abiding citizenry breaking the law only so that they can benefit the correct compensation in financial transactions.

The logical point of entry, and/or, starting point is to carry out a **“Security/Risk Education and Isomorphic Learning Awareness Campaign”** spearhead by the

RBZ (FIU), to educate banks/financial institutions and the majority of the populace in the country on the twin evils of corruption and ML, prevalence, nexus, and the damaging effects of the phenomena. After helping the banks, particularly the emerging smaller indigenous banks (which are still building their risk management/governance systems to counter white-collar crime typologies, and the public to appreciate Corruption and ML phenomena and its cumulative effects, through the *“Security/Risk Awareness Education and Isomorphic Learning”* campaign, it will then become necessary to co-opt all key stakeholders to formulate effective combat counter measures informed by situationalism in the main, and also social and tertiary measures by as alluded, Clark, R.V.G. (1992) et al.,

#### **7.4: Organisational ‘Isomorphism - Security and Risk Education**

Turner, (1978), in his works “organisation isomorphism”, propounded a six-stage socio-technical systems approach model of how disasters happen in organisations christened: *‘isomorphic learning’* or put differently, *‘learning from self, other people of organisations’ mistakes, failures or disasters*. The Security and Risk Education life-cycle model, was/ is premised on the theory that accidents are ultimate failures of socio-technical systems, which occur after a period of incubation (usually at the beginning of the organisation’s life or subsequently as a result of some change in the organisation’s function) has taken place. Meaning that latent risks, not perceived at the beginning of an operation incubate during the second operation stage, and become actual events, and/or, hazards/disasters which, owing to its impact (only then), raise the perceptual awareness of decision-makers to the problem and need for remedial action (albeit) belatedly with severe consequences (human or financial loss). Stage six, the final, is the learning phase. Contextually, those responsible for the operation of the organisation come to terms with what has happened, and usually an official ‘inquiry’ is commissioned, with the aim of establishing the cause and making recommendations for the future. Convenient to mention here that the Turner and Toft, (1978, and, 1997/1992), six-stage isomorphic learning social-technical model, ultimately speak directly on the deficient fraud defence systems failures of the (then) card payment system in the beleaguered Zimbabwean banks, many of which had prematurely thrust themselves on board the *‘novel’* emerging card business payment system without sufficiently (as results of

survey showed) first considered prudent security and risk management measures to mitigate against newer and complex type card fraud risks.

As the problem of crime is a security problem and requires specialised security practitioners to address it, observation is made echoing criminology luminaries that modern concepts of fighting crime require a compounded approach by various stakeholders, and for the purposes of this study these include: The Criminal Justice System (CJS)-Public Police, Ministry of Justice/Judiciary, Prisons and Correctional Services), Private Security, and business (other) and the public is required. Population Study (1 of 4) target respondent's publics were Heads of Security and their Card Centre Fraud Prevention Managers of the (2) case study banks: (Barclays Bank and CABS).

The majority heads of security as alluded before, where affiliated to the Zimbabwe Banks Security Managers Association, whereas also, those employed by six or so major banks/financial institutions, were members of the Card Forum of Zimbabwe. The two-in-one associations met monthly to discuss problems of security and crime affecting their bank organisations. The format was usually a presentation of relevant banks security and banks frauds trending issues including card frauds followed by "round the table" discussions. While the forum proved useful as a platform to discuss crime trends in mainly Zimbabwe's banking/financial sector and let alone, government/public enterprises and ministries where corruption and laundering occur as per findings, observations made from the same findings were that, a lot needed to have been done on issues such as need to foster co-operation in the area of training for the majority of non-expert bank security officers (most with just their police backgrounds and very minimal banking training and investigation experience of complex fraud), and, the non-expert entities of the Criminal Justice System (CJS): law-enforcement agents, law officers/public prosecutors and Magistrates to bridge the gap on contemporary white-collar crime particularly on conceptions of ML and corruption and, their prevention systems so as to improve investigation and prosecution of the offence and offender efficiencies.

Conceptually and by practice, categorising ML and corruption was shown (herein) as often difficult, because of the complexity (i.e.) nature/type, dynamics, and impact

of the opportunity offences and offenders. During the ‘phased periods’ of corruption and ML occurrences surveyed (1984-2017), poor conceptualisation and paucity in knowledge on the two white collar crimes diverse characteristics was conceded an obstacle that stood to create challenges for majority of bank security officers from different financial institutions, and, the non-expert law enforcement police details and counterpart judicial law-officers/criminal public prosecutors when dealing with the investigation, arrest and prosecution the offence and offenders. The banks, and the criminal justice stakeholder partner cluster: (law-enforcement agencies and law officers/criminal public prosecutors) can thus in the writer/author’s view, benefit from ‘*isomorphic learning*’ from each of their employer organisations experiences of corruption and fraud-led laundering by way of some form of ‘risk communication’ through strategies such as seminars, workshops, short courses and in-class education and development training on trending ML/AML and corruption awareness, investigation, prosecution of complex contemporary white-collar crimes, how to pursue transnational offenders and offences etc.; provided by those responsible for security and risks (so as to improve foresight) to prevent similar ‘isomorphic’ disaster recurrences. One way in which organisations can learn from disasters or mistakes is therefore by evaluating their own risk loss experiences or reading investigational reports and recommendations of/from other organisations (commissioned/non-commissioned (Toft and Reynolds, 1997).

The findings herein by themselves answer to one study objective of coming up with practical recommendations on card fraud prevention that is intended to improve foresight for those charged with managing the risks of card fraud ‘disaster’ in banks. One way in which organisations can learn from the mistakes of others is by way of studying the findings and recommendations of a commissioned public enquiry, a study survey and/or academic research (Toft and Reynolds, 1997).

In the context of this research, Barclays Bank was confirmed as already having been practicing a corporatist ‘synergistic’ approach to risk management – delivering validated forms of training to police members to enhance their lot’s conceptual understanding of the emergent phenomenon, through learning by classroom training and computer aided simulations. Convenient to state that through experiences of learning from the corruption and ML financial scandal spanning over three decades

(1983-2017+), during which banks and finance houses paid the supreme sacrifice (liquidation), banks in Zimbabwe have learnt and will benefit more by studying the findings and recommendations of this academic research study. Another way in which bank organisations can deliver positive prevention risk communication or dialoguing from their own, and/or, from other people or organisations isomorphic incidences can be, though cross-organisational education and development learning to improve foresight and prevent systems failure recurrences that in the case of banks cause devastating losses.

Organisations must look outside themselves to gain isomorphic learning through some form of communication (Toft and Reynolds, (1997). Qualitatively across the globe, examples of cross-organisational compounded co-operation inertias, from which Zimbabwe banks can learn from '*isomorphic*' similar card fraud related financial disasters from others are sizeable. One befitting example can be that of Indonesian banks frauds in the mid-year 2000. Following a decade of inversion on the country's card payments system particularly in the period of (2003-2007), by organised crime, challenges experienced by law enforcers in investigating and prosecuting offences and offenders, prompted the Indonesian Police, in seeking cooperation with Bank Indonesia and other Indonesian banks/financial institutions to develop and issue them with a tailor-made Field Operations Instruction Manual in the Investigation of Credit Card Crime (titled) ('Indonesian National Police, 1998, p. 14'). Based on this manual, four major classifications of instrument card related crime in Indonesia existed/exist using this *modus operandi*: lost/stolen, multiple imprints (use of forged signatures on dubious sales drafts), counterfeit (skimming), (Hendi Yogi Prabowo, 2011).

A variety of methods other than classroom and computer aided simulations can thus be put in place and delivered focused mainly on the specialised areas such as that of card security and risk management, as some form of risk communication. Suffice to state that in risk communication dispersal within and without an organisation the following strategies targeting learners to cope with the AML/AC combat can be used:

- Informal briefings
- Bulletins Via – e-mail



- Security bulletins for office notice boards
- Barclays security/fraud prevention policy document disseminated to all staff
- Classroom training for new entrants, police attaches’
- Workshops, seminars and roadshows for staff locally and abroad
- Card Centre: Contingency planning-Crisis evacuation management training
- Barclays: Zimbabwe weekly live radio and TV broadcasts on national ZBC channels on programmes: Police File and Business against Crime.

Still on the banking industry, locally, similar financial scandal incidents learning examples of epic measure from which it would have been thought majority of Zimbabwean banks, and/or, their risk and security managers had taken a leaf – to improve their foresight(s) to prevent recurrent disasters of similar nature in the future. But alas none of this had/ seems to have taken place in the several historical epic financial disaster episodes recorded in the country bearing similar characteristics (i.e.), involvement of public sector and senior executives from banks (all politically exposed persons), colossal amounts of money defrauded from banks suffering from poor governance systems and deviancy and most proceeds laundered locally and abroad. Outside the epic examples of many of the corruption and ML case studies, a cursory citing was made of a card fraud invasion targeting Zimbabwean banks by transnational groups (1995-2000), characterised by newer typologies of card pervasions among them merchant fraud and mail order fraud – (predicate to ML), in which majority of card-payment business member banks among a national total of (34) whose card payment systems were found inherently defence deficient and wanting were fleeced of several millions of dollars from banks/financial institutions.

Sharing the experience from the interacting predicate card fraud case study creates relevant connections to this current ML and corruption case study by showing through findings from the former that during the particular studied/reviewed phase (1995-2000), which falls within this current research period (-1980-2017+), bank card risk prevention systems practice in Zimbabwe was still at low level of robustness than those in other card payment system mature markets such as the USA, and, the UK among others.

Suffice to say that deficiencies in the card payment system fraud prevention practice were indicated *inter alia* by lack of reliable data collection, poor management distribution mechanism practices as well as lack of effective and efficient identity management practices. Similarly, the widespread ML that has occurred and continues to engulf Zimbabwe was by now supposed to be a greater opportunity for **‘isomorphic learning’ experience** (in this case, self-isomorphism), and, pro-action prompt, (for each, every bank and those charged with the responsibility for their security and risk management. From having acquired improved foresight, banks in their security and risk managers would (it is expected) would have prepared themselves against any forms of (potential/actual) threats targeting banks such as corruption and ML. But alas this was not to be, as corruption, fraud and other white-collar crimes with a laundering demand still rag on (to date)

The question to ask would be, if Zimbabwe was/is ranked (158) out of (180) countries on ‘Transparency International’s Corruption Index List’, did/has the country particularly its public/private financial/economic sectors learnt from the decades long **‘isomorphic’** loss inducing disaster experiences of the past? The answer by findings of this original research is a strong **‘no’**. The latest corruption scandals in the country’s public sector enterprises (as at the time of this thesis being drawn) post 2017, involving millions in United States dollars, and/or, equivalent in other foreign denominated strong currencies, and with strong hole-marks of politically exposed persons (PEPS), is anecdotal enough that the country, has not and will never learn from its past catastrophic economic disaster experiences.

It would be convenient also to reinforce the fact that the similar catastrophic financial/economic disasters Zimbabwe has continued to experience in the context of a whole banking industry, are not just common inherent systems failures or accidents in the sector’s member banks caused by human process errors, or, information technology (IT) malfunctions. Rather these have are socio-technical corrupt-led human transgression precipitated actions by colluding high placed individuals with criminal dispositions, who given the opportunity and in the absence of a guardian, commit predicate-led laundering offences such as cheque /card frauds, tax evasion and illegal externalisation of currency, among others.

As Toft (1997), argued ‘disasters keep re-curing because what little is learnt from what starts off as similar low frequency events and incubates into more serious attracting reaction, when viewed in the context of any one organisation or field or field activity different failure, is because what little is learnt from them is only passed on to managers in the organisation concerned.

Echoing, Toft and Reynolds (1997), an epic example of such isomorphic incidents taking place by characteristic proportions viewed in the context of a whole industry employing similar (‘isomorphic’) practices, and a number of similar incidents that can be seen to have occurred, and, to some extent, still occurring in different organisational contexts, as alluded in empiric real case studies of Zimbabwe’s mainly bank executives, public sector enterprises CEO’s - (PEPs) related corruption and money-laundering-led financial/economic scandals that culminated in several bank failures and millions of losses (as chronicled herein) forming the basis of the research. Qualitatively therefore, it can be safely inferred here that, those banks for example, which were affected by the corrupt and ML activities targeting their weak security/risk management systems resulting in considerable financial losses – experienced ‘*isomorphic learning*’ – meaning they learnt lessons from their own mistakes that caused the crises, and/or, disasters. In reverse, those banks which did not experience corruption and money-laundering activities targeted at their weak, and/or, porous security/risk management systems and consequently not suffered any financial/economic losses also experienced ‘*isomorphic learning*’ – meaning learning lessons from other people’s mistakes, crises, and disasters.

No doubt thus, banks/financial institutions singled out as, organisations that exhibit different patterns of ownership, management, physical and financial organisation, and even country or region of operation, but, identical in terms of goods, and/or, services they offer, will always benefit from “cross-organizational isomorphism” in terms of ‘*isomorphic learning*’ by way of sharing intelligence (information empowerment), in order to be proactive in the prevention of similar adverse events in their own sphere of operation, and/or, others’ spheres of operation(s). Generally, we learn at a very tender age of our lives that, partnerships have existed over time from primitive human existence, symbolized by the herd-like coalition between hunters and gathers at household level and allies at war at the institutional level.

Regardless of their model, partnerships have an outstanding characteristic; that of maximizing the collective performance and utility of the allied parties.

For Zimbabwe while the much heralded epic Banks crisis obtaining in the (plus) two decades have proven ‘fatal’, our problems are not unique as the world has witnessed “massive private/public corporate frauds,” “World’s biggest banking crash,” and financial trickery of huge proportions – the collapse of the Bank of Credit and Commerce International (BCCI) in July, 1991, in which the company falsely inflated profits by US\$ 614 million between 1983-1985, misused clients’ funds amounting to another US\$ 627 million by the end of 1985, and so forth, and in order to maintain the confidence of the banking sector regulators the founder and senior officers turned to ML (trading of commodities, accounts falsifications, diversions of customer money using a variety of methods including cards and electronic transfers to fool auditors (Adler, 2007), ... and we can only learn how to prevent such corporate frauds and the kinds of punishments to deter future offences even in our own backyards from specialists: criminologists, lawyers, regulators, and those in security of corporate banks and business other including public institutions

The fact that Zimbabwe’s economic banking/financial sector and, the country at large has/have seemingly not learnt enough from a plethora of empirical displays of majority (PEP- led) financial disasters in which apart from treasury coffers being raided, banks/financial institutions were fleeced of billions of private and public funds to bankruptcy in the last 40 years, is an indictment, and/or, testimony enough to prove the hypothesis in more than thing to answer to the study’s aim and objectives:

1. That corruption in Zimbabwe (petty, grant or systemic) is with blessings of government ‘by design’;
2. That those financial institutions which ‘*isomorphically*’ learnt from their own ill-fated experiences of fraud and corruption-led ML, had not in some way or other, sufficiently imparted some form of risk avoidance, and/or, ‘*prevention*’ by way of *communication*’, to those other financial institutions which had not yet experienced similar fate of victimization by the twin-evils in the close to 40 year era period reviewed: (1983-2017+), and, to date. No doubt thus, had risk

prevention been communicated timely and sufficiently (post events) by the former, latter organisations would have had their pro-action foresight improved to avert similar ML and corruption related financial losses in the future;

3. Qualitatively and quantitatively post-independence government, facilitated some pattern of transgressive behaviour ...giving it, some form of legitimisation conceived upon an ill-founded economic rationale which served/serve to challenge the prior existing internally evolved economic system of regulation against corruption. In the writer's opinion, this no doubt had/has given rise to corruption which, it, government does not want to relinquish, and/or, allow the disposed, or its perpetration to be abandoned for self-gratification – courtesy of the symbolic gesture of AC/AML regulations it developed. All because, in the writer's opinion, corruption which would previously have been contained in the sense of being either controlled, so as to prohibit temptation, or, by being sanctioned through some form of ritual penalisation, resulting in exclusion laundering by the disposed, has been allowed to flourish in the country for too long.

## 7.5 Conclusion

This chapter answered the research question and hypotheses. Furthermore, the chapter elaborated on the findings and possible implications thereof. It also concluded by raising new research questions based on the findings and results of the study (i.e.), one of isomorphic learning for banks/financial institutions in Zimbabwe. In the next (**Chapter 8**), treatment for corruption and ML mirrored mainly in two distinguished competing strand initiatives is proffered: **firstly**; the tested determinist situational prevention action measures (micro level), mainly informed by: (Clarke, 1980/89 et.al.), due to its notable (primary, secondary and tertiary interventionist) advantages of focussing on the target, and most favoured by the business and property owners, as discussed in detail in background literature [**Chapter 2**]; and, **secondly** the social (secondary/tertiary) crime prevention (macro) level – measures (considered in local, and, national government applications): for treatment of social ills. Corruption in society, is far broader in its intended effects, more diverse in its

intended beneficiaries (albeit) more costly to implement as also extensively discussed in background literature [*Chapter 2*], (Gill,1996; Bright, 1992).

The distinction between the two competing crime prevention model initiatives relative to corruption and ML combat in the banking/financial sector is discussed in the next Chapter 8 . **Firstly; situational - (primary/physical) crime prevention measures / applications (micro):** that include, AML suspicious transactions reports systems, (ST/STR) systems, CJS (arrest, prosecution imprisonment), risk communication, and enhance AML crime awareness training Barriers, CCTV-(increasing the risk, denying opportunity to offender), and, **Secondly: social - (secondary/tertiary) crime prevention (macro) measures:** include: AML laws (regulations), CJS (arrest, prosecution, imprisonment and rehabilitation), improving the social conditions, strengthening community institutions, educational and employment opportunities, enhancing recreational facilities.

Theoretically, and, in practice as will be noted and expanded in the coming Chapter 8, is that some measures and their elements may fit in more than one category (e.g.), imprisonment, in so far as it incapacitates the offender, it is a tertiary measure, but it also sends a signal to other potential offenders that society finds repugnant and worth of a punishment. This latter message acts as a preventive measure if it deters would be offenders (Gill,1994). In arriving at some of the proposed tried and tested measures that rely on removal of causes of criminal behaviour, social or secondary (macro level), and those aimed at the target, situational prevention (micro level), important observations by Tilley, et al., (1997/2004), were/are taken by the researcher to mean that certain measures can only be expected to reduce crime in specific contexts. This is taken from the point that crime occurs for different reasons in different situations and as such a thorough analysis of the context it occurs and, measures to tackle it must be taken first. Treatment of corruption and ML for example, with their complex inter-twined characteristics, it is rare for particular type of measure to be applied alone. Qualitatively, more common is the situation where a problem area has been identified and, an **optimal mix** of crime prevention measures are applied (simultaneously) - some of them primary, some secondary.

The alluded to, next final [**Chapter 8**], looks at the compounded initiatives of social (macro) and situational (micro) with their different attributes and shortcomings for the treatment of corruption and ML, particularly in Zimbabwe.

## **CHAPTER 8**

### **COMPOUNDED SITUATIONAL AND SOCIAL PREVENTION MEASURES AGAINST MONEY LAUNDERING AND CORRUPTION FOR BANKS / FINANCIAL INSTITUTIONS AND GOVERNMENT - SUMMARY RECOMMENDATIONS AND MAIN CONCLUSION:**

#### **8.1 Introduction**

Pursuant to its mission, the superseding aim of this empirical case study was to interrogate and help contribute to the understanding in richer detail, of corruption and ML: the nexus, techniques and trends as it obtains mainly within the Zimbabwean context and also the region in general, examination of the adequacy of AML regimes, determination of the impediments the former creates in the way of effective implementation of international AML standards. In the final, using originating concept(s) of compounded wider measures of situational prevention by (Clarke, 1980), supported by, (Gill, 1996; Freilich & Newman, 2016; Tilley, et al., 2004) suggest practical recommendations to minimise the vulnerabilities of AML regimes to corruption in the country and the region. Deduced from various discussions, the overriding aim of the study (hereto/in), cited as all-in-one objectives 1-5, were met, except for the 6<sup>th</sup> and last, the intervention/prevention techniques (herein) under [Chapter 8].

Crime prevention which evolved in many ways is by definition a pre-emptive intervention of happenings in the social and physical environment with the objective of influencing behaviour of potential criminals and potential victims, (Crawford, 2008). Techniques of crime prevention differ by society. Crime prevention by environmental design is one effective way in modern society (Clarke and Mayhew, 1980). As for situational crime prevention, the focus is on the physical characteristics of the environment (Clarke and Mayhew, 1980).

The originating concept of situational crime prevention (SCP) is “opportunity reduction” says (Clarke, 1980). Understanding how the offender carries out the crime is used to craft interventions that remove crime opportunities and thereby



prevent offending (Freilich & Newman, (2016); Newman, 1997; Tilley, 2004;). Clearly, there seems to be two likely options for sound preventive action in ML and one of its major the predicate offence of corruption and electronic bank card fraud for example. First, the card verification system together with enhanced staff training on awareness and prevention should be maintained. Secondly, new forms of emerging technologically enhanced cards such as the smart card, o a long way to ensure the prevention of unauthorized users, given its multiplicity of technologically advanced security features and functions, not only is it user friendly but, also safer and more secure. This is not withstanding the costs associated with the production of the card.

Situational prevention best practice guidelines on banks already touched on, serve to assist on how to manage and, deal effectively with the problem of bank security particularly fraud risk (in all products/services offerings).

- The starting point of a security program in any organisation should be based on a 'physical security survey' (analysis) that has been carved by a professional and is based on comprehensive research.
- Corporate management must set the pace and lead by example by having security at heart and following laid down procedures.
- Security/ fraud risk must be the responsibility of the entire staff, complement of an enterprise to maximize of effectiveness.
- Security systems design should be relevant and suitable to address the concerns of the organisation as client enterprise.
- Security/fraud prevention awareness education programs on banking crime general/ plastic crime are crucial and should be given priority ensuring that everybody is security and risk conscious.
- Regular updating and reviews of security systems and fraud prevention procedures is a must for the banking/financial sector.
- Co-ordination of the security function with other management function must be encouraged and maintained throughout the banks/financial sector industry.
- In this age of technology, there is need for today's security manager worth his salt, to be professional and continuously be abreast with environmental trends on crime, more so those involving technology.

Basing on this original – real case study research findings, in which banks as intermediary institutions were/have been heavily implicated, the sector should consider risk management as an integral part of its business. Through existing bank association, and bank security managers association, banks should commit to the following main objectives:

- Calling for the establishment among their membership, guidelines and standards of practice for the investigation of high-technology crime in compliant together with evidentiary standards and, precepts of general law.
- Compiling and maintaining contact list of specialists who are responsible for conducting high technology investigations in all financial institutional, Government and the industry.
- Improving efficiency and seeking to promote uniformity in best practice white-collar crime investigative methods and procedures.
- Producing and distributing papers, articles, and newsletters supportive of the activities and purposes of the local chapter provides education and training to the members and staff.
- Sharing isomorphic learning experiences as a way of enhancing the risk management practice in the banking sector and the economic business at large to prevent potential financial scandals becoming real – first time or repeat events to others.

While these are worthwhile considerations for banks, it must however be noted that financial scandals are inevitable even in the most advanced societies, and/or, where risk management practice is established – worse still in a crisis-afflicted country like Zimbabwe where corruption and ML is confirmed to be a dominant typology. To lessen the risk and the negative impact associated with corruption and ML that continues to ravage a country's battered economy for a period close to 4 decades, the researcher advocates for a multifaceted approach towards prevention at macro level, using the chosen two main compounded measures of, social and situational prevention model, plus, one supplementary strand of tertiary prevention model.

**Firstly; *social crime prevention measures*:** are those that focus at changing people themselves and the social influences which act upon them. As alluded, suitable for

adoption and implementation, by Government/Local Government(s) and even the private corporate sector businesses including banks/financial institutions when it comes to issues of employee safety, social crime prevention is more difficult to implement and quantify due mainly to the complexity of the problem(s) and need to apply many measures concurrently etc., (Pease, et.al., 1994, Crawford, A., 2008). **Secondly; *situational crime prevention measures or, primary measures*:** those aimed at the criminal act itself - corruption and ML for example – and the circumstances in which it may occur (Pease, Ken, 1994). **Thirdly,** a supplementary (secondary/partnering situational or primary prevention measures), the ***tertiary prevention model***, which aims at the known offender and implemented through the criminal justice system – ranging from which policies on punishment and incapacitation of offenders to rehabilitation and correctional education programmes (Pease, Ken, 1994). These are ‘denoted’ and discussed in-depthly under (note: 8.1a and 8.1b)

Under these two distinct segmented corruption and ML management control models is / are, recommendations *summary: (note: 8.2), also segmented into Government / regulatory authorities and banks/financial institutions parts - (note: 8.2a and 8.2b).*

## **8.2 Social Prevention Measure(s): (Government / Public Institutions and also Corporate Sector – General)**

### **8.2.1 AML Legislation (Regulatory laws):**

AML prevention in Zimbabwe is rooted first in “**The Legislation” pillar**. As alluded in the background literature (Chapter 2), and, “Media and Courts PEPs Exposures” (herein) [Chapter 8] Case Studies (9 of 9), Zimbabwe has had various pieces of formal legislation designed, relevant to prevention and combating of ML and its facilitator crimes before and, at the obtaining time of these corruption and ML manifestations occurring. Among these laws were/are:

1. Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17):
2. Prevention of Corruption Act, (Ch. 9:07):
3. Presidential Powers (Temporary Measures) (Amendment of Criminal

Procedures and Evidence Act) Regulations (SI 187 of 2004):

4. Criminal Matters (Mutual Assistance) Act (Ch. 9:06): Reserve Bank of Zimbabwe Guidelines on AML and combating Terrorism:
5. Bank Use Promotion and suppression of ML Act
6. ML and Proceeds of Crime Act (Ch. 9:24):

All the cases cited in preceding (Chapters 1-7). involve actual or suspected corruption and ML offences mainly by PEPs. Of significance is that none of the suspects/accused were/have been charged with ML *per se*'. First it could be explained by the fact that some of cases occurred before the comprehensive ML legislation had been enacted, but also because the criminal justice system, particularly the law enforcement (police), were not yet familiar with both ML and ML *domains* in their broader conceptual terms relative to diverse characteristics, micro/macro effects, design of the regulatory system, application and implementation of the laws – and the easy option out was to avoid prosecution. Although even later (to date), the tendency has been/is to charge those suspected or involved in money-laundering and corruption with competent verdicts, and/or, lesser chargeable offences say, fraud, bribery and, embezzlement – the latter, a special type of fraud (involving misappropriation of assets) etc.

The cases illustrate that international co-operation is weak because in all of them the paucity of mutual assistance agreements (MA-a) between Zimbabwe and other FATF countries leave for regional protocols that have been put in place over time, to ensure suspects/accused were brought to book after they had/have gone underground and proceeds, even those externalised, were re-called or accounted for. One of the examples is that of the 'rogue' ENG Capital Asset Management 'Case Study' in which one of its transgressor promoter/MD suspects/accused who fled the country to South Africa and started working for a prestigious university, yet nothing greatly could be done in the form of asking South Africa to bring him and others to the country to face prosecution.

As amply indicated in the background introduction Chapter 1, one of the AML prevention pillars in Zimbabwe comprise legislation and regulations (**The Regulation/Legislation Pillar**) [...] laws that are enacted or issued from time to

time. Its purpose is to prevent the commission of ML by both individuals and organisations such as bank. The formal legal provisions already in place in Zimbabwe touching on corruption, fraud and ML during the period, and or at the time these case(s) here surveyed taking place (i.e.) (1982/1984), were/are: <sup>1</sup>. The Serious Offences (Confiscation of Profits) Act, (Ch. 9:17); <sup>2</sup>. The Criminal Procedure and Evidence Act, (Ch. 9:07); <sup>3</sup>. Criminal Matters (Mutual Assistance) Act (Ch. 9:06); <sup>4</sup>. Prevention of Corruption Act, (Ch. 9:16).

The Serious offences (Confiscation of Profits Act) (1990) (Ch. 9:17): This Act., makes ML an offence. It touches on fraud and any other serious crimes such as the Parks and Wildlife Act, which deals with poaching and unlawful killing of wildlife, the possession or dealing/trafficking in specially protected species such as pangolin, rhino and elephants, plus, possession or dealing/trafficking in raw ivory as a serious crime. The crime is a predicate to ML in Zimbabwe, and so on. Its enactment was meant to increase the country's effectiveness in identifying instrumentalities of ML related predicate offences, their investigation, prosecution, tracing and, and enhancing cooperation with other jurisdictions to confiscate their proceeds crime that can be used to further crimes (organised/non-organised) including externalisation of foreign currency etc. The cited case, State V's Chen Guoliang (Mr) a (Chinese man arrested for attempting to smuggle raw ivory to China via The Robert Mugabe International Airport in (2013), is a pertinent example:

Presidential Powers (Temporary Measures) (Amendment of Criminal Procedures and Evidence Act) Regulations (Statutory Instrument 187 of 2004): Under this Act, suspects of ML and or, related predicate crimes such as corruption, violation of the exchange control regulations (i.e.) smuggling and externalisation of foreign currency, terrorism or subversion etc. can be arrested and detained for 21 days without right to bail to facilitate full police investigations.

Criminal Matters (Mutual Assistance) Act (Ch. 9:06): The Act recognizes ML as a trans-national crime and seeks the fostering of cooperation between the Reserve Bank FIU, the police and the National Prosecution Authority (NPA) with their fellow regional and international counterparts. At the time of writing the (RBZ) FIU's

international co-operation was restricted to the ESAAMLG region given that Zimbabwe remained outside the Egmont Group.

The Prevention of Corruption Act: (criminalised/criminalises corruption which as stated is a major predicate offence for ML. Individuals and organisations suspected of having committed the crime can be specified (today) by the Minister in the President's office responsible for Anti-Corruption. Previously this authority used to be vested in the Minister of Justice, Legal and Parliamentary Affairs. The Minister can specify individuals or organisations based on suspicion that they have been involved in illegal activities that include corruption. This is done to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will investigate the matter to give substance to the suspicion. The special investigator, and or, a police investigator, has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

Further to these, the State enacted the Bank Use Promotion and suppression of ML Act (BUPSML) (2004), aimed to consolidate legislation and regulations that, as it were, were fragmented to the extent they negated both the prevention and the enforcement of the AML regime in Zimbabwe. The all-encompassing (BUPSML) spells out among other AML policy requirements (i.e.): implementing of the Know Your Customer (KYC) principle by banks/financial institutions; spelling out accountable institutions requirements; Penalties for non-compliance with KYC and CDD rules; requirement for banks to set-up FILE as repository of 'Financial Intelligence' to supervise/investigate errand banks.

Pertinent to the cited surveyed case studies involving suspected or actual ML and corruption, the Presidential Powers (temporary measures) (Reconstruction of State-Indebted Insolvent Companies) Regulations (2004), were put into effect to enable among other measures, the Minister of Justice in conjunction of Minister of Finance to issue 'reconstruction orders' for state indebted companies that are unable to pay the State as a result of fraud, mismanagement or any other cause. Pertinent to this 'Act' is the example, (2004), issued five-year bonds to honour the Boka's UMB

fraud induced (5) ‘five-year short term commercial bills/bonds’ fraudulently issued for, and on behalf of the Cold Storage Commission (CSC), that caused (Z\$25million) potential/actual loss to Rapid Discount House and other stake-holder victims of that financial scandal.

**The second** of three AML pillars in Zimbabwe, as indicated also in the background [Chapter 1], is the **‘Enforcement Pillar’**: Also pertinent to the AML law-enforcement pillar, during the period/time of the first, second and, other subsequent surveyed case studies (herein), Zimbabwe already had in the work of making amendments to consolidate those other existing laws (as described), relevant to the combating of ML, the ‘Serious Offences’ (Confiscation of Profits Act.), (Ch. 9:17) and, the Prevention of Corruption Act, (Ch. 9:07): that empowered the police to investigate ML, and also, to enable them to confiscate and, where appropriate secure the forfeiture of the proceeds of the crime. In addition, the Act empowered/empower investigating officers to obtain information from financial institutions, about a person/persons or organisation’s financial status, and or about, transactions that are important for their investigations. Typically, the AML/AC legal provisions provide for the lifting of the corporate veil in circumstances where individuals use public and private enterprise companies to commit offences to sustain enjoyment of the profits or their reinvestment in future crimes. Further it/they also provided/provides for the seizure, forfeiture, and confiscation of tainted assets/property.

The cited example case(s) and other crime series involving as it were, suspected corruption, actual fraud and laundering offence activities, the former two as predicates of the latter, involving: <sup>1</sup>an irregular Government tender award, and; <sup>2</sup> approving payments against fraudulent (over-invoiced) claims by the (then) Min of Agriculture in favour of Bernard Paweni / his certain company bank accounts against which the latter directly benefited and also the former ought to have benefited financially and economically through quantitative varied disbursements made these accounts resulting in (US\$ 6 million) worth of loss to government’s Ministry of Agriculture, and or Treasury (Police, RBZ).

Noteworthy mentioning is that, under the extant Zimbabwean legislation (then) when the crime(s) were committed (1982/1984), there was no offence specifically named

corruption (RBZ). Rather there were acts constituting a corrupt conduct. A corrupt conduct is (in part) an unlawful and intentional offering to or agreeing with a person to give consideration in return for action or inaction by him/her (RBZ). During the same period also (1982-1984), the offence of ML had not yet been specifically defined in Zimbabwe. Could this explain why Bernard Paweni alone was charged for the underlying predicate offence of fraud, yet the relevant acts constituting a corrupt conduct as those exhibited in the Minister's irregular awarding of the GMB tender to Paweni and company, and the irregular signing of the fraudulent inflated invoices (completing the fraud road map) were present but not invoked by the law?

Alluded to in the 'case study' of Paweni for example, as to why police and the courts prosecution chose not to also charge the minister or both for corruption can only now be conjecture, as it were. Left to this study alone, basing on evidence, the conclusion could be anything from: firstly, the lack of knowledge and appreciation of the (then) emerging phenomena of corruption-led ML gaps in its legal and law-enforcement infrastructures, operational capacities (i.e.) low investigational abilities., and secondly, succumbing to political pressure not to embarrass government could have left the police and prosecution with no choice but to choose the easy route...charge Paweni only with fraud.

As it were, these arguments examining (Law-enforcement) - Police action or inaction, while now seemingly secondary in a post-mortem of a case that has since 'died' and is finalised, and can be rested for another day, are in the 'eyes' of the study crucial in the understanding the trends of ML and appreciating its strategic importance to the underlying criminal activities that generate the profits

Further also, according to the Bank Use Promotion and Suppression of ML Act., an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.



The Act also indemnifies designated institutions, officers, employees, or other representatives of the institutions from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. Staff of the RBZ Financial Intelligent Unit (FIU) are similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF.

These cited AML/AC legal provisions were applied to the latter resulting in the indictments/ arraignments of PEPs the likes of the late Senior Minister Morris Nyagumbo (then alive) for engaging in 'corrupt conduct'. The then Midlands Provincial Governor Midlands F Shava on his part was charged for perjury, a common law offence in Zimbabwe and elsewhere. This after he, while under oath as a witness in 'corrupt act' criminal proceedings against Morris Nyagumbo et al., made certain unlawful and intentional declarations (Harare Magistrates 1988/89, Court Record). Perjury at common law consists in the unlawful, intentional making of a false declaration under oath (or in a form allowed by law to be substituted for an oath during legal proceedings).

However, of special note is that the Serious Offences (Confiscation of Profits 1990 Act), as it stood at its initial inception, did not appropriately circumscribe ML and the penalties imposed were small in relation to the preceding predicate crimes committed. Making it not deterrent enough for would-be offenders and or, actual offenders to repeat or commit further ML. Its power though not as deterrent, still rested on the provisions allowing police powers to investigate, seize and confiscate proceeds of crime, which is a good departure point for deterring

Under the Prevention of Corruption Act on one hand, the Minister responsible for Home Affairs/Anti-Corruption, can specify individuals or organisations based on suspicion that they have been involved in illegal activities that include corruption. This is done to facilitate investigations because people who are specified are stripped of the power to deal in their own right. Once a person is specified the Minister is required to appoint a special investigator who will investigate the matter to give substance to the suspicion. The special investigator, and or, any police investigating

officer has the power to search premises, collect crime information from witnesses under oath and examine bank records belonging to the specified person or his/her spouse or those associated with him/her.

The latter, Bank Use Promotion and suppression of ML Act., (BUPSMML) enactment as alluded, spells out among other AML policy requirements (i.e.): implementing of the Know Your Customer (KYC) principle by banks/financial institutions; spelling out accountable institutions requirements; Penalties for non-compliance with KYC and CDD rules; requirement for banks to set-up FILE as repository of 'Financial Intelligence' to supervise/investigate errand banks. Also, under this legal provision (all encompassing) (BUPSMML), an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceed(s) of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

The (BUPSMML) Act, also indemnifies designated institutions, officers, employees, or other representatives of the institutions from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. Staff of the RBZ Financial Intelligent Unit (FIU) are similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF.

The success and failure of effective management and implementation of AML legal enactments in Zimbabwe rests as alluded on the criminal justice system (police, justice, and prison services).

The Bank Use Promotion and Suppression of ML Act., [2] of (2004), alluded to aimed to consolidate legislation and regulations that, as it were, were fragmented to the extend they negated both the prevention and the enforcement of the AML regime in Zimbabwe.

Under the (all encompassing) Bank Use Promotion and Suppression of ML Act., (BUPSMML), an Inspector (RBZ), or, Police Officer has the power to cause/detain cash as proceeds of crime where he/she believes there is reasonable suspicion that an offence had/has been committed. Of particular significance is the detention of cash that is used to buy or sell foreign currency by individuals or organisations that are not authorised dealers.

The (BUPSMML), also indemnifies designated/cooperating institutions, their officers/employees or other duly appointed representatives from lawsuits arising from information given in the ordinary course of business and in good faith relating to ML. The identification of the designated institution cannot be divulged in court or without the consent of the institution. Staff of the RBZ Financial Intelligent Unit (FIU) are similarly protected. This presented/presents (then/now) a modicum of witness protection to the country's AML measures as prescribed by the FATF (RBZ).

For example, during the obtaining periods and times of the alluded to corrupt malfeasances including multiple acquiring of residential stands/properties, and, internal (within country) asset laundering i.e., (2002-2016), (all) during the more than two decades as senior member of the ruling party holding decision making positions, and, a Cabinet Minister in one Ministry or other, the Serious Offences (Confiscation of Profits) Act (1990), empowered (as it still does), the police to investigate ML and also, to enable them to confiscate, and, where appropriate to secure the forfeiture of the proceeds of the crime.

While Zimbabwe as alluded in the literature herein, had been and continued to be littered with cases of prominent individuals arrested and charged upon being accused of breaching the Exchange Control regulations., and some, externalizing foreign currency/assets, the majority of those/these persons are sooner or later finding themselves being released, acquitted on appeal, and, skipping the country temporarily or for good: this case is slightly different in that all of I Chombo's malfeasances were allegedly internal – suggesting there were/are no indicators of violations of the exchange control Act and externalisation of the millions of laundered proceeds found headed to overseas or off-show banks by the police or the RBZ.

The third and last of the three AML pillars in Zimbabwe as indicated also in the background (Chapter 1), is the two-in-one cooperation pillar which encompasses the **‘International co-operation pillar’** with its mutual assistance act agreements (MA-a) provisions, and the (DC) domestic cooperation pillar:

*Firstly;* following muting its long term plans (as far back as the late 1980’s to early 1990’s), to enter into bilateral cooperation agreements with international bodies that include the EGMOND member countries grouping of Financial Intelligence Units (FIU), to help in identifying, tracing and confiscating proceeds and instrumentalities of crime of laundering, Zimbabwe apart from formerly joining (ESAAMLG), had not done so, let alone signing (MOUs) with other countries outside ESAAMLG, the first step to acquisition of membership. According to the (FATF) international AML/AC standards a country should enter (MOU) agreements with multilateral organisations, other FATF member countries Central Banks FIU’s, and, accountable financial institutions, in order to get cooperation in tracing laundered and externalised laundered funds.

However as has transpired over the entire period studied (-1983-2017+), Zimbabwe did not get sufficient cooperation to information, tracing and recovery of the alleged suspected, and/or, actual laundered funds to South Africa and the UK, by the likes of Christopher Kuruneri, J Makamba and others. In the end, upon pleading innocents (to all charges) the suspects/accused were acquitted. Though acquitted Christopher Kuruneri did not get his ministerial job back. The reasons for his acquittal could have been partly that, the State due to non-signing MOU agreements say with South Africa, while able to identify the criminal acts and presented its facts based on formulated hypothesis, was maybe weak to validate the burden of proof in specific terms to support the same formulated hypothesis on ML, exchange control regulations, tax evasion(s) that had taken place in South Africa. This shows to confirm as discussed the clandestine nature of ML and its constituent elements (placement, layering and integration) underplayed by corruption, fraud, externalisation, and tax evasion among other predicate offences where, not carried out systemically to afford tracing and recovery can be very difficult to prosecute.

*Secondly;* on domestic/national co-operation arrangements, for purposes of increasing the effectiveness of the legislations so enacted to combat ML and predicate offences mainly corruption, fraud and externalisation of foreign currency among others as happened in these criminal case series, the country in line with its AML regulatory/legislative requirements, witnessed the deliberate move to:

- Increase national cooperation and coordination through a (newly) formed national task force, on AML operational issues – chaired by the Director of the RBZ (FIU) and whose primary responsibility was/is to advise the Minister responsible for AML policy (RBZ),
- Increase closer policy coordination through the AML advisory committee (AMLAC) composed of stakeholder national economic and security sector institutions (i.e.) Law-enforcement agents (Police), Justice and legal (NPA), RBZ (FIU), banks and, designated institutions(ZIMRA) and the National Economic Conduct (NECI) agencies,
- Get help in detection, investigating, identification, tracing, confiscating proceeds and, Instrumentalities of crime and prosecution

By collaboration, pertinent to the I Chombo case study, designated institutions, and local law enforcement agencies (i.e.) the Zimbabwe Republic Police (ZRP), Zimbabwe Revenue Authority (ZIMRA), National Prosecuting Authority (NPA), National Economic Conduct (NECI) and Immigration Department (Customs), carried out extensive investigation stretching more than 5 years (2004-2009), the eventually led to his arrest

Generally, IM Chombo (alias) Chiminya (Dr) due to his financial and material opulence emanating from alleged series of ill-gotten corruption scandals, political interference and ring fencing from the corrupt police, had proven highly difficult for (they) the police to arrest him until 17, November, 2017, during the proceedings of a military coup that ousted former President, RG Mugabe, when at gun point he was apprehended and ushered before the courts. At the time of writing the alleged plethora of corruption, internal money-laundering /asset-laundering and other related financial scandal charges were still pending trial.

Finally, pertinent to all the cited surveyed cases and others to come in the future, the Presidential Powers (temporary measures) (Reconstruction of State-Indebted Insolvent Companies) Regulations (2004), were put into effect to enable among other measures, the Minister of Justice in conjunction of Minister of Finance to issue ‘reconstruction orders’ for state indebted companies that are unable to pay the State as a result of fraud, mismanagement or any other cause. In this case study example, government later in (2004), issued five-year bonds to honour (his) Boka’s UMB fraud induced (5) ‘short term commercial bills’ for and on behalf of CSC that caused (Z\$25million) potential/actual loss to Rapid Discount House is pertinent.

It is also noteworthy to mention as a closing remark that for all its efforts to enact, apply/implement its AML laws Zimbabwe did not follow through to commit itself to sign bilateral cooperation agreements and protocols with beckoning international FATF affiliated AML bodies including the EGMOND Group, and other by-country Financial Intelligence Units (FIU) to help in identifying, tracing and confiscating corruption and laundering proceeds and instrumentalities of crime such as ‘poaching and illegal wildlife, and wild-life products trafficking. At the time of writing the country had not yet been admitted to, and/or, let alone sign a MOUs, the first step to (MLAA) membership acquisition(s). The EGMOND group was created to foster development of FIU’s and information exchange as well as developing and implementing of technology-based AML solutions such as its Egmont Secure Web (ESW), (RBZ). This system allows for transmission of critical AML intelligence between two or more member FIU’s via internet or e-mail-based protocols maintained with high levels of security and speed etc. (RBZ).

Basing on the background literature in [Chapter 2], and as in above, the theoretical result from this study showing that despite extant AML provisions and their implementalties, there is a high and increasing prevalence of the crime in the country caused mainly by PEPs induced corruption and its inhibitions to their effective implementation. Drawing from this result this means that an efficient combat to ML can only dwell on a joint effort of a three-pillar cluster: (the competent authorities, designated authorities/cooperating institutions (banks) and their employees). Enough has shown that AML regimes (including situational primary measures and social-secondary measures) depends on modelling of mechanisms that make banks

and their employees to cope against ML, considering a significant volume of crime from corruption and other exigencies depart from their reports on suspicious activities [...] another reason why they AML Regulations are found facing struggles everywhere, (Masciandaro 1999, Toth and Gal, 2004; Araujo, 2009a, b). According to their argument, one of the reasons for these struggles is lack of effectively involving workers in financial institutions to combat ML.

Qualitatively and quantitatively the central aim of the AML Regulations is to design a system of procedures and incentives that work by inducing financial institutions to act effectively to the production of the necessary information towards suspicious activities. Although there are a number of reasons why a financial institution maybe subject to laundered money, one of them is a large production that makes the banks not allow the FATF/Basle convention principle – “Know Your Customer” (KYC). Based on research, there is some evidence that in the last decades, due to emergency and intensive use of advanced information and communication techniques, financial institutions have a large production that maximises their profits (albeit), making them unable to perform a proper screening against ML. A pertinent example from this research findings is that of Central African Building Society (CABS) failing to observe the ‘Basle Convention KYC/CDD principle in its dealings with certain categories of clientele.

Further on why regulatory AML provisions on their own are facing struggles everywhere to be an effective tool is the empirically found missed chance to involve banks themselves in the fight against ML, i.e., the denial of putting the concept of active cooperation into real practice (Masciandaro, 1999). By this, he was pointing to the aspect that the burden of an efficient ‘STR-report system’ cannot fall entirely on banks as they may face legal systems that create incentives to not report suspicious transactions (STs) for example. On this, Araujo points to two scenarios on cooperation and non-cooperation by banks to fight ML leading to paucity in efficiency of the AML regulations on their own. First, corrupt banks, and/or, their corrupt agencies can wittingly by choice rationalise not to follow AML Regulations (i.e.), reporting suspicious transactions for corrupt self-gain. Secondly, it is not straight jacket, or, plain that bank or any other business employee are receptive to combat fraud mainly if they do not find the right incentives to do so (Araujo, 2009).

Studying the effects of the AML regulations on direct investment, Viega et.al., (2006), concluded that banks' obligation to inform of suspicious transactions was negatively related to growth, suggesting that the implementation of ML regulations can probably reduce growth from countries where the regulation is in place like Zimbabwe. In the same resolve (Mascandiaro, 2008), concluded that the decision of a country of becoming non-cooperative maybe an economic decision influenced by historical characteristics which is a suggestion of path dependence in the combat against ML.

