Crony Capitalism, Money Laundering and the Complicity of the Accounting Profession in Nigeria

By

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Abstract

The statutory provisions and regulations that govern companies and professional accountancy bodies at the nation state and global levels require accountants and auditors to detect and report actual or suspected cases of corruption such as money laundering to the relevant public bodies or regulators. This paper extends the literature on the implication of accountants and auditors in global money laundering mostly conducted in the developed world to the context of a developing nation, namely Nigeria. By illuminating crony capitalism and globalisation, it provides evidence of the reliance of accountants on corruption and globalisation in devising schemes that enable Nigerian public officials and multinationals to effect illicit financial outflows from Nigeria. Accountants may have also become the ‘vehicle’ for laundering into private bank accounts the illicit funds as well as the proceeds of criminal activities perpetrated abroad by Nigerians. Although the Nigerian state may have been ineffective at tackling money laundering in the country, powerful states have also been complicit. Given that money laundering erodes the accountability that is essential for good governance and threatens global security and stability, measures to combat money laundering in Nigeria and globally are suggested.

Introduction

Money laundering has been identified as cancerous (Baker, 2012), a poverty creator (Organisation for Economic Cooperation and Development (OECD), Report, 2012) and an impediment to global economic development, security and stability (United Nations Office on Drugs and Crime (UNODC) Report, 2010); particularly for the world’s poorest economies of Africa (United Nations Economic Commission for Africa (UNECA) Report, 2012). While crony capitalism may have enhanced corruption in most capitalist states (Stiglitz, 2002), globalisation and the professional service of accountants which intend to boost the World economies and alleviate poverty, seems to have also made it easier for trans-border financial flows, some of which could be illicit, thereby intensifying global money laundering (Arnold and Sikka, 2001).

As the world order founded on the state as the unit of law enforcement cannot cope with trans-border illicit financial flows, a global anti-money laundering regime was born (Rider, 1996). Hence, over the past decade or so, global institutions have become actively involved in fighting money laundering\(^1\). Regional and national conventions and legislation have also been promulgated to fight money laundering at the regional\(^2\) and national\(^3\) levels. Also actively

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\(^3\)National legislation and regulation include the American International Money Laundering Abatement and Financial Anti-terrorism Act 2001; the Austrian Money Laundering Prevention and Control Act 2008; the UK Money Laundering Regulation 2007; the French Anti-Money Laundering Regulation 2007; the German Money Laundering Act, 2009; the Indian Prevention of Money Laundering Act 2002; the Swiss Anti-Money Laundering Act 1997; the
involved in the fight are global, regional and national governmental and non-governmental organisations\(^4\). All these activities provide evidence of the determination at the global, regional and national levels to combat the threat posed by money laundering.

However, any efforts to combat illicit cross-border financial flows can only yield the desired results with the cooperation of professionals, particularly accountants and auditors (Barrett \textit{et al.}, 2000; Everett \textit{et al.}, 2007; Lehman and Tinker, 1987; Wolfensohn, 1998). This is because it is generally believed that auditors should detect and reduce the incidence of money laundering (Mitchell \textit{et al.}, 1998a; Wolfensohn, 1998). With such belief, accounting and auditing standards such as those laid down by the International Organisation of Supreme Audit Institution (INTOSAI) have also been enlisted to join in the global fight against money laundering. Recognising the important role that accountants and auditors could perform in fighting money laundering, the World Bank has provided INTOSAI with financial resources to help launch training programmes which would ensure that accountants have the proper weapons to fight illicit cross-border financial flows (see Wolfensohn, 1998). In response, accountants at the state and global levels have shown a willingness to comply with the relevant regulations and accounting and auditing standards in order to report actual or suspected cases of money laundering to the relevant public bodies or regulators (see Association of Chartered Certified Accountants, 2010; Institute of Chartered Accountants of Nigeria (ICAN), 2010; Pricewaterhousecoopers, 2010; Institute of Chartered Accountants in England and Wales, 2007; American Institute of Certified

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\(^4\) Governmental organisations include the Global Parliamentary Organisation Against Corruption and the Global Conference to Address Illicit Capital Flight out of Developing Countries. NGOs include, for example, Global Financial Integrity; Centre for International Policy; Amnesty International; Transparency International; Human Rights Watch; Christian Aid; Oxfam; the European-based Tax Justice Network; the Nomadic-based Tax Justice Network; and the UK-based Tax Justice Network.
Nevertheless, these efforts are yet to yield the desired results. This is because following crony capitalism and globalisation, the deregulation and integration of economic activities and the financial market, state and international financial regulators, particularly those in powerful states who claim to be playing the leading role in the global fight against money laundering, have opted for light regulations (Global Witness Report, 2010; Sikka, 2009). These light regulations have mostly resulted in weak anti-money laundering controls (Christensen, 2009), thereby encouraging money laundering to continue to be perpetrated with impunity at the state and global levels (Neild, 2002).

International financial institutions, notably the World Bank and IMF, which are supposedly at the forefront of the fight against money laundering globally, are sponsors of neo-liberalism and the easy mobility of capital, factors that facilitate money laundering (Sikka, 2006). In some countries, especially the world’s poorest nations, the different organisations and agents involved in combating money laundering, such as the Judiciary and anti-corruption agencies, sometimes constitute stumbling blocks to the efforts of the state to fight money laundering (Bakre, 2011). Having promised to make use of the available accounting and auditing standards to report actual or suspected cases of money laundering to a public body or regulator, the professional activities of accountants suggest the protection of private interest over public interest (see Bakre, 2007; Willmott, 1990). As a consequence, the regulations governing money laundering have not always been adequately enforced in a crony capitalist state with corrupt socio-political environments, weak regulatory regimes, ineffective national integrity systems and ineffective laws for monitoring and enforcing compliance (Transparency International Report, 2012).

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5 Some members of the Judiciary have prevented anti-money laundering agencies from investigating or prosecuting suspected persons (see Human Rights Watch Report, 2011).

6 Some members of anti-corruption agencies also operate with impunity (Larmode, 2012; ICPC Report, 2010).
Through what seems to be collaboration between accountants and public officials, Nigeria loses an estimated US$110 billion annually to corruption (UNODC, Report, 2010). In what seems to be collaboration between accountants and multinationals, Nigeria loses an additional estimated US$12 billion annually to bribery, tax avoidance/evasion and the theft of its most valuable resource – petroleum and gas (Amnesty International Report, 2009). With the cross-border free movement of money made possible by globalisation and the professional services of accountants, the country loses an estimated US$15 billion annually to illicit financial outflows and money laundering (Global Financial Integrity Report, 2011a). Baker and Joly (2009b) noted that:

_of any major country, Nigeria has probably had the highest percentage of its gross domestic product stolen—largely by corrupt officials—and laundered in Western banks. Since the 1960s, up to $400 billion has been lost because of corruption, with $100 billion shifted out of the country. Of a population of about 150 million, some 100 million live on $1 to $2 a day._

This investigation is therefore conducted to understand the role of accounting and accountants in illicit financial outflows and money laundering, which have been responsible for increases in poverty in Nigeria.

The findings of this study support those of other studies in the literature\(^7\) that documents the global implication of accounting and accountants in corruption – bribery and money laundering. Mitchell et al. (1998a) provided a case study that illustrates that money laundering on any scale is difficult to accomplish and conceal without the active or tacit involvement of professionals (e.g. accountants) who are able to form nominee companies and create a bureaucratic labyrinth that impedes the tracing of illicit transactions. Mitchell et al. (1998b) further provided evidence that the economic elite organise its activities with the help of accountants, in ways that seem to

\(^7\)See, for example, Global Financial Integrity, 2011; Centre for Public Policy, 2010; Baker and Joly, 2009a; Christensen, 2009; Murphy and Christensen, 2008; Murphy, 2007; Sikka, 2003.
escape legal and social scrutiny. They documented a case where accountancy firms used 27 companies registered in London and offshore jurisdictions to launder money. Sikka (2003) found that offshore companies in Switzerland and Gibraltar established by UK chartered accountants were used to pay bribes to officials to secure cable-laying contracts for telephone and television. He further noted that offshore finance centres are tax havens that play a key role in facilitating the growing mobility of illicit funds and shaping complex webs of interactions and relationships involving nation states, multinationals and wealthy individuals. Consensus among US Congressional investigators, former bankers and international banking experts estimate that through the professional expertise of accountants, US and European banks launder between US$500 billion and US$1 trillion of ‘dirty money’ each year, half of which is laundered by US banks (see Petras, 2001). The OECD report (2012) estimated annual criminal proceeds from financial crimes, including corruption, bribery, tax fraud and money laundering, to be approximately 3.6% of global GDP or US$2.1 trillion, out of which an estimated US$1 trillion leaves developing countries every year (see also UNECA Report, 2012).

With the huge illicit financial outflows from poor developing countries, made possible through crony capitalism, intensification of globalisation and expertise of accountants, much of the literature that has examined the role of accounting and accountants in corruption, illicit financial outflows and money laundering has adopted global perspectives to concentrate on developed world (Arnold, 2009; Everett et al., 2007; Lehman and Okcabol, 2005; Larson and Herz, 2003; Sikka, 2003; Arnold and Sikka, 2001; Mitchell et al., 1998a; Mitchell et al., 1998b; McCormack, 1996; Osofsky, 1983). This study differs from the previous investigations in that it adopts crony capitalism and globalisation to extend the findings of the previous studies to the context of Nigeria, a developing country in Sub-Saharan Africa. Adopting Nigeria as a case
study is important because the country is the world’s sixth highest exporter of petroleum, with the seventh largest gas reserve in the world, yet it has the 10th highest measured illicit financial outflows in the developing world, with an average of US$15 billion per year (Global Financial Integrity Report, 2011b). Consequently, Nigeria ranks 142 out of the 146 least prosperous countries in the world (United Nations Development Programme Report, 2011). Until now, no study has specifically examined how crony capitalism, the intensification of globalisation and expertise of accountants may have aided illicit financial outflows and money laundering that has been partly responsible for increasing poverty in oil- and gas-rich Nigeria.

In conducting this investigation therefore the following questions are considered: How has crony capitalism aided by globalisation and expertise service of accountants may have been facilitating illicit financial outflows and money laundering by the elite in Nigeria? How have good corporate governance-preaching multinationals and anti-corruption-preaching powerful states become complicit in cronyism, by using the services of accountants to perpetrate corruption, illicit financial outflows and money laundering in Nigeria? In the section that follows, we frame crony capitalism, globalisation and the accounting profession.

**Crony Capitalism, Globalisation and the Accounting Profession**

An economy in which success in business depends on close relationships between the business elite and government officials and favouritism in the distribution of legal permits, government grants and tax breaks would be characterised by crony capitalism (Davis, 2003; Kang, 2002). Crony capitalism is believed to arise when political cronyism spills over into the business world; self-serving friendships and family ties between businesspeople and the government influence
the economy and society to the extent that it corrupts public-serving economic and political ideals (James, 2008). This is especially so where more virulent government intervention in the economy has become the system of socio-political governance (Ip, 2007). In order to legitimise government actions in a crony capitalist state, intentional ambiguous laws and regulations are put in place. Taken strictly, such laws would greatly impede practically all business; in practice, they are only erratically enforced. The spectre of having such laws suddenly brought down upon a business provides an incentive to stay in the good graces of political officials (Davis, 2003). Troublesome rivals who have overstepped their bounds can have the laws suddenly enforced against them, leading to fines or even jail time. In a neopatrimonial society with vast resources, governments will, often in good faith, establish government agencies and mandate professions such as accountancy to regulate an industry. However, the members of an industry have a very strong interest in the actions of a regulatory body, while the rest of citizenry are only lightly affected. As a result, it is common for current industry players to gain control of the ‘watchdog’ and use it against competitors; a phenomenon Sikka (2009) described as ‘regulatory capture’. This therefore suggests that crony capitalism can devolve into corruption, where any pretence of a free market is dispensed with. In a crony capitalist state, bribes to government officials are considered *de rigueur* and aggressive tax evasion/avoidance schemes by professionals such as accountants are regarded as sign of business acumen rather than corruption (Sikka, 2009). The above situation is sometimes referred to as plutocracy (rule by wealth) (Davis, 2003) or kleptocracy (rule by theft) (Kang, 2002). In a crony capitalist state, governments often favour the business elite that has close ties to the government over others. This may also be done with racial, religious or ethnic favouritism (Vaugirard, 2005). This can be explained by considering personal relationships as a social network (Davis, 2003). As the government and business elite
try to accomplish various things for the state, they naturally turn to other powerful elite (including professional group such as accountancy) for support in their endeavours (Kahn and Formosa, 2002). Johnston (2005) noted that in a crony capitalist state, corruption is often facilitated through the tri-agency of elite cartel, oligarchy and clans and official moguls. In noting the role of accountants as an integral part of the elite cartel, Sikka (2001) observed that accounting profession and individual accountant globally have become part of international capital by performing global function of capital. The elite form hubs in the network, which concentrates economic and political power in a small interlocking capitalist group. Normally, this would be untenable to maintain in business, as new entrants would affect the market. However, if business, professional group, notably accountancy and government are entwined, then the government can maintain the small hub network.