What this shows is that the efficacy of AML Regulations in a country or environment is dependent on the decisions of banks and employees which is made endogenously using a joint effort variable but maybe affected (negatively/ positively) by the design of an optimal regulatory system. Like in Zimbabwe's case where certain AML regulatory provisions that have been put in place tend to negate the AML regime: the Zimbabwe Investment Regulations were for example put in place to harness capital from local Diasporians through the RBZ Homelink System introduced in April 2004. Under the scheme individuals can bring money (hard currency) into the country without being asked source of origins. This provision promotes ML as money received quickly gets channelled into the lucrative underground market. Even after this realisation, by the authorities, as far back as June/July 2004, some of the monetary policy regulations promotional exigencies still stand. Some provisions such as the (Exchange Control Agencies Order, Investment Regulations) that promoted ML were however banned in 2006, subsequent their being put in place.

The joint effort between bank, employees' approach of prevention as variable, assumes that banks dedicated to combating ML must be prepared to face a cost of incentive pay-offs to the latter who can choose the strategy of being trained, commit to ML denoted and be ready and adaptable to identify and display prompt information on any suspicious kind of activity across an employ bank operation, and or, section. Assuming this happened, i.e., that bank and workers, or all bank/banks' employees decide to commit to cope with AML combat, ML prevention pays off and production output increases.



Contrastingly, in an environment where some banks and some employees, and/or, some fraction of the population of bank workers chooses to combat ML, and the remaining fraction decide not to fight, the result is a low or weak AML regime left open to attack by fraudsters. In the Zimbabwean scenario, it can be stated categorically that certain number of the banks exhibited a kind-of mixed AML prevention strategy. Some fraction of the staff and their employer banks particularly the bigger FIs, choosing to engage AML and corruption by complying with local and international FATF/Basle Committee principles helped by a conjugation of factors: extant AML regulations and a joint effort approach of willing bank, willing worker model. Yet also some fraction of banks, (emerging small to medium) while professing preparedness to fight ML, were affected by those owners/managers and employee (other) in their midst who either by design were created to commit fraud-led money-laundering, and did commit the crimes (case of the 13+ FIs that folded); and/or, by the number of employees, though prepared or willing to fight, were faced with a number of challenges including rigid applications of the bank secrecy laws which inhibit effective 'risk communication' between member banks, or, the cost of compliance.

Suffice to conclude that, all factors considered an efficient combat to control ML rests on the joint effort of competent authorities - (Central Bank, Police, Justice, banks and their employees. The success level(s) of combat though while an endogenous variable, maybe strongly affected by the design of the regulatory system of a particular country/environment...against which, says Mascandaro et.al. (2008, 2006, 2004).

### **8.2.2 AML Regime(s) - RBZ Suspicious Transactions & Suspicious**

#### **Transactions Reports Data Management System:**

Zimbabwe has what is known as the single financial institution to an FIU. In terms of technology-based protection, each bank and non-bank financial institution must have its own protection to deter and prevent ML and its exigencies. Based on the findings, there are challenges of increased security risk vulnerabilities to ML for a country like Zimbabwe whose reliance is on a single FIU's centralised socio-techno suspicious transactions (STs) data management system of its Central Bank (RBZ)

and whose efficacy is questionable, to which a loose assembly of bank institutions sub-systems operation transactional activities exist to combat ML. These include:

- Restrictions caused by limited human resources from the RBZ FIU *'isle'*.
- Paucity of banking knowledge (again from the FIU's side), incapacity to manually input, analyse and carry out proper KYC testing of the produced-by technology STRs caused by among other employee competence attributes demanded of in the socio-technical domain's programmed software applications dealing with large volumes of data whose representations define that which is suspicious and that which is not from several compliant stakeholder Banks working in isolation.
- Problems of asymmetry in profiling ML behaviour: the ratio between submitted STRs ('described as white noise') instead of the truly suspicious reports, and, the ratio between submitted STRs to prosecutions etc.

Burdened with the management of centralised suspicious transactions (ST) information management and its security (prevention of data theft and unauthorised data modification, and to protect suspects/non-suspects citizens whose data is stored in the data base), banks/FIs in Zimbabwe need to explore different ways with which suspicion for ML can be substantiated and profiling of AML attempted (Demetos, 2009). 'Situational' tested sources that can be used beyond the reliance on technology that could add to corroboration of suspicion for ML for a customer are many and not limited to the following:

- Referrals from staff members: (banks/non-bank business)- (anecdotally currently the most reliable method of identifying suspicion from data available in banks),
- Law-enforcement agencies enquiries: (these help in searching for suspicion customer's associates' actions which can also lead to generations of further suspicions),
- Fraud data including internal fraud: (By examining the relationship between fraud and ML, it has been found in many research that the two crimes elements collaborate, and that fraud is one of the leading predicate offences to ML).

- Marketing Data: (Marketing departments in banks/non-bank organisations) are known to hold important demographic data for customers and specialise in customer classifications and targeting. Collaboration between Banks ML departments and their marketing counterparts is very important for profiling).
- Media: (utilizing the media source for identifying potential suspects (or their associates) or other information that can be linked to location-based profiling while highly unstructured, is qualitatively considered important),
- Declined application data: (when a bank declines to open an account or decline a service for an existing client, credible reasons exist, and when logged this information can be used further in several profiles),
- Industry Forums: (since AML/AC is part of Compliance and institutions do not really compete, on these areas – because they constitute cost centres, industry forums such as the banking association and banks security managers associations have been formed and these have enhanced the sharing of AML/AC intelligence between members...these are used for constructing profiles for a suspect on these two-in-one problem domains.

### **8.2.3 Anti-Money Laundering /Anti-Corruption Awareness Training:**

Anti-money laundering (AML) and Anti-Corruption (AC) awareness education more specifically its introduction, and/or, heightening for staff, the public as users of bank products, and another key stakeholder – the criminal justice system [police, justice law officers/criminal public prosecutors in particular] – through classroom and computer technology-based simulator methods, workshops and seminars etc., to deal with the emergent threats and the complexity of ML and corruption phenomena, is a priority area in need of much greater development in Zimbabwean banks.

In this vein the aspect of -‘Organisational Isomorphism’: drawing lessons from our own/other people, and/or, organisations’ mistakes, crises come to the forefront. Citing, Turner, (1978), Toft, and Reynolds, (1997), “Learning from Disasters: a **‘Cross-organisational isomorphism’ in this study** was seen as the more focused a term to discuss the process of education and development in the context of partnering between different stakeholder organisations, in this case, private corporates (banks), and, public agencies (police, law officers and courts): on AML awareness (i.e.), on

how to deal with some of the more complex emergent white-collar crimes and their exigencies on ML.. The broad conceptual meaning of ML and corruption, their diverse complex dynamics characteristics creating challenges for the criminal justice system in its processes of offences and offenders would require that, education and development process initiatives, particularly for the criminal justice entities, be a focal for implementation cross-organisationally by banks, and, the RBZ.

At both micro/macro levels, there is also need for the public to be educated on ML/Corruption and the need to wage an AML/AC war on the complex phenomena in Zimbabwe. For example the Central Bank of Indonesia 2008, initiated the “Let’s Go to the Bank” campaign to educate society on banking matters. The government of Malaysia named that year 2008, the year of Banking Education because of the successful that managed to reduce banking crime in particular card fraud (Napiansyah). Also in the United States, as a social (tertiary) prevention strategy, improving society’s crime awareness particularly identity theft and fraud – both predicates to ML has been a major agenda and success determined by the National Strategies. As for ML and corruption awareness government partnering with the private banks can help reducing their prevalence and effects by carrying out awareness campaigns on national radio, TV stations, seminars, workshops, roadshows even in remote areas of the country where corruption visibility has been reported and developing literature (Banās and bill-boards).

However, in prescribing awareness training as a tertiary prevention measure, it should anecdotally be acknowledged that, any form of training programme has its own limitations. In Zimbabwe complex and diverse corruption and ML techniques that have and continue to permeate the country’s key law-enforcement and justice systems, tend to be ahead of some of the mainly situational and prevention and combat measures that that banks and public sector institutions have tried to implement piece meal though.

#### **8.2.4 The Criminal Justice System (CJS) (Anti-Corruption Control):**

Public choice theories lead to a dialogue on situational corruption control that maximizes the costs of corruption and minimises the benefits/rewards. Since the

benefits of corruption are much harder to influence, most of the focus to control corruption are on the costs of corruption. The costs of corruption can be made higher by improving the chances of one getting caught and imposing deeper penalties. The costs to the offender can also imply investing in comprehensive system of controls based on surveillance, massive information gathering, auditing and aggressive enforcement of a wide array of criminal and administrative sanctions.

In this vein, it is convenient once again to reiterate that, to help increase the justice and law-enforcement capacity to proficiently execute their mandates, this research recommends special education on basic banking, and awareness/familiarisation to AML and Corruption broader concepts, as well as computer literacy training sponsored by banks should be afforded. The success of this initiative requires cooperation between stakeholder bank institutions, government (RBZ), and industry wide players.

#### **8.2.5 Risk Communication: A Situational and Social Crime Prevention**

##### **Practice against ML & Corruption:**

Based on, Turner and Toft, (1997/1992), socio-technological systems theoretical works on how man-made disasters in organisations involved in many operational sub-units which generate or provide the same or essentially similar products or services, banks experience one of four types of isomorphism: ‘event isomorphism’... a situation where qualitatively different socio-technical failures produce the same end-result – often a financial disaster, and/or, failure singly or across the sector. Taken in the context, disaster means a financial scandal of epic proportions leading to loss, and/or, fall of an organisation or company due to operational experienced socio-technical ‘isomorphic’ similar events as illustrated in the real corruption and fraud-led laundering Zimbabwean case studies events (herein Premised on the basis that accidents (typical low frequency events when taken in the context of not one, but a whole industry employing similar ‘isomorphic’ practices) are ultimate failures of socio-technical system which occur after a period of incubation (usually at the beginning of the organisation’s life or subsequently as a result of some change in the organisation’s functions having taken place (Turner and Toft, 1997/1992). These

keep on happening because managers such as those in-charge of managing security and risk in banks where financial scandals tend to occur time and again, do not take lessons from outside themselves, and/or, their organisations to improve foresight for future prevention through some form of *'isomorphic learning' experience(s)* – meaning learning lessons from other people's past mistakes, crises and disasters through risk communication...for pro-action to prevent similar adverse events and effects in same theatre or sphere of operation.

Zimbabwe has experienced in the close to three decades of its existence since independence in 1980, similar repeat banking/financial scandals and the public sector organisations costing the economy several millions ... and perhaps the most epic and recent ones already highlighted (falling) within the period studied (2013-2016).

In the beginning, the country started by experiencing low-level instances of corruption/fraud-led ML activities in the majority of them involving PEPs starting with the first (1983-1984), B Paweni v's Gvt/GMB Draught Relief Tender financial scandal, followed by the M Nyagumbo's Willovale 'Willogate' financial scandal of (1988). This was followed by the R Boka UMB financial scandal in 1995+. Following were the (1998-2003), and, (2013-2016 +), banking scandals all involving colossal millions in losses to government and the private sector bank and their clients.

Second, are case study examples of financial scandals abroad, which among them include the former Nigerian military ruler, Sani Abacha (1993-1998), who in his ten-year rule, is said to have stolen US\$5.billion externalised and laundered variously in countries like Switzerland, Luxembourg and others assisted by corrupt laden Nigerian banks. Still in Nigeria and speaking of political meddling, and, monetization of the budget deficit wherever it happens in Africa, the eleventh Nigerian Central Bank Governor, one, Gordon Emefiele, tinkered with the monetary policy when oil prices were down.

Of similarity, one well-known empirical example, (outside banking), which illustrates some of the concepts outlined above, is that of the similarity between the fire in the Iroquois Theatre, Chicago 1903, and the fire which took place in the Coconut Grove Nightclub, Boston 1942. In both cases the decorative fabric of the

interiors was highly inflammable, exits were closed or had not been provided, both venues were overcrowded and in neither establishment had staff been trained to deal with emergencies such as fire. This Pattern is one which is not unfamiliar in places of public entertainment, and the list of cases could be extended without difficulty.

Basing on background literature and the broad findings, the fact that now and again shocker financial scandals involving mainly PEPs and other-like highly placed people in the private sector keep popping up like a ‘Cheshire cat’ is anecdotal enough that the country, its public sector and private sector businesses (Government ministries, parastatals organisations, banks/financial institutions (their owner-managing directors, managers, employees) ‘isomorphic’/similar type failures.

For prevention, it is instructive that individual organisations in a similar industry need to be able to learn from each other’s experiences in order to learn how to manage risks through some form of risk communication between those who have learned from the disasters and those who manage the risk of disaster (e.g.) financial scandal. One way by which organisations can learn from their mistakes, and/or, the mistakes of others is by studying the findings and recommendations of public enquiries.

The study findings herein by themselves answer to one and last study objective of coming up with practical recommendations on ML and corruption control, intended to improve foresight for those charged with managing the risks of fraud-related ‘disaster’ in banks. One way in which organisations can learn from the mistakes of others is by way of studying the findings and recommendations of a commissioned public enquiry, a study survey and/or academic research (Toft and Reynolds, 1997).

Finally, as Turner, Toft, (1997), alluded, the advantage of explicitly recognising where organisational isomorphism does exist is that, this recognition allows the learning process to be considerably speeded up. If some form of socio-technical failure takes place in any organisation where isomorphic, and/or, similar adverse events spawning a crises/disaster are likely to occur in another, and or, different organisation(s) producing or offering similar services but not having experienced the same, appropriate remedial action(s) can be taken by the latter as a proactive security /risk management best practice measure against similar adverse events and effects by

way of '*isomorphic learning*'/ '*risk communication*' - between, and/or, across sector body members.

### **8.3 Situational Crime Prevention & Tertiary Prevention Measures:**

#### **(Banks/Financial Institutions):**

##### **8.3.1. Security Policy, Barriers, CCTV Cameras, Surveillance, AML Systems, Awareness Training:**

Security being a rational activity means that a professional conduct security or risk survey/assessment on the asset i.e., business premises, computer (hard-ware, soft-ware and information) of an organisation to control losses. One of the objectives of the study was to identify risk threats of ML by criminals (organised/non-organised) (PEPs or Non-PEPs) alike using banks/financial institutions platforms and electronic mediums mainly to illegally externalise proceeds (i.e.) hard currencies and even local currency to regional and overseas destinations by way of risk assessments and reviews.

In this vein, one of the findings by perception ratings was that, developing a security policy together with the risk analysis process, premise and asset protection and investigation obligations for effective implementation of AML regulations in banks lie with the security manager (albeit) with the total involvement of general management and also in liaison with other heads of departments. Instructively it follows to the later that, only after a professional assessment has been carried out can recommendations for implementing effective prevention measures at both micro/macro levels in compliance with the FATF AML and Basle Committee international standards/principles be adopted.

A security policy formally defines the aims and objectives of security/fraud departments: information technology security, requirements of staff, and consequences for those who act outside line policy. In totality, it implies rule-setting which in turn bolsters moral condemnation and compulsory guidelines compliance to organizations ethics or values. The fact that it must be endorsed by the top echelons



of the organization is an indication of requirements of management to commitment to security. In all cases, the major considerations in risk analysis are: (1) probability of occurrence and (2) the effect on safety and reputation.

In any business operation, the evaluation of both current and new risks is a continuous process, although surprisingly during the study there were a few respondents from the sample of 'specialised' or supposedly 'specialised' security department personnel who believed that reviewing security, and/or, fraud risk could just be one of those 'one day' occurrences. This was a disturbing revelation to the research, considering the importance of this function which should form the backbone of security and fraud in terms of operational strategy and prevention. Not surprisingly was the fact that the few individuals who believed so were relatively new in the banking/financial services private security industry sector, suggesting that, their knowledge and professionalism on financial security issues in general and other emerging ML causal leading threats such as card fraud in particular, with its data growth requiring constant monitoring was/is lacking. Because the particular individual's security experience, is drawn from a background in the police only, another inference may be drawn that lack of continuous risk analysis process is/are a contributory component to the frequency with which breaches of security and fraud(s) leading to huge losses occur.

Generally, because business organizations are criminogenic before any security strategy is developed, a risk assessment survey should be conducted, in order for the security manager to gain information to help bring about a suitable framework of security in the organisation that could be a target for any determined and motivated offender which would then lead to carrying out "target hardening measures" of prevention (Nelken, 1994:371). According to Barr and Peace, (1990:23), crime at the workplace should be fought by physical prevention. Data from the semi-structured random interviews carried out, corroborate the fact that, in many instances the role of the modern-day security/fraud manager includes among others, carrying out security surveys, as part of the risk analysis process. In the card business and where the organisation did not engage a 'security/fraud specialist, this function was/is carried out by both internal and external auditors and even consultants.

Increased abuse/misuse of office for personal enrichment in isolation or, in combination with bribery/corruption of law-enforcement personnel, and also, increased thefts of bank cards, advanced pervasions of card counterfeiting and computer related frauds that continue to migrate from mature and highly protected card, markets to emerging, less secure markets such as that of Zimbabwe, continue to pose a serious threat to the viability of the banking/financial sector at large nationally and globally. Today the number one security risk threat to business, particularly banks is data growth, the new order of information manipulation and its implications for AML domains/regimes.

Mr Buxton, Managing Director of Barclays Bank PLC, London, in a letter to senior executives dated 7<sup>th</sup> November 1990, made the following statement:

“I am writing to you to outline the Group’s Information Security Strategy, which we will all have a responsibility to implement. Banking in the 1990’s, is increasingly reliant on IT. The impact of the new technology has affected us all and it is essential that we have suitable controls and security procedures to protect it.

Recent reviews by Central Inspection Department of Security and Control in a number of the Group’s information systems make disturbing reading. Some of the problems are attributable to insufficient security built into the systems but another element is simple common sense. A recent review of one of the bank systems revealed (121) users using their own names as their own password (ID). Insufficient security may lead to loss of important data, and unauthorised access to systems may lead to disclosure of information, or financial loss to the bank.

You may have seen recent comments in the press regarding the activities of computer hackers who had apparently accessed bank computer systems. Barclays was not involved in anyway, in these illegal breaches of security, and we have not suffered

from any blackmail, but we believe that hackers will try to get into our systems if our security is not good enough. The media attention may encourage hackers to try.”

A working definition of computer fraud by the Audit commission, which is a renowned source on computer crime information, reads: [...] any fraudulent behaviour connected with computerization by which someone intends to gain dishonest advantage (C.S.P.O. 2000:326).

In its broader spectrum, the subject of computer-based crime refers to any act of deliberate unauthorized physical use and access to computer hardware and software and/or information (therein) captured for criminal purposes, changing of data, adulteration and sabotaging the information asset(s). Transformations over the years have brought about more and more sophistication to facilitate commissions of crimes, some already mentioned, “Hacking” included. The various types of computer crime mentioned and others (i.e.) theft and fraud are the same as other types of conventional or traditional crimes. What really makes the difference is the prefix “computer” before the word crime used which denotes its scientificity.

Banks are involved in high volume card and electronic based transactions whose turnover on a daily, weekly, monthly, and annual basis translates to several billions in both Zimbabwean dollars and other currencies. The Reserve Bank of Zimbabwe like any other Central Bank, issues bearer bonds/bond notes, which are printed with security features as those contained in bank notes. In future these security features will be replaced by an electronic data file. Once they are seen as electronic currency, it is said, these bearer bonds will be targeted by cyber criminals who, through hacking into the computer network, could divert funds, change the registration of ownership, or even alter the redemption details on the bonds, and so on, (Wakefield 1999:12). The ability of companies, individuals, and organized syndicates to operate internationally on a frontier without borders, carrying out attacks on IT systems to access information, diverting electronic currency, denying access to systems or to degrade the integrity of financial systems, and fraudulently externalising funds continue to unleash greater risk of more computer related crime. These perceived threat increases with the proliferation of the use of e-commerce.

It is abundantly clear from the findings that corruption and laundering is a result of criminogenic behaviour and those involved are no different from those other criminals engaging in 'hacking' and other forms of bank fraud-led ML activity. It follows to say that the same preventive security measures used for dealing with the progression process into criminal behaviour in other forms of conventional or traditional crime can be useful and be equally effective for intervention in an effort to prevent corruption and computer aided ML targeting not only banks but their clients.

The application of the basic preventive controls or other preventive strategies entails that the aspects of opportunity and motivation being adequately taken care of. Ultimately, to prepare and effectively carry out a crime other than considering some form of planning, requires skill, opportunity and motivation. In the same vein, it is paramount that, any security manager worth his/her salt, first understand these in whole rather than singularly for any chosen control measures to be effective.

Gill and Matthew's (1994:26), study concurred: "An effective Prevention strategy needs to be directed at a number of points in the process of preparing and carrying out crime". It needs to involve some understanding of, the offender motivations (moving power behind behaviour), the selection of targets, and the use of weapons. Intervention directed at only one of these 3 points is likely to be limited in effectiveness.

Again, in assessing and analysing the impact a security breach might have on an organisation apart from financial loss, other factors such as access control, computer security policy, physical security, logical security like personal identity number (s) (PINs), and passwords should all be considered. Also alluded to earlier computer crime, first like any other form of traditional crime, are people born phenomena. The following quote from the text assets to this fact:

"People are computer's greatest asset, equally, there is  
No doubt that they are its formidable enemy"

(C.S.P.O 2000:317)

Computer security is not a total technical problem, but rather, a people's problem, (C.S.P.O, 2000:305). The implication clearly being that criminogenic behaviour, opportunity, and motivational attributes must be addressed first before situational primary prevention strategies such as "target hardening", "removing the means to crime", "reducing pay-offs, and access controls, or, any other measures: social (social/tertiary) are formulated and implemented.

Quite rightly computer related crime perpetrated by people against employ organizations commonly manifests itself through fraud and theft. As a form of prevention, careful recruitment, and selection of the right personnel for the type of job must be a priority for any organisation. This again brings as back to the issue of clear company/organizational security policy discussed herein this chapter. The advantages some of them established during semi-structured interviews are many:

1. Proper vetting by way of professionally conducting interviews for prospective employees helps an organization's interview panel to select the right people.
2. Criminals and those with delinquent dispositions wanting to infiltrate the organisation or system more specifically (PEPs) can easily be exposed. However, as with all things, pre-employment screening has its own limitations (i.e.), the policy depends heavily on the honesty, integrity and co-operation of external organizations and individual referees hence the chances of obtaining false information are high.
3. In some cases, requests can totally be ignored. Failure to cooperate through exchange of information results in "recycling" of offender's in-between organizations. The process also depends heavily on the efficiency and effectiveness of the criminal justice system. Offenders may escape conviction not because they did not commit the crimes, but from some other legal deficiencies. In Zimbabwe we have such live cases which came about because law officers/public prosecutors and police who are constitutionally vested with end-to-end powers of arrest and prosecution do not have knowledge on the crimes of plastic and computer fraud hence, they do not appreciate the new phenomena(s) and accused escape conviction(s).

4. Segregation of duties also helps curtail the effects of computing related crimes. One prime control is the separation of duties by which it is meant the eliminating the possibility of any one individual completing a business transaction from beginning to the end. In an accounting environment, this translates to any transaction (i.e.), be it handling of actual goods or moneys, (Hearden, 1996, in C.S.P.O 200:337).

Taking the risk business of electronic banking and plastic debit/credit card(s) for example, which by its nature is fraud prone, it is paramount that an independent working environment between say, sales and merchant acquiring entities or more nearer between customer service and risk departments is established. This eliminates compromise of information and data general, hardware and software security that leads to card/electronic related fraudulent pervasions.

ML involves a series of transaction (deposits, withdrawals, and transfer) before the cash can be regarded as 'clean' and acceptable for legitimate purposes (Gilmore, 1999:41). He points out that not only are the commercial banks and central banks potential victims of Cyber-crime, but they can also be regarded as facilitators. Modern technology has provided new impetus, not only to legitimate trade and commerce, but also to criminal enterprises: giving criminal group's new tools with which to commit further criminal transactions from which the huge illicit profits are laundered, (Gilmore 1999).

Interestingly the assertion by (Kayworth and Whitten, 2010) corroborates with the Barclays Bank PLC MD Mr Buxton's letter to his senior executives (1990), and the findings of this study field survey data that, increased technology is also a vehicle through which individual and organized crime of Money-laundering (ML) can easily be committed most preferably using formal channels (banks). He goes on to state that 'hacking' is preventable. Organisations can invest in devices like "sentry" which intercept or bar unauthorized incoming calls and asks for valid ID or password. Default codes from the supplier need to be rendered dysfunctional as a control measure.

The emergence of e-commerce and the perception of increased risk to and the banking system in Zimbabwe is not confined to the 'computer asset' alone but also to the 'computer site', that is buildings and computer rooms housing the physical elements of the computer machines and the operating systems used to process the data, produce and disseminate information.

We could be talking of a 'Stand Alone' Card Business Centre or, simply a Computer Site, Operations Centre, Cash Depot or the Central Bank's FIU Suspicious Transaction (ST) operations room, access into buildings, computer rooms and computer programmers, has to be controlled through well pronounced systems. As with other forms of traditional crime, computer crime cannot be fought and successfully eliminated through the application of a single measure. Effective combating entails compounding of preventive measures applied simultaneously. These include layered security applications, electronic surveillance, target hardening and physical entry/exit barriers to controlled areas. In the case of major computer system breakdown business contingency recovery plans must be in place to ensure resumption and continuity without further disruptions.

With the obvious concerns for security of banks/financial institutions whose systems possess common properties and consequently, harbour similar features of crime risk accidents, banks are instructively encouraged to practice risk communication as a tertiary form of social crime prevention to minimize "isomorphic disasters" similar to magnitudes experienced. In Zimbabwe similar events experienced 30 years ago continue popping up with almost similar characteristics, an indictment for banks to start learning from each other's mistakes. By learning from other organisations disasters, those not visited can put up sufficient measures to deter or prevent least they will more than likely be the next victim.

The research results show that one area of concern to the regulator (RBZ), and, the designated stakeholder banks, is that of AML Regulations - there proper application and efficiencies challenges in the face of challenges that include unwillingness of some financial institutions and some members of staff to cope to a rigid application of some of its provisions by the courts (e.g. the bank secrecy principle) which by implication inhibit the successful implementation of the international FATF 40+9

AML standards. To arrest its inhibitive potency, FATF (40+9) AML special recommendations Regulation No.4, instructs that countries/banking institutions should ensure that the financial institutions (FIs) secrecy laws do not inhibit the successful implementation of the FATF AML international standards regulatory requirements. The broad research findings also show that for the stakeholder banks and employees, the area of most concern is the area of data growth, information, manipulation by both outsiders and colluding insiders and its implications for the extant AML regimes.

Cumulatively, in some ways arguments put forward in this study thesis, could be seen to create several connections between the implications of technology transactional data/information growth, as enablers to the proliferation of ML and corruption, in Zimbabwe, hence the calls for safeguards for treating the complex contemporary phenomena mirrored in both the domain of extant AML regulations, and, situational (primary) measures and, social (secondary/tertiary) measures theoretically introduced and explored in-depth in Chapter 2 and cursorily under this section.

Poyner, et.al, (1983), concurring with Clarke's views describes situational crime prevention as: attempts to prevent crime by changing the situations in which crime occurs and that the majority of criminal behaviour is in response to opportunity

It is thought by situational theorists that, if rewards for carrying out a crime like bank robbery are eliminated...the crime is far harder to commit. In ML, reducing the pay-off or reward theory, is best suited to property crimes, although it can be used to render stolen goods less valuable to the people who acquired them illegitimately for example through corrupt means (**Clarke and Mayhew 1980, et.al.**). An ideal example of this can be that of the reduction in cheque book theft following the introduction of guaranteed cards. Additionally, deterrence against the thefts of, cheque books, and, credit cards, would be enhanced with the adding of photographs on the bank check cards and credit cards, claims Clarke.

Profiling: a key situational prevention term is used here to indicate the process of isolating selective data/information for a purpose and not only as "the process of inferring a set of characteristics about an individual person or collective entity and



then treating that entity considering these characteristics (Bygrave, 2001). Profiling for the purpose of AML/AC is constructed on the basis of both possibilities and combines both forms using both human and technology interfaces in prevention/monitoring of risk, or, to narrow down identification and individualisation in investigation processes to designate what is criminal/non-criminal by a bank security officer or (FIU) sphere of operations (resource and capacity permitting). For example, a customer of a bank maybe flagged for suspicious behaviour for either ML or corruption-linked proceeds and then treated in response to these characteristics of initial suspicion, or a class (i.e. a group) of customers is defined as suspicious if certain criteria are met; these criteria can be algorithmically embedded in computer software and tested against day-to-day transaction data. Evidently, financial institutions in Zimbabwe need to explore different ways with which suspicion can be substantiated and profiling of money launderers and corrupt disposed persons of political persuasions attempted in honest. Profiling as a source of producing technologically enhanced STRs is an example of what is worth considering by banks beyond the reliance of reporting from staff members

Since the initial development of the three situational crime prevention primary measures (increasing the risk, increasing perceived effort, reducing the anticipated reward), there is realisation that these have since been updated to encompass several new categories of practical measures of corruption and ML by Clarke (et.al.), as alluded to in [Chapter 2]. Most are derivatives of the older classifications, whilst some have slightly been modified. The most significant of the new category to this discussion is that of access control. The scope of this preventative measure is wide. In its wider spectrum, access control (under increasing perceived effort) can be applied to reduce vandalism and theft of bank-client held computer data. Common to most forms of access control is the high degree of technology business, particularly banks employ says (Huberts, 1995, 1996, 1998; Caiden, 2001; Collier, 2002), all acknowledging the role of technology in the field to aid corruption, fraud, and money-laundering activities. A sophisticated form of access control lies in the use of electronic personal identification numbers (**PINs**) that are needed to gain, and/or, bar access to a bank facility computer system to prevent information manipulation (**Clarke 1992: p14**).

Clarke (et.al., 1992), situationalism prevention measures can also be cursorily examined in the long- term future of contemporary emerging card and electronic bank fraud-led anti-money-laundering still an under-studied domain in Zimbabwe. This is because a lot of financial leakages occur unnoticed through this conduit. The first consideration is that bank card(s) gets lost or stolen at any one point or another. The primary measure of target hardening in its conventional form, therefore, is not wholly applicable to this area of instrumental security except in card production or controlled areas of card transacting business. As a matter of fact, once the card has changed hands there is nothing to suggest that (recognized target-hardening techniques) such as immobilizing device and electronic lock(s) should not be called into play. Besides, it is not the plastic card itself that is important, but the information contained in it and the services it provides for ML (in-bound or out-bound) purposes. For prevention purposes any bank card, therefore, needs to be immobilized (stopped and red-flagged) to prevent its use once it leaves the possession of its owner. If it is not quickly rendered immobile then the wrong possessor utilizes to the loss and prejudice of the acquirer/issuer bank or any debit/credit card company for that matter. The time lag in many a case is sufficient to induce considerable loss to the owner's bank account. Banks are then called upon to identify by observation reportable STs by (e.g. bank tellers) on a distinction. This puts value at the core of the competent authorities/authority in this case RBZ and stakeholder banking organisations suspicious transaction (ST) AML system mechanism that designates what is suspicious and at the same time, non-suspicious. The primary function of this socio-techno system is thus to interact with suspicious/non-suspicious distinctions that are created by the AML stakeholder banks and communicated to FIU.

The present bank card instrument structure could also help remove the means to commit cross boarder crime by businesses and individuals like, smuggling, currency externalisation forms of ML - (out-going/incoming). Many fraudsters take advantage of being able to forge the genuine cardholder's signature. If the signature could be embedded in the card itself as one of the solutions, then, it is highly unlikely that unauthorized users could provide the correct information concerning the owners identify. In brief, a way must be found whereby data such as the name of the card holder, expiry date etc., cannot be used as an open cheque to illegitimate gains.

Also, to reduce corruption, fraud and other predicate offence-led ML activity pay-offs, future bank payment products including debit/credit cards designs need to be engineered in a way which ensures the eradication of illegal production that is, counterfeiting. In the area of 'Exchange Control Regulations' violations and countering for example, already the smart card which uses the intelligence of a computer "chip" embedded into the plastic has been developed to fill this gap. In a chip environment, the magnetic stripe is made redundant, and this eradicates counterfeiting significantly. Acknowledgingly, it will however be some time before all bank magnetic stripes reading payment terminals disappear completely due to individual country bank operating environments and 'institutional' AML compliance regulatory requirements. This means there will still be need for both a chip and a magnetic stripe to co-exist, that is, be used together in the bank card payment instrument.

Also convenient to state is that, in terms of access control to business assets such as bank computers, data bases, premises etc. the personal identification number remains the best technological tool ever and as such nothing needs to be changed. However, there are draw backs. Abundant literature shows that relatively few people know their PIN, or, keep the PIN to themselves. Apart from that stolen data from bank card or computer technologies can be used for counterfeiting. Deliberate or unlawful compromise therefore often leads to losses through unlawful withdrawals at cash machines, and for paying for goods and services locally and off-show (e.g.), paying for expensive holidays, buying cars, real estate, jewellery, gambling, designer clothes/shoes, and, or settling debts by mainly PEPs in government and their colluding banking associates or other affluent people in society most exposed to corruption. In the final, it is worth to note that any future advanced methods required for combating complex card technology driven frauds, and, other predicate-led ML/laundrying actives, must not manifest themselves in an instrument which is overly complex to operate. The instrument must appeal to all ages and present itself as user friendly to the card market. Qualitatively, "if a system is not well designed and thought through, nobody will want to use it. It must be acceptable and available to all, including those with disabilities who might experience difficulties in operating it.

Winding up on the two choice models of compounded measures it should be observed theoretically and anecdotally, from the preponderant discussions of crime causation and crime prevention relative to corruption and ML, that, (macro) social (secondary/tertiary) prevention is not necessarily an alternatives to (micro) situational (primary/physical) measures of security. The two operate at different levels, and have different objectives. As it were, social prevention targets the putative offender and is far broader in its intended effects, and more diverse in its terms of intended beneficiaries, and, usually far more costly to implement according to some of its critiques. Social prevention is also more difficult to assess its value in reducing crime (Gill, 1996). As far as the businesses are concerned, investment in social crime prevention will probably always take second place to the more direct and measurable benefits of situational primary measures. For banks these encompass, CCTV camera systems, and neural-based monitoring technologies (i.e.) the 'Falcon System' the latter which, helps to spot suspicious transactions in terms of money laundering, and unusual card spending patterns (as they happen), relative to both local and foreign payments Meaning that, primary measures' whose scope for intervention to stop offences can be applied successfully on the target by victims individuals and organisations. So both methods looked at more closely, it is possible to see scope for intervention at the level both of the putative offender (societal macro level), and the target (individual/organisational micro level).

Particularly associated with victims, in this case corporate banks seeking to protect themselves, situationalism is however also open to the criticism that it can have the effect of transferring the burden of crime on to those less able to protect themselves (the displacement effect) (Gill, 1996), et al. Tertiary measures on the other hand are those techniques practiced by the judiciary – courts, and, the penal system (such as the AML legislation/regulatory prevention, enforcement and international co-operation national laws)...aim being that, once a transgressor is arrested and put through some form of training to self-sustain upon release from prison, offenders or those intent on offending, lose the appetite, the means or the ability to re-offend. Arrest, prosecution and rehabilitation (through training) are thus by themselves, forms of tertiary prevention, although arguably, the first three also act at the primary level when they deter would have been/be offenders (Gill, et al., 1996).

However, it is contended that there are instances that situational and social crime prevention methods can be implemented at the same time in order to effectively combat criminality. Tilley and Kennedy (2008) argued in an article that situational crime and social crime (e.g. focused deterrence approaches) can be conjointly applied effectively. There are situational crime prevention that focus on the place and the victim and also on altering the behaviour and characteristics of potential victims and the physical environment (Tillyer and Kennedy, 2008).

Concluding from the foregoing, the theory of crime causation relative to ML and corruption, and, the suggested prescriptive treatment of the twin ‘evils’ were/are intended to provide the information required by banks security managers, FIU agents/personnel, in particular, to deal with the threats that offenders (organised/non-organised) present to banks and the country at large. Public sector and Bank, security manager, risk managers, and/or, anyone whose charge is to manage crime risk, need not necessarily choose a favourite theory of crime causation and base their entire prevention around it *per se*. Situational and social crime prevention measures can and are applied in conjunction with one another. The prudent bank or any other security manager will instructively rule out nothing, or leave out to chance, but will use all information available to discover the problem, assess and evaluate the threats, plan the protective strategy, implement the preferred measures and monitor the outcome.

#### **8.4 Recommendations**

Basing on a combination of suggestions from existing literature/knowledge and the broad patterned-findings from the research, particularly opinions on “best practice” (macro) social (secondary/tertiary) control measures, and, (micro) situational (primary prevention measures), the segmented recommendations that follow [for government/banking regulatory authority, and, banking institutions] are made for the minimisation of the impediments which corruption creates in the way of the effective implementation of AML provisions in Zimbabwe. They are by no means exhaustive by nature or content. For ease of exposition, they are again as alluded, divided into two parts: Governmental /Regulatory Authority (RBZ) and Banks / Financial Institutions recommendations.

The research revealed that corruption not only generates, exacerbates as well as, protects money laundering, but also undermines the application of provisions against the latter, thus, increasing the vulnerabilities of AML regimes in Zimbabwe in terms of the FATF (40+9) Recommendation standards in Zimbabwe.

It further revealed/reveals that the weak levels of compliance with extant anti-corruption and AML standards (i.e.), poor internal controls and procedures particularly in smaller emerging indigenous banks – were/are attributed to greedy-led corruption by their CEO's, senior managers, and (PEPS) – mainly cabinet ministers, heads of parastatal institutions and legislators. This attributed immensely to the deviance-clad financial scandals that rocked the once viable and stable Zimbabwean banking/financial sector and, cross-countries governments socio-economic and politic developments and stability general.

#### **8.4.1 AC/AML Recommendations for Government/ Banks Regulatory**

##### **Authority - (RBZ):**

In Africa mainly, one of the findings in some of the general researches is that due to lack of political institutionalisation, politicians or those politically connected find it difficult to divorce their public roles from private ones, thus prompting them to subordinate their institutional roles to exogenous demands. And seeing that politicians in Zimbabwe take their engagement in the public service as **'FOR LIFE'** jobs, their over-stay in public positions create opportunities badly needed for serious corruption and ML activities, government must consider introducing the 'Leadership-Code' to prevent 'double dipping' (doing business by people holding public office). Anecdotally majority of senior public officials/civil servants irrespective of age, gender, marital status, religion, rank/position at work, double in politics and business including small to medium and large-scale farming outside one's day job (police, intelligence, military, local government). There is no law in Zimbabwe that prohibits one to having more than one job or business activity. The trouble comes when the same person wanting to be everywhere and doing everything with everyone as these breeds inefficiencies in production and quality, and of cause corruption and other crimes including laundering. To deter, prevent this value

oriented ‘enterprise culture’, where the economic rationale of profit as a standard of conduct that generates malpractices, it would be prudent for the government of Zimbabwe to do the following:

- Give universal recognition to corruption as a serious criminal offence in terms of the criminal law that call for punitive action even in the circle(s) of political domains in which it has been found in several jurisdictions of the world that those involved usually for bribery (a form of corruption), go unpunished, or, rather get rewarded for their transgressory behaviours. Under the current Zimbabwean law there is no offence specifically named Corruption. There are Acts constituting corrupt conduct (i.e.) (Corruptly using a false document; Concealing a personal interest in a transaction from principal; Criminal abuse of office as a public officer; Bribery). It is thus, recommended that these fragmented Acts., be tied or brought together and, not just on paper but in practice, for them to be on par with international standards which encompass private sector corruption, corporate service sector providers corruption; provisions for investigation and necessary action against un-explained wealth, “whistle blower protection safeguards”- closing known loopholes in legislations and their enforcement.
- Importantly also, where combined in one, there must be a separation of the post and powers, and/or, responsibilities of Minister of Justice from that of the Attorney General, and/or, Prosecutor General to promote independence from political influence and professionalism in decision making relative to implementation of effective international FATF aligned AC/AML Regulations.

Generally, the fact that jurisdictions treat corruption/bribery offences differently, it should not mean the phenomenon is not a vile act. Former South African President **Jacob Zuma** for example, is famous for saying “corruption” in the African context is not a criminal offence per se’, but rather a culture that can be traced back into history and should be acceptable in societies. Of course, this cannot be the correct interpretation. China takes corruption (all categories very seriously) be it bribery, or extortion to the extent those caught are executed. Zimbabwe doesn’t despite the vile being thrown all around; here shady businessmen assume rock star status overnight and justice is seemingly slow to visit those responsible (Sunday Mail, 9, October,

2016). And so, giving recognition and treating (it) corruption as the most serious of all predicate offences not only on paper through legislation but by taking practical hard-line stance: exposing, investigating and jailing all involved with fear or favour regardless their political affiliation.

Legislate policy that prohibits public officials/civil servants, and / or, those running for public office not to double in own certain specified private businesses would thus prevent public officials/civil servants from doubling in private business. Where one decides to go into private business, or, run for public office, he/she must be resigned or, be relinquished of their office. However, it is important that those entrusted with role public office role are well incentivised in terms of salary, and other remuneration commensurate with their positions to reduce their levels in corruption exposure or their being entrapped by it. For it to work, at the point of being sworn into office as a public service officer, one must be mandated to declare and sign some form of a leadership code, and to be made to declare their wealth.

Introduce a ‘corruption register’ in which those identified, and/or, fingered for corruption (public official or not / convicted or not), are named and shamed and the same record(s) be permanently maintained for public viewing. This goes to say that Zimbabwe in particular, regional countries, and rest of Africa, get help themselves to get rid of the scourge of corruption and the concomitant growth of financial crimes by stopping paying lip service to the former by profiling and identifying mainly deviating public officials more seriously or meaningfully so that those involved are not allowed to escape identification, exposure, and the wrath of the law. On the one hand Reporting institutions (i.e.) banks / financial institutions, and, DNFBPs should be made through stringent supervision measures by the RBZ to wholly adopt and comply with AC/AML provisions in terms on the 40+9 FATF special recommendations for banks: putting commitment and energy directed at identification of PEPs and beneficial owners using KYC/CDD compliance procedures.

Enact the long muted ‘Whistle Blowers Act’. This will be seen as encouraging members of civil society to statutorily report cases of economic or financial crimes to police, the BUPSM (FIU) and the Zimbabwe Anti-Corruption Commission.



Currently despite the Act not being in place yet, the BUPSM (FIU) administers the informal 'Whistle Blower Fund' from which members of the public who risk civil litigation on defamation for leaking information that led to successful prosecution are paid.

Review the bank secrecy laws which are generally viewed as unduly restrictive and creating window of opportunity for launders to hide ill-gotten proceeds. Bank secrecy laws, as experienced first-hand by the researcher, limits access to pertinent and relevant information which could and would indicate high levels of corruption channelled through the banking system(s).

Also, for any substantive change in the fight against the twin evil crimes to be effective and impactful the first and most important 'change' must be a lasting and genuine show of commitment by government to fight corruption. The authorities and other governments in the region must manifest observable political will and commitment in the fight against corruption and money-laundering. Anything less and any laws and enforcement agencies cannot be effective in the face of leaders' interfering for political convenience and/or protection of self-interests. Over and above manifesting observable political will and commitment in the fight against the phenomena the government must walk-the-talk by:

Facilitating specialised training on periodic basis with the aid of international and regional ML fighting institutions to enhance the capacity of the CJS (LEAs and Justice entities to pursue complex cases including professional third-party laundering cases: conventional non-technology based commercial crimes such as cheque frauds, embezzlements and also violent crimes which have long been a top priority for police and, criminal public prosecutors. In response to the occurrence of more none-violent contemporary economic crimes such as ML, the police and prosecutors have adapted their priorities, but they also need to adapt their mind-set to this development. In this context, heightening capacity building should be a priority as a continuing need for police CID specialised Commercial Crime Unit and the newly set-up special courts public prosecutors to enable them to handle the emerging complex financial crimes such as fraud and corruption-led money-laundering. In particular, criminal public prosecutors need to develop the speciality knowledge and expertise to pursue

complex cases that involve politically exposed persons (PEPs), professional third-party launderers such as attorneys, or externalised proceeds.

That there be non-interference in Police and Anti-Corruption Commission Operations by PEPs: at, the operational and financial independence of Anti-corruption and Anti-money-laundering enforcement agencies be ensured and that interference by the executive arm of governments is eschewed, to protect their integrity and enhance their effective performance.

The government should vest the RBZ BUPSMML/(FIU) with statutory arresting Powers: That AML regimes/agencies, be empowered and equipped with appropriate and adequate human capital, material, and technical resource capacitating – by government and the auspices of appropriate international organizations and donor agencies.

That the financial and operational independence for AC/AML Agencies (Police, ZACC, and BUPSMML/FIU) is eschewed by government, to protect their integrity and enhance their effective performance. That government should align the structure of its anti-corruption and AML agencies to function in an organic and integrated manner: that there be need, and/or, recognition of the desirability of joint operations to exploit the anti-corruption potential of AML regimes to effectively combat the scourge. AML/AC regimes in Zimbabwe currently operate in isolation which frustrates the effective implementation of the FATF 40 + 9 AML international regulatory standards locally.

That government improve working conditions for AC/AML Agency Personnel. At the time of carrying out this study, it was found that an average junior officer earns (US\$ 320) whereas, (US\$600) should be the minimum to support a family of six.

That government stop manning of AML/AC agencies by corrupt personnel resulting in lack of professional integrity which thereby stands against effective enforcement (Usman, 2006).

In broader legislative terms the Zimbabwean government can also implement longer prison terms/sentences for both corruption and ML (organised/non-organised)

related crimes. The existing lenient sanctions of three (3) to eight (8) years with an option of a fine have been unconvincing as sufficiently enough to dismantle the grand/political and systemic corruption and laundering criminal structures.

On issues of signing formal MOUs/ratifying MLA (Mutual Legal Assistance Agreements), and, legislating the Asset Forfeiture Unit (AFU) Act/regime, Zimbabwe like the rest of countries in the region is more of an exporter than a receiver of stolen funds/assets, and the overriding goal in corruption and ML cases is the recovery and repatriation of same. As a priority, the government apart from vying to entering, the country should practically sign MOUs and ratify formal MLAAs' with the rest of FATF international member countries should urgently enact the Asset Forfeiture Act and the asset forfeiture unit within the BUPSML (FIU) to satisfy this crucial requirement. In South Africa where an (AFU) exist, the (FIU) provides direct assistance to the former by referring cases arising from analysis of STRs and supporting the same AFU's operations at national and international level. Normally, non-conviction cases take six to eight weeks to complete which is significantly shorter than pursuing conviction-based forfeiture. Also, the South African AFU seems to have better capacity carrying out financial investigations, and it appears to be effective in pursuing cases involving relatively small amounts of proceeds, (IMF/SA Country Report No. 15/51).