In some former colonies, crony capitalists often belong to ethnic minority groups whose activities have historically been concentrated within the business or financial sector dominated by professional accountants who enjoyed protection under earlier colonial regimes (Rodney, 1982). Thus, the notion has been documented that the colonialist and their capitalists form social networks of interlocking capitalist groups by using accounting and expertise of accountants as the technology and vector of capital flight from the colonies to metropolitan (Headrick, 1981). The belief that aided by accounting and expertise of accountants, post-colonial globalisation might have enhanced the activities of post-colonial interlocking capitalist groups in order to launder the proceeds of illicit funds generated at the nation state level anywhere in the World with speed, ease and difficulty of detection is also attracting attention (Mitchell et al., 1998a, 1998b). However, there is considerable tension and complexity in developing overarching
theories that explain the role of accounting and expertise of accountants in corruption in colonial and post-colonial globalisation on the body politic (Bayley, 1966). One of the likely reasons for this failure could be that the ‘home’ of modern economic and political theory has been Britain – and Britain during and after the period of Victorian reform of public and private morality (Dumont, 1966). This has led to a general assumption that the elimination of corruption was a necessary concomitant of the spread of democratic representative governments and of increasing wealth, industrial organisation and technical progress globally (Lippmann, 1930). However, where crony capitalism and corruption have persisted and found a place in the most complex 21st century political organisations, such an assumption may have been disproved in modern times. As the Editorial of the *Economist* (1957) observed:

> Not only have the corrupt foreign regimes, which the long arm of Victorian imperial reform failed to reach, continued to flourish, but power was given back to dependent people long before they abandoned what is conveniently known as ‘the custom of the country’. They have asserted the right to govern themselves if they can, but misgovern themselves in any event – this right, that is, of the indigenous educated middle class and organised minority elite to govern or misgovern the rest.

With a view commonly held during the colonial era that the colonist’s property (cars, houses, farms, etc.) is not ‘our’ property, using the technology of colonialism such as accounting techniques and expertise of accountants to convert state income for personal purposes might not be seen as a crime against the colonial state (Bakre, 2008). Such a view, which may well have been an official power and government source as part of the sordid and disreputable hustle for private gain by colonial powers and their capitalists, may have degenerated into the more recent disregard for public property, lack of public trust and concern for public goods as a collective state property in some post-colonial states (Bakre, 2008).
Loomba (1998) noted that colonialism is the means through which capitalism achieves its global expansion. Tinker (1980) alerted us about the manner in which, within the colonial and global context, accounting inscribes into measurement unequal power relations. With freedom of mobility at its centre and expertise and services of accountants at its disposal, the present-day globalisation has many dimensions; the new centre puts a new gloss on the time-honoured distinctions between rich and poor, the nomads and the settled, the ‘normal’ and the abnormal or those in breach of nation state law and global regulations and conventions. While the various dimensions of crony capitalism and globalisation intertwine and influence each other, this paper only attempts to unpack how crony capitalism and globalisation, using technology such as accounting techniques and expertise of accountants, seem to have been legitimising breaching the Nigerian and other global laws, regulations and conventions governing money laundering. In the global capitalist camp, there is that tremendous advantage the new global elite enjoys when facing the guardians of order (political and economic elite). Orders are local, while the elite and the free market laws it obeys are trans-local. If the wardens of local order resist the onslaught of global capital on local capital, there is always the possibility of appealing to the board of global regulations and conventions, such as the International Accounting Standards Board, to change the local concepts of order and the local rules of the game (i.e. local accounting standards). In raising issues about the institution of IASB and its rhetoric, Gallhofer and Haslam (2008) indicate that IASB could be described as a political body because it does not straightforwardly apply its principles. This rhetoric has often encouraged the increased presence throughout the globe of multinationals that through collaboration with local guardians of order engage in a predatory enterprise culture by employing the services of an army of accountants to devise schemes of aggressive tax avoidance/evasion techniques to generate money and effect illicit
financial outflow (Bakre, 2007). This often obstructs the local concept of order and intensifies money laundering, particularly in most poor developing countries. Rothkopf (2012) noted that “national governments have, over the past several decades, seen the most basic pillars of their power erode, globalisation, being sponsored by powerful nations, has undermined their effort to manage their borders. The ability to control their own currency has been lost for all but a handful of major powers. Fewer than two dozen have the ability to sustainably project force beyond their borders. Meanwhile, corporations play nation-states against one another as they venue shop for more attractive tax or regulatory regimes. This arbitrary undermines nation state abilities to enforce their own laws”. With weak accounting and taxation frameworks and ineffective laws for monitoring and enforcing compliance, globalisation may have made it difficult for governments of the World’s poorest countries to raise the revenues needed for economic development. The worldwide reach of multinationals in the post-colonial globalisation of most of the world’s poorest states may have therefore propelled the expansion of a global financial structure to shift illegally generated money. Sikka (2006) observed that:

This is often the case where the International Financial Reporting Standards (IFRSs) may not require companies to list all their trusts, subsidiaries and joint ventures together with their income, profits and taxes; may not require companies to publish their transfer pricing policies or make directors personally liable for the hot money that flows through corporate vehicles.

With deregulation and liberalisation, in which the concept of illegality has been whittled down to its minimum moral denominator (i.e. including only those monies that were clearly derived from terrorism and drug smuggling), Mitchell et al., (1998a) noted that globalisation and the expertise of accountants may have also made it progressively more difficult for state regulatory bodies to
track laundered money from other illegal sources. Rothkopf (2012) noted that “as borderless super citizens, global corporations have changed the international order, yet our rules and approaches to governance remain the same”. Where the core of the global capitalist system may have moved to a higher level of financial market integration, its institutions may no longer recognise or respect the right of nation states at the periphery to control their own currency areas. Thus, Stiglitz (2004) observed that the pressing issue of globalisation is how it should be managed so that it benefits everyone.

Possibly influenced by the colonisers and multinationals’ aspirations of using the services of an army of accountants to accumulate private capital, where the post-independence political and economic elite have chosen to engage in the politics of ‘the winner takes all’, what society may likely witness is competition for private capital accumulation (Awolowo, 1979). By continuing capitalism post-independence, the political and economic elite are welded together to form a state within a state and toeing the path of unbridled crony capitalism. This often results in boundaries and distinctions between state and society, public and private roles and resources, personal and collective interests and the market, bureaucratic and patrimonial modes of allocation not being clear and accepted, while the political and economic elite tend to dominate politics and plunder the economy (Johnston and Hao, 1995). Considering their own private capital accumulation, professional groups within the elite cartel such as accountants who have the professional mandate to detect and report actual or suspected cases of corruption and lawyers who have the constitutional responsibility to enforce the law may have the tendency to use the

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8 These include looting the public treasury by the political and economic elite (Bakre, 2007) and the money generated illegally by multinationals and other foreign capitalists (Adusei, 2009).
law in action\textsuperscript{9} rather than the law in books\textsuperscript{10} to give legitimacy to what may seem to be illegitimate actions of the political and economic elite. As the professionals, accountants are also relied upon by the state to generate revenue in the form of taxes, which helps politicians remain in power and public officials remain in office, leading to a contradiction in the activity of the state (Sikka and Willmott, 1995). Fanon (1967) feared that colonial administrations would be replaced by an indigenous educated middle-class that has profited from the colonial occupation and would therefore imitate their old colonial masters and prolong the imperial rule by proxy. Fanon’s further proposition that the post-colonial capitalist bourgeois regime would not only continue exploiting the post-colonial people, but could be embedded in contradictions, which could create avoidable poverty in a post-colonial state, is relevant in understanding the post-colonial crony capitalism, globalisation and the expertise of accountants which have aided illicit financial outflows that have increased poverty in Nigeria.

The illicit funds require safe havens either in the home state or abroad (Baker, 2012). While finding safe havens in the home state may face obstacles, such as the risks attendant on the Cold War (at one time), fear of investigation and prosecution or the home state may be ‘unbankable’ in the traditional sense of offering a safe return on investment, the elite will utilise the expertise and services of accountants to find safe havens abroad (Baker, 2012). If the elite wish to invest illicit funds in assets as well as security, and the security markets in their home states are unstable, it is equally likely that the elite may prefer to utilise the expertise and services of accountants to invest in assets and securities in a more powerful state market (UNODC Report 2010). The competition to attract capital by powerful states aided by globalisation and the

\textsuperscript{9} Law in action entails the discretionary application of the law.

\textsuperscript{10} Law in books is the written rules and principles that regulate economic activity.
professional services of accountants enables banking institutions and financial markets in powerful states to service the desire to seek safe havens abroad with creative arrangements for money laundering (Larson and Herz, 2003). However, the illicit funds often undermine the economy and create political instability and poverty in the country of origin (Christensen, 2009).

In a nation state characterised by crony capitalism and corruption, the most viable option at the disposal of the state (developed or developing) to combat illicit financial outflows is to implement genuine economic reforms by putting in place an effective national integrity system and an effective regulatory framework to monitor and enforce compliance. However, where the state apparatuses (the Executive, the Legislature, the Judiciary, the anti-corruption agencies and professional groups such as accountants) are likely accomplices in corruption, Coolidge and Rose-Ackerman (1996) noted that any measures put in place to control corruption may become ineffective, while oppression, private capital accumulation and poverty could become a feature of society. Karl Marx famously intoned that “oppression is built into the very way capitalism operates” (see Schuman, 2012). The consequence is that any economic growth could mean more opportunity for the political and economic elite and multinationals to continue to employ the services of accountants to accumulate private capital. This could encourage foreign banking institutions and other financial markets to continue to solicit for such illicit funds, while also boosting the professional services of accountants, who act as advisers and vectors in money laundering. Curcio (2010) noted that:

> While developing countries, like those in Africa, currently lack the governance and transparency to effectively regulate and control financial outflows from their economies, equally at fault are the jurisdictions, mostly developed countries and their Western banking institutions. They not only absorb these illicit funds without hindrance, but actually solicit them through private investment banking services.

Yet, developing countries are often being persuaded by powerful nations and Western institutions (the World Bank and IMF) that the only way for the survival of their fragile economies is to adopt International Financial Reporting Standards and borrow from Western institutions (Brown, 2011).
Thus, Naylor (1987) observed that:

Recycling had taken a bizarre new twist. An ever growing number of off-shore banking centres and tax havens competed for the increasingly large supply of hot and footloose money fleeing the developing countries. The hot money was then lent through the euro banking system funding loans to developing countries in need of hard currency to bolster their foreign exchange positions drained by capital flight.

As the cycle of crony capitalism has expanded with the intensification of globalisation and expertise of professionals, notably accountants, opportunities for corruption, illicit financial outflows and money laundering have increased and contributed to the slow pace of economic development of the world’s poorest economies, in which the case of Nigeria is next framed.

**Crony Capitalism, Globalisation and Accounting in Nigeria**

In actuality, cronyism can be found in almost all capitalist regimes, colonial and post-colonial (Kahn and Formosa, 2002). The real task of this paper is to therefore identify variety of ways in which cronyism either facilitates or hinder the post-colonial globalisation economic development in capitalist Nigerian state. Unlike Nigeria, the resources of powerful states (such as the US, the UK, France and Germany) may enable them to establish and enforce international regulatory regimes (Ekaette, 2002). Yet, such regimes could be established and enforced, under the guise of globalisation, to suit the activity of powerful states’ multinationals operating in Nigeria. Where powerful states may need to strike a balance between capital inflows into their respective economies from Nigeria and their moral obligation to ensure socio-political and economic stability and security in Nigeria, which is also essential for global economic stability and security, powerful states may find themselves performing a contradictory role (Global Witness Report, 2010; Petras, 2001). As Hoogvelt and Tinker (1978) explained:

*In the post-colonial era, the western capitalists naively appeal to the governments of the developing countries for political stability and predictability. It is not realized that it is in the very nature of overseas exploitation to create instability and unpredictability precisely*
Considering the huge resources at their disposal and their global anti-corruption campaigns, powerful states owe a responsibility to the global economy by effectively investigating and prosecuting companies and individuals within their jurisdictions that are conniving with politicians and public officials to perpetuate corruption and subvert the orderly socio-economic development of Nigeria. However, Arnold and Sikka (2001) are of the opinion that it may be difficult for powerful states to exercise the responsibilities they supposedly owe to the global economy, particularly the world’s poorest nations:

Within powerful nations, politics limits and shapes state actions not only because of the disproportionate influence exercised by corporate lobbies on domestic and international economic policy, but also because the nation-states increasingly compete to secure inward investment and thus smooth the path of capitalist development.

These likely contradictions therefore seem to suggest that combating money laundering in Nigeria, which often benefits powerful states’ economies, may be difficult for most anti-money laundering-preaching powerful states to accomplish (Bakre, 2007). In a situation where most powerful state banks that operate in secrecy also form part of powerful states’ capitalist establishments (which seek to secure inward financial flows from Nigeria), there is unlikely to be any combative engagement between powerful state banks and their respective governments. As Sikka (2003) observed, “you cannot avoid money laundering if you have bank secrecy”. Where money laundering legislation in Nigeria and in powerful states may conflict with the commercial interests of the banks in Nigeria and powerful states, which are established primarily for the purpose of accumulating private capital and profit expansion, combative engagement may never take place between Nigeria,  

11 HSBC, Barclays Bank, Citibank, UBS AG, Merrill Lynch.

12 On 13 April 2012, a UK court sentenced James Ibori, a former Nigerian governor, to 13 years in prison for money laundering in the UK. Yet, all the UK banks where the monies were laundered such as Barclays and HSBC are yet to be investigated and prosecuted by the UK government.
powerful states and their respective banking institutions. What the Nigerian and indeed the global economies experience therefore is booming money laundering businesses in the face of ineffective national, regional and global anti-money laundering legislation, regulations and conventions. Thus, with private capital accumulation and profit expansion as their main priorities, while banking and other financial institutions in powerful states may claim their commitment to their national and international anti-money laundering legislations, the reality of their operating activities, particularly in the world’s poorest countries, seems to still rest upon the defence of the status quo. For example, while the US is a world leader in the global anti-money laundering campaign, Baker (2010) drew attention to the fact that American banking and other financial institutions are opposed to more stringent anti-money laundering regulation:

Supported by the American Bankers’ Association and other American financial institutions, Citibank mounted a campaign bitterly opposing inclusion of strengthened Anti-Money Laundering provisions in the PATRIOT Act. A central point of concentration was the phenomenon of shell banks that hide behind nominees and trustees so that no one can know who their real owners and managers are. Citibank had for years offered such trustee services to all sorts of rogues through Caribbean subsidiaries and they desperately wanted to continue this lucrative business.

While the UK is another world leader in the global anti-money laundering campaign, Christensen (2009) confirmed Ghana’s first offshore banking licence in the UK-based Barclays in September 2007, with a present and potential future impact of illicit cross-border financial outflows and money laundering on the economies of West Africa, particularly the vulnerable oil- and gas-rich Nigeria:

Sub-Saharan Africa (SSA) has suffered a net accumulated outflow of capital amounting to over US$600 billion since 1975, and for every dollar of external debt borrowed by SSA countries 80 cents has flowed outwards as capital flight in the same year. The situation is deteriorating, not least because the Government of Ghana has announced its intention to support the development of offshore banking services in Accra, which could contribute to a significant increase in the volume of cross-border illicit financial flows in the West African region. Unless this supply side of corruption is tackled there is little prospect for an end to aid dependency and sovereign indebtedness or the creation of economically stable and democratic states able to provide food, security, education and healthcare to their citizens.
Where the accountants mandated by the government and society to report and reduce incident of money laundering might prefer the law in action to the law in books, tackling money laundering would be difficult. In theory, there ought to be a direct relationship between the law in books and the law in action. However, as the legal process is a human process, there is often a difference between what the lawmakers envisaged and what the professional groups such as accountants and lawyers do. Although using discretion might sometimes be necessary, laws are applied in complex and ever-changing social settings and practitioners such as accountants and lawyers may require discretion in order to operate effectively. However, discretion can give the actions of professionals the appearance of individual decisions, which might not be in the public interest. As a result, professionals seem not as governed by law, but as the law itself. Discretion might not be problematic if professionals remain accountable and act within legal rules and principles. However, as Becker (1962) noted, “The symbol of a profession as an occupational group with codes of ethics to protect the public interest could not be taken as a realistic description of professional practice, for all professions contain unethical operators”. In the case of accountancy, Hanlon (1994) observed that:

*Within major accountancy firms the emphasis is very firmly on being commercial and on performing a service for the customer rather than on being public-spirited and acting on behalf of either the public or the state.*

This may explain the activities of accountants in corruption and money laundering in Nigeria.

**Data and Method**

In the analysis that follows, we used a wide range of data from reports, books, pronouncements, archival publication, institutional, academic and professional literature from internal and external sources. We examined over 150 of the above data on corruption and money laundering globally,
out of which 64 were on Nigeria. Data from internal sources were collected from libraries, websites, visits to organisations and observation of legal proceedings in Nigeria, followed by two sets of interviews also in Nigeria. Data from external sources were collected through observation of the foreign legal proceedings and websites of the concerned organizations and civil society.

The internal data is made up of three different types of documents. The first set comprised of a report of the Political Bureau set up by the Federal Government of Nigeria in 1986 with a mandate to fashion an appropriate political system for the country (see Nwachuku and Uzoigwe, 2004). The findings of the report noted that the major political legacies of the colonial period governance were that Nigerian masses were perceived as an exploitable group and the leadership was unaccountable to the people. This report seems to suggest that cronyism is not a new development in the dawn of Nigeria’s colonial history (Joseph, 1987). In post-colonial globalisation, Nigeria has adopted the International Financial Reporting Standards (IFRSs) which encourage free cross-border mobility of capital. The report and the adoption of the IFRSs therefore provided us with an insight into the theory of crony capitalism and globalisation. The second set of internal data comprised of reports of different investigatory panels set up by past Nigerian military governments and committees established by democratic Nigerian governments through the National Assembly (the Senate and the House of Representatives) to investigate cases of suspected corruption and money laundering in Nigeria. These include: the Senate Ad Hoc Committee on the Petroleum Trust Development Fund 2006, the Joint Senate Committee on Finance Appropriation and National Planning 2006, the House of Representatives Committee on Power and Energy 2008, the Okiro Panel Report 2009, the Okigbo Panel Report 1994 and the Onovo Panel Report 2010. In most cases, because of the passage of the Freedom of Information (FOI) Act, immediately after being adopted by the Senate and House of Representatives, the reports of these
investigatory panels and committees were made available to the press. Thus, we were able to assess the information without much difficulty. These documents gave us an insight into the subsequent questions posed to stakeholders during the following two sets of interviews which we conducted in Nigeria, therefore improving the reliability and credibility of the data used for this study. The third set of internal data comprised of reports of cases of corruption, bribery including money laundering investigated and prosecuted by the Nigeria anti-corruption agencies as well as judgments delivered by Nigerian courts. This includes those made available by the Economic and Financial Crimes Commission (EFCC), the Independent Corrupt Practices Commission (ICPC), the Code of Conduct Bureau (CCB) and Nigerian Courts. We also used reports of the regional anti-corruption agencies such as those of the African Union (AU) and the Inter-governmental Action Group against Money Laundering and Terrorist Financing in West Africa (GIABA). We recognised that some of the contents of the reports needed further clarification and authentication before they could be used for this study. We therefore requested formal interviews with some of the Senators and Honourable members of the House of Representatives Committees who conducted these investigations. Some members of the EFCC, ICPC and CCB were also interviewed, regarding the outcome of a few of their investigations and prosecutions. We also had interviews with five members of the Judiciary and five members of the Accountancy profession, the Office of Accountant-General of the Federation and Auditor-General to clarify some issues of professional importance. Some glimpses of illicit activity in Nigeria were produced by these documents, reports and interviews, which create an impression of transparency and accountability that helps legitimise the activities of the Nigerian state in fighting corruption. At the same time, the absence of the reform of the various institutions concerned with combating corruption such as the Judiciary, the anti-corruption agencies, the
Supreme Audit Institution (SAI), appeared to have incapacitated the Nigerian state to enforce the constitutional provisions and other economic laws that are capable of tackling corruption; such as money laundering in Nigeria.

The external source is also made up of three different types of data. The first set comprised of books and publications from diverse fields such as sociology, political science, history, public administration, philosophy, anthropology, international development, economics and criminology. These include those notably by – Baker (2012), Baker and Joly (2009), Bauman (2007), Bayley (1966), Coolidge and Ackman (1996), Davis (2003), Dumont (1966), Economist (1957), Headrick (1981), Hope (1996), Ip (2007), James (2008), Johnston (2008), Johnston and Hao (1995), Kahn and Formosa (2002), Lippmann (1930), Kang (2002) Murra (1958), Naylor (1987), Neild (2002). The second set of external data comprised of publications and pronouncements from civil society organisations such as Amnesty International, the Centre for International Policy, Global Financial Integrity, Global Witness and Transparency International. These organisations frequently offer alternative accounts which problematise the official narratives from the Nigerian government which may be narrowly conceived. The study also used publication and reports of corruption and money laundering by global organisations and financial institutions. These include those by the UN Economic Commission for Africa (UNECA), UN Office on Drug and Crimes, UN Development Programme on the Niger Delta Human Development, Financial Action Task Force, the World Bank, the International Monetary Fund (IMF), the Human Rights Watch, International Organisation of Supreme Audit Institution (INTOSAI) and the US Office of National Drug Control Policy. We obtained most of these reports from the websites of these organisations and institutions. The third set of external data comprised of reports of cases of bribery and money laundering collaboratively perpetrated by Nigerian politicians and public officials with some
multinationals and individual foreign capitalists in Nigeria, however delivered in foreign courts. These cases include those of the US Department of Justice, the Swiss Department of Justice and the UK Court.

The methods were more of the observer’s participation (Cohen, 1985) and document analysis (Glenn, 2009). For over five years, we followed and paid particular attention to the court proceedings and judgements in all the cases in Nigeria and the foreign courts. The proceedings and judgements were from time to time made available by courts in Nigeria and the Department of Justice of the foreign countries that carried out the investigation, indictment and prosecution. We recognised that data collected from websites in particular may have some reliability issues. However, in this study, the process provides both a baseline from which to measure from and in certain cases a target on what to improve on in our subsequent interviews. We also recognised that some of the issues we discussed in this study might have been expanded, altered, or are no longer valid in the respective websites at the time of finalising this study. To remedy this situation, we updated the data collected from the websites every now and then to make them more credible, reliable and up to date at the time of analysis.

In the sections that follow, we present our analysis organised around seven themes: (1) Nigerian elite, accountants and money laundering; (2) multinationals, accountants and money laundering in Nigeria; (3) powerful states, accountants and money laundering in Nigeria; (5) accountants as advisers and vectors in money laundering; (6) tackling money laundering and accountability; and (7) summary and discussion.
Nigerian Elite, Accountants and Money Laundering

There are national and international corruption treaty and conventions to combat money laundering\textsuperscript{13}. While testifying in a London court in November 2005 against Diepreye Alamieyeseigha, a former Governor of Bayelsa State in Nigeria, in a case of corruption and money laundering in London, Bayo Ojo, the Nigerian Attorney-General and Minister of Justice said:

\textit{Corruption, money laundering and the proceeds thereof have continued to be significant issues being addressed by the Nigerian government over the past six years. Both crimes are regarded as serious enough to undermine the Nigerian economy and the very existence of the society}\textsuperscript{14}.

Thus, in addition to the global and regional conventions and legislative provisions, the Nigerian government has enacted four Acts of the National Assembly, which lay down provisions governing the power to investigate and prosecute perpetrators of corruption such as money laundering\textsuperscript{15}. With cooperation from the international community, the national, regional and global conventions and legislation should provide sufficient powers to recover billions of dollars in illicit funds from the Nigerian public treasury and laundered mostly in Western banks and deactivate the entire money laundering machine. However, as Moghalu (2009) noted:

\textsuperscript{13}The UN Convention Against Corruption and Money Laundering 2005 requires each State Party to criminalise the laundering of the proceeds of corruption (Article 23) and to freeze, seize, confiscate or forfeit those assets either unilaterally or cooperatively (Articles 31, 54 and 55). Perhaps most important is Article 57, which enjoins the repatriation of recovered assets to their legitimate owners. Article 19(3) of the AU Convention on Preventing and Combating Corruption and Money Laundering 2003 requires State Parties to “encourage all countries to take legislative measures to prevent corrupt politicians and public officials from enjoying ill-acquired assets by freezing their foreign accounts and facilitating the repatriation of stolen or illegally acquired monies to the countries of origin”. Article 45 of the GIABA mandates member countries to criminalise, confiscate, freeze and seize money laundering proceeds.

\textsuperscript{14}The Nigerian Attorney-General and Minister of Justice, Mohammed Bello Adoke, said Nigeria loses N240 trillion (US$1.6 trillion) annually to corruption and money laundering (see EFCC, 2011a).