Burdened with the management of centralised ST information management and its security (prevention of data theft and unauthorised data modification, and also to protect suspects/non-suspects citizens whose information is stored in the data base), banks, and, the RBZ FI Unit in Zimbabwe should explore different ways by which suspicion for ML can be substantiated and profiled. 'Situational' tested sources that can be used beyond the reliance on technology than have the advantage of possible adding to corroboration of suspicion for ML for a customer are many and not limited to the following:

- Referrals from staff members: (banks/non-bank business) - (anecdotally currently the most reliable method of identifying suspicion from data available in banks).

- Law-enforcement agencies enquiries: (anecdotally can also help in searching for suspicious customer's associates' – action(s) which can also lead to generations of further suspicion on fraud data including internal fraud:

The RBZ BUPSMML/FIU should also improve on the country's only AML systems suspicious transaction reports (AMLS/STRS) analysis software technology infrastructure. At last perusal, there was/were no strong formal communication lines or some kind-of-a socio-techno communication(s) systems between (all) banks and the BUPSMML FIU. Existing is a basic socio-techno Microsoft Packages data capturing and analysis Software it uses for ML 'ST' assessments. The fact that the BUPSMML has no sophisticated analytical software is an indictment for government address this issue for among other things, send positive feedback reports to the different banks AML sub-systems across the country in time to increase and improve efficiency. Government/RBZ FIU, should establish and introduce practical implementation of AMLSs forms of formal coordination and cooperation between itself, national banks sub-systems, the police, other country FIUs, the Basle Committee on Banking Supervision (BCBS), and, International Organisations of Securities Commission (IOSCO) among others, to enhance suspicious transaction reporting, actual case file investigations, recoveries and mutual legal assistance liaisons (domestic/international). What exists is the general cooperation expected of police and 'public' as both stakeholders to the law-and-order code of conduct and victim...nothing more. The importance of transnational communication sub-systems was long recognised in the 1990's, initial recommendations of the FATF Recommendation 32: 'every country should make efforts to improve spontaneous or upon request, international exchange relating to suspicious transactions,

On banking supervision, it is recommended the Regulator of banks RBZ provide more guidance to banks and set reasonable and clear supervisory expectations to facilitate the application of a risk-based approach to AML/AC preventive measures. The developments in the banking sector particularly during the 2003 to 2013, era, no doubt as established, influenced the promulgation of the Banking Amendment Act. During this period alone, (11) banks had collapsed due from a cursory look to, among other mischiefs, poor governance, bank frauds, and corrupt-led laundering activities. Banking Amendment Bill [Chapter 24:20], [hereinafter] cited as the Banking was

amended to deal more effectively with the (then) ongoing developments/the mischief's in the financial sector and in particular to improve the corporate governance of banking institutions – to make them more responsive to their customer needs and to encourage the resolution of disputes between banks and their customers; and also, to allow the Central Bank RBZ to monitor and regulate bank holding companies to make them for their activities in relation to owners', directors', supervisors duties, and, the implications of their failure to account.

Under the new amendments the Central Bank has enhanced oversight monitoring role over banks and non-bank financial institutions to ensure full compliance with FATF Recommendation [5] and [6] - Know Your Customer (KYC) and Customer Due Diligence (CDD) in relation to PEP's. Failure to implement Recommendation [6] should attract higher penalty because it means that even Recommendation (5) is not being implemented. Penalties for governance failures by gatekeepers (CEOs', Accountants, Lawyers, Compliance offices, Internal Auditors, Risk Management (other), and, on-compliant institutions (banks/ non-financial institutions - DNFBPs), should therefore be administered accordingly and swiftly, and to the public knowledge for other banks/organizations to be aware as a deterrent.

On ML/AML and AC, specialized training should be afforded on periodic basis by the Central Bank (RBZ), with the aid of international, regional anti-laundersing institutions, for DNFBPs relevant public and private sector organizations, and law-enforcement agents, judiciary and prison services, on AML conventions and instruments (e.g.) on the provisions and in relation to FATF 40+9 recommendations; objectives modalities and benefits of Mutual Legal Assistants (MLA). This can be afforded on periodic basis in the form of tailored short courses, seminars, workshops, literature dissemination and via other diverse mass-media mediums.

Zimbabwe's FIU apart from lacking in human and technical resources has no capacity to exchange information with foreign FIU institutions, neither does it have the capacity to effectively analyse STRs which in practical terms involves painstaking exercises of examining financial statement transactions. At minimum enquiries over borders include:

- a. Searching its own databases mainly for STRs
- b. Searching other databases to which it the FIU have direct or indirect access, including law-enforcement data-bases, public data-bases, administrative data-bases and commercial enterprises data bases.

If empowered with the relevant statutory instruments which at the moment is lacking and making its operations weak, the FIU should competently execute its duties effectively like other FIU's in the region – South Africa and Zambia being a good example.

The research also found the majority of respondents highly critical of the ability of the Criminal Justice System (particularly the Police and ZAAC in their present structures). The vote of no confidence in the 'Police Force' (as it likes to be called), was also suggestively shown by the new administration of President ED Munangagwa with the fusion of the military to help carry out public maintenance and policing of the roads was enough to reveal the following:

- a. The Z.R. Police (Zimbabwe Republic Police) in the state it was and still is, is not the right organ of State to take on and preside over policing and management of crime in the country – considering among other crucial issues, involvement of its members in corruption deals which need exorcising: condemnation and bringing those found in the wrong to book.
- b. The ZACC (Zimbabwe Anti-Corruption Commission), in its present state - a state organ (composed mainly of Z.R. Police retirees and serving junior members forming the core of corruption investigators), is not the right agency in the country to preside over contemporary specialised crimes of economic nature investigations of corruption and ML which they don't have capacity. To begin with, the recruitment, interviewing, selection, and secondment of ZACC Commissioners and junior rank-and-file of (so-called) investigators, (majority thought of as being politically-compliant), has always been and continues to be questionable – hence its inability to function optimally without fear or favour. According to findings, operationally, ZACC has not lived to its expected standards in term of its statutory requirements.

Following the RBZ BUPSM/ FIU first and only NRA on (AML/TF) of 2015, the government should commission an all stakeholder (across sectors) national assessment of corruption and money-laundering risks in an inclusive and cooperative manner. This is in recognition of the fact as per findings, that majority of people across the divide in Zimbabwe, their understanding of corruption and ML risk is not sufficiently comprehensive. Petty corruption by design or default, as shown particularly in other general research, does indeed help prop-up “grand corruption” and the inhibition of effective implementation of AML policing standards and, the Zimbabwean government, or any other, must strive to progressively improve the socio-economic conditions of existence for its/their people to starve-off the dangerous encroachment of the scourge on to once trusted economic sectors of the country such as the banking sector. Focusing the law on petty corruption activities such as those in the lower echelons trading ML (street forex deals, on-line foreign currency trading, cash smuggling bank foreign currency swaps) been found effective in curtailing more extensive laundering activities associated with more extreme types of crimes a such as human trafficking also a predicate offence found (albeit) found still at lower levels by the research in Zimbabwe.

Finally recommendation for governments/regulatory authorities and their Central Banks FIUs. Africa, more often than not parasitic greedy executives who run down State institutions and banks stealing and abusing depositors funds go on to lead lavish lifestyles in their same countries in which the crimes would have been committed or elope and live in those other countries where corruption is rife after being allowed to go scot-free, or, having just served shorter sentences by compromised criminal justice systems. In Zimbabwe, contrastingly stock thieves serve a mandatory nine-year term for stealing a beast. It is thought that similar extreme measures of metering severe deterrent sentences are required if the country is to curb and/or, rid itself of the scourge of corruption and money laundering. Bank executives should learn it the hard way like in the case of convicted and jailed international bank ‘rogue traders’ the likes of: Kweku Adoboli (Nigeria), Nick Leeson (USA), and Tom Hayes (France) among others. China as a country is known for going a gear up...executing thousands of anyone convicted of corruption...are we prepared to go that tough? Is it necessary? When?

The immediate foregoing recommendations are indictments for advocating for societal strong moral values starting with the political leadership is a strong antidote to building a value system...talk of micro/macro morality. Micro morality must deal with connections to people, family, and friends – how we relate – our obligations to ‘kill’ corruption. Macro morality in contrast talks about universal (e.g.), it macro-morality and the public official. According to Rose Ackerman (1999), morality has an opportunity to cause behaviour and thereby cause corruption and as such, individual and organisation bad behaviour must be condemned.

Because corruption is a social problem associated with the values and norms of individual politicians and civil servants, their lack of commitment to public integrity etc., government should invest in future research on both situational and social corruption control measures that focuses on examining individual cases of corruption using Pierre (Bourdieu (1977, 1990, 1992), Wacquant 1992, et.al.), concept of disposition. This helps to distinguish levels of dispositions and receptiveness that can lead one to corruption. Disposition is a concept that he uses to analyse the immediate, lived experience of agents to explain the categories of and application that structure their action from inside. Dispositions are carried out by ‘natural persons’ or human agents, who rationalise their actions, and/or, use perceptions and evaluative *schemata (definitions of their situations) in their everyday lives as excuse for committing fraud and corruption among other crimes.*

#### **8.4.2 AML/AC Recommendations for Banks/FIs.**

There are a number of evidence showing that a proper application of AML face difficulties not only in Zimbabwe but elsewhere ranging from the unwillingness of banks to cope with these regulations to a rigid application of the bank secrecy principle by banks and courts. These findings thus suggest that banks and financial institutions along with other businesses are central elements in the widespread of corruption and ML activities in Zimbabwe. In this vain, there is need of heightening FATF AML (40+9) regulatory international standards of compliance procedures by Banks in Zimbabwe by addressing issues of RBZ supervision oversights, socio-techno communications between banks, RBZ and other competent authorities, if



isomorphic lessons from past experiences of grand corruption and ML excesses - within and without the banking sector are to be avoided.

The FATF AML (40+9) Regulatory international standards particularly (Regulation No.4) banking secrecy laws, and (Regulation No. 5), on KYC/CDD principal policy procedures. FATF Regulation (No. 4), instructs that: countries should strive to ensure the financial institutions secrecy laws do not impede the successful implementation of the FATF AML efforts. Regulation (No.5), instructs that bank as first lines of defence against money laundering, exercise customer due diligence (identifying and verifying names of their customers, and supervise accounts particularly those of PEPs), meaning banks should be vigilant and desist from keeping anonymous accounts or accounts boarding fictitious names. As a word of caution, the KYC principal procedures should, in terms of the Basel Committee directives, be applied from a wider KYC prudential, and not just AML perspective. This to say KYC safeguards should not just be just about account opening, general and specific identification etc. Rather, they must exceed to require banks to formulate a customer acceptance policy, and a tiered customer identification programme that involves more extensive due diligence (CDD) for higher risk accounts, and includes proactive account monitoring for suspicious activities at play etc.

This need for rigorous customer due diligence in line with KYC standards should not be restricted to banks alone, as similar guidance is also meant for non-bank financial institutions and professional intermediaries of financial services such as lawyers, accountants and real estate's agents that (they) banks service.

While still on compliance, generally, GRC (Governance Risk and Compliance) functions of local banks across the globe are accused of hanging on to and having a constricted interpretation of compliance risk component which is detached from rest of the contemporary banks/financial institution(s) broader operational and business risk governance constitutions. As shown in some latest research, compliance management activities of a bank which lack end-to-end and bank-wide compliance management framework to seamlessly integrate myriad regulatory mandates make itself easily accessible by fraud-led money launders. In the findings of this research, the Zimbabwean banking sector contextual financial scandal cases (herein) explored

bear testimony to paucity in adapting to modern GRC risk management system(s) that help monitor, assess and give feedback say, on suspicious transaction reports (STR) information between member banks and the Central Bank (RBZ) BUPSML – FIU and vice versa

Also, Zimbabwe's banks, particularly the small emergent banks have shown they lack end-to-end bank-wide compliance management frameworks to effortlessly merge a myriad of regulatory mandates and make it easily accessible and understandable for all concerned stakeholders. Overall the compliance function in majority of banks have been and still is focused on high 'risk to the bank's bottom - line' business areas the research found. In many banks, Zimbabwe's included; AML regulations are like usually left to be addressed by the lines of business (LOBs) that are the most affected by risk(s). This results in siloed understanding and implementation of the particular regulation or regulation(s)

Further also banks in Zimbabwe have been found run a parallel risk and compliance initiative. Risk and compliance activities are managed in silos by separate departments of the bank, using different web intelligence, web analytics for combining data residing in different sources in the evaluation of risk for both company and individual (customer and stakeholder alike). Compliance programs which are not different it was established, are managed in haphazard and uncoordinated manner, resulting in inconsistent and half-baked implementations to address risks in 'silo' format, for example, the practice of identifying risks by departments or line of business (LOB) functional activity areas (i.e.), (Financial, Operations, IT, Projects risk compliance etc.). Banks in Zimbabwe should therefore migrate and follow best practice risk management GRC systems that comply with international FATF regulatory standards

Still on evidence suggesting that a proper application of international/national AML regulations are facing difficulties of their implementation by banks, FATF AML (40+9) Regulatory international standards Regulation [12], requires among other constituent procedures that banks and building societies retain records concerning customer identification and transactions for use as evidence in any investigation in money laundering. In Zimbabwe, small to medium emerging banks were found

lacking automated compliance records management systems. They are heavily reliant on labour-intensive, slow and error-prone manual files, hard copies, excel spread sheets, which are often stored or filed in different departments of the bank. In order to be compliant with FATF regulatory requirements, banks in Zimbabwe are recommended to migrate to modern risk management GRC systems.

Contrary to minority evidence drawn from RBZ literature that the country has an IT network systems infrastructure that operates optimally and efficiently, Zimbabwe's banking sector, is heavily reliant on antiquated, semi-automated and unsophisticated tools for business communication (i.e.) land line telephone system and other (on-boarding) methods of sourcing or collecting, analysis of data for example: to satisfy the **KYC** and **CDD**, among other crucial demands of service enrichment, including evaluation and reporting of risk, preparing financial statements and disclosures, and, other fundamental elements of capital market fair disclosures partaken in modern financial markets environments in order also to, among other advantages, attract, investors (foreign/local), foster trust etc. Such use of antiquated – semi-automatic and unsophisticated tools in data collection can only result in consequential loss of potential volumes of investors who frown on communication traffic jams, compromised material disclosures because of overloads on the few channels of communication the country offers - which increases the costs of trying to do business. The recommendation for the smaller to medium banks (mainly national/regional) in Zimbabwe is that they adapt to modern AML STRs and telephony conveyances/feedback international standards communications systems.

Banks can reduce security risks induced by corruption and ML by investing in latest risk compliance IT (GRC) systems technology which for all intents and purposes harbour channels that help identify violations and real fraud events. CCTV surveillance camera systems, and neural-based monitoring technologies among them, the 'Falcon System' can help spot suspicious transactions as it happens on a client's business or personal current account, and/or, credit card account for example relative to ML prevention. These forms of situational technological primary measures' whose scope for intervention to stop offences and minimise losses can be applied successfully by target victim bank organisations in Zimbabwe.

On monitoring and prevention of risk, in order to minimise concentration risk, in terms of the international FATF and Basel Committee 140+9 AML Regulations banks are required to have prudent information systems to identify credit concentrations but above all, set prudential limits to guard themselves against exposure to single borrowers or group of borrower's risks.

In terms of the FATF Banking Act regulatory operating standards, effective KYC procedures which embrace 4 routines for proper management oversight systems and controls, segregation of duties, training and other related policies: (Effective KYC procedure - Banks' internal audit and compliance - Internal Audit - Employee training/customer education/CJS-LEA's, and justice personnel training); the board of directors of a bank should be fully committed to an effective KYC programme by establishing appropriate procedures and ensuring their effectiveness. This is to say, explicit responsibility should be allocated within the bank for ensuring that the bank policies and procedures are managed effectively and are at a minimum in accordance with local supervisory practice. The channels of reporting suspicious transactions should be clearly specified in writing and communicated to all personnel. There should also be internal procedures for assessing whether the bank's statutory obligations under recognized suspicious activity reporting regimes require the transaction to be reported to the appropriate law enforcement and / or supervisory authority.

Also, in terms of this Act, banks' internal audit and compliance functions have important responsibilities in evaluating and ensuring adherence to KYC policies and procedures. Generally the compliance function should provide an independent evaluation of the bank's own policies and procedures, including legal and regulatory requirements for AML. Depending on the scope of its role, it/they can be involved in on-going monitoring of staff performance through sample testing of compliance and review of exception reports to alert senior management or the Board of Directors. In addition, internal auditors should be pro-active in following-up their findings and criticisms.

Cumulatively, for banks to manage security, combat fraud and other corporate white-collar related crime, staff awareness training in crime prevention and loss control

including, AML measures, need to be implemented. Cooperation and some form of *‘risk communication’* is essential, hiding behind the ‘customer secrecy policy’ is a hindrance or inhibitor to such cooperation and introducing corporate *‘whistle-blowing policies’* and creation of a full-time oversight boards with authority to regulate banking directors is a key element. Several procedural adjustments also need to be implemented such as screening procedures for promoters of banks, constant reviews and updating of organizational ICT systems and procedures of regulating auditors and enhancements to the AML and Anti-corruption laws. Most importantly embedding into the corporate Banking Act, regulatory laws that make managers accountable for their responsibilities and actions to ensure correct following of procedures are seen as some of the pillars of risk management and best practices approaches.

There is also need for banks to heighten AML/AC awareness training of key investigation and prosecutorial agencies in the CJS: (Police, Justice, Prisons, ZACC, and ZIMRA) to enhance their capacity (particularly to enable them to pursue contemporary complex corruption and ML cases and their exigencies.

Lessons learnt from findings is that the level of efforts to combat both corruption and ML is dependent on joint cooperation of competent authorities, banks and their employees, (they) banks as the front-line of defence should be prepared to face a cost of incentive pay-off by engaging and choosing the strategy to train their staff who should commit to ML denoted, and, be ready to identify and display prompt information on any suspicious kind of activity across any bank operation. This is to say, banks dedicated to stemming corruption and ML must engage employees whose buy-in to commit to cope with AML combat which delivers pay-offs, should be rewarded or incentivised, to diminish inhibitions caused by corruption. Mugarura, (2009), posits, prescribing regimes without the will to enforce them cannot go far in forestalling the twin threats of corruption and ML. This confirming, there must be affirmative action on cooperation to act on the twin evils by both banks and their employees.

Last but not least, it would seem prudent for countries to establish modalities for inter-state cooperation where necessary (e.g.) in the process of steering reforms of

laws and regulations on framework of banking supervision to ensure their relevance, and/or, in areas of information exchange, plug any potential financial intelligence loopholes.

## **8.5 Main Conclusion**

Zimbabwe has come a long way in putting together an AML/AC infrastructure. There is no doubt that developments in the banking sector of Zimbabwe mainly during the decade (2003 to 2013), influenced, to a large extent, the promulgation of the Banking Amendment Act, 2015, [Thereinafter the “Amendment Act”]. During this/that period alone, (as alluded severally), a total of (+12) banking collapsed. Basing on the broad findings of the research (qualitative and quantitative), the major causes of these fold-ups/collapses, can be attributed to poor corporate governance practices characterized by improperly constituted management boards bullish, and/ or, overbearing influence by a few major shareholders, overly huge exposures to both insider/outsider low interest rates bearing loans (particularly to politically exposed persons (PEPS’) and poor credit management systems. Also, transgressory corporate banking malpractices of corruption, arbitrage and patronage. Further also, deviations from banking industry ethical practices (engaging in speculative activities and rogue bank managers exploiting poorly framed or dishonourable partnerships with their subsidiaries to engage in price collusions) which while beneficial to the partners involved led/leads to negative externalities on the part of clients/ customers or competing companies. Again, experimentations with tangible asset accumulation by those other struggling banks, mainly indigenous owned, to escape a highly inflationary environment culminating into liquidity crunch and experiencing operational growth pains among other deeper issues. Finally, the arbitrary economic/monetary policy changes by government that induced/induce negative balance of payments, dogging the country since 2000. The abuse of Reserve Bank of Zimbabwe (RBZ) liquidity support by banks to fund struggling non-banking subsidiaries and associates, and, practicing creative accounting by way of concealing assets and under-reporting of non-performing loans – (poor financial statement reporting and other materiality disclosure volumes which are essentially fundamental elements of capital market disclosures to exhibit transparency and gain trust

especially in an untrusting internal customer market such as that obtaining in Zimbabwe (then/now).

The Banking Amendment Bill, 2015, stated that the amendment by itself, was intended to enable the Banking Act [Chapter 24:20], [hereinafter cited as the “Banking Act”], to deal more effectively with developments in the financial sector and in particular, to improve the corporate governance of banking institutions and force them to be more responsible to their customer needs and to encourage the resolution of disputes between banks and their customers, to allow the RBZ to monitor and regulate bank holding companies, and to increase co-operation between different financial regulatory authorities.

To satisfy its superseding aim: to interrogate and contribute to the understanding in richer detail, of the nexus between corruption and ML, mainly as it presents within the Zimbabwean context, and there management, the study found that, the two are intertwined in that, the latter, an impediment to the successful implementation of international and regional FATF AML regulatory recommendations – with banks used as preferred vehicles of choice to launder the corrupt-led criminal proceeds. Some of the most significant insidious grand and systemic corruption cases in State owned parastatals, and, the banking sector involving among others, ‘politically exposed persons’ (PEPS), were therefore examined to test the hypothesis.

The research also created a useful historical understanding and reference point for further research work in understanding the inter-relationship between the two forms of serious white-collar crimes’, corruption and money laundering, and, the impediment the former, creates for the implementation of provisions against the latter, locally and transnationally. Fair to also conclude in this vein that among the research key findings and assumptions are that:

That the link between corruption and ML (as alluded and consistent with medium to high ratios) in the findings is found to be two-fold, (i.e.), the proceeds of corruption are bound to be laundered and the combined effects of corruption and poor governance in institutions, can blunt the effective operation of AML systems, no matter how effectively pronounced in this case, by the banking institutions.

That ML of one form or other is a strategic collaborator to crime (organized or not) in general, and, to the crime of corruption in particular, exists not only in Zimbabwe but the rest of other African countries' public and private organizations including banks/financial institutions, and last but not least.

That despite the distinctiveness of the collaboration of the twin crimes, and, seeing the cumulative collateral damage they cause to financial/economic sectors in particular banks, corruption in particular, is not in practice, accorded the status of a serious crime that it deserves particularly here in Zimbabwe, or, the rest of the African continent countries in general. The two crimes collaboration distinctiveness: their symbiotic or twin-lodged relationship, in that just as corruption acts as facilitator, the latter, 'money-laundering' encourages the former settles the argument that (it) corruption deserves the same status of a serious offence like money laundering.

Also distinctive in the findings is that, after ML became a global concern and that the governments worldwide have started to create agencies to fight it such as the one in Zimbabwe, it is safe to conclude that the advances made by the national AML regulations, their efficiency have been and continue to be challenged everywhere. There are a number of evidences suggesting that a proper application of these regulations face difficulties that range from the unwillingness of banks to cope with them, to, a rigid application of the bank secrecy principle. Also, last but not least, because corruption is associated with the values and norms of individual politicians and civil servants, the lack of commitment to public integrity by those in positions of power (PEPs).

In this vein, government of Zimbabwe should invest in future research on both situational and social corruption control measures that focuses on examining individual cases of corruption using Pierre (Bourdieu (1977, 1990, 1992), Wacquant 1992, et.al.), concept of disposition. This helps to distinguish levels of dispositions and receptiveness that can lead one to corruption. Disposition according to Bourdieu is a concept that is used to analyse the immediate, lived experience of corrupt agents to explain the categories of, and applications that structure their action(s) from inside.



Dispositions are carried out by ‘natural persons’ or human ‘agents’, who rationalise their actions, and/or, use perception and evaluative schemata (definitions of their situations) in their everyday lives as excuse for committing fraud and corruption among other crimes.

Sufficiently, we can now explain ‘something about Zimbabwe’s ‘*adopted*’ corrupt culture that permeates through agent PEPs mainly, and, non-PEPs lone and syndicated criminals/agents to some degree, from a disposition perspective. It can be safely concluded from the broad findings of this empirical research that, ordinary Zimbabweans see themselves (today), surrounded by corrupt officials mainly (PEPs). Dispositions according to Bourdieu (1977, 1990, 1992), can be strongly determined by the social context that it is hard to escape the behaviour. When consistently reinforced in certain ideas and acts it is difficult for a corrupt ‘agent’ PEP, or, non-PEP to step outside that culture.

It is hoped there are lessons to be learnt from discussions of theories of crime causation (determinism and rational choice) and the practice of crime prevention of choice – (social and situational approaches) against corruption and ML by security managers, risk managers responsible for delivering safeguards to their organisations (public/private). That security managers and risk managers, and/or, competent authorities (other) (in terms of the AML/AC Acts), need not choose a favourite theory of crime causation and base their entire strategy around it when it comes to corruption and ML and their exigencies. Situational and social crime prevention measures can and are applied in conjunction with one another dependent on the nature of threats that offenders present. Indeed; some of the more promising evaluations of social prevention in case studies of countries reviewed (herein) such as Liberia, Rwanda, and Georgia, have in fact been on successful schemes against AC/AML that combined social and situational measures. Prudent security and risk practitioners for banks, and/or, government/regulatory competent authority (RBZ), will rule out nothing, but will use all information available to discover the problems, assess and evaluate the threats, plan the preventive/control strategies, implement the preferred measures against the growing micro/macro threats of corruption and money-laundering, and monitor the outcomes going forward.

## **8.6 Contributions to Study**

This study is important to the body of criminological research in theory, practice and policy informing development(s) of ML/AML, and, Anti-Corruption deterrence, prevention and combat focusing on the banking/financial sector of Zimbabwe in particular, the Southern African Region and the globe in general.

In line with objectives, the study undertook an investigation on a criminological topic that had not been investigated before: ‘ML Risk and the Corruption Sector – Case Study of Zimbabwean Banks’. Its completion and recommendations, it is thought can now and, for the future, have far reaching positive impact on all concerned: (government, banks/financial industry regulators, all-banks, the criminal justice system (CJS), business (other) and the society at large)), in order to accelerate the fight against the phenomena in particular corruption whose effects can safely be concluded to predominantly lie behind mainly, Zimbabwe’s economic development stagnation.

## **8.7 Contributions to Research Practice:**

The research’s contribution is that it definitely adds to the scant (real events) - local /international empirical literature on corruption and money laundering as it obtains particularly on the Zimbabwean scene . As indicated in preceding Chapters ( 2, 3, 5), and in this Chapter [8], actual contextual literature on corruption particularly in Zimbabwe and the region in general without pondering any further, is scarce to virtually nil although for Zimbabwe, extant legislation points to the existence and formal recognition of the phenomenon, the nexus between the twin problems has never been identified, and/or, established contextually. ‘Talk of fear of victimisation’, a cursory examination of the horizon will, tell anyone who is interested to know, that in Africa, heads of State ‘rule’ like medieval kings... ‘You criticize them or their corrupt tendencies at own risk’.

The silence or the death of mention of corruption problem in ‘serious’ local literature short of newspaper exposes, leaves such inferences by investigative journalists as

adequate to be considered to have been of assistance to the cause of this study. Also the study becomes the first to empirically test the evidence of, and, explore using actual research undertaken between (2013-17); the nexus between corruption and money-laundering using contextual case studies of grand political corruption-led type money-laundering, and, the externalization of funds/currency to offshore financial centres among other illegal activities perpetrated by (PEPs) made up mainly of high-level government officials, and, bank owner/managing directors, general management, line supervisory and also to a lesser extend, criminals (other) - (organized/non-organized), using traditional banks as laundering vehicles of choice. This as alluded, culminated in the fall of a record (+12) financial banking houses, the majority, (all small to medium emerging local indigenous black businesses banks) leading to whopping millions of losses to genuine 'gullible' investors, some who had made deposits from life-savings in search of high interests offered in some of the instances by the corrupt financial institutions, and/or, their corrupt agent officials as bait(s).

The link between corruption and money-laundering has been anecdotally proven in a number of latest general and real case study researches (cited herein), and, also as by this very study findings, to be at least two fold: the proceeds of corruption, particularly when sufficient to be laundered, and, the combined effects of corruption and poor governance in institutions as was found post-events in the chronicled case studies of financial scandals that rocked the Zimbabwean banking sector, can impede the successful operations of AML agencies and regimes. This to say, the relationship between the twin evils is symbiotic in that; just as much as corruption facilitates money-laundering, the latter promotes the former by re-introducing the cleansed proceeds into the economy to be used for yet other criminal pervasions. Therefore, the two offences should be accorded the same level of attention and, subjected to the same A/C and AML regulatory framework(s) (Goredema 2003, Mugarura, 2009).

Because the primary goal of money-laundering is to legitimize 'tainted money' for re-entry into the main-stream economy, its 3-staged money transaction processes where a traditional bank or banks is/are used (as laundering vehicle/s of choice): placement (1<sup>st</sup> stage), layering (2<sup>nd</sup> stage), and, integration (3<sup>rd</sup> stage), takes place. While the determinants of a successful laundering transaction in a banking

environment are all 3-staged, each as a target of the AML KYC/CDD, and suspicious transaction (ST), globally banks efforts also tend to be focused significantly on them but mainly on the first ‘port of entry’ the ‘*placement*’ stage, and, the suspicious transaction reports (STRs) – checking procedures, which in terms of the local and international (FATF), and, ‘Basel Committee’ Compliance regulations standards, (them) banks must file and report.

However FATF and the Basel Committee in reviewing findings of their benchmarking surveys for bank supervisors and cross-border banking (1999), across the globe, revealed in their major findings that, the value of emphasis on the ‘placement’ stage is drastically ‘marked-down’ in the context of countries such as Zimbabwe – where for close to (+) three decades, the economy had/has suffered micro-macro socio-economic decline, leaving banks looking a shadow of their once, formerly prestigious business empire images – now characterized by informal sectors and cash transactions – using ‘bond notes’ (not real money) and, as a consequent, a cash crisis. Not surprising (as it were), Zimbabwe (today) is renowned a ‘money-laundering’ country for, among other reasons, its multi-currency “open for business” cash economy system which despite the good intentions for which it is meant (i.e.) to try to harness foreign direct investment; openly invites and legalizes laundering (illegal money exchanges) outside banks. Corruption in the police force is also law in Zimbabwe. Not until very late (i.e.) on November, 21<sup>st</sup> 2017, when the Mugabe administration fell on the way side, it was uncommon for particularly the police as an organisation, to be openly chided, and/or, accused for taking bribes from members of the public particularly the weary motoring public, usually arrested for perceived infringements (the majority trumped-up) at illegal trap points or make-shift cluster road-blocks. This, making the police force, an impediment to the effective implementation of the FATF and Basel Committee recommended (140 +9) national and international AML regulatory standards.

Also as answer to objective (1) of the study, in another of the many pointers discussed in reviews of the findings (as in Chapter 4 and 5 herein) to illustrate the nexus between the twin evils, but this time showing the disincentive variable rather than the impediment variable to the effective clamp-down due to institutionalized type of corruption in the country, Shehu et.al., (2006), in studies carried out to measure

corruption across countries, mentions that “institutionalized corruption” can actually become a disincentive for money-laundering. This they argue happens, when say for example, money-launderers when seeking for safe havens to hide their loot across borders, don’t find incentives such as conducive environments in certain countries than others, for fear of being cheated or defrauded. This can be true for Zimbabwe and other countries of the region in which results of survey studies on ML - (cross-border and other types) by Goredema et.al, (2004/2006), show them to be more of exporters, rather than receivers of stolen or corruption-led laundered proceeds.

## 8.8 Study Limitations

The study experienced certain methodological challenges in the field:

- Paucity or ‘non-existence’ of local literature, on corruption (all forms) from the official source (the Central Statistical Office – Zimstats)for the entire period under investigation (1983-2017+);
- Paucity or ‘dearth’ of local literature, on ML (all forms) from the official source (the Central Statistical Office – Zimstats) for the entire period under investigation (1983-2017+);
- Paucity or void of official statistics on the two crimes actually perpetrated and identification of processed PEP cases, including values of proceeds involved. Poor record keeping / lack of maintenance of complete, valid or reliable crime statistical data – (all types preferably predicate offences of economic / financial nature in general, and, the twin forms of (white-Collar crime) investigated – corruption and ML (at least for a minimum, minimum five years – (2013-2017+), to date, and or, one or two manager / gatekeepers show of unwillingness/reluctance to find time to offer information sought in time; The majority of respondents particularly outside the employ of banks, (i.e. police officers, prison officer agencies)-(all levels including high-level functionaries including those attached to the Zimbabwe Anti-Corruption (ZACC) majority of members of public interviewed: relative awareness of relevant AML/AC FATF and Basel Committee international/regional and local conventions, protocols, and; .

- Paucity of active desire to want fully cooperate with the field survey by the RBZ-BUPSMIL- FIU Unit Head: refusal to sanction formalised interviews of the only FIU in the country, agency personnel, by the researcher, citing the official secrecy act and banking client secrecy laws as inhibitors.
- Refusal to cooperate with the study by one of the competent authorities - The Zimbabwe Revenue Authority (ZIMRA) citing the official secrecy act.

However, these challenges were fairly well managed and the patterned-findings and recommendations contained in this report should be taken as valid, representing dominant or “aggregated “tendencies of corruption and ML in the troubled country economy

## 8.9 Suggestions for Future Research

The research believes that there is a lot of room for further real/empirical case studies, and/or, researches in this under-researched, broad and complex area of money-laundering and corruption. This particularly, gauging by the scant evidence in existence by surveys and their findings in the past decade by researchers and international bodies, and/or, working groups (hired or not), (e.g.) FATF (2007), ESAAMLG (2009), Basel Committee (1999), and, World Bank (2004), et.al., on the relationship between the two symbiotic related evils and how to systemically succeed in enhancing the existing anti-corruption programs, and/or, enforce and strengthen accountability in both public and private sectors of business that are targeted as prime victims, such as, banks/financial institutions mainly, and public sector economic sectors (other) – particularly on the African continent.

In reviewing some of the array of international surveys and their findings referred, including those that sought to focus for example on cross-border corruption and money laundering, it has been observed that most anti-corruption programs by countries, and/or, jurisdictions, rely on legal and financial institutions, judiciary, police and financial auditors – to enforce and strengthen accountability. By ‘*design*’ of their governments, justice, prisons and, police organs forming the ‘criminal justice cluster’ are deliberately exposed politically (EP), and/or, their heads, CEOs etc., hold politically exposed statuses/positions (PEPS) which compromises the AC/AML

resolve. The tacit assumption in concluding findings of this study is is therefore that, more of both international local rules and policy regulatory frameworks will be needed in order to reduce and stem corruption's concomitant social effects and, also to ensure that essential information is not fettered or diverted by corrupt officials to benefit criminal syndicates that are used to benefit law-enforcement authorities – mostly in emerging, and/or, poor countries in which legal and financial institutions can be compromised, are weak, and/or, often corrupt themselves '*by design*'.

Suffice to conclude that, in many of those international bodies referred surveys, recommendations such as putting additional human capital resources to enhance (where in existence), AML regimes in both private and public economic spheres of business have been proffered, and yet, little evidence so far exists that showcase, devoting additional resources and regimes alone can help in the reduction, and/or, stemming of the scourge. Coupled with Africa's emerging economies' AC/AML efforts success stories of Rwanda, and, Liberia - and a few more globe-wise, including Hong-Kong and Singapore also made reference to (herein), are also according to literature, exceptions on having established, and/or, implemented practical anti-corruption efforts that have in the recent past produced positive results. In these countries, the reduction in corruption and corrupt PEPs went hand-in-hand with the establishment of, and, the strengthening of independent anti-corruption agencies with widespread powers.

Further to conclude thus it is suggested that further potential empirical research basing not only on the central notions of the '*rationalistic*' theory which continue to be challenged by other various '*alternative theories*' among which, ideological, nature of enterprise, legal fact and contextualism, are prominent in their search to understand cultural factors that influence micro-macro corruption particularly in Africa, and/or, African countries/societies, and, how the scourge can be reduced, be carried out. This, taken from the contexts of other scholarly deductive, and, inductive argumentation works that question whether corruption is really a crime or not? For this, the South African former president South African President Jacob Zuma had this to say in one of his infamous statements as quoted in the *Durban Outpost*, 2014, Edition).

*“Corruption is an African cultural issue that has been practiced not As corruption per se’, but a way to show respect to elders/leaders for example by way of showering them with gifts by subjects”.*

According to Twining and William, (1990) (ibid), contextualism is the broad open-ended ‘*thesis*’ that for most purposes, the law, the administration of justice and any adjudicative decisions are set in the context of other social processes and even in a world-wide social order. From this view point as can be seen from Zimbabwe’s scene on general and banking/financial institutions – corruption, and, money-laundering’s festering in particular; the traditional view of the law being an objective third-party adjudicator in a dispute, and, that its decision overrides social order priorities - (as holder of the scales of justice), is seriously challenged by ***political ‘power’*** corruption, an impediment in the war against AML, no matter how little effort is being implanted legislatively locally, regionally and, across the continent and globally.

## **9.0 Final remarks**

This research was carried out based on the challenges of corruption and ML facing Zimbabwe and its troubled economy. The research findings are drawn particularly on actual contextual litany of economic/financial high level institutionalised corruption-led ML scandals the country has witnessed since independence in 1980, perpetrated more specifically by politically exposed public economic/(quinary) sector officials and their opposite equivalent conniving criminally disposed banking sector decision making executives/officials, in which their own, and/or, others’ targeted banks/financial institutions, were/ have been made to fail (run bankrupt and sequestered), and, shareholders and clientele alike made to lose millions in life time savings - from which ***“isomorphic”*** learning lessons can be drawn.

The research report in its entirety reveals that, the nexus between the two related forms of crime, corruption and money laundering, and the impediment one creates for the implementation of provisions against the other, is a manifestation of the evil of organised crime increasingly broadening security operations and other prudential risk threats against banks/financial institutions, and, cross-countries governments



socio-economic and politic developments and stability in general. It further revealed that, the weak levels of compliance with extant anti-corruption and AML standards (i.e.) poor controls and procedures that exhibited particularly in smaller to medium emerging indigenous banks in Zimbabwe, attributed immensely to the deviance-clad greediness frenzy-led corruption and laundering financial scandals malaise by CEO's/executives, senior managers, and their equivalent (PEPs) (cabinet ministers, legislators mainly), that rocked the once viable and stable banking sector. This is the message conveyed in this research report.

Finally I will conclude by saying this research and its findings would not have come at a better time than to witness hard events-driven evidence revealing one of the costs and dire consequences of the problem of corruption - (along with corrupt financial and economic institutions and, personnel), a major collaborator in money-laundering, and in practice, the major opposition to AML systems and measures – recipes for good governance, integrity and transparency in all spheres, by the fall of a government of President RG Mugabe on 21st November, 2017. Beyond this final [Chapter 7] - last remarks, there is/are six appendices (hereunder), ***supplementary to the research paper: appendices [1 – 5] labelled: [A1-A3] – [B1-B10] – [C1.1-116] – [C2.1-C2.22] and D1-D10***; ***that*** provide information that supports the study each bearing a title descriptive of the contents, and, appendix [6] labelled [E1] – the research study ‘Ethical Approval Letter’.

## APPENDICES:

### Appendix 1: Primary Survey Questionnaires

List of Appendices			
1	A1-A3	A1  A2  A3	<b>Primary Survey Questionnaires: 1 of 3, 2 of 3, 3 of 3:</b>  All Banks Questionnaire I of 3: (Structured /Semi-Structured Interview Questions)... Addendum to Questionnaire (1 of 3):  Questionnaire (2 of 3): Criminal Justice System Questionnaire Questionnaire (3 of 3): Business (Other) and Members of Public Questionnaire
2	B1-B10		Results of Primary Field Survey-Questionnaires: 1 of 3, 2 of 3 and 3 of 3 - Bivariate / Multivariate Analysis.
3	C1.1 -116		Media & Court Identifications Exposures (Articles 1-116): Table of Random-Selected Mass Media PEP-Led Grand Corruption and Financial Scandals Exposures/Expose's - Period [11/03/17 – 18/03/18].
4	C2.1-22		Print Media Identifications/Exposures (Articles 1 - C22): Newspaper Articles – (Images and Accounts of Incidents of Corruption and ML Activities in Zimbabwe [1983-2017+]
5	D1-D10		Gatekeepers Authority: Applications & Response Letters from Target Respondent Organisations HQs (1-15):  Letter To: Gatekeeper for authority to interview target respondents - Barclays Bank Head Office-Managing Director  Letter To: Gatekeeper for authority to interview target respondents -Central Africa Building Society (CABS) - Managing Director:

		<p>Letter To: Gatekeeper for authority to interview target respondents – National Prosecution Authority – (NPA) (Head Quarters)</p> <p>Letter To: Gatekeeper for authority to interview target respondents - Judicial Service Commission – Secretary:</p> <p>Letter To: Gatekeeper for authority to interview target respondents</p> <p>Letter To: Zimbabwe Republic Police (ZRP) General Head Quarters (HQ): Police Commissioner General</p> <p>Letter To: Gatekeeper for authority to interview target respondents - Zimbabwe Prison and correctional Services Commissioner General</p> <p>Letter To: Gatekeeper for authority to interview target respondents -Private Security Organisations – Peace Security (Private) Ltd.</p> <p>Letter To: ZIMRA CEO. Gatekeeper authority to interview target respondents - Zimbabwe Revenue Authority (ZIMRA)</p> <p>Letter To: ZAAC Zimbabwe Anti-Corruption Commission - authority to interview ZACC Officers.</p> <p>Letter From: Gatekeeper: on authority to interview target respondents declined– Director RBZ BUPSMIL- FIU.</p> <p>Letter From: HRE Provincial Chief Magistrate - Gatekeeper authority to interview of target respondents.</p>
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			<p>Letter From :) Gatekeeper National Prosecution Authority (NPG.</p> <p>Letter From: Barclays Bank Compliance Dept- Gatekeeper authorizing interview target respondents (Bank employees granted.</p> <p>Letter From: CABS - Gatekeeper authority to interview target respondents- (CABS employees)</p>
6	E1		Research study 'Ethical Approval Letter'

## APPENDIX A1-A3

A1: QUESTIONNAIRE 1 OF 3:

SERIAL NO:

***CONFIDENTIAL***

### **Money Laundering Risks and the Corruption Factor, its Management within the Financial Sector of Zimbabwe**

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**All Banks and Building Societies Employees Questionnaire:**

**[Representative banks / building societies - Barclays, CAB] (Multiple Case Study Cross-Sectoral Structured/semi-structured Representative Sample Survey)**

**PhD Study Survey: Measuring the attitudes of banking staff to assess and confirm the existence, predominance, nexus, and growth of ML and corruption, two serious white-collar crimes thought to be symbiotically related, and, its/their effects and management within the context of Zimbabwe's banking/financial sector [1983-2017].**

<b>IDENTIFICATION</b>	
Country	Zimbabwe
Cluster Name	-----
Respondent's Name	-----
Employer Bank	-----
Work Station Identification (Branch, H/O, Card Centre)	-----
Town/City	-----
Address	-----
Official language of Respondent	-----

<b>QUESTIONNAIRE DELIVERY METHOD USED</b>										
	H/O		COURTS/ COUNTRY POLICE STATIONS / BORDER POSTS							
	HRE	Card Cntr.	BYO	BB	Plum/t.	Kariba	Chnd	Nyamapanda	Mtre	Masvingo
DATE										
METHOD										
NO. OF QUESTION-NAIRES										

**Key to table:**

HRE	Harare
BYO	Bulawayo
BB	Beitbridge
CHR	Chirundu
KRB	Kariba
MTR	Mutare
MSNG	Masvingo
NPND	Nyamapanda
PLUM/T	Plumtree

\*Result codes: 1. Complete  
2. Incomplete  
3. Refused interview

**CONFIDENTIAL**

**SECTION 1: BACKGROUND:**

No.	Questions and Filters	Responses/Coding categories	Skip
A.	*Thank you for taking the time to answer this questionnaire. The questions presented are about you, your employ organization, and, the dynamics of the phenomena of the crime of Money		

	<p><b>Laundering: its emergence, existence and to confirm its relationship with the crime of corruption a financial/economic crime among others that demand laundering, its/their effects and management within the banking/financial sector of Zimbabwe. Please feel free to complete and answer any of the questions as fully and accurately as possible.</b></p> <p><i>(N/B: QUESTION 1-5 ARE OPTIONAL)</i></p>		
B.	<p>Would you prefer the completed questionnaire to be returned or destroyed? Please indicate as appropriate.</p>	<p>Returned <input type="checkbox"/></p> <p>Destroyed <input type="checkbox"/></p>	
C.	<p>*It is also intended to obtain qualitative data from a representative sample of respondents. I would indicate whether you are willing to participate in a short interview for this purpose by;</p>	<p>Telephone: Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Meeting: Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	
1.	<p>What is your age?</p>	<p>1.1. 15-21 <input type="checkbox"/></p> <p>1.2. 21-28 <input type="checkbox"/></p> <p>1.3. 28-35 <input type="checkbox"/></p> <p>1.4. 35-42 <input type="checkbox"/></p> <p>1.5. 42-49 <input type="checkbox"/></p> <p>1.6. 49-56 <input type="checkbox"/></p> <p>1.7. 56-63+ <input type="checkbox"/></p>	
2.	<p>What is your Gender?</p>	<p>2.1. Male <input type="checkbox"/></p> <p>2.2. Female <input type="checkbox"/></p>	
3.	<p>What is your marital status?</p>	<p>3.1 Single <input type="checkbox"/></p> <p>3.2 Married <input type="checkbox"/></p> <p>3.3 Divorced <input type="checkbox"/></p> <p>3.4 Widowed <input type="checkbox"/></p> <p>3.5 Other .....</p>	
4.	<p>What is your job classification?</p>	<p>4.1 Managerial <input type="checkbox"/></p> <p>4.2 Clerical <input type="checkbox"/></p> <p>4.3 Other (Please Specify) <input type="checkbox"/></p>	
5.	<p>What is your job title</p>	<p>5.1 Director <input type="checkbox"/></p> <p>5.2 Manager (Branch) <input type="checkbox"/></p>	

		5.3 Accountant <input type="checkbox"/> 5.4 Supervisor <input type="checkbox"/> 5.5 Bank Teller <input type="checkbox"/> 5.6 Clerk <input type="checkbox"/> 5.7 Other.....	
6.	What is your gross income per month	Below \$ 500-00 <input type="checkbox"/> \$ 501-00 to \$ 1 000-00 <input type="checkbox"/> \$1 001-00 to \$ 2 000-00 <input type="checkbox"/> \$ 2 100-00 to \$ 3 000-00 <input type="checkbox"/> \$ 3 100-00 to \$ 4000-00 + <input type="checkbox"/>	
7.	Academic qualification?	7.1 'O' level <input type="checkbox"/> 'A' level <input type="checkbox"/> Other----- -----	
8.	Professional qualification attained (post high-school).	Diploma <input type="checkbox"/> Degree <input type="checkbox"/> MSc <input type="checkbox"/> PhD <input type="checkbox"/>	
9.	What is the job title of your immediate report/supervisor	----- ----- -----	
10.	What is the role of managers relative to implementation of compliance with due diligence and reporting of suspicious transactions?	----- ----- -----	
11.	How long have you worked for the bank (Barclays /Standard Chartered bank/ Central Building Society (CABS) Other: .....:.....?	----- ----- -----	
12.	Does your bank/financial institution have any of the following policies?	12.1 Security Policy Yes <input type="checkbox"/> No <input type="checkbox"/> 12.2 Fraud Policy Yes <input type="checkbox"/> No <input type="checkbox"/> 12.3 Operations Risk Policy Yes <input type="checkbox"/> No <input type="checkbox"/> 12.4 AML Yes <input type="checkbox"/> No <input type="checkbox"/> 12.5 All/None of them Yes <input type="checkbox"/> No <input type="checkbox"/>	
	13.1 Security policy	No <input type="checkbox"/>	
	13.2 Fraud policy		
	13.3 Operations policy		
	13.4 AML Policy		
	13.5 All/None of them		



14.	<p>How many of the following listed sites does your bank/financial institution have?</p> <p>Branches</p> <p>Agencies/Many shops</p> <p>Card Centre(s)</p> <p>Automated teller machines</p> <p>Other .....</p> <p>(Please specify type of sites)</p>	<p>14.1 -----</p> <p>14.2 -----</p> <p>14.3 -----</p> <p>14.4 -----</p> <p>14.5 Other (Please specify type of cite)</p> <p>-----</p> <p>-----</p>	
15.	<p>How many people are employed by your organisation (full-time and part-time)</p>	<p>15.1----- (Permanent)</p> <p>15.2----- (Temporary)</p> <p>Total <input type="text"/></p>	
16.	<p>What do you understand the following terms to mean generally and particularly in relationship to banking?</p> <p>a) Commission / Omission</p> <p>b) Offence / Crime</p> <p>c) White Collar Crime</p> <p>d) Financial / Economic Crime</p> <p>e) Organised Crime</p> <p>f) Money Laundering</p> <p>g) Predicate Offences</p>	<p>a) -----</p> <p>b)-----</p> <p>c)-----</p> <p>d)-----</p> <p>e)-----</p> <p>g)-----</p>	
17.	<p>Does the bank have:</p> <p><b>17.1 Policy for dealing with ML</b> in particular and White Collar Crime in general which is agreed to and endorsed by the Board of executive management committee promulgated under the signature of the Senior Executive, or Chairman in line with the international FATF and, the local Central Bank's regulatory requirements in terms of the act.</p> <p><b>17.2 Whistle Blowing Policy for dealing with White-Collar Crime?</b></p>	<p><b>17.1</b> Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>(If yes, please briefly explain the thrust or emphasis of the organizational ML policy framework)-----</p> <p>-----</p> <p>-----</p> <p>----- <input type="checkbox"/> -----</p> <p>-----</p> <p><b>17.2</b> Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>(If yes, please briefly explain the thrust or emphasis of the organizational whistle blowing policy framework)</p> <p>-----</p> <p>-----</p>	

18.	What type of white-collar, and or, financial /economic crimes are common in Zimbabwe?		
19.	In your opinion, are ML activities and the concomitant increase <u>in</u> financial / economic crimes a threat to Zimbabwe, and if so what types and how serious is the problem?	Yes <input type="checkbox"/> No <input type="checkbox"/> (Please explain)	
20.	Please indicate the types of ML activity risks, and or, actual laundering opportunities prone to your bank in particular, and, across the Zimbabwean banking /financial sector in general?		
21.	Do banking / financial institutions in Zimbabwe have fully fledged Compliance, Investigative Security/Fraud Departments, if so to what extent are these units skilled and also, resourced to fulfil their mandates to prevent, deter and combat systemic ML and Corruption in particular and white-collar crime in general	Yes <input type="checkbox"/> No <input type="checkbox"/> (Please yes/no please explain)	
22.	How knowledgeable are you on activities of ML in the banking sector in particular and the economy at large?	Very conversant <input type="checkbox"/> Fairly conversant <input type="checkbox"/> 22.3Averagely conversant <input type="checkbox"/> 22.4Lowly conversant <input type="checkbox"/> (Please briefly explain)..... ..... .....	