\textsuperscript{15}These are the Money Laundering (Prohibition) Act, 2011, the EFCC Act 2004; the Independent Corrupt Practices and Other Related Offences Commission Act 2000 and the Code of Conduct Bureau and Tribunal Act 1999.
In a crony capitalist state where what passes for ‘government’ or ‘governance’ is really a vast, institutionalized and criminal enterprise of bribery, stealing and sharing of public funds by the politicians and public officials, and multinationals, private sector businesses and professionals are built and sustained by their complicity in this scheme and other forms of sharp practices, it may become difficult for the rulers to make use of any available local and international laws to fight cases of corruption, such as money laundering.

To such a degree, evidence from the EFCC shows that for the past 30 years the total illicit cash outflows from the public treasury by Nigerian politicians and public officials, assisted by the expertise of accountants, with a substantial proportion laundered into private bank accounts, mostly in Western nations, are estimated to be over US$600 billion (Ribadu, 2010). While Nigeria and powerful states claim of their determination to fight money laundering, cronyism may have been responsible for some internal\(^\text{16}\) and external\(^\text{17}\) obstacles in the way of investigating and prosecuting the perpetrators or the recovery of the stolen funds laundered into private bank accounts, particularly in powerful states (Waziri, 2009). Misuse of public office for private gain is said to have numerous consequences, including a loss of government revenue (Fjeldstad & Tungodden, 2003), distort standards of merit and erode the respect of law (Hamir, 1999) and result in higher public investment and lower quality of infrastructure (Schloss, 1998). Thus, having been a sovereign state for over 51 years, Nigeria has no shipping line, no airline, no railway and no roads of good quality (Kpakol, 2006)\(^\text{18}\). The educational system is in disarray (Obaji, 2005)\(^\text{19}\), while the health system is in shambles.

\(^{16}\)In Nigeria, the Judiciary blocks the efforts of anti-money laundering agencies by granting reckless and questionable injunctions that restrain anti-money laundering agencies from either investigating or prosecuting alleged perpetrators of financial crimes, while anti-money laundering agencies also operate with impunity (Transparency International Report, 2010).

\(^{17}\)Outside Nigeria, freezing perpetrators’ private bank accounts in Western nations where the stolen monies were laundered and facilitating the repatriation of these stolen monies to Nigeria have also been made difficult as a result of the laws of some Western nations involved in these trans-organised financial crimes (EFCC Report, 2007).

\(^{18}\)Kpakol was the Chairman of the National Agency for Poverty Eradication Programme.

\(^{19}\)Chinwe Obaji was a former Minister of Education.
(Chikwe, 2010; Lambo, 2005). Other consequences have been a lack of adequate shelter, drinking water, proper sanitation or even a regular supply of electricity (Amnesty International Report, 2009).

Greenstone (1966) observed that:

In a society where the problem was not that all constitutional and economic power was centralised in one ruler, but rather that offices had come to be perceived as properties rather than being associated with assigned duties, cases of violation of the Constitution and other economic laws may become prevalent.

Dumont (1966) noted that, “As the ‘appropriation’ of offices progressed, the ruler’s power fell apart into various powers, which became the property of privileged individuals. Whatever the traces (of an objectively defined official duty), they disappear altogether with the treatment of the office as benefice or property”. What such a society therefore experiences is a neopatrimonial system of governance (Tsamenyi et al., 2010). Heidenheimer et al. (1990) noted that:

When a neopatrimonial system is in operation, a ruler could legitimately engage in a self or family-centered distribution of the national income, but whether or not he tried to do so, no one could seek to challenge his decision-making as illegitimate or corrupt. For the neopatrimonial ruler knew no distinction between his authority over his household and that over the rest of his realm. He wielded his power at his own discretion, unencumbered by rules insofar as he was not limited by tradition or by competing powers.

Joseph (1987) described successive regimes in Nigeria as ‘neopatrimonial’ – that is, with political power used to service a clientelistic network of supporters of the country’s ruling elite. With the knowledge of the Office of the Accountant-General of the Federation (OAGF) and advance of globalised electronic money transfers across borders, the World Bank and other international sources of information have estimated that the former Nigerian dictator, Ibrahim Babangida, laundered over US$35 billion from the Nigerian public treasury into his private

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20 Eyitayo Lambo was Minister of Health until May 2007. Adenike Grange was Minister of Health from June 2007 to 2008.

21 The breakdown of some of the monies looted from the Nigerian public treasury and laundered into Western private bank accounts by Babangida were: UK £6.25 billion; Switzerland US$7.41 billion; US US$2 billion; Germany DM9 billion (Nigeria’s Odious Debt Profile, 2005).
bank accounts, mostly in Western nations (see Bakre, 2011). With the knowledge of the OAGF and rapid developments in financial information, technology and communication, which allow money to move anywhere in the world with speed and ease, another former dictator, Sanni Abacha, laundered over US$4.3 billion from the Nigerian public treasury into his various bank accounts all over the world. Abacha also lost over US$30 billion of Nigerian taxpayers’ money to money laundering through an international fraud syndicate (see Sikka, 2003).

Section three of the Fifth Schedule of the 1999 Nigerian Constitution, part 1, forbids the operation of a foreign account by a public official. Article 16 of the 1999 Nigerian Constitution also forbids neopatrimonialism or the concentration of constitutional or economic power into the hands of an individual or group. However, Lippmann (1930) observed that:

In a situation where corruption which binds together masses of people in a complex of favours and coercion are the ancient form of human association, they might be called

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22 Between September 1988 and June 1994, US$12.4 billion was squandered and laundered into private bank accounts from six escrow accounts illegally opened and maintained by Babangida (Okigbo Panel Report, 1994).


24 Between 1995 and 1998, Sanni Abacha gave a standing order instruction to accountants at the Central Bank of Nigeria to launder US$15 million into his private bank accounts mostly in Western nations each day (see Sikka, 2003). Abacha also sent his officers to the bank from time to time to collect millions of dollars in cash.
natural government. However, if a modern constitution should be super-imposed upon the people partly by coalitions of the stronger factions and partly by compromises of interest, this may not necessarily abolish the natural government. Instead, conflict, to a decisive degree continues to operate through the modern constitution. When conflict between these natural associations becomes too great the constitutional government breaks down in civil war or it is swept aside by a dictatorship within these associations.

In what appears to be a neopatrimonial power in a democratic system of governance, with the knowledge of the OAGF (between 2003 and 2006), a total sum of US$13.2 billion was squandered from three special escrow accounts unconstitutionally opened and maintained by former President Olusegun Obasanjo (Joint Senate Committee on Finance, Appropriation and National Planning Report, 2006). Sule (2011) alleged that with the expertise of the accountants of the multinational oil companies operating in Nigeria and the knowledge of the OAGF:

*The NNPC [Nigerian National Petroleum Corporation] in collaboration with foreign multinationals (beginning under former President Obasanjo’s administration) unconstitutionally allocated US$1.00 per barrel of Nigerian oil sold as a type of personal payment or ‘kickback’ to the President. The former President, Obasanjo was pocketing US$60million bribe monthly, the wife of Obasanjo’s successor (former President Umaru Yar’Adua) was collecting her husband’s share of US$60million monthly, while Yar’Adua’s successor (President Goodluck Jonathan) may now be pocketing about US$100million bribe monthly because of increased oil production. Even the Senate President, David Mark and the former Speaker of House of Representatives, Dimeji Bankole were pocketing US$30 million monthly.*

With globalisation, liberalisation and the deregulation of the power and energy sector and with the influence of President Obasanjo as well as the knowledge of the OAGF (between 1999 and 2007), US$16 billion was dissipates by corruption and money laundering. This was under the pretext of providing electricity for the whole country, which was never actually provided (House of Representatives Committee on Power and Energy Report, 2008). Oyeleke (2009) observed that:

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25 The NNPC was unconstitutionally under the personal control of President Obasanjo for eight years (1999–2007). However, Obasanjo and NNPC accountants could not account for a total sum of N555 billion (US$3.7 billion) and another sum of N502 billion (US$3.4 billion) oil revenue from the Federation account from December 2004 to April 2007 (Joint Senate Committee on Finance, Appropriation and National Planning Report, 2008).
Specifically, the rising wave of corruption – illicit financial outflow and money laundering especially by politicians and other public officials has apparently become an unsavoury symbol of nationhood, with each regime promoting the odium to higher levels.

Gray and Kaufmann (1998) noted that poor countries with ample natural resources or large populations tend to offer greater possibilities for corruption. Despite constituted probe panels implicating former military rulers Babangida, Abacha as well as former democratically elected President Obasanjo in corruption and money laundering, these former rulers are yet to be the subject of any prosecution in Nigeria. This has probably encouraged further corrupt practices by their public officials and officers. Murra (1958) observed that in a society with thieving leadership:

*The rulers’ public officials and officers were likewise unencumbered by any rules other than the changeable ones embodied in the ruler’s instructions, which are sometimes violated by the subordinates. If the officials diverted many resources to their private ends, they were not breaching any rules, unless these were embodied in atypically specific instructions from the ruler himself. In that case, deviance constituted insubordination rather than corruption.*

Following in the footsteps of former military rulers and presidents, many of their public officials and officers have utilised the expertise of public service accountants to launder a huge amount from the Nigerian public treasury into their foreign private bank accounts.26 Johnston (1986) noted that, “The moral principles at the top level political leadership in governance in any society would automatically become the guiding principle of the entire political elite at the centre, state, and even the local government levels”. Thus, following the ‘moral’ principles of the top level

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26 A former officer of Abacha, Brigadier-General Mohammed Buba Marwa, is facing the EFCC over an alleged US$16 million part of Abacha’s loot laundered into Marwa’s foreign accounts. A special assistant to former President Obasanjo, Andy Uba, was charged for money laundering for the US$27,000 he illegally brought into the US on a Presidential jet (see US Department of Justice Report, 2006). Moreover, without the approval of the National Assembly, as is required by the 1999 Nigerian Constitution, former Vice-President Abubakar Atiku was alleged to have also illegally withdrawn several millions of dollars, including US$125 million from the Petroleum Trust Development Fund (PTDF), which was laundered into his foreign private accounts (Senate Ad hoc Committee on the PTDF, 2006). Former Vice-President Atiku was also alleged to have laundered another US$40 million stolen from the Nigerian public treasury into his 30 US private bank accounts through his American wife, Jennifer Douglas (US Senate Subcommittee on Investigation Report, 2010).
political leadership of Nigeria, in a globalised financial market, in which nation states solicit and compete for capital inflows, with the assistance of state Accountant-Generals and other public service accountants, between 1999 and 2007, governors, ministers, politicians, and leadership of the police and customs also laundered substantial proportions of their budgets into their private bank accounts. Gray-Molina et al (1999) observed that in poor countries, police and customs organisations are often singled out by both corruption commentators and the public as being in serious need of reform.

Despite the disapproval of Nigerians and the international community, as well as the EFCC that investigated these cases, corruption in the Judiciary has resulted in few of these cases being

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29Politicians and the amounts involved: Bode George US$65 million; Senator Nicholas Ugbane and nine other members of the House of Representatives US$34 million; Senator Iyabo Obasanjo US$ 65,000; Andy Uba, US$170,000 (EFCC List, 2009b).

30Other public officials and the amounts involved: Tom Isegholi, Mohammed Buba and Mike Okoli (for Transcorp Plc) US$98 million; Kenny Martins US$50 million; Roland Iyaiy US$37 million; Nyeson Wike US$31 million; four senior Zenith Bank Managers US$24 million; Ransome Owan and six others US$10 million; Molkat Mutfwang and three others US$4 million; Dr. Albert Ikomi US$282,059; Yuguda Manu US$114,791 (EFCC List, 2009b).

31Nigeria corruption chart (2010) showed that police and customs still top. Former Inspector General of Police, Tafa Balogun, was imprisoned for stealing and laundering approximately US$100 million (EFCC Report, 2006). Another Inspector General of Police, Sunday Ehindero, who was appointed to replace Balogun, was also alleged to have laundered approximately N200 million (US$1,600,000) belonging to the police force, and he lodged another N2.5 billion (US$20 million) belonging to the police cooperative into secret accounts (EFCC Report, 2006a).

32There is a growing perception backed up by empirical evidence that justice is purchasable and that it has been purchased on several occasions in Nigeria (Nigeria Bar Association, 2011). For example, the Honourable President, Court of Appeal, Justice Ayo Isa Salami, alleged that the Chairman, Chief Justice of the Federation, Justice Aloysius Katsina-Alu asked him to pervert the course of justice in the Sokoto governorship election appeal, while Justice Katsina-Alu has also alleged that Justice Salami and other justices of the Court of Appeal have been involved in
Prosecuted\textsuperscript{33} in Nigerian courts, while other alleged perpetrators have been granted reckless bail, and their cases continued (see EFCC Report, 2007). Bayley (1966) observed that:

\begin{quote}
Politicians and public officials constitute the elite. Their function is to give purpose to national efforts. In so doing, the elite cannot avoid setting example ordinary citizens will emulate. If the elite are believed to be widely and thoroughly corrupt, the man-in-the-street will see little reason why he too should not gather what he can for himself and his loved ones, using any possible means.
\end{quote}

On that account, statistics from the EFCC also show that Nigerian fraudsters make up to US$500 million annually from foreign victims (EFCC Report, 2006a)\textsuperscript{34}. Scott (1970) observed that:

\begin{quote}
In a country where private capital is scarce and tax-gathering agencies inadequate, the official who loots the public treasury and diverts that money to investment is likewise seen as a potential benefactor to the economic growth and development of the country. Of course, the process can work the other way if the mass of citizens who collectively own the wealth are investment-prone well-to-do peasant and the treasury looter a big spender in night clubs; the key elements in the equation are marginal consumption and investment propensities of the treasury looter and citizens who own the wealth.
\end{quote}

Unceasingly available evidence in Nigeria suggests that with the scarcity of private capital and ineffective tax frameworks, treasury looters have been using illicit funds to contribute to the economic development of powerful states, while creating unemployment and avoidable poverty for unethical practices in the determination of governorship election appeals in the Osun and Ekiti states. The EFCC is also probing a judge who has been allegedly paid N10 billion (US$80 million) as a bribe to pervert the course of justice in the corruption and money laundering trial of the former Governor of Edo State, Lucky Igbinedion (see EFCC Report, 2011b).

\textsuperscript{33}The former Chairman of the ruling party, the Peoples Democratic Party in Lagos State, Olabode George, who was prosecuted for stealing US$65 million, was sentenced to fewer than two years in prison, while he celebrated his release in church in the company of former President Olusegun Obasanjo.

\textsuperscript{34}Emmanuel Nwude and Amaka Anajemba were both convicted by the courts in Nigeria after successfully fleecing Nelson Sakaguchi, the director of what was once one of Latin America’s biggest banks, Banco Noereste, of US$242 million over a non-existent contract to construct an international airport in Nigeria’s new capital, Abuja (see EFCC Report, 2006b). Fred Ajudua was arraigned before the Lagos High Court, Ikeja on charges of obtaining US$1,698,133 from a German national, Remmy Hendricks Luigi Cima, under false pretences (see EFCC Report, 2006a). Even a once honourable member of the House of Representatives, Maurice Ibekwe, became dishonourable when he was arraigned before the Ikeja High Court for fraud. This was on charges of duping a German, Munch Klaus, of US$330,000 and DM75,000 over a phony contract to supply computers, monitors, radar system accessories and landing lights for the Nnamdi Azikwe International Airport in Nigeria (see EFCC Report, 2006b). Ade Bendel was arraigned before the Ikeja High Court, Lagos on 30 May 30 2003 for swindling an Egyptian army general, Ali Abdel-Azim Atti, of US$500,000 over a non-existent contract (see EFCC Report, 2006a). He was subsequently sentenced to six years imprisonment and ordered to refund the US$500,000 that he had defrauded the complainant.
millions of Nigerians who own the money (see National Bureau of Statistics Report, 2012). The federal government of Nigeria\textsuperscript{35} has promised to push for the repatriation of the laundered monies and to seize the illegal foreign assets to provide basic infrastructures (education, health, water and electricity) for the masses of Nigerians from whom such monies were stolen and such basic amenities denied. However, Igbinedion (2008) noted that:

\begin{quote}
Because the hands of custodians of African wealth are soiled, African recovery has been in abeyance. Witness that, since December 2005 when the United Nations Convention Against Corruption and Money Laundering came into effect, no African country has genuinely initiated the recovery of its looted funds or illegally possessed assets in foreign countries. It is rather unfortunate that international law’s deference to the principle of sovereignty - a rule of customary international law - is at the expense of the general principles of nemo judex in causa sua, a principle that should normally disentitle complicit officials from being judges in the recovery of their nation’s looted funds or illegally possessed assets in foreign countries.
\end{quote}

The probable complicity of the politicians\textsuperscript{36}, public officials\textsuperscript{37}, EFCC\textsuperscript{38} and ICPC\textsuperscript{39} in illicit financial outflows seems to have become seemingly an opportunity for the collaborative tendency of some multinationals and individual foreign capitalists with professionals, notably


\textsuperscript{36} Former President Obasanjo and Vice-President Atiku were both consistently implicated in monumental financial corruption and money laundering while in office (see US Senate Subcommittee on Investigation Report, 2010; Onovo Panel Report, 2010; Okiro Panel Report, 2009).


\textsuperscript{38} The EFCC has been hobbled by incompetence, internal graft allegations and suspicions of political interference. It has only managed four convictions of nationally prominent political figures since it was established in December 2002, and those convicted have faced little or no prison terms. Other senior political figures who have been widely implicated in corruption have not been prosecuted. Despite its promise, the EFCC has fallen far short of its potential and eight years after its inception is left with a battered reputation and an uncertain record of accomplishment (see Human Rights Watch Report, 2011). For example, the former Chairman of the EFCC, Farida Waziri, was investigated for the alleged systematic looting of EFCC funds, collecting gratification from some companies and individuals and sweeping the investigation of these companies and individuals under the carpet and was later sacked from office for incompetence (ICPC Report, 2010), while 11 of the officials of the EFCC have had their services terminated because of being implicated in forgery and other fraudulent acts (EFCC Report, 2009a).

\textsuperscript{39} The Chairman of the ICPC, Justice Ayoola, and the wife of former Chief Justice of the Federation, Miriam Uwais, conspired to scuttle corruption and money laundering charges against former governor Donald Duke of Cross River State and his wife (see Sahara reporters, 2008).
accountants, in what seems to be perpetrating illicit financial outflows from Nigeria.

**Multinationals, Accountants and Money Laundering in Nigeria**

Global\(^{40}\), regional\(^{41}\) and national\(^{42}\) legislation, conventions and laws that criminalise corruption, bribery and money laundering have been passed. However, Sharife (2009) noted that:

> Multinationals operating in corrupt countries have two options. The first option is to abide by the moral imperative being preached by their home countries. This means openness in their operational activities in any society which they operate. The other option is to say that if corruption is an acceptable norm in the society in which they operate, multinationals have no option than to follow the societal norm. This means aligning themselves with the corrupt rulers in any corrupt countries where they operate, in order to continue to accumulate their own private capital.

In what seems to be a preference for the latter option by multinationals operating in Africa, the United Nations Economic Commission for Africa report (UNECA Report, 2012) stated that multinationals illicitly transfer estimated US$1.5 trillion from Africa yearly.

A report credited to Jeffrey Robinson, a respected international voice on money laundering, which appeared in the *Times* newspaper (in the UK), showed how crony capitalism and globalisation of businesses that encourage international capital mobility enabled three firms from Germany, France and India to routinely launder various sums of money into foreign bank accounts held in the name of General Sanni Abacha, a former Nigerian dictator. The report revealed that:

> A German Industrial firm, Forrestal laundered DM 20 million into the account in 1996. Subsidiaries of Tata, an Indian group, laundered $540 million into the account, while a

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\(^{41}\) These include, *inter alia*, the Council of Europe Convention on Money Laundering 1998 and the Inter-American Convention Against Corruption and Money Laundering 1996.

French construction company, Dumez Nigeria, laundered $8 million into the account.

These payments were made by their accountants in return for favoured contracts, without passing through the due contract procurement process in place in Nigeria, and in most cases with the consequence of the poor execution or non-execution of the contracts. With the knowledge of the OAGF, in most cases, the full contract money would have been paid upfront by the Nigerian government (see EFCC Report, 2011c).43

A US$6 billion US/Nigeria liquefied natural gas (LNG) project contract was performed for Nigeria between 1994 and 2004 by a consortium of four companies from the G8 countries – Technip of France; Snamprogetti, a subsidiary of ENI SPA of Italy; Kellog of the United States later known as KBR and the Gasoline Corporation of Japan (TSKJ). The consortium was led by KBR, which had former US Vice-President, Dick Cheney, as its chairman during the execution of the project in Nigeria. However, the activities of these companies in the execution of the project have become a subject of corruption, bribery and money laundering investigations, indictment and prosecution in American and Nigerian courts.

The US Investigation, Indictment and Prosecution

In 2009, US investigators in Houston court; Texas indicted all four companies that made up the TSKJ consortium, some of their officials and some former Nigerian rulers, politicians and public officials for bribery and money laundering (see US Justice Department Report, 2009). Albert Stanley, a former executive of the Houston-based company Global Engineering Construction and Services, pleaded guilty to charges of bribery and money laundering before US Federal Judge

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43 In the face of the French Anti-Money Laundering Regulation 2007, the German Money Laundering Act 2009 and the Indian Prevention of Money Laundering Act 2002, no investigations were conducted into these trans-organized financial crimes by the French, German and Indian governments. Nigeria, whose head of state Sanni Abacha, was the sole beneficiary of the total money laundered, has also been reluctant to initiate any investigation.
Keith Ellison. He confessed that TSKJ hired three agents – Jeffrey Tesler, a British national\textsuperscript{44}, Wojciech Chodan, another British national\textsuperscript{45} and JGC, a Japanese trading company\textsuperscript{46} – to pay bribes to a range of Nigerian rulers, politicians and public officials to assist the consortium win the $6 billion LNG contract from the Nigerian government. Stanley further revealed that the consortium paid approximately US$132 million to a Gibraltar corporation controlled by Tesler and Chodan and approximately US$50 million to JGC to be able to bribe Nigerian officials. He told the court that he personally collected a bribe of $10.8 million from a consultant hired at his behest in connection with the LNG contract. Adusei (2009) noted that:

\textit{In most African countries, Western multinationals and individual foreign capitalist operate as an arm of their respective home governments and financiers of World institutions, particularly the World Bank and the IMF, supporting dictators, looting resources and establishing a flush fund used to bribe African leaders to look the other way, while the multinationals and individual foreign capitalist loot African resources.}

In 2009, KBR and its parent company Halliburton agreed to federal criminal charges and paid US$579 million to resolve criminal and civil Federal Corrupt Practices Act charges. In the same Houston court in 2010, Technip and Snamprogetti were also found guilty of bribery and money laundering and paid fines of US$338 million and US$365 million respectively to US enforcement agencies. Then in 2011, JGC paid a US$218.8 million criminal penalty to US enforcement agencies (see US Justice Department Report, 2011b). On 23 February 2012, US Federal Judge Keith Ellison sentenced Stanley to 30 months imprisonment and further directed him to pay US$10.8 million in restitution. Tesler was sentenced to 21 months in prison and to

\begin{footnotesize}\begin{itemize}
\item \textsuperscript{44} TSKJ hired Tesler as a consultant to pay bribes to high-level Nigerian government officials, including top-level executive branch officials (see US Justice Department Report, 2011b).
\item \textsuperscript{45} Chodan was alleged to have kept a detailed diary of the bribery in regards to the amount that should be disbursed to each Nigerian official and he kept the record in coded names.
\item \textsuperscript{46} TSKJ hired JGC to pay bribes to lower-level Nigerian government officials (see US Justice Department Report, 2011b).
\end{itemize}\end{footnotesize}
give up US$149 million, while Chodan was also sentenced to one year supervised probation and to forfeit US$726,885 (see US Justice Department Report, 2012). The federal judge also directed another Japanese trading house Marubeni, which TSKJ hired to help get the engineering contracts, to pay a US$54.6 million fine.

Meanwhile, the TSKJ joint venture paid US$1.65 billion to settle American Foreign Corrupt Practices Act 1977 charges, of which only a paltry US$150 million went into the coffers of the Nigerian government (US Justice Department Report, 2011c). However, such a penalty disparity seems to violate the fundamental provisions of the UN Convention Against Corruption 2005, whose Article 35 provides that persons who have suffered damage as a result of an act of corruption have the right to adequate damages and compensation. Nevertheless, the bribery and laundering of the proceeds in private bank accounts by the TSKJ joint venture cannot be carried out without the knowledge and services of their respective accountants. Indeed, the company that led the TSKJ joint venture, Halliburton, told the US Security and Exchange Commission (SEC) that company accountants made US$2.4 million in improper payments to Nigerian officials in order to obtain favourable tax treatment (SEC Report, 2003). As US authorities have used their national law to investigate, indict as well as prosecute companies and individuals implicated in the US/Nigeria LNG scam (including Nigerian officials), it was expected that Nigeria, the real victim of the scam, would follow suit by bringing indicted Nigerians to justice in Nigeria. However, Nigerian authorities seem to be reluctant to prosecute Nigerian officials indicted by US authorities and confirmed guilty by two separate independent investigations constituted by the Nigerian government and led by two former Nigerian Inspector General’s of Police.