23.	With your knowledge, who or what groups of people (as listed in the opposite answer box), in your opinion commit ML and related activities that pose a risk to both the banking/financial sector in particular and the economy of Zimbabwe in general?	23.1 Organised International Criminals <input type="checkbox"/> 23.2 Organised local Card Syndicates <input type="checkbox"/> 23.3 Opportunist Criminals (non specialized) <input type="checkbox"/> 23.4 Organisation Employees <input type="checkbox"/> 24.5 Lone perpetrators <input type="checkbox"/> 23.6 Other (please specify): <input type="checkbox"/>	
24.	In your opinion, would it be correct to state that corruption among other concomitant financial / economic crimes such as fraud, embezzlement, smuggling (cross-border), tax evasion, and trafficking in drugs, gold and other precious stones is the major contributor to the crime of ML in Zimbabwe?  If your answer is 'yes' please explain why and how.	Yes <input type="checkbox"/> No <input type="checkbox"/> ----- ----- ----- ----- ----- -----	
25	Basing on indicators and anecdotal evidence available in the country, in your opinion what is the relationship between Corruption, and ML activities in Zimbabwe?	----- ----- ----- ----- -----	
26.	Does your bank/financial organisation have the following in-house organs?  Compliance department Security/fraud/investigations dept. Operations Risk department	Yes <input type="checkbox"/> No <input type="checkbox"/>  Yes <input type="checkbox"/> No <input type="checkbox"/>  Yes <input type="checkbox"/> No <input type="checkbox"/>	

27.	<p>Whose responsibility is it to carry out the following operational security / fraud risk functions in your organization?</p> <p>27.1 Security and Fraud Investigations</p> <p>27.2 Card Fraud &amp; Investigations</p> <p>27.3 CCTV Monitoring</p> <p>27.4 ATM Security</p> <p>27.5 Vault/Strong-room Security</p> <p>27.6 Asset protection (cash included)</p> <p>27.7 Facility or Premise Security</p> <p>27.8 IT/ICT Security</p> <p>27.9 Reporting and communicating with the RBZ FIU on STI's and follow-ups?</p>	<p>27.1 -----</p> <p>27.2 -----</p> <p>27.3 -----</p> <p>27.4 -----</p> <p>27.5 -----</p> <p>27.6 -----</p> <p>27.7 -----</p> <p>27.8 -----</p> <p>27.9 -----</p> <p>-----</p>	
28	<p>In terms of both operational efficiency and value for money, how much do you rate the Following organs or departments in their resolve to deter and prevent ML and Corruption in the banking system?</p> <p>28.1 Security/Operation Risk Dept.</p> <p>28.2 Internal Audit Dept</p> <p>28.3 Card Fraud Early I/D Dept</p> <p>28.4 Compliance Dept.</p>	<p>28.1 Fairly effective <input type="checkbox"/></p> <p>Fair effective <input type="checkbox"/></p> <p>Not effective <input type="checkbox"/></p> <p>28.2 Very effective <input type="checkbox"/></p> <p>Fairly effective <input type="checkbox"/></p> <p>Not effective <input type="checkbox"/></p> <p>28.3 Very effective <input type="checkbox"/></p> <p>Fairly effective <input type="checkbox"/></p> <p>Not effective <input type="checkbox"/></p> <p>28.4 Very effective <input type="checkbox"/></p> <p>Fairly effective <input type="checkbox"/></p> <p>Not effective <input type="checkbox"/></p>	
29	<p>How adequate and relevant are local banks (AML) financial transaction data measuring and monitoring systems to efficiently combat money laundering.</p>	<p>Very conversant <input type="checkbox"/></p> <p>Fairly conversant <input type="checkbox"/></p> <p>Averagely conversant <input type="checkbox"/></p> <p>Lowly conversant <input type="checkbox"/></p> <p>29.5 Other (Please specify).....</p> <p>.....</p>	

30.	<p>How many recorded incidences of following categories of common crimes known to you, have occurred at/in your Company, and or community in last 12 months: and been dealt with effectively, internally and by the police?</p> <p>30.1 Money laundering</p> <p>30.2 Corruption</p> <p>30.3 Card Fraud</p> <p>30.4 Cheque Fraud</p> <p>30.5 Trafficking in drugs and Solvent Abuse</p> <p>30.6 Tax evasion</p> <p>30.7 Smuggling</p> <p>30.8 Embezzlement</p> <p>30.9 Workplace violence</p> <p>30.10</p> <p>Other.....</p> <p>.....</p>	<p>30.1 .....</p> <p>30.2 .....</p> <p>30.3 .....</p> <p>30.4 .....</p> <p>30.5 .....</p> <p>30.6 .....</p> <p>30.7 .....</p> <p>30.8 .....</p> <p>30.9 .....</p> <p>30.10 Other .....</p> <p>.....</p> <p>.....</p>	
31.	<p>How relevant do you think it is for:</p> <p>a). Head of Risk/Operations Risk,</p> <p>b). The Head of Security</p> <p>c). Fraud Manager</p> <p>d). Compliance</p> <p>To have a high tertiary education and knowledgeable in theory and practice about banking / accounting law, security, risk management and governance fields?</p> <p><u>KEY</u></p> <p>Very relevant</p> <p>30.2 Not relevant</p> <p>30.3 Other (specify)</p>	<p><u>A. Head of Risk/Operations Risk</u></p> <p>31.1a (a) Very relevant <input type="checkbox"/></p> <p>31.2a (b) Not relevant at all <input type="checkbox"/></p> <p>31.3a (c) Other (Please specify) <input type="checkbox"/></p> <p><u>B. Head of Security</u></p> <p>31,1b (a) Very relevant <input type="checkbox"/></p> <p>31.2b (b) Not relevant at all <input type="checkbox"/></p> <p>31.3b (c) Other (please specify) <input type="checkbox"/></p> <p><u>C. Fraud Investigations Manager</u></p> <p>31,1c (a) Very relevant <input type="checkbox"/></p> <p>31.2c (b) Not relevant at all <input type="checkbox"/></p> <p>31.3c (c) Other (please specify) <input type="checkbox"/></p> <p><u>D. Head of Compliance / Manager</u></p> <p>31,1d (a) Very relevant <input type="checkbox"/></p> <p>31.2d (b) Not relevant at all <input type="checkbox"/></p> <p>31.3d (c) Other (please specify) <input type="checkbox"/></p>	
32.	<p>Do you believe that the present banking laws and procedures for suppressing ML are adequate and satisfactory?</p>	<p>Yes <input type="checkbox"/></p> <p>If yes, go to Q.32</p> <p>No <input type="checkbox"/></p> <p>If no, go to Q. 31</p>	

33.	Why not (please explain)?		
34.	Have you or any of your colleagues ever identified and raised a Suspicious Transaction Report with the ML Report Officer (MLRO) in your branch experience in the last five (5) years?	Yes <input type="checkbox"/> If yes, carry on to 32 No <input type="checkbox"/> If no go to Q. 33	
35.	What sort of transaction was it?		
36.	Are suspicious transactions a frequent feature in the bank?	Yes <input type="checkbox"/> If yes, carry on the Q. 35 No <input type="checkbox"/> If no go to Q. 36	
37.	In your opinion, which of the following listed crimes ( <i>see opposite answer box</i> ), (commonly classified and referred to as predicate offences, and or, crimes with a laundering demand) by order of priority ( <i>from <u>1</u> to <u>17</u>, with [1] being your greatest concern and [17] being your lowest</i> ) are common, prevalent and of your highest concern in Zimbabwe?	37.1 Corruption..... 37.2 Theft common ..... 37.3 Bank fraud ..... 37.4 Bank card fraud..... 37.5 Corporate fraud (other)..... 37.6 Drug trafficking and solvent abuse..... 37.7 Illegal dealing in gold..... 37.8 Illegal dealing in diamonds ..... 37.9 Illegal dealing in emeralds..... 37.10 Illegal dealing in precious stones ..... 37.11 Illegal Exportation of currency..... 37.12 Arms trafficking ..... 37.13 Embezzlement ..... 37.14 Smuggling ..... 37.15 Human Trafficking ..... 37.16 Tax evasion..... 37.17 Other ..... .....	

38	<p>Which or what groups of people in terms of race, age, and gender in your opinion commit most of the <b><u>none-occupational</u></b> predicate white-collar crimes (e.g. drug trafficking, dealing in precious minerals, human trafficking, fraud, bribery and corruption in Zimbabwe? (Put a tick in the relevant box)</p> <p>38.1 Young blacks male - (18-40)</p> <p>38.2 Young blacks female - (18-40)</p> <p>38.3 Young white male - (18-40)</p> <p>38.4 Young white female - (18-40)</p> <p>38.5 People of mixed race - (18-65)</p> <p>38.6 All groups (blacks/white - (18-65 +)</p> <p><b><u>Key:</u></b></p> <p><b><i>YB – Y/Blacks male</i></b></p> <p><b><i>YB- Y/Blacks female</i></b></p> <p><b><i>W – Y/White male</i></b></p> <p><b><i>W- Y/White female</i></b></p> <p><b><i>M/R – Mixed Race (m/f)</i></b></p> <p><b><i>AG - All groups (black/white)</i></b></p>	<table border="1"> <thead> <tr> <th></th> <th>YB(M)</th> <th>YB(F)</th> <th>YW(M)</th> <th>YW (F)</th> <th>MR</th> <th>AG</th> </tr> </thead> <tbody> <tr> <td>38.1</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>38.2</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>38.3</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>38.4</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>38.5</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>38.6</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Please explain why?</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>		YB(M)	YB(F)	YW(M)	YW (F)	MR	AG	38.1							38.2							38.3							38.4							38.5							38.6							
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40	What is corruption?	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>																																											
41	In your opinion, is corruption a problem in Zimbabwe's banking / financial sector in particular and Zimbabwe as a country in general, and if so, how serious is the problem?	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>																																											
42	Give examples of documented cases of Corruption and ML cases in Zimbabwe's banking/financial sector in particular and, the country in general between -2004 – 2016:	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>																																											





45	<p>How many recorded incidences of following categories of common crimes known to you have occurred at/in your bank/building society/financial institution, and or community in last 12 months: and been dealt with effectively, internally and by the police?</p> <p>45.1 Money laundering</p> <p>45.2 Corruption</p> <p>45.3 Card Fraud</p> <p>45.4 Cheque Fraud</p> <p>45.5 Trafficking in drugs and Solvent Abuse</p> <p>45.6 Tax evasion</p> <p>45.7 Smuggling</p> <p>45.8 Embezzlement</p> <p>45.9 Workplace violence</p> <p>45.10</p> <p>Other.....</p> <p>.....</p>	<p>45.1 .....</p> <p>45.2 .....</p> <p>45.3 .....</p> <p>45.4 .....</p> <p>45.5 .....</p> <p>45.6 .....</p> <p>45.7 .....</p> <p>45.8 .....</p> <p>45.9 .....</p> <p>45.10 Other .....</p>	
46.	<p>In the business sectors, in which you are familiar, particularly public and parastatal enterprises please indicate the most corrupt as seen in the eyes of ordinary business people and the general public – particularly economists and (country risk analysts)?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b></p> <p><u>0</u> - will represent a very high perceived level(s)</p> <p><u>10</u> - will represent extremely less perceived level(s)</p>	<p>46.1 Public Works/Construction <input type="checkbox"/></p> <p>46.2 Defence <input type="checkbox"/></p> <p>46.3 Petroleum (petrol/oil/gas) <input type="checkbox"/></p> <p>46.4 Telecom <input type="checkbox"/></p> <p>46.5 Media &amp; Communication <input type="checkbox"/></p> <p>46.6 Energy (generation/transom) <input type="checkbox"/></p> <p>46.7 Mining <input type="checkbox"/></p> <p>46.8 Banking &amp; Finance <input type="checkbox"/></p> <p>46.9 Law enforcement (Police) <input type="checkbox"/></p> <p>46.10 Law enforcement (Prisons) <input type="checkbox"/></p> <p>46.11 Judiciary (Criminal/Justice) <input type="checkbox"/></p> <p>46.12 Wild life conservatives <input type="checkbox"/></p> <p>46.13 Agriculture (farming) <input type="checkbox"/></p> <p>46.14 Education Sector <input type="checkbox"/></p> <p>46.15 Health Sector <input type="checkbox"/></p> <p>46.16 Civilian aerospace <input type="checkbox"/></p> <p>46.17 Road transport services <input type="checkbox"/></p> <p>46.18 Urban Municipal Councils <input type="checkbox"/></p> <p>46.19 Other (Please mention) <input type="checkbox"/></p> <p>.....</p>	

		.....	
47.	<p>By measuring ML against 20 other categories of transnational crimes / offences, using a mean of 1 to 20 as seen in the eyes of business people and the general public – particularly economists and risk analysts, rank its impact on Zimbabwe's economy in particular, and, the world economy in general.</p> <p><b>N/B: The score would be the mean of 1-20 (i.e.):</b>  <u>1</u> = a very high perceived level(s)  <u>20</u> = extremely less perceived level(s)</p>	<p>47.1 International Terrorism <input type="checkbox"/></p> <p>47.2 Bank fraud <input type="checkbox"/></p> <p>47.3 Cross boarder smuggling <input type="checkbox"/></p> <p>47.4 Insurance fraud <input type="checkbox"/></p> <p>47.5 Tax evasion <input type="checkbox"/></p> <p>47.6 Illegal exportation of cash <input type="checkbox"/></p> <p>47.7 International sea piracy <input type="checkbox"/></p> <p>47.8 Human trafficking <input type="checkbox"/></p> <p>47.9 Computer crime <input type="checkbox"/></p> <p>47.10 Environmental crime <input type="checkbox"/></p> <p>47.11 Trade in Human body parts <input type="checkbox"/></p> <p>47.12 Illegal drug trafficking <input type="checkbox"/></p> <p>47.13 Fraudulent bankruptcy <input type="checkbox"/></p> <p>47.14 Prostitution <input type="checkbox"/></p> <p>47.15 Corruption and bribery <input type="checkbox"/></p> <p>47.16 Investment scams <input type="checkbox"/></p> <p>47.17 Arms trafficking <input type="checkbox"/></p> <p>47.18 Commercial espionage <input type="checkbox"/></p> <p>47.19 Embezzlement <input type="checkbox"/></p> <p>47.20 Aircraft high jacking <input type="checkbox"/></p> <p>47.21 Theft of property <input type="checkbox"/></p>	
48.	<p>In the business sectors (private/public), in which you are familiar, please indicate the bribe players and how likely companies and members of the public are likely to pay or offer bribes to the same in order win or retain a favour in this country?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b>  <u>0</u> - will represent a very high perceived level(s)  <u>10</u> - will represent extremely less perceived level(s)</p>	<p>48.1 Public Works/Construction <input type="checkbox"/></p> <p>48.2 Defence <input type="checkbox"/></p> <p>48.3 Petroleum (petrol/oil/gas) <input type="checkbox"/></p> <p>48.4 Telecom <input type="checkbox"/></p> <p>48.5 Media &amp; Communication <input type="checkbox"/></p> <p>48.6 Energy (generation/transmission) <input type="checkbox"/></p> <p>48.7 Mining <input type="checkbox"/></p> <p>48.8 Banking &amp; Finance <input type="checkbox"/></p> <p>48.9 Law enforcement (Police) <input type="checkbox"/></p> <p>48.10 Law enforcement (Prisons) <input type="checkbox"/></p> <p>48.11 Judiciary (Criminal/Justice) <input type="checkbox"/></p> <p>48.12 Wild life conservatives <input type="checkbox"/></p> <p>48.13 Agriculture (farming) <input type="checkbox"/></p> <p>48.14 Education Sector <input type="checkbox"/></p> <p>48.15 Health Sector <input type="checkbox"/></p> <p>48.16 Other (Please mention) <input type="checkbox"/></p> <p>.....</p> <p>.....</p>	

49.	<p>How likely is that senior public officials in this country would demand or accept bribes, for say, public tenders, regulations, or licensing in the business sectors (as listed in the answer box)?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b>  <u>0</u> - will represent a very high perceived level(s)  <u>10</u> - will represent extremely less perceived level(s)</p>	<p>49.1 Public Works/Construction <input type="checkbox"/></p> <p>49.2 Defence <input type="checkbox"/></p> <p>49.3 Petroleum (petrol/oil/gas) <input type="checkbox"/></p> <p>49.4 Telecom <input type="checkbox"/></p> <p>49.5 Media &amp; Communication <input type="checkbox"/></p> <p>49.6 Energy (generation/transmission) <input type="checkbox"/></p> <p>49.7 Mining <input type="checkbox"/></p> <p>49.8 Banking &amp; Finance <input type="checkbox"/></p> <p>49.9 Law enforcement (Police) <input type="checkbox"/></p> <p>49.10 Law enforcement (Prisons) <input type="checkbox"/></p> <p>49.11 Judiciary (Criminal/Justice) <input type="checkbox"/></p> <p>49.12 Wild life conservatives <input type="checkbox"/></p> <p>49.13 Agriculture (farming) <input type="checkbox"/></p> <p>49.14 Education Sector <input type="checkbox"/></p> <p>49.15 Health Sector <input type="checkbox"/></p> <p>49.16 Industry (light manufacture) <input type="checkbox"/></p> <p>49.17 Industry (heavy manufacturing.) <input type="checkbox"/></p> <p>49.18 Information Tech <input type="checkbox"/></p> <p>49.19 Pharmaceuticals <input type="checkbox"/></p> <p>49.20 Other (Please mention) <input type="checkbox"/></p> <p>.....</p> <p>.....</p>	
50	<p>Have you received any form of training concerning Anti-Money Laundering, Prevention of Corruption, Bank Security and Crime Prevention since joining the bank?</p>	<p>Yes <input type="checkbox"/></p> <p>If yes go to Q 51</p> <p>No <input type="checkbox"/></p> <p>If no go to Q. 53</p>	
51	<p>How often do all personnel receive such training, and who is responsible for such training?</p>	<p>Every 6 months <input type="checkbox"/></p> <p>6 months – 1 year <input type="checkbox"/></p> <p>1-2 years <input type="checkbox"/></p> <p>2 years (+) <input type="checkbox"/></p>	
52.	<p>In terms of heightening your awareness to potential bank crime(s), do you think that the staff training programme(s) is/are adequately informative to suit today's ever changing e-commerce money transfer communication technology?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	
53.	<p>Does your bank play a part in the education of law-enforcement agencies to help them appreciate and be able to investigate white-</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	

	collar crime(s), which by nature is/are complex and difficult to prosecute?		

**SECTION 2: CARD CENTRE STAFF ONLY**

54.	Are you employed at the Card Centre/Services?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
55.	Which department are you employed in and what is the strength of the department?	<div></div> <div></div> <div></div> Permanent <input type="checkbox"/> Part-time <input type="checkbox"/> Total <div></div>	
56.	How long have you worked in this department	----- Years -----Months	
57.	Which other department(s) at Head Office, and or, Card Centre have you worked and for how long?	57.1 (-----Yrs -----Months) 57.2 (-----Yrs -----Months) 57.3 (-----Yrs -----Months) 57.4 (-----Yrs -----Months) 57.5 (-----Yrs-----Months)	
58.	Does the bank have a Policy for dealing with ML in particular and White Collar Crime in general in the Card Centre: which is agreed to and endorsed by the Board of executive management committee and that is promulgated under the signature of the Senior Executive, or Chairman?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, please briefly explain the thrust or emphasis of the organisational policy framework)----- ----- ----- -----	

		----- -----	
59.	Have you received any form of training concerning security in general and card security and fraud prevention in particular, either before or since joining the bank?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If yes, please specify nature/type of training)- ----- -----	
60.	How often do personnel in your department and the rest of the bank, receive awareness training/education Money Laundering, and card related frauds deterrence, detection and prevention?	Very often <input type="checkbox"/> Not very often <input type="checkbox"/> Seldom occurs <input type="checkbox"/> None at all <input type="checkbox"/>	
61.	What sort of awareness training/education awareness do you/they receive?	----- ----- -----	
62.	In your opinion, is the training/education adequate enough to help prevent black market derived dirty money which normally require laundering getting introduced into the financial market system?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
63.	In terms of heightening your awareness to all banking potential crime(s), do you feel that the staff training programme(s) has been/is adequate and informative?	Yes, <input type="checkbox"/> ( If yes proceed to Q. 58) <input type="checkbox"/> No <input type="checkbox"/> (If no, go to Q.57)	
64.	Why not?	----- ----- -----	
65.	As a minimum standard measure against Fraud and Money Laundering, which of the following procedures are you most aware of when carrying out say, a debit or credit card transaction?	65.1 Verifying card security features. <input type="checkbox"/> 65.2 Asking for positive identification <input type="checkbox"/> 65.3 Check expiry date of the card <input type="checkbox"/> 65.4 That the card is signed and that the signature strip show no sign of temper and also that the signature matches one on the sales voucher/passport etc. <input type="checkbox"/> 65.5 All of them <input type="checkbox"/>	

66.	In your opinion, how difficult is it for a card fraudster or any criminal minded person to carry out a successful fraudulent card transaction using either a lost/stolen debit/credit card , and or, counterfeit plastic card at any of your local bank branches, , merchant outlets or, anywhere similar in the world?	66.1 Difficult <input type="checkbox"/> 66.2 Very difficult <input type="checkbox"/> 66.3 Not very difficult <input type="checkbox"/> 66.4 Easy <input type="checkbox"/>	
67.	Why do you believe this is?	----- ----- ----- -----	
68.	By measure of <b>[1]</b> being your greatest concern and <b>[9]</b> being your lowest. Please indicate in order of priority and only for those applicable to your organisation, the Security and ML related Fraud Risks which have been and continue to be of serious concern to the bank, (potential or actual(s) leading to substantial / huge losses during the last five (5) years (plus) i.e. from 2009 to date.  68.1 ATM Fraud 68.2 Cheque fraud 68.3 Embezzlement 68.4 Bank robbery (armed) 68.5 Bribery 68.6 Corruption 68.7 Extortion 68.8 Plastic Card fraud (debit/credit card) 69.9 Leaks/misuse of official information 69.10 Insider Trading 69.11 Computer crime (hacking etc.) 69.12 Internet fraud 69.13 Tax Evasion 69.14 Theft (common) 69.15 Other.....	68.1----- 68.2----- 68.3----- 68.4----- 68.5----- 68.6----- 68.7----- 68.8----- 68.9----- 68.10----- 68.11----- 68.12----- 68.13----- 68.14----- 68.15-----	

70.	<p>Of the groups mentioned below, which one presents the most serious risk to the bank? Please prioritise the perceived threat from <b>1-5</b>: with <b>1</b> being your major concern and <b>5</b>: <b>being</b> your least concern.</p> <p>70.1 Black market activities creating dirty Money that need laundering (e.g. illegal foreign exchange deals)</p> <p>70.2 Money Laundering</p> <p>70.3 Corruption</p> <p>70.4 Organised international card criminals</p> <p>70.5 Organised local card crime syndicates</p> <p>70.6 Opportunist criminals(non-specialised)</p> <p>70.7 Robbery/Armed Robbery</p> <p>70.8 Organisation employees</p> <p>70.9 Other groups/individuals (Please specify) ...../</p>	<p>70.1 -----</p> <p>70.2 -----</p> <p>70.3 -----</p> <p>70.4 -----</p> <p>70.5 -----</p> <p>70.6 -----</p> <p>70.7 -----</p> <p>70.8 -----</p> <p>70.9 -----</p>	
71.	<p>As a bank/financial institution employee in this contemporary age of computing, do you feel threatened by the emergency of criminal corruption, and concomitant increase in other banking/financial economic crimes like bribery, extortion, drug trafficking, human trafficking, and illegal street foreign exchange dealings among others that have a laundering demand and its/their effects on the banking sector and the economy at large?</p>	<p>Yes <input type="checkbox"/></p> <p>(If yes, carry on to Q. 57)</p> <p>No. <input type="checkbox"/></p> <p>(If no go to Q. 58)</p>	
72	<p>What is the threat, and why are you concerned?</p>	<p>-----</p> <p>-----</p>	
73	<p>Overall, do you believe firmly in the benefits of investing in the latest information technology (high technical fraud monitoring systems and other modern technological advances in both the mainstream financial payment system(s) – (conventional and electronic, and the card payment system) by banks to thwart ML and the suppression of terrorism financing.</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	
74	<p>In your opinion do banks, cash dealers and traditional business in general have adequate policies, procedures and internal controls that promote high ethical and professional standards to prevent them from being used intentionally or unintentionally by criminal elements?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>(Give reasons):</p> <p>-----</p> <p>-----</p>	
75	<p>How do you rate the level of supervision of your work by your superior or senior report</p>	<p>-----</p> <p>-----</p>	



76	How do you rate the working conditions in your organisation compared with its main rivals or competitors?	76.1 Excellent <input type="checkbox"/> 76.2 Very good <input type="checkbox"/> 76.3 Good <input type="checkbox"/> 76.4 Average <input type="checkbox"/> 76.5 Not very good <input type="checkbox"/> 76.6 Bad <input type="checkbox"/>	
77	How can you prevent your employ bank or banks in general falling prey to crimes bend on using it/them as conduits for money laundering?	----- ----- ----- ----- -----	
78	As a AML organisational tool do you consider communication in the bank as:-	78.1 Excellent <input type="checkbox"/> 78.2 Very good <input type="checkbox"/> 78.3 Good <input type="checkbox"/> 78.4 Average <input type="checkbox"/> 78.5 Not very good <input type="checkbox"/> 78.6 Bad <input type="checkbox"/> 78.7 Other <input type="checkbox"/> (Please specify) <input type="checkbox"/> ----- -----	
79.	Do you sometimes feel unfairly treated and prejudiced or that your work mate(s) is/are being unfairly treated in one way or other?	Yes <input type="checkbox"/> (If yes, go on to Q. 72) No, <input type="checkbox"/> (If no proceed to Q. 73)	
80	Why do you believe so?	----- ----- ----- -----	
81	Would you say that your services to the organisation are adequately recompensed?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If 'no' please explain)	
82.	Does the organisation have a culture of incentivizing staff who detect and report Suspicious Transactions?	----- ----- ----- -----	
83.	Are there any suggestions you can make as to how crime in and outside the bank(s) particularly, those with a high ML demand e.g. embezzlement, cheque and plastic debit/credit card fraud, insider trading, bribery, corruption, extortion, drug trafficking, smuggling and related Black Market activities all producing dirty money, can be reduced in Zimbabwe?	Yes <input type="checkbox"/> No <input type="checkbox"/> If (yes) explain how? ----- ----- ----- -----	

### **SECTION 3: SEMI-STRUCTURED INTERVIEWS**

A.	The data collected from semi-structured interviews will be non-attributed and shall be treated in the most confidence.		
B.	All sourced data will be summarized in the dissertation with the other interviews		
C.	Semi-structured interviews are used to obtain qualitative data		
D.	The interviews will be carried out on a personal; face-to-face basis with sample subjects during the distribution and collection of the questionnaires.		
1.	Is your employer government owned or purely a private sector concern?		
2.	Who in your bank / organisation conducts security risk assessments and audits in Head Office Departments, Branches, and the Card Centre or Card Services Division?		
3	How are ML security/risk forecasts and AML control measures priorities determined in your organisation?		
4.	Would you for any reason want to believe that the security and white collar crime risks to the bank's operations / business present during the last 10 years have changed?	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>(Why do you say so?) -----</p> <p>-----</p>	

5	In your opinion, is Corruption and ML and their manifestations the leading criminal activities hounding causing cash shortages and other debilitating economic malaise in general and none-performance and failure of institutions in the banking/financial sector and public sector in particular in Zimbabwe?	Yes <input type="checkbox"/> No <input type="checkbox"/> Please briefly explain: ----- ----- -----	
7.	In your opinion have the numbers of bank related crimes, (e.g..) insider trading, corruption, embezzlement, cheque frauds and debit/credit card frauds incidents in particular, have either increased or decreased in Zimbabwe during the last five (5) (plus) years.	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	
8.	Are you satisfied with the level of checking in the screening/vetting procedures (of prospective new entrant employees/new account applications/new card account applications, new merchants and their directors etc.) that the organisation employs?	Yes <input type="checkbox"/> No <input type="checkbox"/>	
9.	In your opinion, what do you think are the reasons for some banks not to comply with the RBZ, international FATF and Basel Committee requirements to engage a dedicated ML Reporting Officer (MLRO) in Zimbabwe?	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	
10	In your opinion do you think Corruption criminal activities and other manifestations also with a laundering demand linked?	Yes <input type="checkbox"/> No <input type="checkbox"/> (Please explain your answer)	

11	In your opinion, what can be the causes of the concomitant increase in white-collar crime such as ML and Corruption in Zimbabwe?		
12.	What reformation to the banking / financial sector mainstream payment systems do you hope to see introduced in the foreseeable future in Zimbabwe, and rest of countries world over, to curb, and or help thwart corruption and money laundering and other of their manifestations?		
	<p><b>Record the Date and Time:</b></p> <p><b>Thank you for your answers.</b></p> <p><i>Again, I can assure you that all this information about you,, your / the organization, and or, community concerning the crime of Money Laundering, and Corruption levels: how you think it / they pose security, socio-economic risks, and affect banks in particular, and, the economy of Zimbabwe other country economies the world-over in general, will remain confidential.</i></p>	<p><b>Date:</b> .....</p> <p><b>Time:</b> ----- Hour(s) -----Minutes .....</p> <p><b>Place:</b></p>	

# **APPENDIX A.1.1:**

## **ADDENDUM TO: [(All) Banks / Financial Institutions - Questionnaire 1 of 3]- Semi -Structured Interview(s) Questions;**

1.	Is your employ bank government, quasi-government or wholly private shareholding owned?		
2	Is the bank's Compliance Risk Management Framework centralized, if so how does its evolved strategies integrate with the rest of the lines of business (LOB's)		
3	Which other line function(s) in your bank conducts assessments and audit reviews for ML/AML Compliance and other risks embedded across the bank's business activities?		
4	How are ML security/risk priorities determined and by who?		
5.	Would you for any reason want to believe that the security and white collar crime risks to the bank's operations / business present during the last 10 years have changed?	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>(Why do you say so?) ----- -----</p>	
6	In your opinion have the numbers of bank related crimes, (e.g.) insider trading, corruption, embezzlement, cheque frauds and debit/credit card frauds incidents in particular, have either increased or decreased in Zimbabwe during the last five (5) (plus) years.		

7.	Are you satisfied with the level of checking in the screening/vetting procedures (of prospective new entrant employees/new account applications/new card account applications, new merchants and their directors etc.) that the organization employs in line with the governance, and, compliance function (GRC)?	Yes <input type="checkbox"/> No <input type="checkbox"/> ----- ----- ----- ----- ----- -----	
8.	In your opinion, what do you think are the reasons for some member countries' failure to comply fully with international FATF and Basel Committee governance risk compliance (GRC) (AML) regulatory requirements?	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	
9	In your opinion do you think Corruption and ML criminal activities are linked?	Yes <input type="checkbox"/> No <input type="checkbox"/> (Please explain your answer)	
10	In your opinion, what can be the causes of the concomitant increase in white-collar crime such as ML and Corruption in Zimbabwe?		
11.	What reformation / improvements to the banking/financial sector organization's mainstream payment system do you hope to see introduced in the foreseeable future in Zimbabwe and the rest of countries world over, to curb, and or help thwart money laundering?	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	

12	Would you say globally banks spend heavily to ensure compliance?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes, how much would you say larger banks in the world like Barclays PLC spend on (AML) compliance alone? -----	
13	In your opinion are banks / building societies or any other financial institutions globally fulfilling the thousands of regulatory obligations to fulfill (AML) mandates are per requirements of their individual regulators?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes/no please explain? ----- -----	
14	Are banks in Zimbabwe victims of using outmoded approaches which make compliance enormously challenging in areas of: (structure, staffing efficiencies, and monitoring technology systems etc.)?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes what are the risks? -----	
15	Do national banks have automated compliance management systems to meet global governance risk compliance (GRC) ever increasing standards?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is no, what could be the reasons? -----	
16	Information collection and manual overboarding resulting in significant process slow-downs, and duplication of data, storage and documentation processes be improved in banks to improve governance risk compliance (GRC)?	----- ----- ----- ----- ----- -----	

17	With the myriad digital channels (websites, social media, mobile applications, search engines, market places, and more), are national and international banks capable of tracking all the channels to identify compliance policy violations and risk events?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes/no, please explain?) ----- -----	
18	What Compliance and Operational Risk Programmes systems for risk assessments, control and testing integrated view of risk and compliance indicators is employed by Barclays / CABS / Stanbic and any other bank in Zimbabwe?	----- ----- ----- ----- -----	
19	Is the Compliance and Operations Risk Programme of your bank manual, semi-automated, or fully automated?	Manual <input type="checkbox"/> Semi-automated <input type="checkbox"/> Fully automated <input type="checkbox"/> or (Both) <input type="checkbox"/>	
20	How are ML risks and other lines of business (LOB) identified and tested in your bank / building society?	----- ----- -----	
21	Does your bank employ an integrated bank system and (AML) transaction monitoring system?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes what is the System called and how does it operate)? -----	
22	Do national banks and building societies (Barclays, CABS, Stanbic) have strong Forensic Testing capabilities for AML (transaction monitoring system)	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes what is the monitoring and testing system called and how does it operate)? -----	



23	Is your bank, building society compliance systems aligned to other large and diverse data sources (structured/unstructured) management system?	Yes <input type="checkbox"/> No <input type="checkbox"/> (Please explain) -----	
24	Do your bank / building society maintain robust third party and client Master Files in compliance with KYC, CDD, and MIFID to optimally track and control risks?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes what is the reason)? -----	
25	Would you agree that banks and building societies / financial institutions other's half-baked data processes create duplication of data collection which lead to data insufficiencies (e.g. banks failure to leverage sources of existing data providing little insights into ML and Corruption) levels in the country.	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is yes what is the solution)? ----- ----- ----- -----	
26	What would you say if it is said banks and building societies nationally and internationally lack reporting standardizations at the lines of business (LOB) level-limiting them to arrive at cross (LOB) insights – meaning Quantitative (LOB) – wise reports are at large unavailable?		

27	Using a random statistical distribution criterion of; 0.0 – 0.3 - (for Low); 0.4 – 0.6 - (for medium); and 0.7-1.0 - (for High); evaluate the level of ML risk of each of the (14) bank products available in Zimbabwe: [Savings Deposits; Demand Deposits; Current Accounts; Loans and Advances; International Wire Transfers-Corporate / Individuals; FBS-Letters of Credit, Foreign Bills, Guarantees; Correspondence Accounts (Nostro and Vostro); NIs – NCs and BAs; Trusts and Asset Management Services – Private Banking Fund Man; Mobile Banking; Time Deposits; Electronic Banking; Money Market Deposits; and Specialised Units- Platinum/Prestige Banking	<b>1</b> Savings Deposits; <b>2</b> Demand Deposits; <b>3</b> Current Accounts; <b>4</b> Loans & Advances WTs; <b>5</b> Corporate/Indiv; <b>6</b> FBS-LC, F Bills, Guarantees; <b>7</b> CAs (Nostro & Vostro); <b>8</b> NIs – NCs and BAs; Trusts & A Man Services; <b>9</b> Pvt Banking Fund Man; <b>10</b> Mobile Banking; <b>11</b> Time Deposits; <b>12</b> Card & Electronic Banking; <b>13</b> Money Market Deposits; <b>14</b> Specialised Units- Platinum/Prestige Banking	
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	<p><b>Record the Date and Time:</b></p> <p><b>Thank you for your answers.</b></p> <p><b>Again, I can assure you that all this information about you, your/the organization, and or, community concerning the crime of Money Laundering, and Corruption levels: how you think it / they pose security, socio-economic risks, and affect banks in particular, and, the economy of Zimbabwe other country economies the world-over in general, will remain confidential.</b></p>	<p>Date: .....</p> <p>Time:.....Hour(s):...Minutes</p> <p>Place: .....</p>	
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**A2: QUESTIONNAIRE N0: 2 OF 3**

**SERIAL NO:**

***CONFIDENTIAL***

Money Laundering Risks and the Corruption Factor, its Management within the Financial Sector of Zimbabwe.

**Criminal Justice System: Law-Enforcement-Police / Justice Law Officers/ Public Criminal Prosecutors & Prison Officers Questionnaire: (Multi-Case Study Cross-Sectoral Structured/Semi-Structured Representative Sample Survey).**

**PhD Study Survey: Attitudes of Police, Law Officers Criminal Prosecutors, and Prisons Officers towards the existence, predominance, nexus, and growth of ML and corruption, two serious white-collar crimes thought to be symbiotically related, and, its/their effects and management within the context of Zimbabwe's banking/financial sector [1983 - 2017]:**

<b>IDENTIFICATION</b>	
Country	Zimbabwe
Respondent's Name	-----
Employing Ministry/Govt. Dept.	-----
Work station identification(Station/Court/Office)	-----
Town/City	-----
Address	-----
Official language of Respondent	-----

<b>QUESTIONNAIRE DELIVERY METHOD USED</b>		
	H/0	COURTS/ COUNTRY POLICE STATIONS / BORDER POSTS

	HR E	BY O	B B	Plumt ree	Kari ba	Chirun du	Nyamap anda	Mut are	Mas ving o
DATE									
METHOD									
NO.OF QUESTIONS									

**Key to table:**

HRE Harare

BYO Bulawayo

BB Beitbridge

CHR Chirundu

KRB Kariba

NPND Nyamapanda

MTR Mutare

MSVG Masvingo

**\* RESULT CODES:**

1. Complete
2. Incomplete
3. Refused interview

**SECTION 1: BACKGROUND/STRUCTURED INTERVIEWS**

No.	Questions and Filters	Responses/categories	Skip
A.	* Thank you for taking the time to answer this questionnaire. The questions presented are about you, your employ organization, and, the dynamics of the phenomena of the crime of Money Laundering: its emergence, existence and to confirm its relationship with the crime of		



04	Highest level of education	Below '0' Level '0' Zimsec / Cambridge 'A' Level Zimsec/Cambridge Other.....	
05	Highest level of academic/professional qualification (Post-Secondary /High school)	Certificate <input type="checkbox"/> Diploma <input type="checkbox"/> Degree <input type="checkbox"/> Masters <input type="checkbox"/> PhD <input type="checkbox"/>	

06	<p>Job title: In what capacity are you employed?</p> <p>(Complete (A) or (B))</p>	<p>A.</p> <p>06.1 Officer commanding (DUB/CID) <input type="checkbox"/></p> <p>06.2 Officer-in-Charge (CID) <input type="checkbox"/></p> <p>06.3 I/C Crime (<i>Duty/Frauds/Drugs</i>) <input type="checkbox"/></p> <p>06.3 Police detective(<i>Frauds/Drugs</i>) <input type="checkbox"/></p> <p>06.4 Police Officer (operative) <i>DUB (PISI)</i> <input type="checkbox"/></p> <p>06.5 Records Officer / Administration <input type="checkbox"/></p> <p>06.6 Officer (<i>Duty/CID Frauds/Drugs</i>) <input type="checkbox"/></p> <p>06.7 Prison Officer <input type="checkbox"/></p> <p>06.8.(DPP) Director Public Prosecutions (Criminal) <input type="checkbox"/></p> <p>06.9 Senior law officer (SLO) PG's Office <input type="checkbox"/></p> <p>06.10(LO) Law Officer Provincial / Regional Courts <input type="checkbox"/></p> <p>06.11(SPP) Senior Public Prosecutor (Criminal) <input type="checkbox"/></p> <p>06.11(PP) Public Prosecutor (Criminal) <input type="checkbox"/></p> <p>00.12Prison Officer</p>	
07	<p>What is your gross income per month</p>	<p>07.1 Below \$ 500-00 <input type="checkbox"/></p> <p>07.2 \$ 500-00 to \$ 1 000-00 <input type="checkbox"/></p> <p>07.3 \$ 1 100-00 to \$ 2 000-00 <input type="checkbox"/></p> <p>07.4 \$ 2 100 -00 to \$ 3 000-00 <input type="checkbox"/></p> <p>07.5 \$ 3 100-00 to \$ 4 000-00 <input type="checkbox"/></p>	



08	<p>Apart from the traditional cheque frauds and other forms of economic crime, what other type(s) of financial /economic crime seem most prevalent against business in Zimbabwe?</p>	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>	
09	<p>How conversant or knowledgeable are you with white-collar crime?</p>	<p>Very knowledgeable <input type="checkbox"/></p> <p>Fairly knowledgeable <input type="checkbox"/></p> <p>Averagely knowledgeable <input type="checkbox"/></p> <p>Not at all <input type="checkbox"/></p>	
10	<p>A) How serious is the problem of financial/economic crime (white-collar crime) particularly ML in Zimbabwe?</p> <p>B) What could be the major casual factors of money ML in Zimbabwe</p>	<p>Very serious <input type="checkbox"/></p> <p>Fairly serious <input type="checkbox"/></p> <p>Average <input type="checkbox"/></p> <p>Not serious <input type="checkbox"/></p> <p>B) -----</p> <p>-----</p> <p>-----</p> <p>-----</p>	
11	<p>Generally, do you, as a law enforcement agent, feel threatened by the likely increase of white-collar crime (financial/economic crimes) particularly money laundering, its prevalence and costs to Zimbabwe's and rest of the world economies?</p> <p>If the answer is yes please explain why?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>	

12	Which of the following groups do you regard as presenting a major threat to traditional business particularly banks / financial institutions, which are used as conduits for laundering ill-gotten proceeds of crime? Please priorities the perceived threat from 1-5, with 1 being your major concern and 5 being your least concern.	12.1 Organised International Card <input type="checkbox"/> 12.2 Crime Syndicates <input type="checkbox"/> 12.3 Local Card Crime Syndicates <input type="checkbox"/> 12.4 Opportunist criminals <input type="checkbox"/> 12.5 Bank employees <input type="checkbox"/> 12.6 Other groups/individuals (please specify) <input type="checkbox"/>	
13	In your opinion, which of the following listed crimes ( <i>see opposite answer box</i> ), (commonly classified and referred to as predicate offences, and or, crimes with a laundering demand) by order of priority ( <i>from <u>1</u> to <u>17</u>, with [1] being your greatest concern and [17] being your lowest</i> ) are common, prevalent and of your highest concern in Zimbabwe?	13.1 Theft common 13.2 Corruption 13.3 Bank fraud 13.4 Bank card fraud 13.5 Corporate fraud (other) 13.6 Drug trafficking and solvent abuse 13.7 Illegal dealing in gold 13.8 Illegal dealing in diamonds 13.9 Illegal dealing in emeralds 13.10 Illegal dealing in precious stones 13.11 Illegal Exportation of currency 13.12 Arms trafficking 13.13 Embezzlement 13.14 Smuggling 13.15 Human Trafficking 13.16 Money Laundering 13.17 Other ..... .....	