Reluctance of the Nigerian State to Prosecute Indicted Officials

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When the news of the US indictment of some Nigerian officials became public in Nigeria and no names of any beneficiary were mentioned, the Nigerian President, Umaru Yar’Adua, promised US authorities as well as the Nigerian people that he would immediately direct all relevant security agencies to thoroughly investigate the indictment. Based on the US investigations, 77 former Nigerian rulers, politicians and public officials were indicted and their names given to Nigerian authorities for further investigation and possible prosecution. Following his promise, President Yar’Adua constituted a special panel headed by the Inspector General of Police, Mike Okiro, to investigate the US indictment. The Okiro Panel Report dated 25 May, 2009, including another copy of the report dated 20 July, 2009, submitted to President Yar’Adua and the Attorney-General of the Federation and Minister of Justice indicted 74 former rulers, politicians and public officials of the original 77 names indicted by US authorities. According to Okiro’s report:

Of the US$180 million bribe, former President Olusegun Obasanjo, former Vice-President Atiku Abubakar and former Nigerian National Petroleum Corporation (NNPC) Group Managing Directors, Gaius Obaseki and Funso Kupolokan all shared US$74 million. The late Head of State, Sanni Abacha, his Petroleum Minister, Dan Etete and former Inspector General of Police, Muhammed Yusuf shared US$43 million. Former Heads of State, Ibrahim Babangida, Ernest Shonekan and Abdulsalami Abubakar were also culpable in the scandal (see Okiro Panel Report, 2009.)

The Okiro Panel Report further revealed that former President Olusegun Obasanjo, through Bodunde Adeyanju, his personal assistant, had collected US$5 million from the bribery proceeds. Probably under pressure from the indicted powerful and influential former rulers, President Yar’Adua could not fulfil his promise of acting on the indictment before he finally left office in 2009. Under continued pressure from the US and Nigeria, his successor, the then Acting President Goodluck Jonathan, constituted another Presidential Special Committee headed by the
new Inspector General of Police, Ogbonnaya Onovo, to re-investigate the indictment. The Onovo Panel report confirmed the findings of the Okiro report that certain highly placed Nigerian officials received monies out of the US$180 million bribe slush fund established by TSKJ. Following the example of his predecessor, a possible tri-conspiracy of the state, the EFCC and the Judiciary seemed to have led to the striking out of a case against three minor public officials in the LNG scam by an Abuja High Court (see Abuja High Court Report, 2012). It may have been difficult for Presidents Yar’Adua and Jonathan (who both came to power as President and Vice-President through the influence of former President Obasanjo in the 2007 election that was described as fraudulent by US, UK and EU observers) to prosecute Obasanjo. Szeftel (2000) observed that:

*In a society where the ruler came to power through fraudulent elections or sponsorship of corrupt organization or powerful individuals with vested interest, it might become difficult for the same ruler to become the prosecutor of the corrupt organization or powerful individuals that brought him or her to power, even sometimes in the face of evidence of corruption against such organization or powerful individuals.*

US authorities have said that they will not support the Nigerian government in recovering Nigeria’s huge amount of money laundered into Swiss banks by politicians and public officials if the Nigerian government do not prosecute all the officials indicted by the US. However, given the US multinational interests in Nigeria and the likely assistance of the same indicted Nigerian officials to protect these interests, which smooth the path of capital inflows into the US economy, it is doubtful if crony capitalism will ever allow the US to match its words with action. Nevertheless, the activity involving the payments and laundering of the US$180 million from the bank accounts of the TSKJ joint venture into the private bank accounts of Nigerian beneficiaries cannot be performed without the knowledge, collaboration and at the very least connivance of accountants. Meanwhile, the reluctance of Nigerian authorities to bring the perpetrators of corruption and money laundering to justice seems to have also encouraged individual foreign
capitalists to see Nigeria as a fertile land for perpetrating corruption and money laundering.

Individual Foreign Capitalists, Accountants and Money Laundering in Nigeria

As corruption seems to be an acceptable norm in a crony capitalist Nigerian state, with the collaboration of Nigerian public officials and the services of accountants, individual foreign capitalists operating in Nigeria seem to have cast aside any moral imperatives being preached by their home governments in order to continue to accumulate their private capital and perpetrate money laundering\(^{47}\). A British businessman and generous donor to the British Labour Party, Uri David, was tried, convicted and fined SF400,000 (US$318,000) in a Geneva Court for laundering money into Abacha’s UBS AG Swiss bank accounts (see Swiss Justice Ministry Report, 2003). During the trial, UBS AG claimed to be unaware of the real identity of the account’s owner. However, the judgment by Daniel Zappelli, Attorney-General of the Canton of Geneva, raised the possibility that:

*UBS AG, the Swiss bank that held the funds, knew the account was being used by the Abacha family because the launderer, David, constantly asserted that the bank, UBS AG, knew well the real identity of the account’s beneficiary owner.*

Other individual capitalists from Austria, Germany and India\(^{48}\) have followed suit in illegally

\(^{47}\) A former Nigerian first lady and other highly placed Nigerians, senior military officers, Lebanese, Iranian, British and American businessmen played active roles in the illegal oil bunkering business in the Niger Delta estimated at between 100,000 and 250,000 barrels per day or as much as 91 million barrels per year, leading to between US$2.9 and US$7.3 billion money laundering annually (Wikileaks Report, 2011). According to the report, “no other, major oil-producing country, to our knowledge, loses as much revenue from illicit oil bunkering as Nigeria, largely because the political elite, militants, and communities profit from such operations. Tackling this problem will require resolute political will from many sectors of Nigerian society”.

\(^{48}\)For example, Eider George, an Austrian businessman, and Patrick Fernandez, an Indian businessman, both swindled Nigerians and laundered N5.6 billion (US$44.8 million) and N32 billion (US$256 million) respectively (EFCC Report, 2009a). Another Indian national, Raj Arjandas Bhojwani, laundered US$42 million through the Jersey branch of the Bank of India with the former Nigerian dictator, Sanni Abacha. He was jailed for six years in 2010 by the Jersey Royal Court and like the case of the US, the court ordered the confiscation of US$40 million and
accumulating private capital and perpetrating money laundering in Nigeria. Paradoxically, the UK, Austria, Germany and India all have national anti-money laundering laws and legislation and are signatories to the UN Convention Against Corruption and Money Laundering 2005. Yet, none of them has done enough to assist Nigerian authorities bring their erring citizens to justice at home or in Nigeria. Neild (2002) noted that:

_It is hard to see how the international economic agencies and their member government can introduce incentives that would cause corrupt rulers to (attack corruption)... Not only are the powerful states and their agencies in this respect impotent, they commonly have been and are accomplices in corruption abroad, encouraging it by their action rather than impeding it._

The above analysis suggests the likely complicity of anti-money laundering-preaching powerful states in corruption and money laundering in Nigeria.

**Powerful States, Accountants and Money Laundering in Nigeria**

Global trends suggest that crime bosses earn their incomes mostly in developing countries, but invest it in more secure and sophisticated financial systems and real estate, mostly in developed countries (UNODC Report, 2010). This seems to suggest that money laundering is a global problem that should be cooperatively tackled by developed and developing countries. Speaking of developed countries, Itsede (2002) revealed:

_Funds allegedly looted from the public treasury, proceeds from inflated public sector contracts, illegal mining, corruption, oil bunkering, trade and bank frauds are transferred from West Africa to Asia, Europe, and the Americas; these funds end up in coded accounts, while others are invested in exotic cars and real estate in prime locations._

for Bhojwani to contribute to the cost of prosecution (see BBC News, 2011). Gilbert Klaus and Edward Seidel, both German nationals, are wanted by the EFCC in connection with the Siemens bribery scandal in a case of criminal conspiracy, bribery and money laundering to the tune of 17.5 million Euros (EFCC Report, 2011c). Another German national, Wolfgang Bunde, who is standing trial for six counts of conspiracy and for alleged fraud and money laundering in Nigeria involving N35 million (US$200,000) has jumped bail and his whereabouts are still unknown (EFCC Report, 2009a).
In respect of developing countries, he also disclosed:

*Funds obtained from criminal activities such as drug trafficking, credit card fraud, under-invoicing of exports and over-invoicing of imports, bank frauds, advance fee frauds, prostitution perpetrated in Asia, the Americas and Europe are transferred to West Africa through elaborate processes.*

Constantly available evidence shows that through the collaboration of accountants, the estimated US$1.5trillion and US$15billion annually transferred illicit funds by multinationals and Nigerian elite from Africa and Nigeria, find their way into coded banks accounts in England, Switzerland, France, Germany, the US, the Caribbean and other UK Crown Dependencies because of solicitations from the banks in those countries (Naylor, 1987). Hope (1996) observed that:

*Capital flight from developing countries has intensified in recent years, partly because the incentives for such movements became greater and partly because the opportunities for these outward movements of capital were encouraged through the active solicitation of these funds by banks in the creditor nations. These are the same banks to which some of the developing countries are heavily indebted.*

In the face of the available evidence, which shows that through the collaboration of accountants powerful states and their banking institutions continue to act as ‘conduit pipes’ for illicit funds from Nigeria, the actions of some powerful states and their banking institutions, particularly the UK and its banks such as Barclays and HSBC, have been contradictory (Global Witness Report, 2010). While other UK companies such as Vetco International and its subsidiaries and UK citizens have been prosecuted in US and French courts for corruption and money laundering perpetrated in Nigeria, there has been no evidence of any investigations or prosecutions of any of the UK companies or citizens by the UK government. Britain is Nigeria’s former colonial master, and has been highly critical of the endemic corruption and money laundering in Nigeria. Yet, the British government remained a foreign backer of the eight-year regime of former President Obasanjo, which national and international evidence shows was characterised by crony capitalism and corruption (see House of Representatives Committee on Power and Energy Report, 2008) and money laundering (see Onovo Panel Report, 2010; Okiro Panel Report, 2009). The evidence shows that through the services of
accountants, more than US$1.5 billion of the US$4.3 billion stolen by Abacha from the Nigerian public treasury were laundered by associates of Abacha into various British banks between 1993 and 1998 (see Sikka, 2003). However, it was only when there was a threat of legal action from the EFCC that the British Labour government released to the Nigerian government a mere US$3 million (EFCC Report, 2007). Global Witness Report (2010) also noted that British authorities are not doing enough to stop the flow of illicit money into the UK from Nigeria. The report emphasised that:

*British banks and regulators are not doing enough to tackle money laundering. Some 23 banks that were reported by the UK Financial Services Authorities (FSA) to have engaged in such practices were not publicly reprimanded. A few years later, the same banks were featured in the Global Witness report on corruption. The UK gives away development grants to developing countries but turns around to undermine that effort by aiding corruption across borders.*

While the US government has also been critical of corruption and money laundering in Nigeria, former US Vice-President, Dick Cheney, was indicted by the EFCC for bribery and money laundering perpetrated by Halliburton, a company that had Cheney as its Chief Executive Officer during the US/Nigeria LNG bribery scandal. Instead of making Cheney face justice for bribery and money laundering in a court in Nigeria, the EFCC was ‘proud’ to announce that it had got as far as making Cheney enter into a plea bargain with the EFCC, in which Cheney offered to pay US$120 million in fines and repatriate an additional US$130 million to the Nigerian government in order for the EFCC to drop the charges against him (EFCC Report, 2010a). Bauman (2007) noted that:

*Only in rare and extreme cases do ‘corporate crimes’ come to court and into public view. Embezzlers and tax cheaters have an infinitely greater opportunity for an out-of-court settlement than do pickpockets or burglars. Apart from anything else, the agents of local orders are all too aware of the superiority of global powers and so consider it a success if they get as far as that.*

US Congressional investigations also revealed that Citibank provided ‘services’ for the son of General Abacha, the Nigerian dictator, in excess of US$110 million (see Petras, 2001). It was found
that Citibank violated all of its own procedures and government guidelines: there was no client profile (review of client background), determination of the source of the funds or any violations of Nigerian laws from which the money accrued. However, no top official of Citibank was brought to court and tried by US authorities. After being acquitted of fraud and money laundering charges by a Nigerian High Court in Asaba, Delta State in 2004, a former governor of Delta State, James Ibori, later admitted using the expertise of the Delta State Accountant-General to steal over US$250 million from its treasury. He further admitted using the services of accountants in Nigeria and the UK to launder the money into Barclays and other British banks through a number of offshore companies (see UK Guardian, 2012). Four British police officers who investigated Ibori’s case were also alleged to have taken £20,000 bribes from Ibori’s lawyer, leading to a case of what Bakre (2007); Sikka and Willmott (1995) and Tinker (1980) described as investigating the investigators by British authorities. British banks accepted that the money violated their own procedures and UK anti-money laundering legislation. Although a British court sentenced Ibori to 13 years imprisonment, British authorities are yet to try the top officials of any of the banks implicated in Ibori’s money laundering scandal. Arnold and Sikka (2001) noted that:

*Nation states, especially major Western states remain important players in the regulation of global business. However, nation state’s capacity to regulate global enterprises is compromised by history, domestic concerns and relationships with class and capitalist interest rather than by globalisation per se.*

It was only after creative pressure and a threat of legal action by the EFCC that Switzerland, another major haven for Nigerian looted funds, was forced to agree to release approximately US$700 million of over US$2 billion laundered into various Swiss bank accounts (EFCC Report, 2007)49. Murphy

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49 As the Swiss authorities continue to use their local laws to stop the repatriation of looted Nigeria monies in different Swiss banks, in a federal court in Fort Lauderdale, Florida, USA, the Chairman of the Swiss-based bank, UBS AG, has accepted responsibility for UBS AG to pay US$780 million in fines, penalties, interest and restitution for conspiring to create sham accounts to hide the assets of approximately 17,000 American clients estimated to be worth US$20 billion (US Justice Department Report, 2009). The Swiss authorities have also agreed to turn over the
and Christensen (2008) noted that money laundering, which has been criminalised by the UN and European Union, forms a major source of financial inflow to the Swiss economy, and is therefore not considered to be a crime in Switzerland. Although Switzerland is a European country that supposedly has a ‘clean’ economy that prescribes ‘standards’ for developing countries, this has been disputed, for example, by Murphy (2007) as he noted:

The idea that Switzerland has a clean economy is a joke; it is a dirty-driven economy. The Swiss Bankers’ Association claims that four-fifth of the nation supports banking secrecy, which reveals a society deeply embedded in a culture of impunity and exploitation. The fact is that those who steal must find a way to hide their loot, and Switzerland provides the ideal environment for such crimes to take place. And it is not Switzerland alone that does not have a clean economy. Britain, France, Germany and Luxembourg can all be described as vampires.

When Obasanjo was President of Nigeria (1999–2007), Nigeria lost an estimated US$130 billion to illicit financial outflows and money laundering (Global Financial Integrity Report, 2011a). Yet, the President of the European Commission, Joze-Manuel Barrozo, said that the European Commission was not aware of any bank account in any foreign country harbouring Obasanjo’s money (Barrozo, 2005). The London Metropolitan Police followed suit, by ‘clearing’ Obasanjo of owning any foreign accounts (London Metropolitan Police, 2007). However, the above accounts of several people under investigation for money laundering, including Nigerian politicians and public officials (US Justice Department Report, 2009).

Apart from the endemic corruption and money laundering in the political directorate and public service, Obasanjo was allegedly collecting from multinational oil companies US$1 per barrel of Nigerian oil sold as a type of personal payment or ‘kickback’, which was estimated at US$60 million every month for eight years (see Sule, 2011). The Nigerian House of Representatives Committee on Power and Energy Report (2008) recommended that the EFCC, ICPC and CCB prosecute Obasanjo for using US$16 billion from the Independent National Power Project for corrupt purposes (see Bakre, 2011). The US Justice Department Report (2009), the Okiro Panel Report (2009) and the Onovo Panel Report (2010) all indicted Obasanjo for the US$5 million bribery proceeds of the US/Nigeria LNG Project scam, which were laundered into Obasanjo’s private bank accounts, through his personal assistant, Bodunde Adeyanju and for which Adeyanju is currently facing prosecution from the EFCC (EFCC Report, 2010b). Illicit financial outflows and money laundering resulted from dubious ubiquitous fraudulent contract awards, privatisation and license approvals by the Obasanjo administration to close confidants, loyal cronies and PDP party faithful, who have mysteriously and illogically made billions without sweat. Obasanjo gave lucrative oil-bloc to T.Y. Danjuma worth US$1.3 billion. Danjuma admitted recently making a whopping US$500 million profit and that he was confused as to “what to do with it”.

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evidence of corruption and money laundering against Obasanjo seems to suggest that the President of
the European Commission and London Metropolitan Police may need to carry out further
investigations. As globalisation only criminalises monies that are clearly derived from terrorism and
drug smuggling, the free movement of money from other sources (including looted money from
national treasuries) across borders is encouraged and even solicited by powerful states’ banks. It is
therefore highly likely that Obasanjo’s money may be hidden in private foreign bank accounts with
the likely collaboration of accountants and auditors and complicity of the state in which the money is
hidden. Petras (2001) noted that:

*Big bank money laundering has been investigated, audited, criticized and subject to
legislation; the banks have written procedures to comply. Yet, powerful state banks
ignore the procedures and laws and their governments ignore the non-compliance.*

Owing to a fear of investigation and possible prosecution in Nigeria, in addition to being
‘unbankable’ in the traditional sense of being unable to offer a safe return on investment, it is
highly unlikely that Obasanjo would have kept his money in any bank in Nigeria. The African
Forum and Network on Debt and Development (2007) observed that:

*Western nations, Western banking institutions and International Financial Institutions
(IFIs), with direct connivance of African leaders, encourage illicit acquisition of huge
sums by money launderers, public treasury looters and terrorist. They went further to
provide safe haven for keeping such ‘dirty money’ in flagrant violation of the United
Nations anti-money laundering law and even their own laid-down banking and anti-
money laundering laws.*

In all the above money laundering activities, Mitchell *et al.* (1998a) noted that “accountants are
the advisers and vectors who are able to create and manipulate the complex transactions, which make
it difficult to identify and trace the origin and the ultimate destiny of illicit funds, or, when acting as
auditors, are reluctant to reveal and report such activities”.

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Accountants as Advisers and Vectors in Money Laundering

The UNODC Report (2010) noted that two trends have characterised money laundering in recent years. The first is the increasing involvement of professionals such as accountants. The second is that professionals, such as accountants, are used not only to conceal the origin of the source of the proceeds, but to also manage the subsequent investment into assets, such as real estate, stock, bonds or other legitimate businesses globally. Thus, criminal organisations are increasingly contracting the task of money laundering to accountants because the methods required to circumvent the law and avoid detection are complex.

With the likely complicity of the Office of the Accountant-General of the Federation (OAGF) and other accountants in corruption and money laundering in Nigeria, it would be highly unlikely to expect the OAGF and other accountants to also become guardian of Nigerian capital. A case in point is that of Edward Osakwe, a former Managing Partner of Ernst & Young, a transnational audit firm in Nigeria. Osakwe was brought before the disciplinary committee of the Institute of Chartered Accountants of Nigeria (ICAN) for aiding and abetting fraud and money laundering by diverting US$12 million belonging to Orion Holdings into his personal account (ICAN Report, 2007). In 1998, Femi Sonola, a UK-based information technology specialist, sought to establish operations in Nigeria’s telecommunication sector. After registering the company, Orion Holdings International, on the Island of Nevis, West Indies, with the main purpose of specialising in space mining, data warehousing, space segmenting and transponders sales, Sonola realised that the huge capital outlay was not feasible without a partner. He then had talks with an American firm, World Exchange, which agreed to inject capital into Orion, but only on the condition that Orion was willing to select someone from Ernst & Young (Nigeria), global auditors to World Exchange, to serve on the board of Orion. Sonola reportedly agreed to the
terms and went to Nigeria with Mr. Van Abbot, World Exchange Vice-President, who later met Osakwe. After the meeting, World Exchange appointed Osakwe as its representative on the board of Orion. As director, Sonola concentrated on the technical operations of the company, while Osakwe, a professional accountant, manned the finance department, overseeing the finances accruing to the company.

In 1999, Orion Holdings reportedly ‘raked in’ US$12 million from World Exchange, which subscribed to many of its services. This money was allegedly credited to Orion Holdings and was to be received on the Island of Nevis, where the company was registered, but where it had no account. However, in 2002, when Sonola requested to know the state of finances of Orion Holdings from Osakwe, he declined to cooperate. Sonola subsequently met Mr. Abbot of World Exchange, who confirmed the payment and directed Sonola to contact Osakwe. When efforts to extract information about Orion’s accounts from Osakwe proved abortive, Sonola was said to have hired private investigators in England and the US to audit the accounts of Orion. In an interview with the Nigerian Guardian in 2004, Osakwe was quoted as admitting the existence of US$8.5 million and not US$12 million as claimed by Sonola, thereby confirming the business relationship and the likely financial dispute between Sonola and Osakwe. Osakwe claimed that Orion had no account on Nevis and that he (Osakwe) had paid for the establishment of Orion Holdings. He also said that only he and Sonola were the owners of the company, and that World Exchange was not their partner (as claimed by Mr. Sonola), but only their customer. Osakwe further claimed that each transfer of money by World Exchange to Orion Holdings was accompanied by an e-mail from World Exchange addressed to himself and Sonola. Moreover, he denied transferring any money and that it was World Exchange, an American firm, which had made the whole transfer to the United Bank for Africa and other local banks in Nigeria. As the editorial comments of the Nigerian Guardian observed in 2007:

*This is a clear case of fraud and money laundering. It will be interesting to know how the*
Sonola had to report Osakwe to the ICAN. Relying on its mandate to investigate allegations of professional misconduct against any of its registered members, the ICAN claimed that Osakwe, the accountant, was being investigated by the institute’s Investigation Panel. In a letter dated 11 January 2007, signed by Ifeoma Okwuosa on behalf of the chairman, the Investigation Panel of the ICAN noted that:

*Having gone through the facts of this matter carefully, the panel is of the opinion that the business relationship that existed between you (Osakwe) and Mr. Femi Sonola as directors/shareholders of Orion Holdings calls for accountability. The Panel believes that since you (Osakwe) were the director/shareholder responsible for the finance of the company and also as a chartered accountant, there is a duty imposed on you to render account of all the monies that came into the account of the company to your fellow director/shareholder.*

The panel therefore directed that Osakwe should render to the shareholders of Orion Holdings the accounts of all the monies that came into the company’s account at all times material to the action within one month of receipt of the panel’s letter. It further directed Osakwe to forward a copy of the account to the ICAN Investigation Panel. As Osakwe failed to respond to the directives of the ICAN Investigation Panel, he was declared guilty in pursuant of section 11(3) of the ICAN Act 1965.

Dissatisfied with the judgment of the ICAN’s Investigation Panel, Osakwe took his case to the High Court to challenge the ICAN’s power to deny him a fair hearing, to direct or request him to render an account of money, and finally to return a verdict of guilty on him pursuant to section 11(3) of the ICAN Act 1965. However, after a full examination, the presiding judge, in his judgment of 13 May 2008, stated that:

*Having established that the applicant had not at any point denied his position as a Director of the company, I do not consider it a denial of a fair hearing for interim orders to be made for the production of accounts over the relevant period in question to enable the respondents to find out if indeed there were allegations against the Applicant serious enough to refer to the Tribunal. I wonder how the panel would be able to investigate the allegations of gross misconduct against the Applicant without studying the record of*
financial transactions during the period in question.

The High Court judge held that the proceedings taken by the second respondent in respect of the allegation of professional misconduct against the applicant were not conclusive and that the proceedings were conducted in accordance with the fundamental principles of natural justice and a fair hearing. Therefore, he decided in favour of the respondents. On the second issue, the judge, relying on the provisions of sections 11(1)–11(6) of the ICAN Act Cap 111 of the laws of the Federation 2004, held that:

The ICAN Investigation panel had the power to make the orders it made against the Applicant. The ICAN panel also had the power, following its investigation of the said accounts and surrounding circumstances, to refer the Applicant to the Disciplinary Tribunal if it found the matter serious enough. It is indeed true that from the minutes of the meeting, there was a further meeting contemplated. I, accordingly, did not agree with the Applicant that the 2\textsuperscript{nd} respondent exceeded its jurisdiction in making the said orders and that the grant of an order of certiorari is not made as a matter of course.

The High Court therefore returned a guilty verdict of fraud and money laundering against Osakwe. Mitchell \textit{et al.} (1998a) noted that, “Accountancy institutions and individual accountants have at the very least done little to actually oppose fraudulent activities, such as those that we might reasonably call money laundering”. Despite this development, the ICAN still faces criticism from Nigerians and even its own leadership of not doing enough to control the unethical practices of its members in the public and private sectors in Nigeria. A former ICAN President, Dafinone (2005), observed that:

Many accountants aid money laundering, advance fee fraudsters and help aggravate corruption. Many shady deals were largely supported by Chartered Accountants without any warning from the watchdog professional body, ICAN. Many ICAN members connived in siphoning our collective wealth into private pocket, but not once did the ICAN raise its voice to rebuke or punish any of such erring members. The accountant has become the ‘mule’, the vehicle for the transfer of state funds for top government officials and multinationals. The ICAN was not blameless in the action of its members as it adopted the attitude of ignorance, indifference and inertia.

The likely collaboration of the OAGF and other accountants in money laundering and reluctance of the professional bodies, particularly the ICAN, to control the behaviour of its members suggests that effective measures involving national and international anti-money laundering
agencies and accountability is necessary to tackle money laundering in Nigeria and globally.