14	Basing on media reports (newspapers, other print media and electronic sources), give actual or near estimate(s) by type, prevalence and level(s), score the following incidences of white-collar, and or, financial/economic crimes in the country, particularly in Zimbabwe's major cities (e.g.) Harare and Bulawayo, and border towns of Beitbridge, Plumtree, Victoria Falls (Kazungula), Nyamapanda and Victoria Falls: <i>(Scoring ranges from <u>0</u> for low to, <u>5</u> for high risk)</i>	14.1	0	1	2	3	4	5		
		14.2	0	1	2	3	4	5		
		14.3	0	1	2	3	4	5		
		14.4	0	1	2	3	4	5		
		14.5	0	1	2	3	4	5		
		14.6	0	1	2	3	4	5		
		14.7	0	1	2	3	4	5		
	14.1 Fraud									
	14.2 Embezzlement									
	14.3 Trafficking in illicit drugs									
	14.4 Human trafficking									
	14.5 Smuggling (cross-border)									
	14.6 Trafficking wild life products									
	14.7 Dealing in precious stones									

<b>15</b>	<p>Which of the listed categories of criminal activities are commonly reported as Suspicious and Suspicious Transaction Reports (STRs) received from banks, building societies and other financial institutions including the regulatory authority - (RBZ's) Financial Intelligence Unit by the police?</p> <p>15.1 Money laundering</p> <p>15.2 Corruption</p> <p>15.3 Card Fraud</p> <p>15.4 Cheque Fraud</p> <p>15.4 Drug trafficking &amp; abuse</p> <p>15.6 Tax evasion</p> <p>15.7 Smuggling</p> <p>15.8 Embezzlement</p> <p>15.9 Workplace violence</p> <p>15.10 Other.....</p>	<p>15.1 ..... <input type="checkbox"/></p> <p>15.2 ..... <input type="checkbox"/></p> <p>15.3 ..... <input type="checkbox"/></p> <p>15.4 ..... <input type="checkbox"/></p> <p>15.5 ..... <input type="checkbox"/></p> <p>15.6 ..... <input type="checkbox"/></p> <p>15.7 ..... <input type="checkbox"/></p> <p>15.8 ..... <input type="checkbox"/></p> <p>15.9 ..... <input type="checkbox"/></p> <p>15.10 Other ..... <input type="checkbox"/></p>	
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<p><b>16</b></p>	<p>Who or what groups of people in terms of race, age, and gender in your opinion commit most of the white-collar crimes, and or, financial/economic crimes with a ML demand(s) (organized/non-organized)? (Put a tick in the relevant box)</p> <p>16.1 Young people Black - (18)</p> <p>16.2 Young people White - (18-40)</p> <p>16.3 Male only (16-55)</p> <p>16.4 Female only (16-55)</p> <p>16.5 All groups (Blacks only)-(40-55)</p> <p><u>Key:</u></p> <p><i>B – Blacks</i></p> <p><i>W – White</i></p> <p><i>M/R – Mixed Race</i></p> <p><i>M – Male</i></p> <p><i>F – Female</i></p>	<table border="1"> <thead> <tr> <th></th> <th>B</th> <th>W</th> <th>M/R</th> <th>M</th> <th>F</th> </tr> </thead> <tbody> <tr> <td>16.1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>16.2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>16.3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>16.4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>16.5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		B	W	M/R	M	F	16.1						16.2						16.3						16.4						16.5						
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16.2																																							
16.3																																							
16.4																																							
16.5																																							
<p><b>17</b></p>	<p>Basing on police and the criminal courts statistical records What are the major drivers of criminal activities that require laundering of the ill-gotten proceeds by the lone-perpetrators, and or, groups (syndicated or non-syndicated)?</p>	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>																																					

<b>18</b>	<p>In the business sectors, particularly public and parastatal enterprises please indicate the most corrupt as seen in the eyes of ordinary business people and the general public – particularly economists and (country risk analysts)?</p> <p>N/B: The score would be the mean of 0-10 (i.e.):</p> <p>- will represent a very high perceived level(s)</p> <p>10-will represent extremely less perceived level(s)</p>	<div> <div>18.1 Public Works/Construction <input type="checkbox"/></div> <div>18.2 Defense <input type="checkbox"/></div> <div>18.3 Petroleum (petrol/oil/gas) <input type="checkbox"/></div> <div>18.4 Telecom <input type="checkbox"/></div> <div>18.5 Media&amp; Communication <input type="checkbox"/></div> <div>18.6 Energy (generation/transmission) <input type="checkbox"/></div> <div>18.7 Mining <input type="checkbox"/></div> <div>18.8 Banking&amp; Finance <input type="checkbox"/></div> <div>18.9 Law enforcement (Police) <input type="checkbox"/></div> <div>18.10 Law enforcement (Prisons) <input type="checkbox"/></div> <div>18.11 Judiciary (Criminal/Justice) <input type="checkbox"/></div> <div>18.12 Wild life conservatives <input type="checkbox"/></div> <div>18.13 Agriculture (farming) <input type="checkbox"/></div> <div>18.14 Education Sector <input type="checkbox"/></div> <div>18.14 Health Sector <input type="checkbox"/></div> <div>18.15 Civilian aerospace <input type="checkbox"/></div> <div>18.16 Road transport service <input type="checkbox"/></div> <div>18.17 Urban Municipal Councils <input type="checkbox"/></div> <div>18.18 Other (Please mention) <input type="checkbox"/></div> <div>.....</div> <div>.....</div> </div>	
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19	<p>Measuring MI against 20 categories of transnational crimes/offences, please rank its impact on Zimbabwe, and, the world's economy in general, using a mean of 1 to 20 as seen in the eyes of business people and the general public – particularly economists and risk analysts?</p> <p>N/B: The score would be the mean of 1-20 (i.e.):</p> <p>1- <i>will represent a very high perceived level(s)</i></p> <p>20- <i>will represent extremely less perceived level(s)</i></p>	<p>19.1 International Terrorism <input type="checkbox"/></p> <p>19.2 Bank fraud <input type="checkbox"/></p> <p>19.3 Cross boarder smuggling <input type="checkbox"/></p> <p>19.4 Insurance fraud <input type="checkbox"/></p> <p>19.5 Tax evasion <input type="checkbox"/></p> <p>19.6 Illegal cash exportation <input type="checkbox"/></p> <p>19.7 Int Sea Piracy <input type="checkbox"/></p> <p>19.8 Human trafficking <input type="checkbox"/></p> <p>19.9 Computer crime <input type="checkbox"/></p> <p>19.10 Environmental crime <input type="checkbox"/></p> <p>19.11 Trade in Human body parts <input type="checkbox"/></p> <p>19.12 Illegal drug trafficking <input type="checkbox"/></p> <p>19.13 Fraudulent bankruptcy <input type="checkbox"/></p> <p>19.14 Prostitution <input type="checkbox"/></p> <p>19.14 Corruption &amp; bribery <input type="checkbox"/></p> <p>19.15 Investment scams <input type="checkbox"/></p> <p>19.16 Arms trafficking <input type="checkbox"/></p> <p>19.17 Commercial espionage <input type="checkbox"/></p> <p>19.18 Embezzlement <input type="checkbox"/></p> <p>19.19 Aircraft high jacking <input type="checkbox"/></p> <p>19.20 Theft of property <input type="checkbox"/></p>	
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20	<p>In the business sectors (private/public), in which you are familiar, please indicate the bribe players and how likely companies and members of the public are likely to pay or offer bribes to the same in order win or retain a favour in this country?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b></p> <p>0- <i>will represent a very high perceived level(s)</i></p> <p><u>10</u>-<i>will represent extremely less perceived level(s)</i></p>	<p>20.1 Public Works/Construction...<input type="checkbox"/></p> <p>20.2 Defence .....<input type="checkbox"/></p> <p>20.3 Petroleum (petrol/oil/gas)....<input type="checkbox"/></p> <p>20.4 Telecom.....<input type="checkbox"/></p> <p>20.5 Media&amp; Communication.....<input type="checkbox"/></p> <p>20.6 Energy (gen/transmission) <input type="checkbox"/></p> <p>20.7 Mining .....<input type="checkbox"/></p> <p>20.8 Banking &amp;Finance .....<input type="checkbox"/></p> <p>20.9 Law enforcement (Police)....<input type="checkbox"/></p> <p>20.10 Law enforcement (Prisons).<input type="checkbox"/></p> <p>20.11 Judiciary (Criminal/Justice)<input type="checkbox"/></p> <p>20.12 Wild life conservatives .....<input type="checkbox"/></p> <p>20.13 Agriculture (farming).....<input type="checkbox"/></p> <p>20.14 Education Sector.....<input type="checkbox"/></p> <p>20.15 Health Sector .....<input type="checkbox"/></p> <p>20.15 Other (Please mention) .....<input type="checkbox"/></p> <p>.....</p>	
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<b>21</b>	<p>How likely is that senior public officials in this country would demand or accept bribes, for say, public tenders, regulations, or licensing in the business sectors (as listed in the answer box)</p> <p>N/B: The score would be the mean of 0-10 (i.e.):</p> <p>- <i>will represent a very high perceived level(s)</i></p> <p>10 -<i>will represent extremely less perceived level(s)</i></p>	<div> 21.1 Public Works/Construction <input type="checkbox"/>  21.2 Defence <input type="checkbox"/>  21.3 Petroleum (petrol/oil/gas) <input type="checkbox"/>  21.4 Telecom <input type="checkbox"/>  21.5 Media&amp; Communication <input type="checkbox"/>  21.6 Energy (gen/transmission) <input type="checkbox"/>  21.7 Mining <input type="checkbox"/>  21.8 Banking&amp; Finance <input type="checkbox"/>  21.9 Law enforcement (Police) <input type="checkbox"/>  21.10 Law enforcement (Prisons) <input type="checkbox"/>  21.11 Judiciary (Criminal/Justice) <input type="checkbox"/>  21.12 Wild life conservatives <input type="checkbox"/>  21.13 Agriculture (farming) <input type="checkbox"/>  21.14 Education Sector <input type="checkbox"/>  21.15 Health Sector <input type="checkbox"/>  21.16 Industry(l/manufacture) <input type="checkbox"/>  21.17 Industry (h/manufacture.) <input type="checkbox"/>  21.18 Information Tech <input type="checkbox"/>  21.19 Pharmacerticals <input type="checkbox"/>  21.20 Other (Please mention) <input type="checkbox"/>    .....  ..... </div>	
<b>22</b>	<p>Do the police / your organisation / department/office maintain an s central record of reported incidences/cases of ML and associate financial economic crimes?</p>	<div> 22.1 Yes <input type="checkbox"/>  22.2 No <input type="checkbox"/> </div>	

23	How is this information maintained/kept?	23.1 Paper file format <input type="checkbox"/> 23.2 Crime register format <input type="checkbox"/> 23.3 Court record book format <input type="checkbox"/> 23.4 On computer <input type="checkbox"/> 23.5 Card Indexing format <input type="checkbox"/> Other(Please specify) <input type="checkbox"/> -----						
24	Please show by category, the number of ML and related predicate offences reported to the police (your station/ department/unit) annually during the last seven years (i.e.) 2009– 2014: <i>... (see table below)</i>							
	Incidence on Average:	Year:						
		2009	2010	2011	2012	2013	2014	

	24. 1 Plastic card petrol fraud 24.2 Card cash advance fee fraud 24.3 Card multiple imprint 24.4 Card sold paper fraud 24.5 Card lost/stolen 24.6 Card Telegraphic transfer 24.7 Card Postal Intercept 24.8 Card Merchant fraud 24.9 Counterfeit (white plastic card) 24.10 ATM card fraud 24.11 Computer Crime (Hacking, denial of system, virus, etc.). 24.12 Cheque fraud 24.13 Assaults of Bank/Merchant Staff 24.14 Other incidences All categories all together						
	Total(s)						
25	Have you ever received any form of training, on white-collar crime prevention and investigation particularly money laundering?	Yes <input type="checkbox"/> No <input type="checkbox"/>					
26	If the answer to question number 14 above is 'Yes' what sort of training was it?						
27	How often do personnel in your organisation receive such training?	27.1 Once every month <input type="checkbox"/> 27.2 Once every 3 months <input type="checkbox"/> 27..3 Once every 6 months <input type="checkbox"/> 27. 4 Once every year <input type="checkbox"/> 27..5 Other (specify) <input type="checkbox"/>					

28	Do banks/ financial institutions including the RBZ (FIU) in Zimbabwe offer awareness training programmes to Police Officers / Law-enforcement Officers (other) on crime prevention in particular white collar crime?	Yes <input type="checkbox"/> No <input type="checkbox"/> Identify the bank..... * (If your answer is YES, proceed to Q 29)	
29	In terms of heightening your awareness do you think the training/education awareness programme(s) is/are adequately informative to assist you as police and the prosecution (courts) to effectively deal with the crime such as money laundering?	Yes <input type="checkbox"/> (If ,YES proceed to Q 31) No <input type="checkbox"/> * (If the answer is NO, please proceed to Q. 30)	
30	Why do you say so? (Please explain)		
31	With your experience in handling and dealing with White-collar crime, would you in your opinion consider ML to be any different from other forms of financial/economic crimes?	Yes <input type="checkbox"/> No <input type="checkbox"/> * (If your answer is YES/NO please proceed to 32)	
32	Why do you say so (please explain)		
33	In your opinion, how difficult is it to prosecute the crime of ML as a main charge to a predicate offence in Zimbabwe?	Yes <input type="checkbox"/> No <input type="checkbox"/> * (If your answer is YES/NO please proceed to Q. 34)	
34	Why do say so?		

35 .	In your opinion, what difficulties does the criminal justice system experience in the day-to-day dealings - investigating and prosecuting Corruption and Money Laundering: two forms of financial / economic, and or white-collar crime activities at play in Zimbabwe?	<div></div> <div></div> <div></div> <div></div>	
36 .	Considering that ML is a vast criminal enterprise manifesting from illegally obtained funds requiring cleaning for example (bribery, corruption, extortion and embezzlement, among others), what is the success rate of investigation and prosecution for ML and associate offences (the drivers) in Zimbabwe in the last five (5) (plus) years?	<div></div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div>	
37 .	How do you rate the organizational communication between financial institutions and the criminal justice system: law enforcement (Police, Courts, Prisons) in Zimbabwe viz; fighting organized crime in particular financial / economic crimes including systemic corruption?	<div>Excellent <input type="checkbox"/></div> <div>Very good <input type="checkbox"/></div> <div>Good <input type="checkbox"/></div> <div>Average <input type="checkbox"/></div> <div>Not very good <input type="checkbox"/></div> <div>Needs improvement <input type="checkbox"/></div> <div>Bad <input type="checkbox"/></div>	
38 *	In your opinion, what can be the root causes of the concomitant increase in white-collar crime such	<div></div> <div></div> <div></div>	

	as ML and systemic Corruption in Zimbabwe?	----- -----	
<b>39</b> *	In your opinion, is legislation specifically targeted against Corruption and ML appropriate?	Yes <input type="checkbox"/> No <input type="checkbox"/> * (If your answer is YES/NO briefly explain) -----	
<b>40</b>	What would be your comment on public perception that the Zimbabwe Republic Police, Courts and Prisons Correctional Service are among the most corrupt institutions in the country today?	----- ----- ----- ----- -----	
<b>41</b>	In your opinion, are law enforcement organs specifically targeted against Corruption and ML appropriately qualified / trained and adequately resourced to satisfy their operational efficacy?	Yes <input type="checkbox"/> No <input type="checkbox"/> * (If your answer is YES/NO please explain) ----- ----- -----	
<b>42</b>	Police are often castigated by the courts for exhibiting poor crime scene and overall investigation quality including gathering and handling of exhibits of evidential value culminating, in failed criminal prosecutions. What in your opinion is required to skill the police to be modern and competent enough to be able to tackle concomitant increase in the fast growing white-collar crimes such as graft, bribery and ML in Zimbabwe?	----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- ----- -----	

43	In your opinion, is Zimbabwe's police force transformed, skilled, and competent and, resourced enough to meet the challenges of 21 <sup>st</sup> century and beyond, white-collar crime combat in particular corruption and money laundering?	Yes <input type="checkbox"/> No <input type="checkbox"/> (If your answer is YES/NO please explain) ----- ----- -----	
44	Do you have any suggestions on how ML and corruption can be contained in Zimbabwe?	----- ----- -----	
45			

<p>Do you have any suggestions on how ML and corruption can be contained in Zimbabwe?</p> <p>Using a random statistical distribution criterion of; 0.0 – 0.3 - (for Low); 0.4 – 0.6 - (for medium); and 0.7-1.0 - (for High); evaluate the level of ML risk of each of the 14 bank products available in Zimbabwe: <i>[Savings Deposits; Demand Deposits Current Accounts; Loans and Advances; International Wire Transfers- Corporate / Individuals; FBS- Letters of Credit, Foreign Bills, Guarantees; Correspondence Accounts (Nostro and Vostro); NIs – NCs and BAs; Trusts and Asset Management Services – Private Banking Fund Man; Mobile Banking; Time Deposits; Electronic Banking; Money Market Deposits; and Specialised Units- Platinum / Prestige Banking.</i></p>	<p><i>1 Savings Deposits;</i>  <i>2 Demand Deposits</i>  <i>3 Current Accounts;</i>  <i>4 Loans &amp; Advances IWTs-</i>  <i>5 Corporate/Individuals;</i>  <i>6 FBS-LC, F Bills, Guarantees;</i>  <i>7 CAs (Nostro and Vostro);</i>  <i>8 NIs – NCs and BAs;</i>  <i>Trusts &amp; A Man Services –</i>  <i>9 Pvt Banking Fund Man;</i>  <i>10 Mobile Banking;</i>  <i>11 Time Deposits;</i>  <i>12 Card &amp; Electronic Banking;</i>  <i>13 Money Market Deposits;</i>  <i>14 Specialised Units-</i>  <i>Platinum/Prestige Banking</i></p>	
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	<p><b>Record the Date and Time.</b></p> <p><b>Thank you for your answers.</b></p> <p><i>Again, I can assure you that all this information about you,, your / the organization, and or, community concerning the crime of Money Laundering, and Corruption levels: how you think it / they pose security, socio-economic risks, and affect banks in particular, and, the economy of Zimbabwe other country in general, will remain confidential.</i></p>	<p><b>Date: .....</b></p> <p><b>Time: ----- Hour(s) -----Minutes</b></p> <p><b>Place: .....</b></p>	

END OF QUESTIONNAIRE 2 of 3

**CONFIDENTIAL**

Money Laundering Risks and the Corruption Factor, its management within the Financial Sector of Zimbabwe

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**Business & General Public Questionnaire: (Multiple Case-Study - Cross-Sectoral Structured/Semi-Structured Representative Sample Survey)**

**PhD Study Survey: Attitudes of business and general public towards the existence, predominance, nexus, and growth of ML and Corruption; Two of serious white-collar crimes thought to be symbiotically related, and, their effects and management within the context of Zimbabwe's banking / financial sector [1983 - 2017+]**

IDENTIFICATION	
Country	Zimbabwe
Respondent Org/ Name (Optional)	-----
If Employed, Employer Org.	-----
Work Station ID (H/O, Dept, Sect)	-----
Other Status: -Unemployed	-----
-Student	-----
District/Province	-----
Town/City /Village/Farm	-----
Address	-----
Official language of Respondent	-----
-----	

QUESTIONNAIRE DELIVERY METHOD USED									
Business Type/Cat.: ..... Representative: (yes/no) Private Person...(yes/no)									
	H/O	H/O							
	HR	BY	B	Plumt	Kari	Chirun	Nyamap	Mut	Masvi
	E	O	B	ree	ba	du	anda	are	ngo
DATE									
METHOD									
NO.OF QUESTIONS									

**Key to table:**

HRE Harare  
 BYO Bulawayo  
 BB Beitbridge  
 CHR Chirundu  
 KRB Kariba  
 NPND Nyamapanda  
 MTR Mutare  
 MSNG Masvingo

- \*Result codes: 1. Complete  
 2. Incomplete  
 3. Refused interview

**SECTION 1: BACKGROUND**

No.	Questions and Filters	Responses/Coding categories	Skip
A.	* Thank you for taking the time to answer this questionnaire. The questions presented are about you, your employ organization, and, the dynamics of the phenomena of the crime of Money Laundering: its emergence, existence and to		

	<p>confirm its relationship with the crime of corruption a financial/economic crime among others that demand laundering, its/their effects and management within the banking/financial sector of Zimbabwe. Please Feel free to complete/answer any of the questions fully and accurately as possible.</p> <p>(N/B): Questions 1-5 are optional</p>		
B.	<p>*Would you prefer the completed questionnaire to be returned or destroyed? Please indicate as appropriate.</p>	<p>Returned <input type="checkbox"/></p> <p>Destroyed <input type="checkbox"/></p>	
C.	<p>*It is also intended to obtain qualitative data from a representative sample of respondents. I would indicate whether you are willing to participate in a short interview for this purpose by;</p>	<p>Telephone: Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Meeting: Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	
1.	<p>What is your age?</p>	<p>- 15-21 <input type="checkbox"/></p> <p>- 21-28 <input type="checkbox"/></p> <p>- 28-35 <input type="checkbox"/></p> <p>- 35-42 <input type="checkbox"/></p> <p>- 42-49 <input type="checkbox"/></p> <p>- 49-56 <input type="checkbox"/></p> <p>- 56-63+ <input type="checkbox"/></p>	
2.	<p>What is your Gender?</p>	<p>Male <input type="checkbox"/></p> <p>Female <input type="checkbox"/></p>	

3.	<p>If employed what is the name of your employ organization / company?</p>	<p>3.1 Managerial <input type="checkbox"/></p> <p>3.2 Clerical <input type="checkbox"/></p> <p>3.3 Other (Please Specify) <input type="checkbox"/></p>	
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4.	If employed what is your job classification/title?	Manager <input type="checkbox"/> Ass. Manager <input type="checkbox"/> Accountant <input type="checkbox"/> Personal Banker <input type="checkbox"/> Supervisor <input type="checkbox"/> Clerical <input type="checkbox"/> Other (Plse specify) ..... .....	
5.	If employed, what is your job status?  If unemployed, what is your status in your community	5.1 Full time ..... 5.2 Temporary/Part Time..... 5.3 .....	
6.	If employed ,what is your gross income per month	\$ Below \$ 500-00 <input type="checkbox"/> \$ 501-00 to \$ 1 000-00 <input type="checkbox"/> \$ 1100-00 to \$ 2 000-00 <input type="checkbox"/> \$ 2100-00 to \$ 3 000-00 <input type="checkbox"/> \$ 3100-00 to \$ 4 000-00 <input type="checkbox"/> \$ 4 000-00 + <input type="checkbox"/>	
7.	Level of Education / Academic qualification attained any other Post-school training / qualification	None <input type="checkbox"/> Grade 7 <input type="checkbox"/> ‘O’Level <input type="checkbox"/> ‘A’ level <input type="checkbox"/> Other----- -----	
8.	Professional qualification	Certificate / Diploma <input type="checkbox"/> Degree <input type="checkbox"/> MSc <input type="checkbox"/> Phd/Doctorate <input type="checkbox"/> Other (Please specify)..... <input type="checkbox"/>	

9.	What is the job title of your immediate report/supervisor	..... .....	
10.	What is the job title of your immediate subordinate?	..... .....	
11.	How long have you worked for your Organization / Company?	11.1 Permanent: Yrs ..... 11.2 Temporary: Yrs.....	
12.	Do you know the organization/company mission statement?	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>	
14.	How many people are employed by your Organization / company, and or, at your work place- (full-time and part-time)?	Full time: ..... Part time: .....	
16.	What do you understand by the following terms in relationship to crime? (Please give examples where applicable)  a) commission /committing b) offence /crime c) white-collar crime d) financial/economic crime e) organized crime f) money laundering g) predicate offences	a)..... b)..... c)..... d)..... e)..... f)..... g).....	
17.	<b>A).</b> Is crime (all types) a problem in Zimbabwe, if so, how serious in the problem?  <b>B).</b> If your answer is yes, what categories/types of crime are common?	<b>A) Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>  <b>B).....</b> .....	

18.	In your own opinion is white-collar crime, (financial/economic crime) a problem in Zimbabwe, the region and world in general?	<b>Yes.</b> <input type="checkbox"/> (If your answer is yes please- Proceed to Q 19). <b>No.</b> <input type="checkbox"/>	
19.	Which of the listed white-collar crimes (see opposite) occurring during one's course of legitimate occupation or business enterprise are common in Zimbabwe?	19.1 ATM fraud <input type="checkbox"/> 19.2 Cheque fraud (forgery./uttering) <input type="checkbox"/> 19.3 Bribery <input type="checkbox"/> 19.4 Cheque kite-flying <input type="checkbox"/> 19.5 Computer crime <input type="checkbox"/> 19.6 Confidence trickster(s) <input type="checkbox"/> 19.7 Contract fraud <input type="checkbox"/> 19.8 Grand Corruption <input type="checkbox"/> 19.9 Card Counterfeiting <input type="checkbox"/> 19.10 Defense contract fraud <input type="checkbox"/> 19.11 Election law violations <input type="checkbox"/> 19.12 Embezzlement <input type="checkbox"/> 19.13 Environmental law violation(s) <input type="checkbox"/> 19.14 Card Fraudulent app <input type="checkbox"/> 19.15 Theft by false pretenses <input type="checkbox"/> 19.16 False reporting <input type="checkbox"/> 19.17 Securities Fraud Insider Trading <input type="checkbox"/> 19.18(Other please specify)....	
20	In your opinion is Zimbabwe under threat from organized crime, and or syndicated crime (local / transnational) today?	<b>Yes.</b> <input type="checkbox"/> If your answer is (Yes), Proceed to Q 21 <b>No.</b> <input type="checkbox"/>	

21	Giving examples, identify lone perpetrators, organized crime syndicates, and or, groups (local/transnational) operating in Zimbabwe today.	2.1.1)..... 2.2.2)..... 2.2.3)..... 2.2.4)..... 2.2.5)..... 2.2.6).....	
22	In your opinion, is it correct to state that white-collar crime(s), and or, Financial/Economic crimes such as Fraud, Embezzlement, Corruption, Smuggling (cross-border), Tax evasion, and trafficking in drugs, gold and other precious stones are not strictly occupational crimes, and or, a preserve of only the well to do in society, as individuals and corporations/companies can also engage in committing similar offences and more, including, insurance fraud, credit card fraud, and ML etc. ?	Yes. <input type="checkbox"/>  No. <input type="checkbox"/>	



23	<p>In your opinion, which of the following crimes (commonly classified and referred to as predicate offences, and or, crimes with a laundering demand) by order of priority (<i>from <u>1</u> to <u>17</u>, with [1] being your greatest concern and [<u>17</u>] being your lowest</i>) are common, prevalent and of your highest concern in Zimbabwe?</p> <p>23.1 Theft common</p> <p>23.2 Corruption</p> <p>23.3 Bank fraud</p> <p>23.4 Bank card fraud</p> <p>23.5 Corporate fraud (other)</p> <p>23.6 Trafficking in drugs and solvent abuse</p> <p>23.7 Illegal dealing in gold</p> <p>23.8 Illegal dealing in diamonds</p> <p>23.9 Illegal dealing in emeralds</p> <p>23.10 Illegal dealing in other precious stones</p> <p>23.11 Illegal Exportation of currency</p> <p>23.12 Arms trafficking</p> <p>23.13 Embezzlement</p> <p>23.14 Smuggling</p> <p>23.15 Human Trafficking</p> <p>23.16 Money Laundering</p> <p>23.17 Other .....</p>	<p>23.1 .....</p> <p>23.2 .....</p> <p>23.3 .....</p> <p>23.4 .....</p> <p>23.5 .....</p> <p>23.6 .....</p> <p>23.7 .....</p> <p>23.8 .....</p> <p>23.9.....</p> <p>23.10.....</p> <p>23.10 .....</p> <p>23.11 .....</p> <p>23.12 .....</p> <p>23.13 .....</p> <p>23.14 .....</p> <p>23.15 .....</p> <p>23.16.....</p> <p>23.17 Other .....</p>	
24	<p>In your opinion, is the crime of ML a real problem particularly in Zimbabwe, the region, and the rest of the world? And if so, how serious is the problem?</p>	<p>Yes. <input type="checkbox"/></p> <p>No. <input type="checkbox"/></p>	

25	<p>How many recorded incidences of following categories of common crimes known to you have occurred at/in your Company, and or community in last 12 months: and been dealt with effectively, internally and by the police?</p> <p>20.1 Money laundering</p> <p>20.2 Corruption</p> <p>20.3 Card Fraud</p> <p>20.4 Cheque Fraud</p> <p>20.4 Trafficking in drugs and Solvent Abuse</p> <p>20.6 Tax evasion</p> <p>20.7 Smuggling</p> <p>20.8 Embezzlement</p> <p>20.9 Workplace violence</p> <p>20.10 Other.....</p>	<p>20.1 .....</p> <p>20.2 .....</p> <p>20.3 .....</p> <p>20.4 .....</p> <p>20.5 .....</p> <p>20.6 .....</p> <p>20.7 .....</p> <p>20.8 .....</p> <p>20.9 .....</p> <p>20.10 Other .....</p>	
26.	<p>Please indicate which of these types of crimes and, opportunities are common with politically exposed persons in Zimbabwe?</p>	<p>21.1 Corruption <input type="checkbox"/></p> <p>21.2 Bribery <input type="checkbox"/></p> <p>21.3 Theft Common <input type="checkbox"/></p> <p>21.4 Bribery <input type="checkbox"/></p> <p>21.5 Embezzlement <input type="checkbox"/></p> <p>21.6 Fraud (Cheque) <input type="checkbox"/></p> <p>21.7 Fraud (Card) <input type="checkbox"/></p> <p>21.8 Workplace Violence <input type="checkbox"/></p> <p>21.9 Money Laundering <input type="checkbox"/></p> <p>21.10 Wild life crime (Rhino horn /Elephant task poaching)</p> <p>2110 Other: .....</p>	

27.	How knowledgeable are you in matters of crime in general – (please explain)?	21.1 Highly conversant/ exposed <input type="checkbox"/> 21.2 Very conversant/ exposed <input type="checkbox"/> 21.3 Fairly conversant/ exposed <input type="checkbox"/> 21.4 Averagely conversant/ exposed <input type="checkbox"/> 21.5 Lowly conversant/ exposed <input type="checkbox"/> 21.6 Other (Please specify :.....																																																																																																			
28.	Basing on <b>police, media</b> survey reports (newspapers, other print media and electronic sources), give actual or near estimate(s) by type, prevalence and level(s), score the following incidences of white-collar, and or, financial/economic crimes in the country, particularly in Zimbabwe's major cities (e.g.) Harare and Bulawayo, and border towns of Beitbridge, Plumtree, Victoria Falls (Kazungula), Nyamapanda and Victoria Falls: <i>(Scoring ranges from <u>0</u> for low to, <u>5</u> for high risk)</i> 22.1 Fraud 22.2 Embezzlement 22.3 Dealing/trafficking in illicit drugs 22.4 Human trafficking 22.5 Smuggling (cross-border). 22.6 Dealing/trafficking in wild life products 22.7 Dealing in precious stones	<table border="1"> <tr> <td>22.</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>1</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>22.</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>2</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>22.</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>3</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>22.</td> <td>0</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>22.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>22.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>6</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>22.</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>7</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	22.	0	1	2	3	4	5	1	0	1	2	3	4	5	22.	0	1	2	3	4	5	2	0	1	2	3	4	5	22.	0	1	2	3	4	5	3	0	1	2	3	4	5	22.	0	1	2	3	4	5	4							22.							5							22.							6							22.							7							
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29.	Singling out some of the crimes mentioned in (28 above), what, in your opinion could be the cause of increased crime of <b><u>cross-border smuggling</u></b> at the country's five (5) major border posts in particular the Beitbridge border in the last +2 years (i.e.) (2012-2014)?	..... ..... ..... ..... ..... .....																																																																																									
30	Who or what groups of people in terms of race, age, and gender in your opinion commit most of the white-collar crimes, and or, financial/economic crimes with a ML demands (organized/non-organized)? (Put a tick in the relevant box)																																																																																										
		<div style="display: flex; justify-content: space-around; margin-bottom: 5px;"> <span>M</span> <span>F</span> <span>B</span> <span>W</span> <span>M/R</span> </div> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr> <td>30.1 Young people / Juveniles (below 18)</td> <td>30.1</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>30.2 Youths (18-40 years)</td> <td>30.2</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>30.3 Middle Age (above 40 years)</td> <td>30.3</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input 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31	<p>How relevant do you think it is for the following two categories of publics in the criminal justice system to be trained in white-collar crime-(financial/economic crimes) in order for them to be able to appreciate /understand the complexities involved and be able to deter, prevent, manage and prosecute effectively, modern day crime in particular money laundering?</p> <p>31.1 Law enforcement agents: (Police-(CID) Fraud / Gold Squad Officers)</p> <p>31.2 Security &amp; Intelligence Officers</p> <p>31.3 Judges, Magistrates, Public Prosecutors</p> <p>31.4 Prisons &amp; Correctional Services Officers</p> <p><b>Key:</b></p> <p><b>Law-Enforcement Agents:</b></p> <p>-Police (Criminal Investigation Dept – Fraud/Gold Squad), Intelligence Officers.</p> <p><b>Judiciary:</b></p> <p>-Attorney General’s Office Law Officers</p> <p style="padding-left: 40px;">-Judges</p> <p style="padding-left: 40px;">-Magistrates</p> <p style="padding-left: 40px;">-Public Prosecutors</p> <p>- Prisons/Correctional Service Officers)</p>	<p>31.1 Very relevant <input type="checkbox"/></p> <p>31.2 Not relevant at al <input type="checkbox"/></p> <p>31.3 Very relevant <input type="checkbox"/></p> <p>31.4 Not relevant at all <input type="checkbox"/></p> <p>* Very relevant (please explain)</p> <p>-----</p> <p>*Not relevant (please explain)</p> <p>.....</p>	
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32	<p>In the business sectors, in which you are familiar, particularly public and parastatal enterprises please indicate the most corrupt as seen in the eyes of ordinary business people and the general public – particularly economists and (country risk analysts)?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b>  <i>0-will represent a very high perceived level(s)</i>  <i>10 - will represent extremely less perceived level(s)</i></p>	<p>32.1 Public Works</p> <p>Construction <input type="checkbox"/></p> <p>32.2 Defense <input type="checkbox"/></p> <p>32.3 Petroleum (petrol/oil/gas) <input type="checkbox"/></p> <p>32.4 Telecom <input type="checkbox"/></p> <p>32.5 Media&amp; Communication <input type="checkbox"/></p> <p>32.6 Energy (gen &amp; transmission) <input type="checkbox"/></p> <p>32.7 Mining <input type="checkbox"/></p> <p>32.8 Banking&amp; Finance <input type="checkbox"/></p> <p>32.9 Law enforcement (Police) <input type="checkbox"/></p> <p>32.10 Crim. Justice (Prisons) <input type="checkbox"/></p> <p>32.11Crim Justice (Judiciary) <input type="checkbox"/></p> <p>32.12Wild life conservatives <input type="checkbox"/></p> <p>32.13Agriculture (farming) <input type="checkbox"/></p> <p>32.14Education Sector <input type="checkbox"/></p> <p>32.14 Health Sector <input type="checkbox"/></p> <p>32.15 Civilian aerospace <input type="checkbox"/></p> <p>32.16 Road transport service <input type="checkbox"/></p> <p>32.17Urban Municipality <input type="checkbox"/></p> <p>32.1 Other (Please mention) <input type="checkbox"/></p> <p>.....</p>	
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33.	<p>Measuring ML against (20) categories of transnational crimes/offences, please rank its impact on Zimbabwe, and, the world's economy in general, using a mean of (1) to (20) as seen in the eyes of business people and the general public – particularly economists and risk analysts?</p> <p><b>N/B: The score would be the mean of 1-20 (i.e.):</b></p> <p>1 - will represent a very high perceived level(s)</p> <p>20 - will represent extremely less perceived level(s)</p>	<p>33.1 International Terrorism <input type="checkbox"/></p> <p>33.2 Bank fraud <input type="checkbox"/></p> <p>33.3 Cross boarder smuggling <input type="checkbox"/></p> <p>33.4 Insurance fraud <input type="checkbox"/></p> <p>33.5 Tax evasion <input type="checkbox"/></p> <p>33.6 Illegal exportation of cash <input type="checkbox"/></p> <p>33.7 International sea piracy <input type="checkbox"/></p> <p>33.8 Human trafficking <input type="checkbox"/></p> <p>33.9 Computer crime <input type="checkbox"/></p> <p>33.10 Environmental crime <input type="checkbox"/></p> <p>33.11 Trade in H body parts <input type="checkbox"/></p> <p>33.12 Illegal drug trafficking <input type="checkbox"/></p> <p>33.13 Fraudulent bankruptcy <input type="checkbox"/></p> <p>33.14 Prostitution <input type="checkbox"/></p> <p>33.14 Corruption and bribery <input type="checkbox"/></p> <p>33.15 Investment scams <input type="checkbox"/></p> <p>33.16 Arms trafficking <input type="checkbox"/></p> <p>33.17 Commercial espionage <input type="checkbox"/></p> <p>33.18 Embezzlement <input type="checkbox"/></p> <p>33.19 Aircraft high jacking <input type="checkbox"/></p> <p>33.20 Theft of property <input type="checkbox"/></p>	
34.	<p>In terms of both operational worthiness and value for money to traditional business in general, how do you rate the effectiveness of both public and private security policing in Zimbabwe?</p>	<p>Poor ..... Yes/no</p> <p>Average ..... Yes/no</p> <p>Good ..... Yes/no</p> <p>Very good ..... Yes/no</p> <p>Excellent ..... Yes/no</p>	

35.	<p>Relative to Crime Prevention and law-enforcement in support of the country's Criminal Justice System, how relevant do you think it is for</p> <p>Community leaders - (Chiefs, headmen, Priests, Pastors, Teachers etc.)</p> <p>Political leaders – (MP's, District Chairpersons Ward Councilors etc.);-</p> <p>To be sufficiently literate / formally educated, to have basic knowledge and appreciation of basic laws of Zimbabwe?</p> <p><b><u>KEY</u></b>          Very relevant          Not relevant          Other (specify)</p>	<p>COMMUNITY LEADERS:</p> <p>Very Relevant.....<input type="checkbox"/></p> <p>Not Relevant.....<input type="checkbox"/></p> <p>.....</p> <hr/> <p>POLITICAL LEADERS</p> <p>Very Relevant.....<input type="checkbox"/></p> <p>Not Relevant.....<input type="checkbox"/></p> <p>Why (Please Specify)</p> <p>.....</p> <p>.....</p> <p>.....</p>	
36.	<p>In your opinion does Zimbabwe have adequate enabling legislation to help in the combating of ML and related predicate offences?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If Yes / No (Please explain):</p> <p>.....</p>	
37.	<p>Have you ever committed crime or suffered as a victim?</p>	<p>Yes</p> <p>(as a victim) <input type="checkbox"/></p> <p>(as the perpetrator) <input type="checkbox"/></p> <p>No</p>	
38.	<p>Have you, your employ company or business suffered crime in the following categories?</p> <p>1.White-Collar type crime(s)</p> <p>2.Violence type crime</p> <p>3.Public Order type crime</p>	<p>1.....</p> <p>2.....</p> <p>3.....</p> <p>(Please explain)</p> <p>.....</p>	



39.	<p>In the business sectors (private/public), in which you are familiar, please indicate the bribe players and how likely companies and members of the public are likely to pay or offer bribes to the same in order win or retain a favour in this country?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b></p> <p><i>0 - will represent a very high perceived level(s)</i></p> <p><i><u>10</u> - will represent extremely less perceived level(s)</i></p>	<p>39.1 Public Works and Construction <input type="checkbox"/></p> <p>39.2 Defence <input type="checkbox"/></p> <p>39.3 Petroleum (petrol/oil/gas) <input type="checkbox"/></p> <p>39.4 Telecom <input type="checkbox"/></p> <p>39.5 Media&amp; Communication <input type="checkbox"/></p> <p>39.6 Energy (generation/transport) <input type="checkbox"/></p> <p>39.7 Mining <input type="checkbox"/></p> <p>39.8 Banking&amp; Finance <input type="checkbox"/></p> <p>39.9 Law enforcement (Police) <input type="checkbox"/></p> <p>39.10 Crim Justice (police) <input type="checkbox"/></p> <p>39.11 Crim Justice (Judiciary) <input type="checkbox"/></p> <p>39.12 Wild life conservatives <input type="checkbox"/></p> <p>39.13 Agriculture (farming) <input type="checkbox"/></p> <p>39.14 Education Sector <input type="checkbox"/></p> <p>39.14 Health Sector <input type="checkbox"/></p> <p>39.15 Other (Please mention) <input type="checkbox"/></p> <p>.....</p>	
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40.	<p>How likely is that senior public officials in this country would demand or accept bribes to award a public tenders or license a business in the business sectors (as listed in the answer box)?</p> <p><b>N/B: The score would be the mean of 0-10 (i.e.):</b></p> <p>- <i>will represent a very high perceived level(s)</i>  <i>10</i> - <i>will represent extremely less perceived level(s)</i></p>	<p>40.1 Public Works/ Construction <input type="checkbox"/></p> <p>40.2 Defence <input type="checkbox"/></p> <p>40.3 Petroleum (petrol/oil/ gas) <input type="checkbox"/></p> <p>40.4 Telecom <input type="checkbox"/></p> <p>40.5 Media&amp; Communication <input type="checkbox"/></p> <p>40.6 Enrgy gen/ transmission) <input type="checkbox"/></p> <p>40.7 Mining <input type="checkbox"/></p> <p>40.8 Banking&amp; Finance <input type="checkbox"/></p> <p>40.9 Law enforcement (Police) <input type="checkbox"/></p> <p>40.10 Criminal Justice (Prisons) <input type="checkbox"/></p> <p>40.11 Criminal/Justice (Judiciary) <input type="checkbox"/></p> <p>40.12Wild life conservatives<input type="checkbox"/></p> <p>40.13Agriculture (farming) <input type="checkbox"/></p> <p>40.14Education Sector <input type="checkbox"/></p> <p>40.14 Health Sector <input type="checkbox"/></p> <p>40.1 Light Industry <input type="checkbox"/> manufacturing</p> <p>40.16 Heavy Industry <input type="checkbox"/> (Manufacturing )</p> <p>40.17 Information Tech <input type="checkbox"/></p> <p>40.18 Pharmaceuticals <input type="checkbox"/></p> <p>40.19 Other (Please <input type="checkbox"/> Mention) .....</p>
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41.	<p>What are the general attitude of people in your community and the generality of Zimbabweans towards the increase with which white-collar crime particularly ML and the predicate offences of corruption mainly among others has and continue to grow?</p> <p><u>Key</u></p> <p>41.1 Alarmed and concerned</p> <p>41.2 Defensive</p> <p>41.3 Indifferent</p> <p>41.4 Not worried at all/ non-concerned</p>	<p>41.1 Alarmed and concerned <input type="checkbox"/></p> <p>41.2 Defensive <input type="checkbox"/></p> <p>41.3 Indifferent <input type="checkbox"/></p> <p>41.4 Not worried at all/ non-concerned <input type="checkbox"/></p> <p>(Please carry on to Q. 42)</p>	
42	<p>Why do you say so?</p> <p>(Further question to responds to Q 41 only.)</p>	<p>.....</p> <p>.....</p> <p>.....</p>	
43	<p>In your opinion, what can be the causes of the concomitant increase in white-collar crime such as ML and Corruption in Zimbabwe?</p>	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>	
44	<p>In your opinion, is Zimbabwe's police force transformed, skilled, and competent and, resourced enough to meet the challenges of 21<sup>st</sup> century and beyond, white-collar crime combat in particular corruption and money laundering?</p>	<p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>* (If your answer is YES/NO please explain)</p> <p>-----</p> <p>-----</p>	
45	<p>What would be your comment on public perception that the Zimbabwe Republic Police is among the most corrupt institutions in the country today?</p>	<p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p>	

46	Do you have any suggestions on how ML and corruption can be contained in Zimbabwe?	----- -----	
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## SECTION 2: SEMI STRUCTURED INTERVIEWS

<b>A.</b>	<b>The data collected from semi-structured interviews will be non-attributed and shall be treated in the most confidence.</b>		
<b>B.</b>	<b>All sourced data will be summarized in the thesis with the other interviews</b>		
<b>C.</b>	<b>Semi-structured interviews are used to obtain qualitative data</b>		
<b>D.</b>	<b>The interviews will be carried out on a personal; face-to-face basis with sample subjects during the distribution and collection of the questionnaires.</b>		
1.	Your gender and age ..... Single or married? .....		
2.	Are you employed / self-employed, if not employed, how do you earn a living?	a) Yes <input type="checkbox"/> No <input type="checkbox"/> b).....	
4.	a) Would you for any reason want to believe that the security and crime risks to traditional business particularly the banking/financial sector community have increased in the last (+)5 years: (period - 2009-2014)? b) If you believe so, what could be the reasons and /or contributory factors?	a) Yes <input type="checkbox"/> No <input type="checkbox"/> b)..... .....	
5.	In your opinion, why should business, particularly banks/financial institutions and governments the world over must fight to combat Money Laundering?	..... ..... ..... .....	

6.	In your opinion how would the criminal justice system (law-enforcement agents / the judiciary / correctional and prison services) and the private security policing sector effectively begin to fight ML as the number 1 categorized transitional crime activity impacting massively on the economy of the entire world today?	..... ..... .....	
7	What are some of the forces at work that would make such a fight difficult, particularly in Zimbabwe?	..... ..... .....	
8	Using a random statistical distribution criterion of; 0.0 – 0.3 - (for Low); 0.4 – 0.6 - (for medium); and 0.7-1.0 - (for High); evaluate the level of ML risk of each of the 14 bank products available in Zimbabwe: [Savings Deposits; Demand Deposits Current Accounts; Loans and Advances; International Wire Transfers-Corporate/Individuals; FBS-Letters of Credit, Foreign Bills, Guarantees; Correspondence Accounts (Nostro and Vostro); NIs – NCs and BAs; Trusts and Asset Management Services – Private Banking Fund Man; Mobile Banking; Time Deposits; Electronic Banking; Money Market Deposits; and Specialised Units- Platinum/Prestige Banking	1. Savings Deposits; <input type="checkbox"/> 2. Demand Deposits <input type="checkbox"/> 3. Current Accounts; <input type="checkbox"/> 4. Loans & Advances <input type="checkbox"/> 5. IWTs Corporate / <input type="checkbox"/> Individuals <input type="checkbox"/> 6. FBS-LC. F Bills, <input type="checkbox"/> Guarantees; <input type="checkbox"/> 7. CAs (Nostro and Vostro) Accounts; <input type="checkbox"/> 8. NIs – NCs & BAs; <input type="checkbox"/> 9. Trusts & A Man <input type="checkbox"/> Services – Pvt <input type="checkbox"/> Banking Fund Man; <input type="checkbox"/> 10. Mobile Banking; <input type="checkbox"/> 11. Time Deposits; <input type="checkbox"/> 12. Card & Electronic <input type="checkbox"/> Banking; <input type="checkbox"/> 13. Money Market Dep; <input type="checkbox"/> 14. Specialised Units- <input type="checkbox"/> Platinum/Prestige <input type="checkbox"/> Banking <input type="checkbox"/>	

9.	<p><b>Record the Date and Time.</b></p> <p><b>Thank you for your answers.</b></p> <p><i>Again, I can assure you that all this information about you, your / the organization, and or, community concerning the crime of Money Laundering, and Corruption levels: how you think it / they pose security, socio-economic risks, and affect banks in particular, and, the economy of Zimbabwe other country economies the world-over in general, will remain confidential.</i></p>	<p><i>Date: .....</i></p> <p><i>Time: .....Hour(s)....Min</i></p> <p><i>Place: .....</i></p>	
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## **APPENDIX B1-B34**

**Census & Survey Processing (CS Pro & Scientific Package for Social Sciences SPSS);**

**Table B1 – B34: Bivariate / Multivariate – Content Analysis/Statistical Tests Results of Primary Field Survey Data from Questionnaires**  
**Survey: 1 of 3; 2 of 3; and of 3:**

*Table B1 – B34: Bivariate / Multivariate 1*

	Sum of Squares	Dr	Mean Square	F	Sig.
q23.1 Theft common * Between Groups (Combined)	51.212	2	25.606	1.244	.303
q3 Company Within Groups	617.333	30	20.578		
Total	668.545	32			
q23.2 Corruption * q3 Between Groups (Combined)	1.219	2	.609	.030	.970
Company Within Groups	686.457	34	20.190		
Total	687.676	36			
q23.3 Bank fraud * q3 Between Groups (Combined)	130.024	2	65.012	3.674	.039
Company Within Groups	460.114	26	17.697		
Total	590.138	28			
q23.4 Bank card fraud * Between Groups (Combined)	4.200	2	2.100	.067	.935
q3 Company Within Groups	1034.550	33	31.350		
Total	1038.750	35			
q23.5 Corporate fraud Between Groups (combined)	27.415	2	13.707	.713	.498
(other) * q3 Company Within Groups	557.304	29	19.217		
Total	584.719	31			
Between Groups (combined)	23.733	2	11.867	.655	.527
Within Groups	488.933	27	18.109		



q23.6 Trafficking and Total solvent abuse * q3 Company	512.667	29			
q23.7 Illegal dealing in Between Groups (Combined ) gold * q3 Company      Within Groups Total	2.759 607.711 610.471	2 31 33	1.380 19.604	.070	.932
q23.8 Illegal dealing in Between Groups (Combined) diamonds      *      q3 Within Groups Company      Total	58.378 508.365 566.743	2 32 34	29.189 15.886	1.837	.176
q23.9 Illegal dealing in Between Groups (Combined) emeralds * q3 Company Within Groups Total	114.133 823.867 938.000	2 28 30	57.067 29.424	1.939	.163

# Notes

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**Table 3: Anova 1**

ANOVA Table

	Sum of Squares	Dr	Mean Square	F	Sig.
q28.1 Fraud * q3 Company					
Between Groups (Combined)	1.745	2	.873	.797	.458
Within Groups	42.731	39	1.096		
Total	44.476	41			
q28.2 Embezzlement * q3 Company					
Between Groups (Combined)	5.337	2	2.669	2.407	.103
Within Groups	43.234	39	1.109		
Total	48.571	41			
q28.3 Dealing/trafficking in illicit drugs * q3 Company					
Between Groups (Combined)	.317	2	.159	.137	.873
Within Groups	45.326	39	1.162		
Total	45.643	41			
q28.4 Human trafficking * q3 Company					
Between Groups (Combined)	4.355	2	2.177	1.018	.371
Within Groups	79.145	37	2.139		
Total	83.500	39			
q28.5 Smuggling (cross border) ( all cat goods) * q3 Company					
Between Groups (Combined)	.007	2	.004	.005	.995
Within Groups	28.469	39	.730		
Total	28.476	41			

q28.6 Dealing/trafficking in Between Groups (Combined)	1.304	2	.652	.582	.564
wild life products * q3 Within Groups	42.598	38	1.121		
Company Total	43.902	40			
q28.7 Dealing in precious Between Groups (Combined)	1.310	2	.655	.526	.595
stones ( minerals crime) * q3 Within Groups	48.523	39	1.244		
Company Total	49.833	41			

## Notes

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## Means

## Notes

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	Cases Used	Cases used for each table have no missing values in any independent variable, and not all dependent variables have missing values.

Syntax		MEANS    TABLES=q28.1Fraud    q28.2Embezzlement    q28.3Dealing_illicit_drugs q28.4Human_trafficking    q28.5smuggling    q28.6Trafficking_wildlife q28.7Dealing_precious_stones BY q3company /CELLS MEAN COUNT /STATISTICS ANOVA.
Resources	Processor Time	00:00:00.015
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q3 Company		q28.1 Fraud	q28.2 Embezzlement	q28.3 Dealing/trafficking in illicit drugs	q28.4 Human trafficking	q28.5 Smuggling (cross border) (all cat goods)	q28.6 Dealing/trafficking in wild life productsq28.7 Dealing in precious stones ( minerals crime)
Managerial	Mean	4.46	4.15	3.77	3.54	4.46	3.92
	N	13	13	13	13	13	13
Clerical	Mean	4.25	3.12	3.62	2.57	4.50	3.62
	N	8	8	8	7	8	8
Other	Mean	4.00	3.67	3.57	3.30	4.48	4.10
	N	21	21	21	20	21	20
Total	Mean	4.19	3.71	3.64	3.25	4.48	3.95
	N	42	42	42	40	42	41

Report

**Table 3: Anova 2**



			Sum of Squares	df	Mean Square	F	Sig.
q28.1 Fraud * q3	Between Groups	(Combined)	1.745	2	.873	.797	.458
Company	Within Groups		42.731	39	1.096		
	Total		44.476	41			
q28.2 Embezzlement * q3	Between Groups	(Combined)	5.337	2	2.669	2.407	.103
Company	Within Groups		43.234	39	1.109		
	Total		48.571	41			
q28.3 Dealing/trafficking in illicit drugs * q3	Between Groups	(Combined)	.317	2	.159	.137	.873
Company	Within Groups		45.326	39	1.162		
	Total		45.643	41			
q28.4 Human trafficking * q3	Between Groups	(Combined)	4.355	2	2.177	1.018	.371
Company	Within Groups		79.145	37	2.139		
	Total		83.500	39			
q28.5 Smuggling (cross border) (	Between Groups	(Combined)	.007	2	.004	.005	.995
	Within Groups		28.469	39	.730		

allcat goods) * q3 Total Company	28.476	41			
q28.6 Between Groups (Combined)	1.304	2	.652	.582	.564
Dealing/trafficking Within Groups	42.598	38	1.121		
in wildlife products Total	43.902	40			
* q3 Company					
q28.7 Dealing in Between Groups (Combined)	1.310	2	.655	.526	.595
precious stones Within Groups	48.523	39	1.244		
(minerals crime) * Total	49.833	41			
q3 Company					

**Table 4: Anova 3**

	Sum of Squares	Df	Mean Square
q28.1 Fraud * q3 Company Between Groups (Combined)	1.745	2	.873
Within Groups	42.731	39	1.096
Total	44.476	41	
q28.2 Embezzlement * q3 Company Between Groups (Combined)	5.337	2	2.669
Within Groups	43.234	39	1.109
Total	48.571	41	
q28.3 Dealing/trafficking in illicit drugs * q3 Company Between Groups (Combined)	.317	2	.159
Within Groups	45.326	39	1.162
Total	45.643	41	
q28.4 Human trafficking * q3 Company Between Groups (Combined)	4.355	2	2.177
Within Groups	79.145	37	2.139
Total	83.500	39	
q28.5 Smuggling (cross border) ( all cat goods) * q3 Company Between Groups (Combined)	.007	2	.004
Within Groups	28.469	39	.730
Total	28.476	41	
Between Groups (Combined)	1.304	2	.652

q28.6 Dealing/trafficking Within Groups	42.598	38	1.121
in wild life products * q3 Total	43.902	40	
Company			
q28.7 Dealing in precious Between Groups (Combined)	1.310	2	.655
stones (minerals crime) * Within Groups	48.523	39	1.244
q3 Company Total	49.833	41	

Means

## Notes

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	Cases Used
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Syntax		MEANS TABLES=q32.1public_works q32.2defence            q32.3petroleum q32.4telecom            q32.5media q32.6energy            q32.7mining q32.8banking    q32.9law    BY q3company /CELLS MEAN COUNT /STATISTICS ANOVA.
Resources	Processor Time	00:00:00.016
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Report

q3 Company		q32.1 Public works/co nstructio n	q32.2 Defens e	q32.3 Petroleu m	q32.4 Teleco m	q32.5 Media and communi cation	q32.6 Energy (generati on /transmis sion)	q32.7 Minq32.8 banking and Finance		q32.9 Law enforc ement (Polic e)
Managerial	Mea n	3.20	6.75	4.29	4.00	4.67	3.67	3.00		1.08
	N	10	8	7	6	6	6	8		12
Clerical	Mea n	10.00	4.33	8.00	6.00	8.00	10.00	5.00		2.71
	N	1	3	1	1	1	1	3		7
Other	Mea n	2.38	4.22	3.33	5.56	4.73	4.60	2.92		1.48
	N	13	9	9	9	11	10	13		21
Total	Mea n	3.04	5.25	4.00	5.00	4.89	4.59	3.21		1.57
	N	24	20	17	16	18	17	24		40





**Table 4: Anova Table 3**

				Sum of Squares	df	Mean Square	F	Sig.
q32.1 works/construction * Company	Public	Between Groups	(Combined)	54.281	2	27.141	2.514	.105
			q3 Within Groups	226.677	21	10.794		
			Total	280.958	23			
q32.2 Defense * Company	Defense	Between Groups	(Combined)	30.028	2	15.014	1.374	.280
			q3 Within Groups	185.722	17	10.925		
			Total	215.750	19			
q32.3 Petroleum * Company	Petroleum	Between Groups	(Combined)	20.571	2	10.286	.777	.479
			q3 Within Groups	185.429	14	13.245		
			Total	206.000	16			
q32.4 Telecom * Company	Telecom	Between Groups	(Combined)	9.778	2	4.889	.317	.734
			q3 Within Groups	200.222	13	15.402		
			Total	210.000	15			
q32.5 Media and communication * Company	Media and communication	Between Groups	(Combined)	10.263	2	5.131	.471	.633
			q3 Within Groups	163.515	15	10.901		
			Total	173.778	17			

q32.6	Energy	( Between Groups	(Combined)	34.384	2	17.192	1.076	.368
	generation/transmission) *	Within Groups		223.733	14	15.981		
	q3 Company	Total		258.118	16			
q32.7	Mining *	q3 Between Groups	(Combined)	11.035	2	5.518	.415	.665
	Company	Within Groups		278.923	21	13.282		
		Total		289.958	23			
q32.8	banking and Finance	Between Groups	(Combined)	25.946	2	12.973	1.027	.376
	* q3 Company	Within Groups		265.387	21	12.637		
		Total		291.333	23			
q32.9	Law enforcement	Between Groups	(Combined)	12.192	2	6.096	.553	.580
	(Police) * q3 Company	Within Groups		407.583	37	11.016		
		Total		419.775	39			

Means

## Notes

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	Data File
Missing Value Handling	Definition of Missing
	For each dependent variable in a table, user-defined missing values for the dependent and all grouping variables are treated as missing.
	Cases Used
	Cases used for each table have no missing values in any independent variable, and not all dependent variables have missing values.

Syntax		MEANS      TABLES=q32.10law q32.11judiciary      q32.12wildlife q32.13agriculture      q32.14education q32.15civilian      q32.16road q32.17urban BY q3company /CELLS MEAN COUNT /STATISTICS ANOVA.
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# Report

q3 Company		q32.10 Law enforcement (prisons)	q32.11 Judiciary (criminal/justice)	q32.12 Wildlife conservatives	q32.13 Agriculture (farming)	q32.14 Education sector	q32.15 Civilian aerospace	q32.16 Road transport services	q32.17 Urban municipal councils
Managerial	Mean	3.18	3.27	3.90	4.22	5.86	6.86	5.71	4.25
	N	11	11	10	9	7	7	7	12
Clerical	Mean	2.80	4.71	4.67	3.00	5.00	3.33	10.00	5.75
	N	5	7	3	2	2	3	1	4
Other	Mean	3.15	3.05	3.30	4.10	7.33	8.20	5.36	2.33
	N	20	19	10	10	12	10	11	15
Total	Mean	3.11	3.43	3.74	4.05	6.62	7.00	5.74	3.52
	N	36	37	23	21	21	20	19	31

Source: Primary data

Table 5: Anova Table 4 1

ANOVA Table

	Sum of Squares	Df	Mean Square	F	Sig.
q32.10 Law Between Groups enforcement (Combined)	.569	2	.285	.022	.978
( prisons) * q3 Within Groups	422.986	33	12.818		
Company Total	423.556	35			
q32.11 Judiciary ( Between Groups criminal/justice) * (Combined)	14.523	2	7.262	.499	.611
q3 Company Within Groups	494.558	34	14.546		
Total	509.081	36			
q32.12 Wild life Between Groups conservatives * q3 (Combined)	4.768	2	2.384	.150	.862
Company Within Groups	317.667	20	15.883		
Total	322.435	22			
q32.13 agriculture Between Groups ( farming) * q3 (Combined)	2.497	2	1.248	.085	.919
Company Within Groups	264.456	18	14.692		
Total	266.952	20			

q32.14 Education Between Groups	15.429	2	7.714	.616	.551
sector * q3 (Combined)					
Company Within Groups	225.524	18	12.529		
Total	240.952	20			
q32.15 Civilian Between Groups	54.876	2	27.438	1.003	.388
aerospace * q3 (Combined)					
Company Within Groups	465.124	17	27.360		
Total	520.000	19			
q32.16 Road Between Groups	19.710	2	9.855	.385	.687
transport services (Combined)					
* q3 Company Within Groups	409.974	16	25.623		
Total	429.684	18			
q32.17 Urban Between Groups	47.409	2	23.704	1.206	.314
municipal (Combined)					
councils * q3 Within Groups	550.333	28	19.655		
Company Total	597.742	30			

## APPENDIX C-1-116

### Qualitative Data - Real Case Examples of Corruption & ML In Zimbabwe (17/3/11- 25/03/17+)

**Table of: Media Identifications/Exposes (Random Sample Extracts - Headlines & Brief Accounts) of/on Corruption & ML– - [C-1 - C-116]:**

Fol.	Date	Print Media	Media headlines: Accounts of Corruption & ML in Public sector enterprises or Deviancy in Banks / FI's	Affiliation (i.e.) to: Typology of crime Villain(s) Suspect(s)/accused(s) Syndicates / organized crime PEP(s) or not.
C1.1	17/03/11	The Zimbabwean	<b>CORRUPTION:</b> <b>Heading: Corruption dossier divides council:</b> Gweru City Council (GCC) has been divided by a dossier put forward by the residence which chronicles alleged corruption and other forms of misconduct by Council Officials chief among them the Town Clerk. The dossier is entitled “Corruption at Gweru City Council.”	(Organized/None Organized) PEPs
C1.2	17/03/11	The Zimbabwean	<b>CORRUPTION AND MONEY LAUNDERING:</b> ‘Zanu (PF) Corruption infects every aspect of our economy –Tsvangirai’: “Indeed, Zanu (PF) corruption infests and infects every aspect of our economy and Government.” Tsvangirai said. ...” Among hundreds in the past year, more than three official complains of corruption have been made to the police against the Minister of Local Government Ignatius Chombo - for abuse of office defrauding Harare City Council in land and property laundering deals involving	(Organized/None Organized) PEPs



			several millions to his profit and benefit, and yet no action was taken – police declined to investigate. ...” The police have also shown disinterest in pursuing the Minister of Mines and Mining Development over US\$313.million which allegedly vanished from Marange consortium of mines diamond revenues, to the loss and prejudice of the State”.	
C1.3	17/03/11	The Zimbabwean	<b>CORRUPTION- (POLICE DEVIANCE):</b> <b>Headline:</b> Zimbabwean Traffic Cops most corrupt in SADC: This according to the Anti-Corruption Trust of Southern Africa (AGT-Southern Africa).	(None/Organized crime) PEPs
C1.4	06/04/11	The Daily News – Zim	<b>POLICE CHIEF CORRUPTION CONVICTION IN 1993:</b> <b>Headline: Chihuri Shady Past:</b> ...Sensational and little-known details that police commissioner general (AC Dr) was once convicted of corruption in 1993 by a lower court and sentenced to Z\$600.00 or six weeks’ imprisonment with Labour are emerging. Allegations were that he was (then) the Acting Police Commissioner, he and another senior assistant commissioner unlawfully caused the release of two cars, one of which was stolen held by the Southerton Vehicle Theft Section (VTS) for investigation. ... Both conviction and sentence were subsequently quashed by supreme court judge justice Nicholas McNally, Ahmed Ebrahim and Simbarashe Muchechetere on appeal.	The now Police Commissioner General was once arrested, convicted and sentenced to Z\$600 fine or six weeks’ imprisonment with Labour. PEPs
CI.5	10/04/11	The Zimbabwean	<b>CORRUPTION:</b> <b>Headline: Reserve Bank Governor Corruption Probe Stalled:</b> ...An investigation into the alleged corrupt conduct of the Reserve Bank Governor (GG Dr) has failed to make any progress due to constant squabbling by the	PEP

			country's coalition government partners, it has emerged. ...According to the Anti-Corruption Trust of Southern Africa which initiated investigations in 2009, the matter could not be finalized.... /	
C1.6	07/07/11	The Sunday Mail	<b>HUMAN TRAFFICKING:</b> <b>Headline: Stolen childhood: ...</b> Human Trafficking on the rise in Zimbabwe.	(Organized crime) Nonpolitical
CI.7	13/10/11	The Herald	<b>DRUG TRAFFICKING:</b> Suspected local drug peddlers nabbed at Harare Int. Airport. The suspects tried to smuggle 20kg of ephedrine which is used to make cocaine to SA.	(Organized crime) None
C1.8	14/07/11	News Day	<b>CORRUPTION:</b> <b>(FOOTBALL MATCH FIXING IN ZIFA)</b> <b>Headline: 'Asiagate criminals face the music':</b> Alleged "chief planner" of the Zimbabwe Football Association (ZIFA) - Asiagate football match-fixing (CEO) says her hands are clean.../.	(Organized crime) Nonpolitical
C1.9	01/04/11	Zimbabwe Independent	<b>POLITICAL GRAND CORRUPTION:</b> <b>Headline: 'Thugtatorship': Highest stage of African dictatorship'.</b> [...A 'thugocracy' is a government of thieves, for thieves, by thieves ...or simply a rule by a gang of thieves and robbers (thugs) in designer suits'. This in reference to Omar al-Bashir of Sudan's stash of loot money valued roughly at US\$9 billion (2011).	PEPs (Political office holders)
C1.10	27/04/11	Sunday Times SA	<b>CORRUPTION &amp; HYPOCRISY:</b>	PEPS Political grand-corruption/Abuse of office

			<p><b>Headline: A tale of two Ministers: Both are accused of Corruption but are unequal before the law:</b> Minister of Energy-E Mudzuri; Minister of Local Government. – IM Chombo;</p> <p><b>First:</b> E Mudzuri - accused of short-circuiting tender procedures in a \$6m tender award and is arrested on 10 March, 2011 – granted (\$500000K) bail. He denies the charges ... say arrests politically motivated.</p> <p><b>Second:</b> (IM Chombo Dr) - accused of primitive accumulation of wealth in Mugabe’s corrupt system of government and is not arrested. The trouble of Zimbabwe...a problem of corruption and hypocrisy.</p>	
C1.11	27/04/11	Daily news – Zim	<p><b>MONEY LAUNDERING:</b></p> <p><b>Headline: Money Changers Face Hard Times:</b>” The Central Bank (RBZ) lost the battle to stem the dollarization of the economy and let all companies and individuals conduct transactions in foreign currencies outside official banks – this following the death of the local currency”.</p>	Nonpolitical
C1.12	13/10/11	The Herald	<p><b>DRUG PEDDLING/TRAFFICKING &amp; MONEY LAUNDERING:</b></p> <p>...Suspected local drug peddlers nabbed at Harare Int. Airport. The suspects tried to smuggle 20kg of ephedrine which is used to make cocaine to SA.</p>	(Organized crime) None
C1.13	08/09/13	Sunday Times	<p><b>GRAND CORRUPTION &amp; MONEY LAUNDERING:</b></p> <p>(Ugandan 2 billion shillings) frauds linked to ML schemes.</p>	(Organized crime) PEPs/Nonpolitical
C1.14	06/10/13	Sunday Times SA	<p><b>WILDLIFE CRIME &amp; MONEY LAUNDERING:</b></p> <p><b>Headline: The white gold that fuels jihad: ...</b></p> <p>A 2011 report by the Elephant Action League which fights elephant exploitation and wildlife crime dubs elephant Ivory “white gold”. ...A complex</p>	(Organized/None organized crime) PEPs/Nonpolitical

			network of poachers and brokers tied to Al-Shabaab; a terror group with ties to international crime syndicates and illegal wildlife brokers in Asia uncovered as being responsible for poisoning and killing elephants using cyanide in Southern Africa.	
C1.15	20/10/13	The Telegraph UK	<b>WILDLIFE CRIME &amp; MONEY LAUNDERING:</b> [...] Poachers kill 300 Zimbabwean Elephants with cyanide in the Hwange National Park. The killed elephant tasks usually by organized syndicates of Chinese and North Korean origins are smuggled out of the country via South Africa and India for sale at lucrative markets in Asia and Europe.	(Organized /None organized Crime) PEPs/Nonpolitical
C1.16	09/11/13	The Herald	<b>HEADLINE: EXTERNALISATION OF FOREX</b> <b>The State v's Christopher Kuruneru (Mr):</b> Honorable Minister (Finance) arrested for Externalization of Foreign Currency (2004 Re-visited) : “The then Finance Minister (Mr CK) became the first person under former President Robert Mugabe’s administration to face externalization charges when he was arrested on Saturday, 24 April 2004, for externalizing funds. Alleged to have externalized US\$1.082 million, (34, 471.00 British pounds sterling), and, (30, 000.00 Euros), he was also accused of holding dual citizenship. After a year in remand prison, and, 10 appeals for bail he was released by Chief Justice Godfrey Chidyausiku on bail and later acquitted by the High Court in 2007”.	PEP Exchange Control Regulations S Violations: Fraud and ML
C1.17	17/11/13	Sunday Times SA	<b>MONEY LAUNDERING IN SOUTH AFRICA</b>	(None/Organized crime) Nonpolitical

			Czech fugitive Radovan Krejcir's 'hired hit -man' assassination attempt on a rival in the escalating drug wars between Cape Town and Gauteng foiled by US President Obama's visit to the city.	
C1.18	07/12/13	The Herald	<b>MONEY-LAUNDERING AND CORRUPTION</b> <b>RBZ cancels Trust Bank's license</b> over allegations of abuse of depositors' funds and violations the banking Act.	(None/Organized crime) None
C.19	17/12/13	Telegraph – Zimbabwe	<b>WILDLIFE CRIME &amp; ML</b> Chinese Man Caught Smuggling Ivory from Zimbabwe: A Chinese man, one Chen Guoliang (36) – a temporary resident in Zimbabwe, was arrested and brought before a Harare Magistrates Court on Thursday 12 November, 2013 for possession of 17 pieces of row ivory in his luggage at Harare International Airport to catch a flight to China. Case remanded to November, 4, 2013 for trial.	(None/Organized crime) None political
C1.20	17/12/13	Telegraph – Zimbabwe	<b>WILDLIFE CRIME &amp; MONEY LAUNDERING:</b> On 12 November, 2013, two Zimbabwean haulage truck cross-border drivers, Langton Saka (35) and James Byirenda (37), were arrested shortly after crossing into South Africa, upon being found in possession of four elephant tasks found hidden inside the bus they were travelling on. They were tried, found guilty and sentenced to 4 years in with Labour (i.e.) by a South African Magistrates Court.	(Organized crime) PEPs
C1.21	31/01/14	The Herald- Zim	<b>CORRUPTION AND ML – (ABUSE OF DEPOSITORS' FUNDS BY BANKS):</b>	(Organized/Non-Organized crime) Nonpolitical

			Honeymoon over for bank directors, shareholders, Minister of Finance Patrick Chinamasa declared while presenting the 2014 Monetary Policy Statement in Harare on 29 <sup>th</sup> January, 2014.	
C1.22	08/02/14	Newsday– Zimbabwe	<b>PUBLIC CORRUPTION AND MONEY LAUNDERING</b> <b>Headline Ministers Slept on Duty:</b> [...] The Zimbabwe Congress of Trade Unions (ZCTU) has blasted government’s lukewarm response to corruption cases as Presidential spokesperson George Charamba on 06/02/14, conceded that Ministers slept on duty while looting in State-owned firms and Parastatals took place.	Organized/None organized PEPs
C1.23	03/03/14	The Legal Monitor (Zim Lawyers for Human Rights Newsletter)	<b>CORRUPTION</b> Criminal Justice System: Challenges and Recommendations – Corruption in the justice delivery System: ...The existence of corruption within the justice delivery system is cause for concern and is related primarily to ...the government’s inability to inadequately address working conditions for court officials, prison and public sector at large.	Organized/None organized PEPs
C1.24	10/03/14	Cincinnati.com (USA) / -H-metro Local News Zim.	<b>‘ZIMBO’ JAILED FOR TAX FRAUD IN THE USA:</b> <b>Headline: White-Collar Crime:</b> Identity Theft, Refund Fraud, Tax Fraud and Bank Card Fraud by Zimbabweans Living in The United States (USA):25-Year-old Zimbabwean man, leaving in Cincinnati (USA) and syndicate king-pin one, Tawanda Marimbire was sentenced to almost 6 years in jail on Thursday, 6 March, 2014, for his role in a fraudulent tax-refund scheme which saw most of the stolen funds to Zimbabwe using diverse banking channels. The Marimbe ring was formed of two groups, the first being that of: <sup>(1.)</sup> Kudzaish	(Organized-syndicated crime) All five (5) syndicated white-collar criminals <b>arrested</b> , charged, convicted and sentenced variously by a United States Cincinnati court as follows: T Madyira (25) =12 months/1 day

			<p>Marimbe (brother), <sup>(2.)</sup> Hlomera Mabhande, <sup>(3.)</sup> Andrew Bere and <sup>(4.)</sup> Julius Marimbire who played the role of supplying stolen identities from thousands of actual taxpayers. The four fled to Zimbabwe upon arrest of Tawanda and are now fugitives in the country. The second, that of (1) Tinotenda Madyira, (2) Liberty Matonhodze, (3) Fitzgerald Chibamu and Lameigo Mutongwizo, specialised in stolen ID's, debit/credit card ATM fraudulent withdrawals and facilitating bank transfers of several thousand stolen funds from the US to Zimbabwe. The second group was arrested and convicted for their roles as follows:</p> <p>T Madyira (25) = 12 months and 1 day in prison</p> <p>L Matonhodze (25) = 12 months and, 1 Day in prison.</p> <p>F Chibamu (36) = (Remanded in custody Pending sentence).</p> <p>Lameigo Mutongwizo = (Indicted to Nov, 2014 for sentence)</p> <p>Zla Holder = (Indicted to Nov, 2014 for sentence)</p>	<p>in prison</p> <p>L Matonhodze (25) = 12 months/1 day</p> <p>in prison</p> <p>F Chibamu (36) = (Remanded in custody for sentence)</p> <p>Lameigo Mutongwizo = (Indicted to Nov, 2014for sentence)</p> <p>Zla Holder = (Indicted to Nov, 2014for sentence)</p> <p>(Cincinnati.com / H-Metro Zim)</p>
C1.25	14/03/14	Newsday Zimbabwe	<p><b>CORRUPTION:</b></p> <p>‘Missing US\$15billion diamond revenue a sign Robert Mugabe is too old to rule’.</p>	PEP

C1.26	14/03/14	Newsday Zimbabwe	<p><b>CORRUPTION:</b></p> <p><b>Headline: The Multi-Faceted Dimensions of Public Corruption in Zimbabwe</b> – (Willogate Corruption Scandal Revisited by Amalgamated Media Holdings Zimbabwe (AMH) At Its Conversations Event Launch 12/03/14):</p> <p>Willogate corruption/fraud scandal was a 1988-89 Zimbabwean political scandal in which The Zimbabwe Chronicle Newspaper revealed a bank/government cheap loan facility purchase scheme which went wrong - of Toyota Cressida sedan vehicles from the (then) only car plant (assembly plant/manufacturer - Willowvale) and illegal resale of same at 200% profit(s) by various government power elites in (now) former President Robert Mugabe's Cabinet including the likes of Morris Nyagumbo (Political Affairs Minister), Kumbirayi Kangayi, Enos Nkala (Defence Minister) and Calistus Ndlovu (Industry Minister) among others: leading to a trail of destruction in its wake upon the story breaking out. Minister Morris Nyagumbo committed suicide upon being charged for perjury, while (then, Chronicle reporters) Geoffrey Nyarota and Davison Mariziva got removed from their posts.</p>	<p>PEPs (Organized/None organized)</p> <p>Arrests:</p> <p>Indictments/prosecutions/conviction. Of the four (plus) cabinet ministers in the Mugabe government involved in the scandal at the time, only one Fredrick Shava (Mr) was formally arrested, charged, sentenced and convicted for abuse of office (fraud and corruption) ... but survived the ordeal of prison by a Presidential Pardon – thanks to a corrupt head of state.</p>
C1.27	27/03/14	Daily News	<p>Indian dealer and director of Akin diamonds nabbed for US\$3 million worth of diamonds theft (12 counts) from Mbada Diamonds of Marange, Mutare and processing at another of his Kassim wholesalers polishing company. Trial date set for 10/04/14 at Mutare Magistrates Court.</p>	<p>None political (Organized crime)</p> <p>Arrested:</p> <p>Tried and convicted, sentenced in (2014).</p>



C1.28	27/03/14	Daily News	<b>PUBLIC CORRUPTION AND MONEY LAUNDERING:</b> <b>ZBC boss summoned for police questioning: (S)</b> ... “Suspended Zimbabwe Broadcasting Corporation CEO Happison Muchechetere summoned to answer allegations of a US\$1 million fraud scam – bordering on corruption and ML involving a <i>local bank</i> : purchase of an Outside Broadcasting van from China valued at US\$1050K and inflating the amount to U\$200K and pocketing the difference.	PEPs Organized /None crime Arrested: <u>1.</u> Criminal prosecution pending (2016): <u>2.</u> Arraigned before a disciplinary tribunal and found guilty of abuse of office and embezzlement in (2016)
C1.29	27/03/14	Daily News	<b>ORGANIZED CRIME – DIAMONDS THEFT AND ML:</b> Indian dealer and director of Akin diamonds nabbed for US\$3 million worth of diamonds theft (12 counts) from Mbada Diamonds of Marange, Mutare and processing at another of his Kassim wholesalers polishing company. Trial date set for 10/04/14 at Mutare Magistrates Court. (S)	(Organized crime) PEP ARRESTED: Trial date set for 10/04/14 at Mutare Magistrates Court.
C1.30	27/03/14	Financial Gazette – Zim	<b>CORRUPTION:</b> <b>Headline: State Primary Agent for Corruption:</b> Corruption is definitely not a new phenomenon in Zimbabwe. It has been engrained in our society and in State institutions for a long time (Allen Hungwe – writing in the Observatory column of the Financial Gazette, February, 27 – March 5 2014 report). (S)	PEPs
C1.31	12/06/14	The Herald – Zimbabwe	<b>MOBILE BANKING AND MONEY LAUNDERING.</b> <b>Headline: Eco Cash Launches Diaspora Service:</b>	None political

			Econet Wireless in partnership with international money transfer service, World Remit, has launched a service which enables customers to receive money from outside the country directly on mobile phones-on-line through computers, smart phones ... the only notable downside being promotion of laundering.	
C1.32	24/06/14	Daily News – Zimbabwe	<b>DRUG TRAFFICKING</b> <b>Headline: Illegal Drug cases surge in Zimbabwe-Police:</b> The police Criminal Investigations Department (CID) Drugs Unit overwhelmed by the rising drug abuse problem in Zimbabwe. “We deal with more than 100 drug cases every month and most of them are in the high-density suburbs, particularly in Mbare said Detective Sergeant Learmore Chikohomera at the commemorations of the International Day Against Drug Abuse and Illicit Drug Trafficking”.	(Organized Crime) None political
C1.33	26/06/14	The Herald	<b>EMBEZZLEMENT</b> Stealing from the workplace:	(None-Organized crime) None political
C1.34	21/08/14	The Herald	<b>CROSS-BORDER SMUGGLING:</b> <b>Headline: ‘Zimbabwe’s headache ...Corruption: by Law Enforcement Agents and Customs officials at Zimbabwe’s ports of entry with SA rampant’.</b>	(Organized/None-organized) None / PEPs
C1.35	07/09/14	Sunday Times SA	<b>CORRUPTION (BY HEAD OF STATE) (S.A)</b> ‘How do you prosecute anybody for corruption when you are not prosecuting Jacob Zuma? .../.	PEPs
C1.36	14/10/14	Pretoria News	<b>PRESIDENT ZUMA ON CORRUPTION:</b> <b>Headline: DA disturbed by Zuma’s stance on graft-Maimane: .../</b>	PEPs

			President Zuma's 2009 while making representations to the NPA said: "corruption is only a crime in a 'Western paradigm' .../.	
C1.37	25/10/14		<b>WILDLIFE CRIME &amp; MONEY LAUNDERING:</b> <b>Headline: "South African brothers nailed in the US indictment of rhino poaching kingpin".</b> On Friday October 25, 2014, the US authorities announced the indictment of the alleged kingpin of a South African rhino poaching and trafficking syndicate, Dawie Groenewald, his brother Janneman, and their company 'Out of Africa Adventures Safaris on multiple charges including conspiracy, ML and wildlife crime.	None (Organized crime) Arrested: Indicted for trial and sentence in the <b>USA in(2014)</b>
C1.38	13/11/14	The Financial Gazette	<b>CORPORATE BANKING CRIME-ML</b> <b>Headline: Bank failures ...RBZ blames delinquency for bank failures. .../</b> "About 20 banking institutions closed in Zimbabwe since year 2000 due to delinquency" said the RBZ Acting Governor Charity Dhliwayo – speaking at an Internal Control Congress for Africa held in Victoria Falls. She cited recurring corporate governance weaknesses, internal and non-performing loans and ML (abuse of depositor's funds for non-core banking business) as key among corrupt activities ravaging Zimbabwe's banking sector (today) ( <a href="mailto:newsdesk@fingas.co.zw">newsdesk@fingas.co.zw</a> ).	(Institutional: Organized/None-organized white-collar crime(s)) None political
C1.39	04/01/15	The Sunday Mail Zim	<b>WHISTLEBLOWIG POLICY</b> <b>Heading: Tax /Revenue Fraud: .../</b> 'Zimra dithers on Whistle-blower Facility'.	Whistle blowing as anti-fraud tool and corruption inhibitions in public organisations (None political).

C1.40	16/04/15	Newsday – Zim	<b>CORRUPTION:(POLICE DEVIANCE)</b> <b>Headline: Spot Fines, Car Seizures Illegal-High Court Judge: .../</b> High Court Judge Justice Francis Bere recently rapped the police for demanding spot fines and impounding vehicles at their roadblocks (convenience type), describing the practice as illegal as there was no law justifying such actions.	(Institutionalized: Organized/None-Organized white-collar crime) PEPs
C1.41	23/01/15	The Financial Gazette	<b>CORRUPTION AND MONEYLAUNDERING - LIQUIDATION - CANCELLATION OF BANK LICENCE: .../</b> RBZ moves to rescue Allied Bank Assets in a bid to recover over US\$1.5 million owed to depositors.	None political (Organized/None-organized institutionalized local/international crime)
C1.42	10/02/15	News Day	<b>CORRUPTION (POLICE DEVIANCE)</b> Police spot fines, car seizures illegal -Judge: “there is no law which compels a motorist to deposit a fine with the police if he/she decides challenging an alleged offence. By legislation, the emergency lieu in the collection and retention of revenue by police for its use may have severely fractured the execution of police core business-which has bred police deviance, Justice Bere added”.	(Organized/None-organized institutionalized local crime) PEPS
C1.43	04/03/15	The Zimbabwean	<b>CORRUPTION</b> Corruption hits small mining claims: “Illegal” Small claims panniers at ‘Kitsiyatota’ Bindura allege corruption at the hands of police and ruling party-political activists (S)	None (Organized / None-organized Institutionalized local crime) PEPs
C1.44	16/04/15	Newsday – Zim	<b>CORRUPTION- (POLICE DEVIANCE)</b> <b>Headline: Bulawayo Magistrate Lashes Out at Police:</b>	PEP (Organized/none-organized institutionalized local crime)

			A Bulawayo magistrate recently accused police officers of abusing motorists at roadblocks after attempts to have a former MP prosecuted for refusing to pay a \$50. spot fine – on a trumped-up charge for driving a car without a self-adhesive number plate etc. “Police should abide by laws,” ... they cannot violate people’s rights by saying they have no official papers at a roadblock”, he said.	
C1.45	16/04/15	Newsday – Zim	<b>CORRUPTION (POLICE DEVIANCE)</b> <b>Headline: Spot fines, Car seizures illegal – Judge: .../</b> High court Judge – Justice Francis Bere recently rapped the police for demanding spots fines and impounding motor vehicles of those who would have refused paying bribes at mobile roadblocks (of convenience – describing the practice as illegal as there was no law justifying such actions.	(Organized/None institutionalized crime) PEPs Organized white-collar
CI.46	16/04/15	Newsday – Zim	<b>CORRUPTION (POLICE DEVIANCE)</b> <b>Heavy Police Presence Inhibits Tourism: ...”</b> their presence creates a perception that Zimbabwe is a police State,”	(Organized/None-organized institutionalized crime) PEPs
C1.47	28/04/15	The Zimbabwean / Radio VOP	<b>ML (TRANSNATIONAL ORGANISED CRIME)</b> <b>Heading: Italian Mafia smuggles US\$450 million worth of Zimbabwean diamonds: .../</b> In 2011, a Sicilian Mafia Clique working with local syndicate of businesspeople smuggled 1 million carats of diamonds worth \$450 million, causing prejudice the state.../(S)	(International Syndicated crime) PEP Organized /
C1.48	28/04/15	ZimSitRep (on-line)	<b>CORRUPTION:</b> <b>Headline: E.D Munangagwa warns against corruption.</b> Speaking at Mamutse Stadium in Masvingo on 25 <sup>th</sup> April, 2015, after commissioning a \$4.8	Corruption and PEPs

			million Urgent Water Supply and Sanitation Rehabilitation project bankrolled by the Zimbabwe Multi-Donor Trust Fund, Acting President Munangagwa warned that government would deal with some elements in private and public sectors that were fuelling corruption.	
C1.49	28/04/15	The Zimbabwean / Radio VOP	<p><b>TRANSNATIONAL ORGANISED CRIME - ITALIAN MAFIA SMUGGLES US\$450 MILLION WORTH OF ZIMBABWEAN DIAMONDS: .../</b></p> <p>In 2011, a Sicilian Mafia Clique working with local syndicate of businesspeople smuggled (1-million carats of diamonds) worth \$450 million, causing prejudice the state.../(S)</p>	(Organized crime) PEPs
C1.50	22/05/15	The Herald Zim	<p><b>CORRUPTION/ABUSE OF OFFICE, FRAUD AND MONEY LAUNDERING:</b></p> <p>In a High Court disciplinary hearing chaired by Judge Justice James Devittie in May 2016, found and convicted former Zimbabwe Broadcasting Corporation (ZBC) chief executive officer H M on a slew of misconduct/corruption charges, including financial fraud - mismanagement and unlawful acquisition of an outside broadcasting van from China without going to tender - during period January 1, 2009 to December, 31, 2013. Muchechetere benefited US\$3.5 million as profits from the scam against the State-owned broadcaster organisation (Scanlen and Holderness Legal Practitioners: Advocate Linos Mazonde, Advocate Isaiah Mureriwa, and Ms Rudo Magundani) represented the state. Case remanded for sentence.</p>	(International Organized crime) PEPs arrested for abuse of office – Fraud/embezzlement remanded in custody before being allowed bail out of custody pending trial (2015: Indicted and appeared before for a disciplinary hearing Chaired by High Court Judge Justice James Devittie and found guilty/liable for abuse of power. Judgment deferred (2016)

C1.51	05/06/15	Mirror Zimbabwe –	<b>FRAUD, CORRUPTION AND MONEY LAUNDERING:</b> <b>Headline: Serous Fraud Squad descends on Victoria Range in Masvingo:</b> Council co-operatives investigated for looting Land Barons becoming millionaires as council runs broke	Organized crime (local) PEPS
C1.52	24/06/15	NewsDay Zimbabwe	<b>CORRUPTION (POLICE DEVIANCE):</b> <b>Headline: Roadblocks: Cash Cow for Traffic Police:</b> Commuter transport operators and motorists alike have lost faith in the country’s police at roadblocks as these have literally been reduced to mere ‘tollgates’ rather than checkpoints where a vehicle is supposed to be checked for road worthiness etc.	(Organized/non-organized institutionalized crime: police deviance) (PEPs –
C1.53	01/07/15	Newsday Zimbabwe	<b>KLEPTOCRACY’ AND MONEY LAUNDERING:</b> “Grand Theft at The Top Turning Zimbabwe into A <i>Tsotsiocracy</i> ”, (criminal country) (Ken Yamamoto): The word Tsotsiocracy stemming from ‘tsotsi’, an African term giving reference to a thief.	PEPS
C1.54	01/07/15	Newsday Zimbabwe	<b>CORRUPTION:</b> <b>Headline: Corruption fuels child migration in Beitbridge:</b> Worsening poverty levels in Zimbabwe have seen an increase in child migration – most of them illegally; thanks to organized and well-coordinated border-jumping syndicates involving, police, haulage truck drivers, ZIMRA/Immigration.	(Organized/syndicated crime) None/PEP
C1.55	06/08/15	Financial Gazette	<b>SMUGGLING, AND, ML</b> <b>Headline: Porous borders fuel influx of ozone-depleting substances:-</b>	(Organized crime)

		Zimbabwe: National News	Information at hand shows that Ozone Depleting Substances (ODS) continue to flood Zimbabwe despite stringent measures because the Zimbabwe Revenue Authority (ZIMRA), is currently overwhelmed by the dexterity of smugglers who use every trick in the book to pass through porous border posts.  ...Latest ZIMRA figures accessed by the Financial Gazette indicate that all border posts have been hit by ODS smuggling, with a few contrabands intercepted.../.	
C1.56	09/06/15	Newsday – Zim	<b>PROSTITUTION AND ML:</b> <b>Juru Growth Point, Nyamapanda records highest numbers of sex workers</b> ... in Mashonaland East Province of Zimbabwe -reported the National Aids Council Zimbabwe (Nacz).	None organized / organized crime
C1.57	09/12/15	The Herald Zimbabwe	<b>HUMAN TRAFFICKING &amp; ML:</b> Trafficked Ethiopians die in crash: -  ...Three people were killed, while 19 others were seriously injured when a kombi allegedly trafficking 21 Ethiopians to South Africa burst a tyre and overturned near Shangani, Zimbabwe, yesterday.	(Organized crime) <b>ARRESTS:</b> Trafficking drivers arrested, tried and convicted in South Africa (2015)
C1.58	09/12/15	The Herald & Zimbabwe Situation com.	<b>CORRUPTION (POLICE DEVIANCE):</b> <b>CORRUPTION HARD TO ERADICATE:</b>  ...Corruption is a crime difficult to eradicate and if left unattended or inadequately punished it will continue to disadvantage society, this, police confirmed at the re-launch of the Bus Against Crime Forum of Zimbabwe (BACFOZ) in Harare recently.	(Institutionalized organized crime – Police Deviance) (PEP/non-PEPs)
C1.59	27/12/15	The Standard	<b>ECONOMIC CRIMES &amp; ML:</b>	White-collar crime



			<p>“...<b>Illicit Financial Flows</b> cost Zimbabwe US\$500 million”  (<a href="http://www.thestandard.co.zw">www.thestandard.co.zw</a>) (S)</p>	(banks, wide private and public –corporate business)
C1.60	19/12/15	News Day	<p><b>DRUG TRAFFICKING:</b>  <b>Headline: Drugs curse, Zimbabwe’s new social war frontier:</b>  ...ZR Police and Courier Service company senior employees involved in the organized transporting, warehousing and distribution rackets connecting, Zimbabwe, Zambia to Tanzania. (S)</p>	<p>None political  Organized crime</p>
C1.61	14/02/16	The Herald Sunday Mail	<p><b>ECONOMIC/FINANCIAL CRIME (BANKING):</b>  <b>Heading: externalization of foreign currency: -</b>  “Jail Economic Criminals” ...demanded the Reserve Bank Governor of Zimbabwe Dr Mangudya in his 2016 Monetary Policy Statement. “There is urgent and compelling need for government to resuscitate the <u>Economic Crimes Court in</u> order to deal with <i>commercial crimes</i> such as <u>foreign currency externalization</u> and <u>illegal mineral trade</u> which activities have not spared the country’s economic activity – with both private people and companies illegally under various guises externalizing close to US\$2 billion “- the Zimbabwean Sunday Mail, of 14 February, 2016 reveals/revealed.</p>	White-collar crime (banking)
C1.62	13/03/16	The Herald Zim	<p><b>BORDER JUMPING:</b>  <b>HEADLINE: ZIM TRIO UP FOR SPATE OF CROSS-BORDER CRIMES:</b>  ... “Three Zimbabwean trio of: Charles Cecil Brewer (36), aka Boss, and his (South African citizen) wife Petition Sicelo Madida (30), Jaheni I Luphahla</p>	(Organized crime)

			(28), aka, Satan, and Phathumuzi Sibanda (27), arrested for committing various cases of human trafficking, robbery, assault, kidnapping, rape and murder of two women between May, 30 and July, 11, 2015, will appear at the Palm Bridge High Court in Johannesburg”. The victims were mainly women travelling between Musina and Johannesburg, Gauteng Province, SA. (Thupeyo Muleya, Beitbridge Bureau)	
C1.63	16/03/16	The Herald (ZimSitRep) On-line.	<b>DRUG TRAFFICKING:</b> <b>Headline: Five (5) Zimbabweans Nabbed in</b> US\$2.6million SA Drug Haul: Five Zimbabweans (aged between 25 and 45) who were part of an eight-member gang of drug peddlers between Malawi / Zimbabwe/ Mozambique and South Africa, where nabbed by the (Durban) Hawks and members of the Crime Intelligence, Chatsworth cluster for being found in possession of 26kg of heroine powder and 14kg of uncut heroin both with an estimated value of SAR17 m. The drugs were hidden at different locations inside the house. The South African Police also recovered SAR1 million worth of heroin-producing equipment which was seized.	(Organized/ syndicated crime) ARRESTED: Five accused- all Zimbabweans arrested in South Africa, drugs seized by SA law enforcement.
C1.64	16/03/16	The Herald	<b>DRUG TRAFFICKING: 5 ZIMBABWEANS ARRESTED</b> Five (5) Zimbabweans nabbed in SAR2.6m drug haul	(International organized/syndicated crime)
C1.65	12/03/16	The Herald	<b>Border Jumping / Smuggling (Transnational crime):</b> Zim trio – cross-border operators arrested for spate of cross-border crimes	(local/International organized/syndicated crime) ARRESTS: Three accused (all male) arrested and charged for smuggling, human

				trafficking, and drug trafficking, and, laundering.
C1.66	30/03/16	The Herald-Zim	<b>WILDLIFE CRIME – (FISH POUCHING BY ZIMBABWEANS IN ZAMBIA):</b> Zimbabwean fishermen up for poaching in Zambia: ...At least 21 Zim Fishermen were arrested and 7 Kapenta gigs impounded in lake Kariba waters for poaching in Zambian waters.	(Cross-border organized/syndicated economic crime) PEPs
C1.67	10/05/16	Bulawayo 24 News-On-line:	<b>EXTERNALISATION OF FOREIGN CURRENCY:</b> Vice President P M externalizing forex: Vice President P M has been fingered as one of the leading culprits who are externalizing foreign currency in Zimbabwe.../ These allegations were made by the Chairman of the Parliamentary Portfolio Committee on Finance and Economic Development (Mr.TM) before Reserve Bank Governor John Mangudya in parliament.	(Organized – white collar crime) PEP
C1.68	15/05/17	The Herald Zimbabwe	<b>GOLD THEFT AND MONEY LAUNDERING.</b> Government moves to curb gold smuggling: says Minister of Mines and Mining Development Walter Chidhakwa	White-collar (Financial/Economic crime) PEPS
C1.69	16/05/16	Newsday – Zim	<b>CORRUPTION</b> <b>Corruption not externalization is root of all problems in Zimbabwe:</b> Externalization of funds has contributed to the current economic mess, but the number one ill is corruption coupled with the authorities ‘failure to deal with the problem’	None-political/PEPs

C1.70	19/05/16	The Herald	<b>DRUG TRAFFICKING (CHINA):</b> Zimbabwean women on death row in China: Secretary of Foreign Affairs Mr J Bimha yesterday said they had received reports of less than 10 Zimbabweans arrested for drug trafficking - three of them being on death row in Beijing.	(International Organized/syndicated crime) <b>ARRESTS:</b> 10 accused arrested tried convicted and sentenced - three of them to death (2016)
C1.71	19/05/16	The Standard – Zimbabwe situation-on- line.	<b>CORRUPTION AND MONEY LAUNDERING:</b> Headline: Cornered ZIMRA official kills self (suicide) – corruption effects- “suicide”: A Zimbabwean Revenue Authority official Aaron Gofu (34), who was part of a syndicate that processed counterfeit undervalued import documents to smuggle top-of-range vehicles and other luxury goods from South Africa committed suicide. This following the arrest of 4 of his colleagues by police in connection with the ZIMRA Scams. (S).	(Organized/syndicated white-collar crime) <b>ARRESTS:</b> Deceased’s 4 Arrested, charged, convicted and, variously sentenced.
C1.72	08/06/16	Financial Gazette	<b>Anti-Corruption:</b> <b>Heading: President Mugabe takes over Anti-Graft Body:</b> ...Faced with a rapidly advancing scourge of corruption, President Mugabe has assumed full control of the Zim Anti-Corruption Commission (ZAAC) which had become a victim of feral factional fights within his ruling ZANU PF party”. (S)	(Anti-Corruption law-enforcement efforts)
C1.73	09/06/16	The Financial Gazette	<b>FINANCIAL SCANDALS - BANKING SECTOR:</b> <b>Headline: Corporate governance in turmoil:</b> ... Recent waves of financial scandals, and or, corruption scandals in banks and state-owned public enterprises including Parastatals, has revealed serious corporate governance lapses, suggesting the directors in these private and public-sector organisations	White-collar (Financial/Economic crime) None-political /PEPs

			have been and continue to be/are “sleeping on the job” and failing their fiduciary duties effectively.	
C1.74	19/06/16	The Sunday Mail & Zimbabwe Situation-on-line.com	<b>CORRUPTION AND ILLICIT FINANCIAL FLOWS:</b> <b>Headline: “La Cosa Nostra” – (This thing of ours):</b> ...Corruption is now part of our new culture – the best way to describe it in Zimbabwe is a popular Italian mafia saying “La Cosa Nostra” – meaning (this thing of ours). Zimbabwe is among the poorest nation in the world, with more than 70% of its populace regarded as poor. ...Corruption has affected our revenue collection said the ZIMRA board Chairperson W Bonyongwe while confirming – saying, eradicating corruption in Zimbabwe could easily increase revenues. (S)	(Institutionalized corruption) (None-political/political)
C1.75	20/06/16	Newsday, Daily News, The Herald, New Zimbabwe (Zim-Sit-Rep. Com)	<b>TRANSNATIONAL CARD &amp; ELECTRONIC BANKING FRAUD AND, ML – IN (SA/ZIM):</b> <b>Headline: (WC. Mr) .../ “I ate chicken in prison, and left prison in a BMW”:</b> ...Jailed for Bank Card Fraud related ML between 2005 and 2007, (WC.(Mr), (now) self-styled ‘Flamboyant’ businessman said to the interviewing radio station reporter (identity withheld) on Sunday 19 <sup>th</sup> June, 2016, while speaking about his prison life: boasted that jail term for him was like a house arrest as he used to enjoy expensive food and had little worries as what was going to happen when he eventually left prison because he had entered the prison when he was already a millionaire. ...Boasting further, “I staged a grand exit from prison driving a flashy Mercedes Benz...prison taught me to be patient when you just	PEP White-collar crime (transnational/non-organized) <b>ARREST:</b> Arrested, prosecuted, tried, convicted and sentenced to a jail term: (plus /minus4 years in with Labour). Had/has connections to power (former Zimbabwe First Lady Grace Mugabe and several Cabinet Ministers in Mugabe’s regime including Minister of Energy.

			watch the clock ticking, doing nothing that really teaches you to be a good person...”/	
C1.76	18/08/16	Newsday – Zimbabwe	<b>FRAUD AND MONEY LAUNDERING:</b> <b>Headline: Zimbabwe Revenue Authority (ZIMRA) Accountant up for US\$1.2 m Fraud:</b> “...A Zimbabwe Revenue Authority (ZIMRA) accountant appeared at the Harare Magistrates Court charged with swindling the Parastatal of over (US\$1.2m) – this after converting refunds schedules from the Parastatals VAT section to own use during period extending from January 2010 to August, 2010. Accused allegedly changed bank accounts of legitimate ZIMRA clients to illegitimate <i>bank accounts</i> into which 105 fraudulent transfers of various amounts totaling (US\$1,215 263.42) were made (nothing recovered).	(Non-organized / organized white-collar crime) <b>ARRESTED:</b> Tried, convicted, and, sentenced (2016), to imprisonment – part of which was suspended on condition he repays ZIMRA the total sum in prejudice of (US\$1, 215 263.42)
C1.77	18/08/16	Newsday Zimbabwe	<b>CORRUPTION (POLICE DEVIANCE):</b> <b>Headline: Zimbabwe Republic Police (ZRP) Transfers 600 Beitbridge Cop:</b> “...The Zimbabwe Republic Police has transferred its entire force of 600 officers (across ranks) from Beitbridge (Border town that links Zimbabwe and South Africa) – in a major shake-up suspected to have been triggered by their alleged involvement in corrupt activities among them: facilitating smuggling, money laundering, engaging in undeclared taxi business ventures, and engaging in bi-partisan politics - contrary to police code of conduct etc.	None-political PEPs
C1.78	04/06/17	The Standard / Zim Sit-Rep	<b>CORRUPTION (POLITICAL-PUBLIC CORRUPTION):</b> How Double-Face Mugabe Is Breeding Endemic Corruption	

			...President Robert Mugabe often presents himself as a clean politician who abhors corruption, but latest developments in his government have once again stoked accusations that the veteran ruler does not practice what he teaches when it comes to graft (Verananda Langa)	
C1.79	06/07/17	The Financial Gazette/(ZimSitrRep-Rep on-line)	<b>CORRUPTION AND ML (RAMPANT):</b> Financial Indiscipline Rife in Government-reads 'World Bank Report': ... "Financial indiscipline in government is so rife that some state-owned institutions have not been audited since 1980".	(Institutionalized graft) PEPs/None-political
C1.80	20/08/17	SA Sunday Times	<b>GRAND CORRUPTION AND BAD POLITICAL LEADERSHIP – (BRICS-COUNTRIES):</b> '...South Africa and Brazil on 64 <sup>th</sup> and 77 <sup>th</sup> on Transparency International (TI) Corruption Index Rating (2016): Bad political Leadership declared having a knock effect on South Africa, Brazil, Russia's poor performing economies. However, despite Brazil's dismal ranking, its judicial system at least continues to function, the report declared. In July 2017 for example, former president of Brazil Luiz Inacio Lula da Silva was sentenced to 9 and half years in prison for accepting bribes". (By: Martin Davies)	PEPs
C1.81	20/08/17	SA Sunday Times	<b>GRAND CORRUPTION AND AFRICAN HEADS OF STATE:</b> 'Insecurity and the culture and rise of crime of Corruption costing millions on fiscuses by African Pariahs the likes of Sani Abacha (Nigeria), Paul Kagame of Rwanda and Sudanese President Omar Abashir whose pathology of genocide	PEPs Organized/Non-Organized Crime

			and other rights abuses against dissenting voices to drown failures of governance on all levels (for some), is being revealed on a daily basis'. (By: Barney Mthambohi).	
C1.82	21/08/17	Zim Newsday (Southern-Eye)	<b>THEFT, SMUGGLING AND MONEY LAUNDERING:</b> <b>Headline: Transnational Car Smuggling Racket (SA – Zim) on the increase): -</b> ...On 31/07/17, a new model Mercedes Benz C220 was recovered by the South African Police as it was being towed across a 100metre dry sandy Limpopo riverbed (at one of the smugglers crossing points) using donkey-drawn draught power, some Plus 30 kilometers (South East) downstream from Beitbridge Border Post'. The recovery was the second by the SA Police in as many weeks after a tip-off in a scam involving organized smuggler syndicates, villagers living along the Limpopo basin and police on both sides of the river.	(Organized/Syndicated economic crime) <b>ARRESTS:</b> And, recovery of stolen motor vehicle Transnational cross-border Car thieves/ smugglers arrested by joint South Africa/Zim border patrol units and vehicle recovered–towed out of the Limpopo dry river bed.
C1.83	30/08/17	The Herald Zimbabwe	<b>ML AND DELINQUENT BANKS:</b> 'Errant banks divert 'foreign currency' allocations by the RBZ for critical imports to non-core banking activities ( <i>Confederation of Zimbabwe Industries/CZI report</i> )'.	Organized / non-organized crime (banking)
C1.84	06/09/17	The Financial Gazette	<b>PUBLIC CORRUPTION:</b> <b>Headline: Financial indiscipline rife in government:</b> ...Bretton Wood(s) Institution and Auditor General's 2016 audit report revealing on abuses of public funds ...Ministries of Health and Child Welfare, Education and Home Affairs identified as the highest culprits.	(Institutionalized Public Corruption) PEPS



C1.85	30/07/17	SA Sunday Times	<b>SIM-CARD FRAUD AND MONEY LAUNDERING-CARD FRAUD:</b> <b>Headline: Sim-Card Fraud Crime on the Rise in SA - Vodacom Users Fleeced When on Flight:</b> ...This internet bank fraud scam involving cell-phone Sim-swaps is on the rise in SA but networks blame clients. To succeed, fraudsters first need a consumer cellphone, bank, account number and passwords – obtained usually by (phishing) or from an agent at the bank – although this has never been proven. With their confederates at the communications companies’ fraudsters get a new Sim-card for the victim’s cellphone and the old card is deleted from the network – and funds start being fleeced from the bank: Stats reveal that in 2016, alone 912 internet bank related frauds were opened by police in SA; and in the first 6 months of 2017 138 Sim-swaps cases were recorded, and 844 internet banking frauds were opened in SA (Wendy Knowler)	Local / Transnational (Organized/syndicated electronic/phone Sim-swaps card related on-line economic crimes)
C1.86	16/07/17	The Standard	<b>CASH SHORTAGES FUELLING ML IN ZIMBABWE</b> <b>IMF RAISES RED FLAG OVER CASH CRISIS:</b> ...RBZ’s cash allocation to commercial banks has forced many of them to reduce maximum withdrawal limits to as little as \$20 per day. Cash shortages intensified in 2015, and IMF has since advised government to cut on its expenditure.../.	Effects of Corruption and ML
C1.87	15/07/17	Zimbabwe Newsday ( <a href="mailto:feedback@newsday.co.zw">feedback@newsday.co.zw</a> )	<b>EXTERNALISATION OF CURRENCY / FOREIGN CURRENCY:</b> Contravening the Exchange Control Act – Externalization of US\$ 1.2 million (cash):	Organized/None Organized crime <b>ARRESTED:</b> Remanded on (bail- of US\$1500.00)

			...On Wednesday 6 September 2017, a 45-year-old Farid Shahadat of (Pakistan/Indian origins), appeared at the Harare Magistrates Court charged with Contravening the Exchange Control Act: Externalizing US\$ 1.197 580.00 million (cash) to Botswana. This after he had opened FCD accounts with Stanbic Bank and Capitec Bank Botswana – into which, without prior authority from the RBZ smuggled the same out of Zimbabwe and deposited. He was remanded to September 21, 2017 on \$1 500.00 bail for trial.	To September 21, 2017 for trial.
C1.88	16/07/17	The Standard	<b>CORRUPTION (POLICE DEVIANCE):</b> <b>Headline: Roadblocks-Chihuri Defence nauseating:</b> ...Police Commissioner General Augustine Chihuri Defence roadblocks... a source of police corruption.	(Institutionalized organized crime – partisan policing) PEPS
C1.89	07/07/17	Zimbabwe Newsday (feedback Newsday co.zw)	<b>CORRUPTION</b> <b>Headline: Corrupt Judiciary</b> - (Criminal Justice System / Corruption Allegations Against Magistrates and Public Prosecutors: ...The Judicial Service Commission on (7/09/17) commending on allegations of corruption made by aspiring candidates for the post of Prosecutor General that became vacant at the fall of the former (PG), during interviews recently, among them; the Acting PG, promised to resolve the issue. During the interviews (first of kind in Zimbabwe), the aspiring candidates for this top and powerful judicial post, labelled the Magistrates and Public Prosecutors (all levels) throughout the country as brazenly corrupt. They went on to accuse Magistrates and Prosecutors for taking bribes from suspects and accused alike.	PEPs. (Institutionalized financial/economic crimes)

C1.90	04/06/17	The Sunday Mail Zim	<b>EXTERNALISATION OF CURRENCY/FOREIGN CURRENCY:</b> <b>Headline: SAR18. Million hounds (Mr MM): ‘</b> ...In October 2012, Mutumwa Mawere was slapped with a sequestration order and ordered to pay full restoration to Shabanie Mashaba Mines (SMM) Zimbabwe – in terms of the SA companies Act – enforcement Section 424(1)’: This, following indictment for externalizing foreign currency SAR18m– proceeds of a fraudulent transaction transfer of same being SMM into one of his other companies registered in SA -in contravention of the Exchange Act - to the loss and prejudice of SMM and Zimbabwe. SA High Court Case No. 2023 <sup>5</sup> /2006. Mawere allegedly a fugitive from the law in Zimbabwe is holed - up in SA claiming his innocents as just being one of those targeted victims of state persecution for want to take-over his millions worth SMM Asbestos conglomerate in Zimbabwe.	(None-organized/ Organized economic/financial crime) PEPs
C1.91	04/06/17	The Standard	<b>CORRUPTION:</b> <b>Mugabe is breeding corruption:</b> “We have a government where corrupt ministers benefit from a system of patronage which breeds entitlement and impunity which has seen corrupt ministers and permanent promoted and recycled despite their being implicated in graft: For example, a former Ministry of Mines and Mining Development–permanent secretary (name withheld) was a (fortnight) ago, moved to a Higher and Tertiary Education portfolio. This following accusations of embezzlement (diversely) of US\$400k, US\$23 128k and US\$40k respectively over a period. (S)	(Institutionalized economic/financial crimes by the politically powerful) PEPs

C1.92	25/5/17	The Herald and Zimbabwe Situation on-line	<b>ABUSE OF OFFICE/CORRUPTION AND MONEY LAUNDERING:</b> <b>Headline: (ZIMRA) Chief resigns:</b> The Commissioner General ZIMRA (Gershom Pasi), suspended for 40 counts of misconduct, corruption and graft related vehicle importations and allowances sanctioning involving close to plus US\$1.million over a period. (S).	Zimbabwe Anti-Corruption Commission (ZACC). corruption probe (work-in-progress) PEPs
C1.93	24/05/17	Daily News and Zimbabwe Situation on-line	<b>CORRUPTION:</b> <b>Headline: Former HCC Executives in US\$32. Million scams: ...</b> Former Harare City Council (HCC) Treasurer (Mr W J) and four other procurement board members were dragged to court yesterday on allegations of abuse of office relating to close to US\$32.million. They were all remanded on bail out of custody pending finalization of their case. (S)	PEPs Organized crime <b>ARRESTS:</b> Accused arrested, taken to court and remanded on bail - out of custody pending finalization of their case.
C1.94	26/04/17	The Standard and Zimbabwe Situation on-line	<b>MONEY LAUNDERING:</b> <b>Headline: RBZ Receives 400 ML cases of Suspicious Transactions (STR's):</b> In his maiden presentation of the July-Dec 2016 BUPSMR Report to Parliament on 26/04/17, Hon Minister Patrick Chinamsa reported that RBZ had received 400 ML cases of Suspicious Transactions linked to ML from banks/financial institutions.	White-collar crime (Financial/economic)- (banking)
C1.95	23/10/17	The Sunday Mail	<b>FRAUD / EMBEZZLEMENT:</b> US\$15m 'siphoned' from Freda Rebecca (formerly Mwana Africa) through a series of underhand deals by its new Chinese owner's insiders alleged.../	White-collar (Financial/Economic crime) – (Corporate Mining)
C1.96	04/06/17	The Standard and Zimbabwe	<b>CORRUPTION:</b> <b>Headline: Corruption watch: (S).</b> ...US\$500k and US\$1.2 million – Zimbabwe Manpower Development Fund financial looting scandal allegedly	Political corruption/Abuse of power by a Government Cabinet Minister

		Situation on-line	involving Higher& Tertiary Education Minister, his deputy, and two ZINARA officials accused for flouting tender procedures and looting (US\$40million) from the Youth Development Fund. (S)	(Institutionalized organized /none- organized crime) PEPs
C1.97	04/06/17	The Standard and Zimbabwe situation on-line.	<b>CORRUPTION:</b> <b>‘Reporting on Corruption’:</b> ...MP for Chitungwiza South (name withheld), fingered in serious cases of Corruption involving land-barons (ref: parliamentary portfolio committee on Local Government Report). <u>(S)</u> .	Local organized/syndicated crime PEPs
C1.98	04/06/17	The Standard -Zimbabwe Situation on-line.	<b>CORRUPTION:</b> <b>‘Reporting on Corruption’:</b> ...MP for Harare East (name withheld) fingered in a tax evasion scam – whereby some fuel tankers he was transporting in-land, were discovered filled with water. (S)	PEPs
C1.99	04/06/17	The Standard - Zimbabwe situation-on-line.	<b>ABUSE OF OFFICE / POLICE CORRUPTION:</b> <b>‘Reporting on Corruption by TIZ’:</b> According Transparency International Index report on Zimbabwe – Zimbabwe was confirmed as losing at least US\$1.billion annually to corruption, with members of police being among the worst offenders.	(Institutionalized organized crime) None/PEPs.
C1.100	30/05/17	The Herald & The Zim Situation.com	<b>WILDLIFE CRIME</b> <b>Headline: Cyanide Poisoning claims five more jumbos ‘Wildlife crime’:</b> “...Five elephants were killed last week by poachers using cyanide in Matebeleland North – Forestry Commission Information and Communication Information Manager V Makoto has said”.	(Local/ Transnational organized crime syndicates) PEPs

C1.101	25/05/17	The Herald & Zim Situation. Com	<b>HUMAN TRAFFICKING</b> <b>Headline: Child smuggling on Zim-SA boarder surges:</b> "...A total of 150 children were in the five months of this year (1997), intercepted while being smuggled into either SA OR Zimbabwe, and 79 local minors are being held at Centers in Limpopo Province.../. (S).	(Local/Transnational organized crime)
C1.102	16/04/17	Newsday and ZimbabweSituation.Com.	<b>CORRUPTION/ANTI-CORRUPTION BARRIERS:</b> <b>Headline: Impediments in fighting corruption revealed:</b> - "...Various impediments still stand in the way to address rampant corruption eating into the core of the social political and economic fabric of the Zimbabwean society, stakeholders have said.../". The Chief Law Officer in the National Prosecuting Authority office, and reporting to the Prosecutor General, Chris Mutangadura (Mr), confirmed that the NPA had received US\$200K from Treasury to fight corruption and graft, but lamented this was not enough considering that, it corruption is serious business committed by people with money and political connections, and as such, also needed a serious budget for stakeholders to succeed.	White-collar (Financial/Economic crimes)
C1.103	15/03/17	The Herald – Zim	<b>HUMAN TRAFFICKING AND MONEY LAUNDERING: Headline: Zim Slavery: Kuwait Envoy in Court</b> – A Kuwait Embassy Official suspected instrumental in the 2015 human trafficking saga appeared in Court at the Harare Magistrates yesterday. She was released on bail to face trial on a date to be set together with accomplices.	Transnational organized crime (Financial/Economic) PEPs
C1.104	20/09/17	The Herald – Zim	<b>PROFESSOR X LOSSES CONSTITUTIONAL COURT CHALLENGE: Abuse of Office– Misappropriation of Funds:</b>	PEPs:(Gvt. Cabinet Minister) Escapes from the law:

			<p>“...Professor X the (then) Minister of Higher and Tertiary Education, Science and Technology Development lost his constitutional court challenge against arrest for corruption and will now appear before a Magistrates Court to answer to allegations of misallocating over (US\$400 000.00) from the Zimbabwe Manpower Development Fund (ZIMDEF) – which he was meant to oversee as one of his overlap core issues. Prof. / Minister X was originally arrested by the Zimbabwe Anti-Corruption Commission (ZACC), together with his accomplices: the deputy Minister of Higher and Tertiary Education, Science and Technology Development Dr Godfrey Randhawa and the Zimdef Director of Finance, one, Nicholas Mapute for criminal abuse of office (corruption, concealment from principal of personal interests in transactions and obstruction of the course of justice involving the same US\$400 000.00) case. He rushed to appeal to the constitutional court arguing his rights had been violated as ZACC had no powers of arrest etc. His appeal was thrown out by the constitutional court Chief Justice Malaba – who directed that Moyo be treated like any other suspect/accused person (i.e.) that he follows the same procedure of arrest and being subjected to a trial before a Magistrate.</p>	<p>On 15/11/17 (during wee hours of the morning) - as the military coup that sought to topple and finally toppled Robert Mugabe, Professor X one of Mugabe’s top advisors, escaped arrest by the military which had locked its sights on him – to arrest and have him arraigned before the courts as directed by the Constitutional Court Judge Justice Malaba at the close of his appeal case following (his) first arrest. The Professor escaped into exile where he remains holed up (to date).</p>
C1.105	19/11/17	The Standard Zim	<p><b>CORRUPTION (POLICE DEVIANCE)</b></p> <p><b>Headline: Joy as Police roadblocks disappear:</b> (This follows the military coup of (14/15-11-17), which is seeking to topple resisting Robert Mugabe and his cabal)</p>	<p>PEPs (Institutionalized ‘police-state’ corruption)</p>
C1.106	03/12/17	The Standard Zim	<p><b>CORRUPTION:</b></p> <p><b>(ZIFA) President faces graft probe:</b></p>	<p>PEPs (ZIFA President)</p>

			Former Zimbabwe Football Association (ZIFA) accountant has written to the Zimbabwe Anti-Corruption Commission, urging the local football governing body to investigate its incumbent president (name withheld) over alleged misconduct and abuse of power. The incumbent (2017) ZIFA President is involvement in acts of “corruption, fraud, and embezzlement riding on the crest of politics as a member of the ruling party ZANU PF cabal and connections to the (then) first lady Grace Mugabe read the newspaper report.	
C1.107	26/11/17	News Day, Daily News, The Herald, Zim-eye.com. Bulawayo- eye.com.	<p><b>CORRUPTION &amp; M L (GRAND CORRUPTION):</b></p> <p><b>Hon. I M C (Dr): -</b></p> <p>Minister of Finance and Secretary of Administration (ZANU-PF party) - Zimbabwean government was arrested on 14/11/17 at 2030 following a military-led coup that led to the toppling of President RG Mugabe on 21/11/17, for, among other financial/economic crimes allegedly shielded against him (politically) dating back 20 years (2004-2017) :- Grand Corruption (Contravening Section 4 (a) of the Prevention of Corruption Act Chapter 9:16 – doing anything contrary to, or inconsistent with his duty as a public officer), Criminal abuse of duty as a Public Officer as defined in Section 12 (1) (a) of the Criminal Law (Codification and Reform) Act, Chapter 9:23, and Fraud causing prejudice to the state, Parastatals, quasi-government bodies, and private persons alike. Proceeds of crime-led ML deals are exhibited in real estate properties that include +11 houses and several other residential and business stands in prime locations of Harare and other cities around the country.</p>	<p>PEPs:(Former Gvt. cabinet minister)</p> <p>(Organised/Non-organised crime)</p> <p><b>ARRESTS:</b></p> <p>Arrested on 15/11/17 for abuse of office, corruption and grand corruption activities by the military during the military coup (Operation Restore Order) that dethroned President Robert G. Mugabe, accused first appeared on his first remand on 25/11/17 following which he was subsequently granted bail after more than one failed attempt.</p>



			A high-profile case, this is the second senior member of the ruling party (ZANU PF) and government minister since the 1983-84 Willogate (Government Ministers car loan scheme) scandal which claimed one ministerial scalp, to be arrested and charged by the new government of following the military take-over from Robert Mugabe.	Z.R. Police Harare Central Crime Register (C.R.) 1176/11/17 & 1257/05/08: ZRP Law & Order DR 18/11/17 and 77/08/06 HRE Magistrates Court CRB 11633/17 refers.  Investigating Officer: Detective Inspector: O Chikomba. Z.R. Police Harare Central
C1.108	26/11/17	The Standard, News Day, Daily News, The Herald, Zim-eye.com. Bulawayo-eye.com	<b>ARRESTS OF (MESSRS K C AND I H) FOR ABUSE OF OFFICE:</b> The two ruling party ZANU PF youth leaders were arrested for charges of making, publishing and or, communicating false statements prejudicial to the state of Zimbabwe as defined in Section 31 (a) (iii) of the Criminal (Codification and Reform Act Chapter 9.23 or alternatively causing disaffection among the police force or Defence forces as defined in Section 30 of the Criminal Law (Codification and Reform) Act.	<b>PEPs:</b> (Ruling political party youth's leaders)  <b>ARRESTS:</b> Arrested and arraigned before the courts for defamation and abuse of office among other charges.
C1.109	29/11/17	The Standard Zimbabwe	<b>UNETHICAL PRACTICES</b> <b>ZIFA President 'violating' Fifa Ethics:</b> Incumbent Zimbabwe Football Association president accused of violating Section (3) of Article 19 of the Fifa Code of Ethics by receiving rentals from the local football association for its/their use of his private premises as its headquarters. The ZIFA president forced ZIFA to move office from its own old offices in Harare's CBD in 2015 (Sports Reporter). (S)	<b>PEPs:</b> ZIFA (incumbent) President

C1.110	17/12/17	The Standard Zimbabwe, Independent, ZimSitRep	<p><b>CORRUPTION (ALLEGATIONS ABUSE OF OFFICE – AGAINST TWO GOVERNMENT MINISTERS): MESSRS: W M &amp; S U:</b></p> <p>The two former government Cabinet Ministers were arrested as the new government’s anti-corruption dragnet spreads following the fall of Mugabe regime on 21/11/17. Foreign Minister Walter Mzembe and erstwhile Energy &amp; Power Development Minister Samuel Undenge were yesterday arrested by the Zimbabwe Anti-Corruption Commission (ZAAC) for flouting Public Tender Regulations to line their pockets. The pair will appear in Court on January, 5, 2018. The two face several allegations ranging from abuse of office, to embezzlement.</p>	<p>PEPs: (Former Gvt Cabinet Ministers in the immediate past deposited Mugabe regime)</p> <p><b>ARRESTS:</b></p> <p>Arrested, remanded on bail pending further investigations and trail</p>
C1.111	21/12/17	The Standard Zimbabwe, Independent, ZimSitRep	<p><b>CORRUPTION (ALLEGATIONS ABUSE OF OFFICE –AGAINST FORMER MINES MINISTERS):</b></p> <p>Mr W C (former mines minister in the immediate past deposited Robert Mugabe government) was arrested yesterday (20/12/17) by the Zimbabwe Anti-Corruption on allegations of corruption: He was detained at Rhodesville Police Station pending further investigation.</p>	<p>PEPs: (Former -Gvt Cabinet Minister in immediate past deposited Mugabe regime)</p>
C1.112	17-29/12/17	The Standard Zimbabwe, Independent, ZimSitRep	<p><b>CORRUPTION/ABUSE OF OFFICE: GOVERNMENT TENDER FLOUTING</b> – Against Two Government Ministers: Samuel Undenge (Mr)and Walter Mzembe arrested for wide allegations of corruption/abuse of office (see Fol. 106)</p>	<p>PEPs:</p> <p>Corruption (allegations)</p> <p>(Former -immediate past Gvt Cabinet Minister in deposited Mugabe regime)</p>

C1.113	26-29/11/17	The Standard, News Day, Daily News, The Herald, Zim-eye.com. Bulawayo-eye.com	<p><b>GRAND CORRUPTION (KLEPTOCRACY): ROBERT MUGABE (ZIMBABWE PRESIDENT 18/04/1980-21/11/18) AND WIFE GRACE MUGABE:</b></p> <p>“Robert Mugabe Accumulated Riches as Zimbabwe Crumbled. Here's What We Know About His Money. ... /: Grand Corruption and Illicit Flows/Fraud led-ML allegations byinvolving an estimated (+US\$48 Billion) perpetrated during his 27 years’ despotic rule: Mugabe was forced to resign (following a military coup led events of 14/11/17– 21/11/17).</p> <p>(CNN, Wiki leaks, The Citizen, The Chronicle Zimbabwe, The Economist, The Guardian (U.K.), News Com (Australia), The Daily Mail, The Standard/News Day/ Daily News and The Herald Zimbabwe) et.al.</p>	<p>PEPs:</p> <p>Grand Corruption-Kleptocracy (Political)</p> <p>ARREST:</p> <p>The (now) deposed former President of Zimbabwe Robert Gabriel Mugabe (93) was put under house arrest on 15/11/17 following a soft military coup d’état faces an uncertain future confronted by a plethora of accusations that include among them: abuse of power, corruption, looting of diamonds, dipping into treasury and illegal externalisation of foreign currency - during his 37 years of despotic / authoritarian rule of Zimbabwe.</p>
C1.114	11/01/18	The Herald	<p><b>AUGUSTINE CHIHURI (Z.R. POLICE COMMISSIONER GENERAL)</b></p> <p>The soon to be retired Police Commissioner General Augustine Chihuri caught-up in Posh Car Scandal involving, \$3million in civil law-suit. A Harare businessman, Mr Bigboy Pachirera, who is represented in suit by lawyer Mr Rungano Mauna, alleges Commissioner-General Chihuri, robbed him of a</p>	<p>PEPs</p> <p>Abuse of office / Corruption</p>

			Mercedes Benz ML 350, Chrysler Jeep Cherokee, several trucks and house number 3853, Old Highfield, Harare. The dispossession of his property apart from the value prescribed to each of same had caused him loss of business and income in excess of \$1, 4 million.	
C1.115	20/03/18	News Day	<p><b>THE POLICE COMMISSIONER GENERAL A. CHIHURI (DR).../</b></p> <p>Fingered in (US\$15billion) Diamond Revenue Missing Scandal: The Zimbabwe Republic Police and a Ghanaian company, Bill Minerals, with the Mugabe cabinet's consent, formed a joint diamond mining venture, Gye Nyame in 2012 or thereabout which was/is registered under Chihuri personal name and from which he dipped his fingers criminally benefiting millions in unaccounted for revenue, to the loss and prejudice of the state. This was according to prominent lawyer Godfrey Masimirembwa, while testifying before the Temba Mliswa-led Parliamentary Portfolio committee on Mines and Energy.</p> <p>Other miners included Kusena Diamonds which was in a mining joint venture with the State Security Organ – Central Intelligence Organisation which qualitatively is reported not to have contributed much to the Zimbabwe Mining Development Company as originally intended. The once that contributed include Mbada, Jinan, DMC and Marange. (ZMDC Audited Financial Statements, 2010, 2011, 2012, 2013, +).</p>	<p>PEPs</p> <p>Abuse of office / Corruption</p>
C1. 116	25/3/18	The Standard. (Zim) Sunday Times (S.A.)	<p><b>GRACE MUGABE IN MESSY SCANDAL:</b></p> <p><b>Headline: ...Poaching, Smuggling can of worms</b></p>	<p>PEPs</p> <p>Organised Transnational Crime: Corruption-led Poaching /</p>

		<p>“Former first lady Grace Mugabe has been named in a government report on elephant and smuggling of ivory – a scandal that may have cost the country millions of dollars. According to a report by the Department of Parks and Wildlife Management Authority (Zimparks), the wife of the former president Robert Mugabe is fingered as part of a syndicate responsible for poaching elephants using cyanide, exporting tonnes of wild life products including ivory carvings through the black market. The ivory did not come from Parks. Fingering the hand of corruption, the Department of Parks report said, several permits to transport the ivory were secured by Mugabe’s office and in most cases; they were obtained when the consignment was already at the airport so that Zimparks could not do reconciliations. The permits were obtained by the director of State Residences and the last of such permits was obtained on Sunday, 29 October, 2017. The officials from Mugabe’s office had to follow a Zimparks director who authorises to secure his signature. Upon demanding to see the consignment, a direct telephone call order was received from the President’s office directing him to sign the permit”.</p> <p>“Corruption being the key, Grace was first known for her involvement in the lucrative ivory smuggling transnational crime syndicate thought to also involve the former president’s security apparatuses, following the arrest on a certain Madzimara (Mr) at Harare International Airport trying to smuggle 200kg worth ivory worth millions of dollars out of the country to Malaysia a few days after Mugabe was toppled by the military. Mugabe was toppled from power on, 21</p>	<p>smuggling of elephant, rhino bones diamonds and gold scandal.</p>
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			<p>November, 2017. There was/is no evidence to suggest yet, Mugabe's own direct involvement in the systematic smuggling involving even rhino horn, diamonds and gold.</p> <p>Grace Mugabe spent an estimated R165-Million on clutched luxury properties in Zimbabwe between 2014 and 2017: She also bought luxury homes in South Africa with monies definitely channelled through <b>several banks/financial institutions</b> across borders.</p> <p>The Police and The Zimbabwe Anti-Corruption Commission investigating". - (<i>Malcolm Webb', Aljazeera and Sunday Times Reports</i>).</p>	
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### Newspaper Exposes –Articles/Images (C2.1 - C2.22)







## Expose (C2.6 and C2.7 of C2.22)



## Expose (C2.8 and C2.9 of C2.22)



**Willowgate corruption scandal revisited**

WILLOWGATE WAS A 1988-89 Zimbabwean political scandal in which the *Chronicle* revealed the illegal resale of vehicle licences by various government officials.

The ensuing investigation resulted in the resignations of two members of President Robert Mugabe's Cabinet.

One of the Res. Maurice Nyarota, later convicted while after being charged with perjury.

The ministers who had been the story, Geoffrey Nyarota and Davison Maruziva, were subsequently removed from their posts.

In October 1988, Member of Parliament Obert Mpofu accidentally received a cheque from a car company in Willowgate, an industrial area of Harare, the cheque had actually been intended for Alfred Mpofu, a friend of then industry minister Callistus Ndllovu.

Mpofu took the cheque to Nyarota, editor of the State-owned *The Chronicle*.

The paper had already built a reputation for aggressive investigations into corruption at all levels of government and it began to investigate.

In the weeks following their discovery of the cheque, Nyarota and deputy editor Maruziva learned that government of Mugabe had been given early access to buy foreign cars at the Willowgate assembly plant.

In some cases, the cars were bought wholesale and resold at a 200% profit. Implicated ministers included Ndllovu, Political Affairs minister Nyagumbo, and Defence minister Enos Nkala.

The newspaper published documents from the plant to prove its case, including identification numbers from the vehicles.

In December 1988, Mugabe appointed a three-person panel, the Sandura Commission, to investigate the allegations. *The Washington Post* reported that the commission's hearings "struck a deep chord" in Zimbabwe, where citizens had grown to resent the perceived growing corruption of government.

A provincial governor and five of Mugabe's Cabinet ministers eventually resigned due to implication in the scandal, including Nkala and Nyagumbo, who at the time was the third highest-ranking official in Mugabe's party, Zanu PF. Nyagumbo committed suicide by drinking a pesticide.

However, Nyarota and Maruziva were both forced out of their jobs with the State-owned paper and into newly-created public relations positions in Harare.

Though the men were given pay raises, Mugabe also stated that the move was a result of their "over-zealousness", leading to public belief that they had been removed for their reporting.

Zanu PF parliamentarians also criticised Nyarota and Maruziva, with the Minister of State for National Security stating that criticism was welcome, but "to the extent that the Press now deliberately target Government as their enemy, then we part ways." — Wikipedia

FRIDAY MARCH 14, 2014

OSISA

**The multi-faceted dimensions of corruption** Money/Airways

AMH Events has decided to run a series of AMH Conversations under the umbrella name *Unlocking Value - Getting Zimbabwe to work*.

These would be focused on issues currently affecting Zimbabwe. The first one this year focuses on corruption. From Willowgate to SalaryGate - a generation of corruption.

In the past couple of months, Zimbabweans in the public and private sector have been bracing themselves and tightening their belts for the tough economic crisis ahead, only to be shocked by the revelation of the Public Sector Salary scandals. Over the past 26 years, Zimbabweans have moved from one scandal to another.

The aim of this AMH Conversation is to create dialogue and exchange views on the critical subject of corruption.

We would like to analyse and explore the cost of corruption to Zimbabwe, the culture of impunity in the government, the drivers of corruption and finally the solution to corruption.

Through a carefully selected panel of speakers, who will put a spotlight to each of the issues and find effective and sustainable solutions to the corruption pandemic.

In this study, corruption is defined as behaviour which deviates from the normal duties of a public role because of private regarding (family, close clique) pecuniary or status gain; or violates rules against the exercise of certain types of private-regarding influence.

It is corruption when those entrusted with public office abuse that office for private benefit. This corruption occurs when politicians and bureaucrats enrich themselves through extorting bribes from those seeking government favours for performing those very services that they are employed to do.

There is no denying that the biggest loser from corruption is society at large as corruption causes unnecessary resource leakages, discourages honest entrepreneurship, and retards economic growth.

Corrupt practices include bribes and fraud. A bribe is the payment, in money or kind, given to or taken by the state official in a corrupt relationship. It could be in the form of a kickback, sweetener or grease money.

By greasing the palms of politicians and government officials, many rich individuals, corporations and business interests are for instance able to buy political favours to acquire lucrative mining contracts, escape the full burden of taxation and trade illegally in highly regulated precious minerals.

Fraud is a crime that involves some kind of trickery, swindle or deceit used by the power elite to make more benefits for themselves, and as such the concept is also known as extractive corruption.

It is fraud when for instance State agencies and State representatives are engaged in the black market, and when networks of money as well as illegal trade in precious minerals and smuggling are propped up by official sanction and involvement.

Politics, power, power elites and corruption

It must be noted that the power dimension to mineral-related corruption operates within the characteristics of politics defined as "who gets what, when and how".

Politics is also defined as the authoritative allocation of goods valued in society. From the foregoing definitions of politics, it is those who possess and exercise political power (the policy makers, military leaders and the rich) who have the capacity to decide or determine who gets what, when and how of a country's resources. In this case mineral resources.

In fact, they have unfettered say in the allocation of resources including mineral resources in accordance with their preferences.

That allocation of resources can be done through corrupt means as is manifesting in Zimbabwe's mining sector.

At the heart of politics is power. This is because politics is to all intents and purposes about power: its capture, maintenance and loss.

chance that an individual in a social relationship can achieve his or her own will even against the resistance of others. Thus power is the ability to achieve a desired outcome, through whatever means.

The "whatever means" in the definition of power refers to the fact that power has also a dark side which manifests itself in the form of corruption.

Therefore, political power can be taken to mean an authority held by a group within a society that allows for the administration of public resources and implementation of policies for the benefit of society.

As it were, political power is open to abuse and can be used manipulatively to unfairly enrich those who possess it.

Those who wield power determine and decide the allocation of resources in society are referred to as the power elites.

The power elites, though a relatively small group, comprise the politicians, members of military class and influential business leaders.

Through the exercise of political power, the power can administer public resources including mineral resources in a self-serving manner that the majority who are supposed to be the joint beneficiaries of resources.

The power elites included, have political power very plunder the mineral personal benefit.

International Zimb

## Expose (C2.11 and C2.12 of C22)



## Expose (C2.13 of C2.22)



# How the Ponzi king ruined an opera star

*Money laundering in RSA*

What compelled con man Barry Tannenbaum to commit the biggest fraud in South Africa's history? And what enticed hard-nosed businessmen and celebrities to gamble on his dodgy promises? In this edited extract from his book 'The Grand Scam', Rob Rose looks at the case of the world-famous singer who lost everything

Tannenbaum were unflattering. Tannenbaum had no personality," she says. "He was fat, dysmorphic, an unappealing person. He looked like a bean bag with tiny eyes, a tiny mouth, a small nose. He didn't smile, he had no charm, no expression. You wouldn't remember him if you passed him in Sandton City the next day."

But Kraus says it wasn't Tannenbaum who convinced her: it was Rees.

She is hardly any more complimentary about Rees, though, describing him bitterly as "a slimy, ed, a bit creepy and a bit flashy with his cars."

Nevertheless, the seduction tactic worked. Kraus took her entire inheritance of R6 million and put it into an overseas bank account in the tax shelter of the Isle of Man — a bank account belonging to Rees.

The first year of investment, she says, worked out well. Statements arrived punctually, detailing exactly how her investment was rocketing.

Excited about what she was earning — at least what the statements claimed she was earning — Kraus then told her son, Daniel, about this seemingly safe investment.

BC Africa and Summit Television, was immediately suspicious.

"He said to me don't believe it — it's a Ponzi scheme. But to me it sounded legal and above board, so I kept rolling my investment," she says.

When you speak to Daniel Kraus, the first thing he says is that if he finds Barry Tannenbaum, he'll kill him. He's exaggerating, as you'd expect from a cocksure stock-market trader who trades in absolutes, but there's more than a fleck of steel in his voice when he says it.

"I told her from day one it was a scam, and two years later it

it's all been panned down the drain."

When Daniel challenged his mother on this "investment", June would always show him the "statements" sent to her by Rees as "evidence" that it was legitimate.

"I couldn't believe how amateurish it looked," he says. "They were just PDF files with numbers."

I'd say to her: 'Mom, this isn't from a bank, it's not a bank-generated document. It's just a PDF — I could make this at home in 10 minutes.' 'She'd always reply: 'No, no, here's the signature and everything.'"

What made it "extra fishy", he says, is that Rees had warned her repeatedly not to breathe a word to anyone about the scheme — supposedly because it was a "niche investment for only six to 10 people."

What legitimate business operates like that? he asks.

By the time it went bust, June had every cent tied up with Tannenbaum.

On paper, she was worth more than R11 million. In reality, she had a shiny rand left.

"I ended up with zero," says June today. "My son had to give me R60 000 just so I could get through the year. I realised I

the performance trail with purpose."

First, she founded the June Kraus Performance Academy to teach kids everything she knew about the perils of performance singing, then she hit the concert trail with vigour from mid 2005.

Daniel says that his mother still gets fearful about the episode, having squandered an inheritance that her parents had worked for after escaping from a concentration camp.

"I imagine that she'd rather not be working, but her business has become a huge success. A lot of these kids she teaches to sing, like her, so, in a way, I

He looked like a bean bag with tiny eyes, a tiny mouth, a small nose. He had no charm

suppose some good has come of it," he says.

That might be a bitter consolation when your inheritance, built up over six decades, has been sucked away without a second thought in a scam.

## Expose (C2.14 of C2.22)

# Honeymoon over for bank directors, shareholders

*Banking Act amendments*

Bank directors and shareholders who make deposits in banks are going to pay in terms of amendments proposed in the Banking Act, the Reserve Bank has said.

Presenting the 2004 Monetary Policy Statement to Parliament on Wednesday, acting reserve governor Dr Charles Dikwe said the bank was working with government to effect the proposed amendments.

Key elements of the amendments include the introduction of provisions that subject bank directors, senior managers and shareholders who are negligent or fraudulent to civil and criminal liability.

"The new provisions will seek to introduce criminal as well as civil liability of any shareholder, director or senior manager of a banking institution, who will be found to have acted negligently or fraudulently, resulting in loss of money by depositors or failure of a banking institution," he said.

The amendments will enhance the fit and proper person assessment of individuals setting out the parameters for fitness and probity assessments of banking institutions' senior management.

The amendments mooted in the Banking Act come amid revelations that directors, senior managers and shareholders of banking institutions have been found to be negligent or fraudulent in terms of the level of total insider loans in the banking system was over R5 billion (including inter-bank).

A number of banks have in recent times failed due to various hidden losses of depositors' funds by either directors or shareholders and such institutions are under Trust Bank and Capital Bank.

Dr Dikwe said the growth in non-performing loans within insider loans was a serious development.

Although the new would not put insider loans from bank capital, this did not mean the same.

The new law with immediate effect, no bank shall grant loans to directors, senior managers or shareholders of the bank, unless they are not listed as directors or shareholders of the bank.

Individuals and companies, however, access loans from other banks where they are not listed as directors or shareholders and all banks have been directed to review the existing levels of insider loans, ensure adequate provisioning and report back to the Reserve Bank.

The Central Bank added that existing insider loans should not be renewed or rolled over and that banking institutions should take measures to ensure repayments are made in terms of the facility.

Further, banks have been directed to set aside adequate provisions that reflect the level of credit risk in their loan portfolio.

The monetary authority said that any violation of the proposed measures will attract a penalty in terms of the amendments provisions of the Banking Act.

Struggling banks

# Things fall apart in Zim

... as citizens suffer, economy continues to die

## Angry teachers in fresh strike threat

*Tendai Karuhungira, Deputy Chief Writer*

A DAY after President Robert Mugabe's government reached a compromise with angry and nervous over their remaining 2010 teachers, the issue is facing fresh headlines after school teachers threatened to strike over the decision to pay salaries their 15th cheque about of other government workers.

In the house agreement reached on Monday, which ended months of hickies between the two parties, Treasury will somehow have to find a staggering \$100 million to pay government

*GIRI PHOTOS*  
NEWS SECTION  
gphphotos@zimbabwe.co.zw

**A**S ZIMBABWE's chaotic government continues to show signs of "collapse", it offers that it does not have — on strikes and in limited workers — reports have issued a fresh warning that the country is heading for an economic disaster of epic proportions, akin to the 2008 meltdown.

This warning by President Robert Mugabe's administration announced on Monday that it would pay its workers \$100 million in salary by December 2010 to avoid a general strike, as the government's ruling Zanu PF continues to face popular protests ahead of next year's make-or-buy national elections.

Economic experts who spoke to the Daily News yesterday said the government was "playing with fire" by continuing to spend money it did not have through its rising, reckless and uncontrolled

## Expose (C2.15 of C2.22)

## Wilson Box

According to Hadatsuki *et al.*'s 2009 study of cannabis and glue use among school pupils (largely aged between 13 and 15) in Harare, it

In a research carried out by the Zimbabwe Civil Liberties and Drug Network, it was found out that the country does not have rehabilitation centres for the treatment of people who use drugs. Most cases of drug use are referred to

In a week's time, Chiracese will be presenting his budget statement. The public will be looking for Tiroona and several parents' backing featured in that statement. The

The current laws do not adequately address issues surrounding drug use in prisons — namely, prevention and treatment. Furthermore, there is a lack of training for the staff, which often comes from little research projects, newspaper articles that do not present a picture of the inmate and exist in the court system.

● Wilson has to projects executive director  
Zimbabwe Crisis Liberties and Drug Network  
be contacted at [scott@sigmail.com](mailto:scott@sigmail.com)

Get the newspaper delivered to your doorstep everyday at no extra cost.

Embryos: Deshams is the most in demand

The gold also belonged to zhinji who admitted to police that he created secret compartments to conceal his gold after giving gold to robbers.

Police intercepted Matur the Plumtree Border Post September 25 last year who was allegedly trying to smuggle the gold valued at \$422,775 Botswana.

807







Expose (C2.20 of C2.22)



Expose (C2.21 of C2.22)



# Corruption hits small mining claims

Malvern Mukudu  
Harare

**A** storm is brewing in Bindura after several gold panners reported that they were being dispossessed of their gold claims by ruling party activists.

Once they discover that panners have struck gold, party officials prepare the necessary paper work and evict the panners from the gold-rich holes they have dug. The outputs are said to be enormous, enough to register their claims in order to make it easier to track down which claims are producing the most gold.

Speaking at a roundtable on extractive industries, Cheddingwa Mugari, an MP and member of the parliamentary portfolio committee on mining, acknowledged the anomalies.

The panners were at the police station on condition of anonymity a woman who carries out gold panning at Katsiyatoto in the area, accused a woman identified as Mubvumba of leading the onslaught against the gold panners. She is believed to be working in cahoots with senior Zanu (PF) members who now have multiple farms in Mashonaland Central where gold deposits are common.

"If she sees your claim then you will be out in no time. She comes and claims it just like that. She sends some panners who work for her and they start to work on the claim. Recently a man realised \$6000 from his gold claim. The next day he was asked to leave," said the source.

Junior police officers said they could not act on disputes arising from the wresting of the claims from rightful owners because of the involvement of high ranking party officials.

The panners accused the local MP, Kemigias Marangira, of failing to act as he is like an interested party who carries out mining in the gold fields at Katsiyatoto. Marangira admitted that he has been a miner even before becoming an MP but denied his claims were at

Katsiyatoto. He also denied that there had been extraordinary flows.

Further investigations show that the corruption is not only confined to Bindura but its epicentre could be the mines ministry which is failing to fight corruption in the offering of claims. A mining tout, only identified as Goddie, told the reporter through the whole process of applying for a concession and advised us that he could do the begging for us and facilitate a smooth process.

Asked if he was an employee in the ministry, he said he had 'connections' in the system that could make things happen. There have been numerous reports of high profile disputes. Home Affairs Minister Kembo Mohadi was given mining rights in a wildlife sanctuary owned by Andrew Mupfema in Mutema Island by a private pegger.

It is believed the pegger, licensed by the ministry of mines, went on to peg mining claims for Mohadi without consulting the owner. The dispute has spilled into the courts. Powerful politicians have been accused of conniving with mining commissioners in the ministry over the allocation of concessions. Vice President Emerson Mnangagwa was reported to be involved in dubious mining activities in Kwekwe in 2004.

The Ministry premises have become a haven for middle men and other such characters claiming to have the connections to help prospective miners secure concession licenses.

Permanent Secretary Bruce Gudyanga failed to respond to written questions for more than two weeks. While the relevant authorities show arrogance and take their time in dealing with this matter, gold panners in Bindura told us sad stories about how their livelihoods were being disrupted. The local economy depends heavily on informal mining through the sale of chemicals and equipment. Informal mining employs more than 600,000 people country wide.

Feature

# Ministers stash \$270m in foreign bank

BY RAY CHOTO

WASHINGTON DC — An international banking giant, HSBC, made huge profits by allegedly engaging in shady deals of over \$270 million with some Zimbabwean citizens seven years ago, in the process, disadvantaging the poor southern African nation of the much-needed foreign currency, documents in *Studio 7*'s possession have revealed.

These secret documents, obtained from French newspaper, *Le Monde*, by the renowned International Consortium of Investigative Journalists (ICIJ), a Washington-based journalist organisation with members from more than 65 countries, including Zimbabwe, cover bank accounts up to 2007 said to have allegedly belonged to 198 clients connected to Zimbabwe by birth, or residence, amounting to \$272 million.

The account records also show that HSBC in 2006/7 had accounts holding about \$102 billion deposited by individuals and companies from 203 nations, Zimbabwe included.

The dealings between HSBC's Swiss private banking arm show what some banking experts in Washington, who requested not to be identified, described as "illegal behavior by the bank, especially in hiding millions of dollars from tax authorities the world over".

Topping the list of individuals from Zimbabwe are politicians, doctors, businesspeople, farmers, sportspeople and what the document refers to as "housewives", though further investigations by *Studio 7* reveal that some of these so-called "housewives" are directors of private companies and trusts.

The documents reveal that some of the political figures include former and serving Zanu PF ministers, prominent businesspeople and sports personalities.

According to documents in *Studio 7*'s possession, clients allegedly travelled to Geneva to withdraw huge sums of money, and in some cases, some of them

were said to have been advised by HSBC on how to take a range of measures to avoid paying taxes in their home countries.

For example, on January 27, 2005 a Zimbabwean client (name supplied) met HSBC staff in Cape Town and was advised on how to take \$500 000 in cash to support his son's credit card request. The son had to emigrate to California to supervise property investments there by the client.

Reacting to reports of these alleged transactions, former Finance minister Tendai Biti told *VOA Studio 7* the suspected offshore banking by Zimbabweans indicate that the money did not come from a legal source.

"One cannot send money outside Zimbabwe without the central bank knowing. At the time the transactions were made, the Zimbabwean laws were very strict when it comes to foreign exchange."

Biti, who is a corporate lawyer, said the economy was on its knees when the transactions were made.

"Most foreign currency was bought on the parallel market and it was difficult to trace it. Although there is no law that stops Zimbabweans from opening bank accounts in other countries, the law requires all residents to declare interest earned when filing tax returns."

In response to ICIJ inquiry, HSBC, with head office in London and offices in 74 countries and territories in six continents, admitted that its compliance culture and standard of due diligence in its Swiss private bank, as well as the industry in general, were significantly lower than they are today.

HSBC added that it had taken significant steps over the past several years to implement reforms and exit clients who did not meet strict new HSBC standards, including those where it had concerns in relation to tax compliance.

The bank further said: "As a result of this repositioning, HSBC's Swiss private bank has reduced its client base by almost

70% since 2007."

Asked for comment, a former senior government official who requested anonymity said: "Every truthful person knows that the hyper-inflation in Zimbabwe was not just the result of money printing pinned on former central bank governor Gideon Gono's door, but was also caused by a lack of foreign currency in Zimbabwe to buy raw material inputs for improved capacity utilisation by the private sector."

The official, who is a Zanu PF member, said any form of externalisation of foreign currency into any foreign bank worldwide was a direct attack on Zimbabwe's economy.

The official said the amount revealed in the Swiss account of HSBC was a tiny fraction of the estimated \$4.5 billion in Zimbabwean money allegedly stashed in other banks in Switzerland, and almost up to \$1 billion stashed in South Africa, Virgin and Cayman Islands, in offshore tax havens like Guernsey, Mauritius, Seychelles, Singapore, Malaysia, Australia, China and Dubai.

"Zimbabwean people and business operators are some of the most unpatriotic and crafty people on this planet when it comes to economic patriotism and the monetary love for their country."

"Given the chance, they would sell the country and stash the money very very far away from Zimbabwe itself," the official said. Finance minister Patrick Chinamasa, was not immediately available for comment. Gono's number was not reachable.

HSBC was fined \$1.9 billion in 2012 by the United States' Senate Permanent Subcommittee on Investigations for allowing drug cartels to launder hundreds of millions of ill-gotten dollars through its US operations.

●Ray Choto is a member of the International Consortium of Investigative Journalists working with other ICIJ members on the HSBC scandal

Newspaper articles (**Expose 1-22**) above, other business communication reports and print material in clips were used to examine the nature and extent of the reporting of corruption, ML and other crimes with a laundering demand impacting on Zimbabwe's business (general), public sector enterprises, and, the banking/financial sector in particular. Flick (1998), concurring with Miles and Huberman (1994), writing on 'qualitative data analysis' says that, the basic principle of theoretical sampling or purposive sampling 'is to select cases or core groups according to concrete *criteria*'. This to say theoretical sampling techniques which allow 'decisions about the sample to be made in the process of collecting and interpreting data' can be used during a qualitative research process as in this case.



## **APPENDIX D 1 – D 15**

### **Gatekeeper Authority to Research Applications & Responses (1-15)**

#### **APPENDIX (D1 – D20) LETTER TO BARCLAYS BANK**

13<sup>th</sup> September 2016

UKZN/CP Chikomba  
6 Riverton Road  
Mandara, **Harare**, Zimbabwe

The Managing Director  
Barclays Bank of Zimbabwe Limited  
Head Office, Corner First & Jason Moyo  
P O Box 1279  
**Harare**, Zimbabwe

Dear Sir

#### **Re-PhD Research: ML Risks and the Corruption Factor, its Management within the Financial Sector of Zimbabwe**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with bank employees in your organisation. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

The study to be constituted by structural demarcations (using present and past data)-(period 1984 to date), seeks to critically establish, interrogate and analyse, the emergence, causes and dynamics/dimensions of the phenomena of money laundering, and also, seek to confirm its relationship with the crime of corruption (herein), cited as (predicate offence), among other

financial/economic crimes also with a laundering demand: measure the extend of trends, security risks (micro-microeconomic), in both quantitative and qualitative terms within a broad theoretical and analytical framework, and, **Secondly**; to examine the risk AML management (through opportunity reduction/prevention and combat mechanisms) within the financial sector of Zimbabwe, in the context of the country's socio-economic and political environment. The research is conducted under the supervision of University of KwaZulu-Natal College of Humanities' Department of Criminology and Forensic Studies (DCFS).

In going about the project, the research shall respect criminological research ethos. I / We promise to respect at all times the confidentiality and anonymity of respondents, with all the data sampled, treated in the utmost confidence and the completed questionnaires processed and seen only by me / research cluster team members. To guarantee the secrecy, completed questionnaires shall be kept securely at all relevant times during statistical evaluation process up to completion, pursuant which they will either be destroyed or returned, depending on the preference by addressee organisations / individual addressee employees.

Appended is a sample respondent target group Questionnaire - **Marked (1of 3)**, which I would ask all addressees / target respondents to complete and return to me. The questionnaires are serially numbered for statistical purposes only to help me ascertain which organization / and or, any other target group has responded.

Further, I / we would request that the completed questionnaires be returned direct to me by bank courier service. However, where you/respondents choose to have them collected, I / we will be happy to do the collection myself/ourselves.

In answering questions, it is appreciated and acceptable that rather than leaving any unanswered, some of the data can only be furnished by giving an estimate.

**Participation in this study will be voluntary. The data will be kept securely for five years for purposes of verification.**

**Should you request for an electronic copy of the final thesis, this will be sent to you /**

Your organisation on completion.

Your good office / employees' willingness to participate in this study will greatly be appreciated.

Should you/your office have any questions, or wish to discuss this further, please do not hesitate to call me/the writer on number(s) 0772922636 (mobile) or (Bindura University) 071 7531-6 / 7621-4 (land line). You/they can also contact Dr Jackie de Wet or Professor Peacock on numbers (+27 (0) 722256626) / (+27 33 2602205 / +27 31 2607680)

**Details of the researcher and institution of research:**

Researcher	Mr Collins P Chikomba	+263(0)772922636 (mobile) +263(0)717531-6/7621-4 (l/l)	<a href="mailto:cchikomba@yahoo.co.uk">cchikomba@yahoo.co.uk</a>
Department	Criminology & Forensic Studies	+27 (0)31 260 2900	<a href="mailto:ausie@ukzn.ac.za">ausie@ukzn.ac.za</a> <a href="http://www.ukzn.ac.za">www.ukzn.ac.za</a>
Institution	University of KwaZulu-Natal	Howard College Campus, Masizi Kunene Ave, Glenwood, Durban, South Africa.	<a href="mailto:adams1@ukzn.ac.za">adams1@ukzn.ac.za</a>
Supervisor	Dr Jackie de Wet Professor Peacock	+27(0)722256626 +27 31 260 7680	<a href="mailto:Jackie.de.wet@gmail.com">Jackie.de.wet@gmail.com</a> <a href="mailto:Peacock@ukzn.ac.za">Peacock@ukzn.ac.za</a>
Chair, UKZN Human Sciences Research Committee	Dr Shenuka Singh	+27-31-2608591	<a href="mailto:Singshen@ukzn.ac.za">Singshen@ukzn.ac.za</a>
Committee Clerk, UKZN Human Sciences Research Committee	Ms P Ximba	+27-31-2603587	<a href="mailto:ximbap@ukzn.ac.za">ximbap@ukzn.ac.za</a>

Please do not hesitate to contact any of the above persons should you want further information on this research project, or should you want to discuss any aspect of the interview process.

Yours sincerely



Collins Prosper Chikomba

Tel: 0779879595

E-mail: [cchikomba@yahoo.co.uk](mailto:cchikomba@yahoo.co.uk) / [cpchikomba2010@gmail.com](mailto:cpchikomba2010@gmail.com) / [cchikomba@buse.ac.zw](mailto:cchikomba@buse.ac.zw)

## **APPENDIX (D 2) – LETTER TO CABS**

31<sup>th</sup> September 2014

UKZN/CP Chikomba

6 Riverton Road

Mandara

**Harare,**

Zimbabwe

The Managing Director

CABS Head Office

Northridge Park, Highlands

P.O Box 2798, **Harare,**

Zimbabwe

Dear Sir

### **Re-PhD Research: ML Risks and the Corruption Factor, its Management within the Financial Sector of Zimbabwe.**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with bank employees in your organisation. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

The study to be constituted by structural demarcations (using present and past data)-(period 1984 to date), seeks to critically establish, interrogate and analyse, the emergence, causes and dynamics/dimensions of the phenomena of money laundering, and also, seek to confirm its relationship with the crime of corruption (herein), cited as (predicate offence), among other financial/economic crimes also with a laundering demand: measure the extend of trends, security

risks (micro-microeconomic), in both quantitative and qualitative terms within a broad theoretical and analytical framework, and, **Secondly**; to examine the risk AML management (through opportunity reduction/prevention and combat mechanisms) within the financial sector of Zimbabwe, in the context of the country's socio-economic and political environment. The research is conducted under the supervision of University of KwaZulu-Natal College of Humanities' Department of Criminology and Forensic Studies (DCFS).

In going about the project, the research shall respect criminological research ethos. I / We promise to respect at all times the confidentiality and anonymity of respondents, with all the data sampled, treated in the utmost confidence and the completed questionnaires processed and seen only by me / research cluster team members. To guarantee the secrecy, completed questionnaires shall be kept securely at all relevant times during statistical evaluation process up to completion, pursuant which they will either be destroyed or returned, depending on the preference by addressee organisations / individual addressee employees.

Appended is a sample respondent target group Questionnaire - **Marked (1of 3)**, which I would ask all addressees / target respondents to complete and return to me. The questionnaires are serially numbered for statistical purposes only to help me ascertain which organization / and or, any other target group has responded.

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Participation in this study will be voluntary. The data will be kept securely for five years for purposes of verification.

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## **APPENDIX D3 - LETTER TO RBZ**

31<sup>st</sup> September 2014

UKZN/CP Chikomba  
6 Riverton Road  
Mandara, **Harare**,  
Zimbabwe

Mr E M Chiremba  
The Director  
Bank Use Promotion & Financial Intelligence Unit  
Reserve Bank of Zimbabwe  
Bank Chambers, 80 Samora Machel Ave  
P O Box 1283, **Harare**,  
Zimbabwe

Dear Sir

### **Re-PhD Research: A Study Of Money Laundering, Security Risks, And Their Management Within The Banking & Financial Service Sector In Zimbabwe.**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with officers within your unit. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

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risks (micro-microeconomic), in both quantitative and qualitative terms within a broad theoretical and analytical framework, and, **Secondly**; to examine the risk AML management (through opportunity reduction/prevention and combat mechanisms) within the financial sector of Zimbabwe, in the context of the country's socio-economic and political environment. The research is conducted under the supervision of University of KwaZulu-Natal College of Humanities' Department of Criminology and Forensic Studies (DCFS).

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Participation in this study will be voluntary. The data will be kept securely for five years for purposes of verification.

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Organisation on completion.

Your good office / employees' willingness to participate in this study will greatly be appreciated.

Should you/your office have any questions, or wish to discuss this further, please do not hesitate to call me/the writer on number(s) 0772922636 (mobile) or (Bindura University) 071 7531-6 / 7621-4 (land line). You/they can also contact Dr Jackie de Wet or Professor Peacock on numbers (+27 (0) 722256626) / (+27 33 2602205 / +27 31 2607680)

**Details of the researcher and institution of research:**

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Committee Clerk, UKZN Human	Ms P Ximba	+27-31-2603587	<a href="mailto:ximbap@ukzn.ac.za">ximbap@ukzn.ac.za</a>

Sciences Research Committee			
Please do not hesitate to contact any of the above persons should you want further information on this research project, or should you want to discuss any aspect of the interview process.			

Yours sincerely



Collins Prosper Chikomba

Tel: 0779879595

E-mail: [cchikomba@yahoo.co.uk](mailto:cchikomba@yahoo.co.uk) / [cpchikomba2010@gmail.com](mailto:cpchikomba2010@gmail.com) / [cchikomba@buse.ac.zw](mailto:cchikomba@buse.ac.zw)

## **APPENDIX (D 4) – LETTER TO NPA**

13<sup>th</sup> September 2016

UKZN PhD Student 213574229 CP Chikomba

Mr C P Chikomba

The Acting Prosecutor General (Mr Ray Goba)

Prosecutor General's Office (NPAZ)

Cnr Hse, 7th Floor, Corner L/Takawira St

**HARARE**

Dear Sir

**Re-PhD Research: ML Risks and the Corruption Factor, its Management within the Financial Sector of Zimbabwe**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with judicial officers (Law Officers, Magistrates and Public Prosecutors) in your organisation, with focus on those headquartered in Harare, and, Provincial towns, to wit:

Prosecutor General's Office (Criminal)

The Harare Magistrates Court

Bulawayo Magistrates Court

Bindura Magistrates Court, and;

Mutare Magistrates

Beitbridge and Plumtree Magistrates Courts et.al;

Where, records are centrally kept. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

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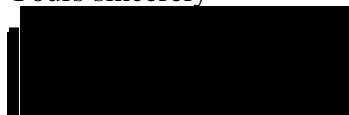
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**Details of the researcher and institution of research:**

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Department	Criminology & Forensic Studies	+27 (0)31 260 2900	<a href="mailto:ausie@ukzn.ac.za">ausie@ukzn.ac.za</a> <a href="http://www.ukzn.ac.za">www.ukzn.ac.za</a>
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Supervisor	1. Dr Jackie de Wet 2. Professor Peacock	+27(0)722256626 +27 31 260 7680	<a href="mailto:Jackie.de.wet@gmail.com">Jackie.de.wet@gmail.com</a> <a href="mailto:Peacock@ukzn.ac.za">Peacock@ukzn.ac.za</a>
Chair, UKZN Human Sciences Research	Dr Shenuka Singh	+27-31-2608591	<a href="mailto:Singshen@ukzn.ac.za">Singshen@ukzn.ac.za</a>

Committee			
Research Committee Clerk, UKZN Human Sciences Research Committee	Ms P Ximba	+27-31-2603587	<a href="mailto:ximbap@ukzn.ac.za">ximbap@ukzn.ac. za</a>
Please do not hesitate to contact any of the above persons should you want further information on this research project, or should you want to discuss any aspect of the interview process.			

Yours sincerely



Collins Prosper Chikomba

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## **APPENDIX (D 5) – LETTER TO JUDICIAL SERVICE COMMISSION**

13<sup>th</sup> September 2016

UKZN/CP Chikomba

6 Riverton Road

Mandara, **Harare**

Zimbabwe

The Secretary

Judicial Service Commission

P.O. Box CY 870

Causeway,

Zimbabwe

Dear Sir

### **Re-PhD Research: ML Risks and the Corruption Factor, its Management within the Financial Sector of Zimbabwe**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with judicial officers (Law Officers, Magistrates and Public Prosecutors) in your organisation, with focus on those headquartered in Harare: Prosecutor General's Office, The Harare Magistrates Court, and Provincial Courts where records are centrally kept. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

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financial/economic crimes also with a laundering demand: measure the extend of trends, security risks (micro-microeconomic), in both quantitative and qualitative terms within a broad theoretical and analytical framework, and, **Secondly**; to examine the risk AML management (through opportunity reduction/prevention and combat mechanisms) within the financial sector of Zimbabwe, in the context of the country's socio-economic and political environment. The research is conducted under the supervision of University of KwaZulu-Natal College of Humanities' Department of Criminology and Forensic Studies (DCFS).

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**Details of the researcher and institution of research:**

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Committee Clerk, UKZN Human Sciences	Ms P Ximba	+27-31-2603587	<a href="mailto:ximbap@ukzn.ac.za">ximbap@ukzn.ac.za</a>

Research Committee			
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Yours sincerely



Collins Prosper Chikomba

E-mail: [cchikomba@yahoo.co.uk](mailto:cchikomba@yahoo.co.uk) / [cpchikomba2010@gmail.com](mailto:cpchikomba2010@gmail.com) / [cchikomba@buse.ac.zw](mailto:cchikomba@buse.ac.zw)

## **APPENDIX (D 6) - LETTER TO POLICE HQ:**

31<sup>st</sup> September 2014

UKZN/CP Chikomba  
6 Riverton Road  
Mandara, **Harare**,  
Zimbabwe

The Commissioner General  
Zimbabwe Republic Police,  
Police General Headquarters  
Corner Seventh Street / Josiah Chinamano Ave  
P O Box CY 34, Causeway,  
Zimbabwe

Dear Sir

### **Re-PhD Research: A Study of Money Laundering, Security Risks, and Their Management Within the Banking & Financial Service Sector In Zimbabwe..**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with officers within your unit. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

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**Details of the researcher and institution of research:**

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Please do not hesitate to contact any of the above persons should you want further information on this research project, or should you want to discuss any aspect of the interview process.			

**Yours sincerely**



Collins Prosper Chikomba

Tel: +263 (0) 0772 922 636

E-mail: cchikomba@yahoo.co.uk / cpchikomba2010@gmail.com / cchikomba@buse.ac.zw



## **APPENDIX (D 7) – LETTER TO ZIMBABWE PRISONS SERVICES:**

31<sup>st</sup> September 2014

UKZN/CP Chikomba  
6 Riverton Road  
Mandara,  
Harare,  
Zimbabwe

The Commissioner General  
Zimbabwe Prison & Correctional Services  
ZPS Head Quarters  
Head Office and Harare Central Prisons Branch  
Causeway,  
Zimbabwe

Dear Sir

Re-PhD Research: A Study Of Money Laundering, Security Risks, And Their Management Within The Banking & Financial Service Sector In Zimbabwe.

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with officers within your unit. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

The study to be constituted by structural demarcations (using present and past data)-(period 1984 to date), seeks to critically establish, interrogate and analyse, the emergence, causes and dynamics/dimensions of the phenomena of money laundering, and also, seek to confirm its relationship with the crime of corruption (herein), cited as (predicate offence), among other financial/economic crimes also with a laundering demand: measure the extend of trends, security

risks (micro-microeconomic), in both quantitative and qualitative terms within a broad theoretical and analytical framework, and, **Secondly**; to examine the risk AML management (through opportunity reduction/prevention and combat mechanisms) within the financial sector of Zimbabwe, in the context of the country's socio-economic and political environment. The research is conducted under the supervision of University of KwaZulu-Natal College of Humanities' Department of Criminology and Forensic Studies (DCFS).

In going about the project, the research shall respect criminological research ethos. I / We promise to respect at all times the confidentiality and anonymity of respondents, with all the data sampled, treated in the utmost confidence and the completed questionnaires processed and seen only by me / research cluster team members. To guarantee the secrecy, completed questionnaires shall be kept securely at all relevant times during statistical evaluation process up to completion, pursuant which they will either be destroyed or returned, depending on the preference by addressee organisations / individual addressee employees.

Appended is a sample respondent target group **Questionnaire - Marked (2 of 3)**, which I would ask all addressees / target respondents to complete and return to me. The questionnaires are serially numbered for statistical purposes only to help me ascertain which organization / and or, any other target group has responded.

Further, I / we would request that the completed questionnaires be returned direct to me by bank courier service. However, where you/respondents choose to have them collected, I / we will be happy to do the collection myself/ourselves.

In answering questions, it is appreciated and acceptable that rather than leaving any unanswered, some of the data can only be furnished by giving an estimate.

Participation in this study will be voluntary. The data will be kept securely for five years for purposes of verification.

Should you request for an electronic copy of the final thesis, this will be sent to you /your organisation on completion.

Your good office / employees' willingness to participate in this study will greatly be appreciated.

Should you/your office have any questions, or wish to discuss this further, please do not hesitate to call me/the writer on number(s) 0772922636 (mobile) or (Bindura University) 071 7531-6 / 7621-4 (land line). You/they can also contact Dr Jackie de Wet or Professor Peacock on numbers (+27 (0) 722256626) / (+27 33 2602205 / +27 31 2607680)

**Details of the researcher and institution of research:**

Researcher	Mr Collins P Chikomba	+263(0)772922636 (mob) +263(0)71 7531-6 / 7621-4 (l/l)	<a href="mailto:cchikomba@yahoo.co.uk">cchikomba@yahoo.co.uk</a>
Department	Criminology & Forensic Studies	+27 (0)31 260 2900	<a href="mailto:ausie@ukzn.ac.za">ausie@ukzn.ac.za</a> <a href="http://www.ukzn.ac.za">www.ukzn.ac.za</a>
Institution	University of KwaZulu-Natal	Howard College Campus, Masizi Kunene Ave, Glenwood, Durban, South Africa.	<a href="mailto:adams1@ukzn.ac.za">adams1@ukzn.ac.za</a>
Supervisor	Dr Jackie de Wet Professor Peacock	+27(0)722256626 +27 31 260 7680	<a href="mailto:Jackie.de.wet@gmail.com">Jackie.de.wet@gmail.com</a> <a href="mailto:Peacock@ukzn.ac.za">Peacock@ukzn.ac.za</a>
Chair, UKZN Human Sciences Research Committee	Dr Shenuka Singh	+27-31-2608591	<a href="mailto:Singshen@ukzn.ac.za">Singshen@ukzn.ac.za</a>

Committee Clerk, UKZN Human Sciences Research Committee	Ms P Ximba	+27-31-2603587	<a href="mailto:ximbap@ukzn.ac.za">ximbap@ukzn.ac.za</a>
Please do not hesitate to contact any of the above persons should you want further information on this research project, or should you want to discuss any aspect of the interview process.			

**Yours sincerely**



Collins Prosper Chikomba

Tel: +263 (0) 0772 922 636

E-mail: [cchikomba@yahoo.co.uk](mailto:cchikomba@yahoo.co.uk) / [cpchikomba2010@gmail.com](mailto:cpchikomba2010@gmail.com) / [cchikomba@buse.ac.zw](mailto:cchikomba@buse.ac.zw)

## **APPENDIX (D 8) – LETTER TO ZIM ANTI CORRUPTION ZACC:**

31<sup>st</sup> September 2014

UKZN/CP Chikomba

6 Riverton Road

Mandara,

Harare, Zimbabwe

The Commissioner

Zimbabwe Anti-Corruption Commission

Head Office, 872 Betterment Close

Mount Pleasant Business Park

Harare, Zimbabwe

Dear Sir

### **Re-PhD Research: A Study of Money Laundering, Security Risks, and their Management within the Banking & Financial Service Sector in Zimbabwe.**

My name is Collins Prosper Chikomba a PhD student in Criminology and Forensics at University of KwaZulu-Natal (UKZN) (Howard College), Durban, South Africa. I will be collecting data to complete a study on ML and Corruption: Security Risks and their Management within the Banking and Financial Sector in Zimbabwe. I am writing to seek for permission to conduct interviews with officers within your unit. The gatekeeper's letter is critical for me to get the ethical clearance from UKZN before I can be allowed by (it) the university to conduct interviews for the study.

The study to be constituted by structural demarcations (using present and past data)-(period 1984 to date), seeks to critically establish, interrogate and analyse, the emergence, causes and dynamics/dimensions of the phenomena of money laundering, and also, seek to confirm its relationship with the crime of corruption (herein), cited as (predicate offence), among other financial/economic crimes also with a laundering demand: measure the extend of trends, security risks (micro-microeconomic), in both quantitative and qualitative terms within a broad theoretical and analytical framework, and, **Secondly**; to examine the risk AML management (through opportunity reduction/prevention and combat mechanisms) within the financial sector of

Zimbabwe, in the context of the country's socio-economic and political environment. The research is conducted under the supervision of University of KwaZulu-Natal College of Humanities' Department of Criminology and Forensic Studies (DCFS).

In going about the project, the research shall respect criminological research ethos. I / We promise to respect at all times the confidentiality and anonymity of respondents, with all the data sampled, treated in the utmost confidence and the completed questionnaires processed and seen only by me / research cluster team members. To guarantee the secrecy, completed questionnaires shall be kept securely at all relevant times during statistical evaluation process up to completion, pursuant which they will either be destroyed or returned, depending on the preference by addressee organisations / individual addressee employees.

Appended is a sample respondent target group **Questionnaire - Marked (2 of 3)**, which I would ask all addressees / target respondents to complete and return to me. The questionnaires are serially numbered for statistical purposes only to help me ascertain which organization / and or, any other target group has responded.

Further, I / we would request that the completed questionnaires be returned direct to me by bank courier service. However, where you/respondents choose to have them collected, I / we will be happy to do the collection myself/ourselves.

In answering questions, it is appreciated and acceptable that rather than leaving any unanswered, some of the data can only be furnished by giving an estimate.

**Participation in this study will be voluntary. The data will be kept securely for five years for purposes of verification.**

**Should you request for an electronic copy of the final thesis, this will be sent to you /your organisation on completion.**

Your good office / employees' willingness to participate in this study will greatly be appreciated.

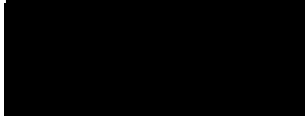
Should you/your office have any questions, or wish to discuss this further, please do not hesitate to call me/the writer on number(s) 0772922636 (mobile) or (Bindura University) 071 7531-6 / 7621-4 (land line). You/they can also contact Dr Jackie de Wet or Professor Peacock on numbers (+27 (0) 722256626) / (+27 33 2602205 / +27 31 2607680)

**Details of the researcher and institution of research:**

Researcher	Mr Collins P Chikomba	+263(0)772922636 (mob) +263(0)71 7531-6 / 7621-4 (l/l)	<a href="mailto:cchikomba@yahoo.co.uk">cchikomba@yahoo.co.uk</a>
Department	Criminology & Forensic Studies	+27 (0)31 260 2900	<a href="mailto:ausie@ukzn.ac.za">ausie@ukzn.ac.za</a> <a href="http://www.ukzn.ac.za">www.ukzn.ac.za</a>
Institution	University of KwaZulu-Natal	Howard College Campus, Masizi Kunene Ave, Glenwood, Durban, South Africa.	<a href="mailto:adamsl@ukzn.ac.za">adamsl@ukzn.ac.za</a>
Supervisor	Dr Jackie de Wet Professor Peacock	+27(0)722256626 +27 31 260 7680	<a href="mailto:Jackie.de.wet@gmail.com">Jackie.de.wet@gmail.com</a> <a href="mailto:Peacock@ukzn.ac.za">Peacock@ukzn.ac.za</a>
Chair, UKZN Human Sciences Research Committee	Dr Shenuka Singh	+27-31-2608591	<a href="mailto:Singshen@ukzn.ac.za">Singshen@ukzn.ac.za</a>
Committee Clerk, UKZN Human Sciences Research Committee	Ms P Ximba	+27-31-2603587	<a href="mailto:ximbap@ukzn.ac.za">ximbap@ukzn.ac.za</a>

Please do not hesitate to contact any of the above persons should you want further information on this research project, or should you want to discuss any aspect of the interview process.

Yours sincerely



Collins Prosper Chikomba

Tel: +263 (0) 0772 922 636

E-mail: [cchikomba@yahoo.co.uk](mailto:cchikomba@yahoo.co.uk) / [cpchikomba2010@gmail.com](mailto:cpchikomba2010@gmail.com) [cchikomba@buse.ac.zw](mailto:cchikomba@buse.ac.zw)



## APPENDIX (D 9) – LETTER FROM HEAD OF COMPLIANCE BARCLAYS BANK:

[chipunza@barclays.com](mailto:chipunza@barclays.com)  
To  
[cchikomba@yahoo.co.uk](mailto:cchikomba@yahoo.co.uk)  
14 Apr at 2:47 PM

Hi Chikomba,

Kindly attach the documents. I can confirm your research was approved internally.

Best,

**Des**  
**Head of Compliance**

Company Confidential

This e-mail and any attachments are confidential and intended solely for the addressee and may also be privileged or exempt from disclosure under applicable law. If you are not the addressee, or have received this e-mail in error, please notify the sender immediately, delete it from your system and do not copy, disclose or otherwise act upon any part of this e-mail or its attachments.

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[Reply](#) [Reply to All](#) [Forward](#) [More](#)

## APPENDIX (D 10) – LETTER FROM CABS CEO:



A Member of the  OLD MUTUAL Group

Head Office, Northend Close,  
Northridge Park, Highlands  
P.O. Box 2798, Harare, Zimbabwe

Telephone: +263.4.883823, Fax: +263.4.883804  
E-mail: [management@cabs.co.zw](mailto:management@cabs.co.zw)

13 October 2014

**Attention: Mr. C. P Chikomba**  
6 Riverton Road  
Mandara  
**HARARE**

c/o  
The Chairman  
Human Sciences Research Committee  
University of Kwazulu Natal  
Howard College Campus  
**South Africa**

Dear Collins

**RE- PHD RESEARCH: A STUDY OF MONEY LAUNDERING, SECURITY RISKS, AND THEIR  
MANAGEMENT IN ZIMBABWE**

Your letter dated 31 September 2014 refers.

I would like to inform you that we have accepted your request to conduct interviews with CABS and its employees within our organisation as part of your PhD research on Money Laundering, Security Risks and their management in Zimbabwe.

We look forward to your arrival and trust that your research will be successful and rewarding.

Yours sincerely



Josephine Jabangwe  
**Head of Operations - CABS**

## APPENDIX (D 11) – LETTER FROM ZIMBABWE JSC:

Telephone: 704118

Fax: 700937



JUDICIAL SERVICE COMMISSION  
P.O. Box CY 870  
CAUSEWAY  
ZIMBABWE

Ref: Research Authority/Student/Chikomba C P/16

14 October 2016

The Chief Magistrate

**Attention: Mr M. Guvamombe**



**RE: REQUEST FOR AUTHORITY TO COLLECT DATA AT HARARE, BULAWAYO, BINDURA, MUTARE, BEITBRIDGE AND PLUMTREE MAGISTRATES COURT: COLLINS PROSPER CHIKOMBA: STUDENT: UNIVERSITY OF KWAZULU-NATAL: DURBAN: SOUTH AFRICA**

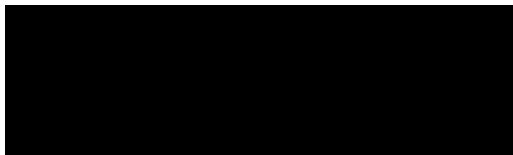
The above subject refers.

Reference is made to Mr Collins Prosper Chikomba's minute dated 13 September 2016 in respect of the member's request for permission to collect data through interviewing Provincial Heads for Harare, Bulawayo, Bindura, Mutare, Beitbridge, Bindura, Mutare, Beitbridge and Plumtree Magistrates Court. His research topic is entitled "**Money laundering risks and the corruption factor, its management within the Finance Sector of Zimbabwe**".

Please be advised that the Secretary to the Judicial Service Commission has approved the member's request to interview Provincial Heads at the above stated courts on conditions:

- i. that data obtained will be used for academic purpose only
- ii. that the research does not disturb or interfere with work and operations of the courts.

In view of the above, may your office therefore advise the member accordingly.



S. MUTENDAMAMBO

**For: SECRETARY, JUDICIAL SERVICE COMMISSION**

Cc: Human Resources – Section Float

Cc: Mr Collins Prosper Chikomba – Bindura University of Science Education

**APPENDIX (D 12) – LETTER FROM COMMISSIONER OF POLICE (Z.R.POLICE)**

**ZIMBABWE REPUBLIC POLICE**

Official Communications  
should not be addressed to  
individuals



Telegrams 'COMPOL':

Telephone HARARE 700171

GENERAL HEADQUARTERS, HARARE  
corner 7th St./Josiah Chinamano Avenue  
P.O. Box CY 34, CAUSEWAY  
ZIMBABWE.

Telex: 24328 (ZRP HQ); Fax: (263)-(4)-7267

14 October 2014

Mr Chikomba PC  
6 Riverton Road  
Mandara  
HARARE

**APPLICATION FOR AUTHORITY TO CARRY OUT A  
RESEARCH ON MONEY LAUNDERING, SECURITY RISKS  
AND THEIR MANAGEMENT IN ZIMBABWE [YOURSELF]**

Reference is made to your letter dated 31 September 2014 in connection with the above subject.


Please be kindly advised that your application to carry out a research on Money Laundering, Security Risks and their management in Zimbabwe was approved.

You may wish to contact Director [Criminal Investigation Department] on 04-738517 for implementation modalities.

[REDACTED] rred for your information, please.

[REDACTED] CHENGETA] Senior Assistant Commissioner  
of Staff Officer [Human Resources]  
e COMMISSIONER GENERAL OF POLICE

## APPENDIX (D 13) – LETTER FROM PEACE SECURITY COMPANY:



COMBURY INVESTMENTS (PVT) LTD T/A

# PEACE SECURITY COMPANY

Head Office & Harare Branch  
15 Walter Hill Avenue  
Eastlea, Harare

P.O. Box HR 7830, Harare  
Tel: 04-251005 / 798698/9  
Telfax: 251972, 701369  
E-mail: [peacesecurity@zol.co.zw](mailto:peacesecurity@zol.co.zw)  
Website: [www.peacesecurityzim.com](http://www.peacesecurityzim.com)

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**REGIONAL  
BRANCHES**

BEITBRIDGE

BINDURA

BULAWAYO

CHINHOYI

CHIPINGE

CHIREDDI

CHITUNGWIZA

CHIVHU

GOKWE

GWANDA

GWERU

HARARE

HWANGE

KADOMA

KARIBA

KWEKWE

MARONDERA

MAŠVINGO

MUTARE

NGEZI

RUSAPE

VICTORIA FALLS

ZVISHAVANE

13 October 2014

The Chairman  
University of Kwazulu Natal  
Human Sciences Research Committee  
(Howard College)  
Criminology & Forensics Studies  
Durban  
South Africa

Dear Sir,

RE: PHD RESEARCH: A STUDY OF MONEY LAUNDERING, SECURITY RISKS, AND THEIR  
MANAGEMENT IN ZIMBABWE


MR COLLINS P. CHIKOMBA AUTHORITY TO RESEARCH / CARRY OUT  
INTERVIEWS WITH OUR ORGANISATION / PEACE SECURITY (PVT) LTD  
SECURITY OFFICERS & EMPLOYEES

LETTER SEEKING PERMISSION TO RESEARCH / INTERVIEW (DATA  
GATHERING)

I / we make reference to the above and confirm that Mr Collins Prosper Chikomba a PhD Research student (Doctor of Philosophy in Criminology & Forensics ) has been / is authorised to research / carry out or conduct interviews in our organisation (Peace Security Private Limited) as the representative of Private Security organisations in Zimbabwe on the topic of Money laundering, Security Risks and their management in Zimbabwe.

Peace Security Company is registered with the Ministry of Home Affairs in Zimbabwe. One of the leading Security companies, Peace Security is a member of the Security Association of Zimbabwe (SAZ). The company started operating in 2002 and has grown over the years to the present position where it has 2100 guards. The company has a good Dunn's report (reference number 56-574-360).


Yours faithfully,




Chief Executive Officer

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FOR PEACE OF MIND




REGISTERED MEMBER  
ISO 9001:2008  
CERTIFIED




MANAGER OF  
THE YEAR 2012



EMPLOYER OF CHOICE AWARDS 2012- 2013



Company of the year  
(NAQA)  
2013



sanas  
QMS Certification Body

DIRECTORS: E.M. MAKONFSE (Chairman), C. KAGUDA, \* A. MUBANGO, \* A.E. MUBANGO (MRS), M.S. MURERIWA (MRS), Dr B.E. NDUNGU.  
\*Executive Directors

## APPENDIX (D 14) – LETTER FROM (ZIMRA) ZIMBABWE REVENUE AUTHORITY:

**ZIMBABWE REVENUE AUTHORITY  
COMMISSIONER GENERAL**



WRITE TO:  
THE COMMISSIONER GENERAL  
ZIMBABWE REVENUE AUTHORITY  
PO BOX 4360  
HARARE

TELEPHONE:  
+263-4-790811/4  
+263-4-752731/2  
FAX:  
+263-4-792113  
TELEGRAPHS:  
HARARE

CALL AT:  
RECEPTION  
6<sup>TH</sup> FLOOR ZB CENTRE  
CNR KWAME NKRUMAH  
AVE/FIRST STREET  
HARARE

IN REPLY PLEASE QUOTE  
REF. NO.

20 October 2014

Collins P. Chikomba  
Number 6, Riverton Road  
Mandara  
Harare

Dear Collins

**RE: APPLICATION FOR AUTHORITY AND ASSISTANCE TO CONDUCT  
RESEARCH**

**Topic: "A Study Of Laundering, Security Risks, And Their Management In  
Zimbabwe."**

The above matter refers

Please be advised that your application for authority to carry out the above research has  
not been approved due to the Authority's Confidentiality Policy reasons.

We wish you success in your studies

Yours faithfully

[Redacted Signature]

Ms. T. Dzingo

**FOR HEAD HUMAN RESOURCES ADMINISTRATION**

I ..... acknowledge receipt of this letter and  
accept its contents.

Tel/Cell No: 0712876409 Signature: [Redacted Signature]

Date: 24/10/14

## APPENDIX (D 15)-LETTER FROM ZIMBABWE ANTI-CORRUPTION COMMISSION:

Office of the Acting Secretary to the Commission  
ZIMBABWE ANTI-CORRUPTION COMMISSION



P. BAG 7783  
Causeway, Harare  
Tel: 369602/369605/369614

872 Betterment Close  
Mount Pleasant Business Park  
HARARE, ZIMBABWE

Ref: AS 01/11/2016

1 November 2016

Mr Collins Prosper Chikomba  
6 Riverton Road  
Mandara  
Harare

Dear Sir

**SUBJECT: A STUDY OF MONEY LAUNDERING, SECURITY RISKS, AND THEIR  
MANAGEMENT WITHIN THE FINANCIAL SERVICE SECTOR IN ZIMBABWE.**

The above subject matter refers.

Please be advised the Commission is unable to accept your request due to the sensitivity of the information handled by this organisation.

However, we recommend you forward your request to the Zimbabwe Republic Police.

Yours Sincerely




S. Pondo  
Acting Secretary to the Commission  
ZIMBABWE ANTI-CORRUPTION COMMISSION





## APPENDIX [E1]– UKZN RESEARCH STUDY ‘ETHICAL CLEARANCE LETTER’:

 **UNIVERSITY OF  
KWAZULU-NATAL**  
**INYUVESI  
YAKWAZULU-NATALI**

17 January 2017

Mr Collins Prosper Chikomba 213574229  
School of Applied Human Sciences  
Howard College Campus

Dear Ms Chikomba

Protocol reference number: HSS/2114/017D  
Project Title: Money Laundering Risks and the Corruption Factor, Its Management within the Financial Sector of Zimbabwe (1984 – 2016)


In response to your application received 7 December 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. The latter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.


  
Dr Shenuka Singh  
Humanities & Social Sciences Research Ethics Committee




/pm

cc Supervisor: Dr Jackie de Wet  
cc Academic Leader Research: Dr Dr Jean Steyn  
cc School Administrator: Ms Ayanda Ntuli

---

Humanities & Social Sciences Research Ethics Committee  
Dr Shenuka Singh (Chair)  
Westville Campus, Govan Mbeki Building  
Postal Address: Private Bag X64001, Durban 4000  
Telephone: +27 (0) 31 283 3527/3528/4567 Facsimile: +27 (0) 31 203 4639 Email: [shenuka.singh@ukzn.ac.za](mailto:shenuka.singh@ukzn.ac.za) / [pm@ukzn.ac.za](mailto:pm@ukzn.ac.za) / [mb@ukzn.ac.za](mailto:mb@ukzn.ac.za)  
Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)

 1917 - 2017  
50 YEARS OF ACADEMIC EXCELLENCE

Founding Campuses:  Durban  Pietermaritzburg  Westville



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