**Tackling Money Laundering and Accountability**

The efficacy of legal institutions and programmes, whether of interdiction, enforcement or disruption, depends so much on the socio-political and economic environments within which they are conceived and operated. The 1999 Nigerian Constitution has elaborate provisions on transparency, accountability and good governance with appropriate provisions in the constitution for the Executive, Legislature and Judiciary. In order to comply with the provisions of the constitution, since 1999 four anti-corruption Acts have been enacted. However, these four Acts have been ineffective in combating money laundering in Nigeria (see Transparency International Report, 2012; African Peer Review Mechanism Report, 2008). The Judiciary is not helping matters because it is not independent (Nigeria Bar Association Report, 2011). Delays in the court system have frustrated the efforts of the Anti-Corruption Commission to prosecute cases of corruption, such as money laundering, that have been referred by the Commission to Nigerian courts (Waziri, 2009). The Attorney-General, Minister of Justice and Director of Public Prosecutions have not been proactive about corruption-related matters (Nigeria Bar Association Report, 2011). At best, petty corruption is prosecuted in the magistrate courts, while more serious cases of corruption and money laundering by politicians, public officials and multinationals that could undermine the socio-economic development and the existence of Nigeria are seldom prosecuted.

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51 Section 15(5) of Chapter 2 of the 1999 Nigerian Constitution (Fundamental Objectives and Directive Principles of State Policy) provides that: “The state shall abolish all corrupt practices and abuse of power”. Paragraph 11(1) of the Fifth Schedule specifies that, subject to the provisions of the Code of Conduct Bureau and Tribunal Act, it is mandatory for elected officials and public servants to declare their assets upon assumption of office. Section 85 of the Constitution provides for the regular audit of public accounts.

(Human Rights Watch Report, 2011). The Office of the Auditor-General of the Federation, which should be independent of the Executive and Legislature in performing its constitutional duties, is not independent, as there is interference in its affairs. The Office is funded by the federal government and the Auditor-General, including his staff members, are civil servants, making them subject to the control of the Executive. The independence of Nigeria’s Supreme Audit Institution (SAI) thus seems to be severely limited. The Executive can, for example, remove the head of the SAI\(^5\). The Auditor-General has no responsibility to publish a report and a report need not deal with any state institution guilty of corruption, such as money laundering, without being referred to the National Assembly. Anti-corruption commissions seem to be independent in name, while in practice they depend on government influence unduly (Human Rights Watch Report, 2011). The EFCC and ICPC both lack independence even though they have a constitutional mandate to fight socio-political corruption. Accomplishing such a mandate by working through compromised Judiciary and SAI, may be difficult to achieve.

The international dimension in a world that increasingly lacks traditional borders and where money is a creature of the international financial system has an importance that perhaps it lacked in the past. This has arguably led to some contradictions in the economic policies of powerful states (Hoogvelt and Tinker, 1978). Christensen (2009) noted that while powerful states continue to campaign about their commitment to combating money laundering globally, the UK and US have acted to thwart efforts to legislate at the global level and to enhance global cooperation in tackling illicit financial outflows from the world’s poorest nations. Gallhofer and Haslam (2007) noted that:

\(^5\)In 2002, the anti-corruption-preaching former President Olusegun Obasanjo undemocratically removed the Acting Auditor-General of the Federation, Vincent Azie, for reporting massive financial corruption in the Presidency involving Obasanjo (see www.thisdayonline.info/archive/2003/02/24/20030224com02.html).
There is no global requirement for corporations to disclose the details of all the monies they pay to all governments of the world, nor a global requirement that governments account for this money (and clearly in this respect what they do with it). Only recommendations such as notably the Extractive Industries Transparency Initiative (EITI) and the G8’s call for greater transparency of State finances.

They further observed that, either by design or by default:

The International Accounting Standards Board (IASB), reflecting its own real politics, has not embraced efforts to persuade it to fill the gap with a modification of its mandatory standards. Even where these modifications or alternatives have been drafted consistent with the IASB’s own framework by the campaign group Publish What You Pay and its advisers, albeit that the IASB has come to engage over the issues, including with key international agencies.

The implications for national economies and thus the global economy as are reorganised in the preamble to the Convention of Corruption and Money Laundering are therefore profound. The above suggests that while Nigeria or any international body such as the UN may seek to combat money laundering by confiscating the proceeds of crimes, everything depends upon the existence of effective domestic and international laws. If the relevant jurisdiction has not criminalised money laundering, then it is impracticable and often impossible for other states or even international bodies to take action against the money in question and those who are involved in laundering it. This suggests that combating money laundering must be effectively performed by national and international anti-money laundering agencies, with mutual trust, cooperation and accountability.

At the national level, Nigeria needs integrity, transparency and accountability from its high-level political office holders and public officials, particularly the OAGF and AGF. Nigerian authorities must have the will and commitment to put in place effective laws to discourage the perpetration of financial crimes or punish the offenders in accordance with the relevant provisions under Nigerian law. The 1999 Nigeria Constitution is about equality, justice and freedom. Such will and commitment would therefore necessitate amendments to the Constitution
to make the Executive\textsuperscript{54}, Legislature, Judiciary and public service (agencies and commission) transparently account for the huge yearly allocation at the end of each budget year. There should be the effective internal and external auditing of government accounts on a yearly basis. At the very least, an effective system of auditing requires distance between the auditors and the audited. Auditors should not have a cosy relationship with those being audited. Considering the endemic nature of socio-political corruption in Nigeria, the audits of government accounts should preferably be carried out by a credible independent private audit firm that is only responsible to the Auditor-General and Attorney-General of the Federation. As much as possible, the Auditor-General should be independent of the Executive and Legislature and he/she must be given the constitutional power to publish an audit report without referring it to the Executive or Legislature. The Executive and Legislature should not be judges in corruption and money laundering cases, and professional bodies such as accountancy should not be relied upon to investigate any alleged professional misconduct or unethical practice by any of their members. All indicted persons in the audit process should be made to face the EFCC for further investigation, rather than appearing before a National Assembly Public Accounting Committee\textsuperscript{55}, which has a history of complicity in corruption cases\textsuperscript{56}, or professional bodies, such as

\textsuperscript{54}For example, in the 2011 budget, the National Assembly approved N240 billion (US$1 billion) for oil subsidies for the Executive. However, without the approval of the National Assembly as provided for in the Constitution, the Presidency actually spent N1.5 trillion (US$10 billion).

\textsuperscript{55} The Chairman of the House Committee on Rules and Business, Ita Enang, whose committee is responsible for listing audit reports for consideration, in an interview with a Punch correspondent, admitted that no single Public Accounts Committee Report has been considered by the National Assembly since 1999.

\textsuperscript{56} The Chairman of the Senate Committee on Power, Senator Nicholas Ugbane, and the Chairman of the House of Representatives Committee on Power, Honourable Ndudi Godwin Elemelu, who had both recommended Obasanjo and Ahmed for investigation by the EFCC and ICPC for corruption in the National Independent Power Project, have also been indicted for corruption. The EFCC has arraigned Ugbane, Elemelu and 29 others before a Federal High Court in Abuja over a 158-count charge over an alleged N5.2 billion (US$44 million) rural electrification contract scam (EFCC Report, 2009c).
accountancy, which Bakre (2007) described as political bodies whose main objective is to protect the interests of their members\textsuperscript{57}. A special anti-corruption court should be established to avoid delays in magistrate courts. A plea bargain with a judge to pay back a proportion of the proceeds of corruption, which the former Chief Justice of Nigeria, Dahiru Musdapher, described as another form corruption, should be outlawed in the constitution and other economic laws. The constitution amendment should also consider the removal of section 308 of the 1999 Nigerian constitution, which grants immunity to the Executive and Legislature\textsuperscript{58}. Any person indicted by the audit process should be made to face the full force of the law immediately, rather than waiting until the person is out of public office and possibly escaping to a foreign country to continue to enjoy his/her illicit money. The constitution should make any lack of accountability in public money by any public officials or any compromise on the part of professionals such as accountants an offence that carries a severe jail sentence and, in some cases, a life ban from holding political or public office. The findings by the World Bank show that corruption such as money laundering breeds terrorism (World Bank Report, 2001, p. 105). This seems to suggest that the sanction for money laundering should be tougher than those for terrorism. Yet, while the Nigerian Terrorism (Prevention) Act 2011 prescribes a 20-year jail term and even the death sentence in some circumstances for offenders of terrorism, the Money Laundering (Prohibition) Act 2011 only prescribes five- to 10-year jail terms for offenders. Such a paradox is not surprising because in Nigeria money laundering is mostly perpetrated at the ‘top’ of society (the Executives, Legislature, senior politicians and public officials and multinationals), while

\textsuperscript{57} For the case of the ICAN, see Bakre, (2007).

\textsuperscript{58} According to Section 308 of the 1999 Nigerian Constitution, no criminal or civil proceeding shall be instituted against the affected persons, irrespective of their alleged misdemeanour, infraction or offences, neither will he be arrested or imprisoned during the period the official is in office. Many of these crimes border on corruption and money laundering.
terrorism is mostly perpetrated at the ‘bottom’ (the underdogs and downtrodden) who are mostly the victims of money laundering. Mathiesen (1990) noted that:

*The penal system strikes at the ‘bottom’ rather than at the ‘top’ of society. The somewhat selective intentions of the lawgivers, concerned with the preservation of a certain specific kind of order. The actions most likely to be committed by people that order has no room for, by the underdogs and the downtrodden, stand the best chance of attracting severe punishment in the criminal code. Yet, robbing whole nations of their resources is called ‘promotion of trade’: robbing whole families and communities of their livelihood is called ‘downsizing’ or just rationalisation. Neither of the two has been ever listed among criminal and punishable deeds.*

At the international level, illicit financial flows and money laundering are partly responsible for the budget crises that are plaguing governments in developed countries, which the G20 has been trying to address. Baker (2012) noted that, “Much of the onus for meaningful progress to combat money laundering globally should be placed on the world’s most developed nations. The West maintains a shadow financial system that allows corrupt or tax evading multinationals and individuals across the globe, to hide and launder ill-gotten gains. As long as this system persists, illicit money will continue to flow out of mostly the world’s poorest nations”. Neild (2002) noted that the key to curtailing illicit flows and combating money laundering is transparency and accountability. Specifically, the G20 should adopt recommendations in its communiqué that would increase the flow of information between multinationals, governments and citizens across developed and developing countries. Such financial transparency and accountability is crucial to limiting future crises and to promoting economic growth across the world. Neild (2002) observed that:

*It is hard to see any solution other than transparency and accountability. It would take an unprecedented degree of united dedication to the checking of corruption for the international community to agree that oil and mining companies of the world should boycott corrupt regimes, somehow defined, let alone manage to enforce an agreement.*

This suggests that if powerful states are genuinely committed to combating money laundering in
Nigeria and globally as claimed, they must primarily use the huge resources at their disposal to put in place effective national and international laws that criminalise money laundering. Effective and enforceable national and international laws would then criminalise safe havens for illicit monies at home and abroad, meaning that treasury looters, particularly from the world’s poorest countries, and their multinational collaborators would take national and international anti-money laundering campaigns seriously. The UN Human Development Report (1999) noted that, “Globalisation opens many opportunities for crime and crime is rapidly becoming global, outpacing international cooperation to fight it”. This seems to suggest that to be able to defeat the evil caused by corruption and money laundering in Nigeria and globally, local efforts need international cooperation and accountability to succeed and vice versa.

**Summary and Discussion**

The Nigerian situation shows that in a crony capitalist state, sound economic policy and efficient institutions that can facilitate and protect property rights, investment, entry into markets and the necessary redistribution of wealth may be lacking. Therefore, the huge deposit of resources (oil and gas) in Nigeria has not necessarily produced broad-based economic growth in the country. Poor economic policy, ineffective institutions and the opportunity created by globalisation, which encourages the free movement of money across borders, seem to have become an opportunity for politicians, public officials and multinationals by relying on accounting and the services of accountants to be struggling over the distribution of social income and effecting illicit financial outflows from the Nigeria public treasury. Lehman and Tinker (1987) investigate the re-presentional aspects of accounting, and the part it plays as a symbolic, cultural and hegemonic force, in struggle over the distribution of social income. Illicit financial outflows have led to a
distortion of the Nigerian economy by making the government misinterpret economic data and sometimes take decisions that are not in the best interests of Nigerians. This has directly undermined the enjoyment of the economic, social and cultural rights of Nigerian citizens and increased the rate of poverty in Nigeria (Nigeria Bureau of Statistics Report, 2012).

As former President Umaru Yar’Adua was promising to fight corruption and money laundering in Nigeria, his Accountant-General of the Federation seemed to be busy supervising the looting of the public treasury, while his Minister of Justice, Michael Aondoakaa, was busy obstructing the trials of alleged treasury looters and money launderers from going ahead in Nigeria and abroad. The Nigerian Tribune editorial opinion of 7 December (2007) better captured the yawning gulf between President Yar’Adua and Aondoakaa thus:

What is rather paradoxical is the yawning gulf between the public pronouncements of the President on his determination to combat corruption and the manifest disposition of his Attorney General who has been using sophistry to confuse and confound in his desperation to abort all efforts to check this misconduct.

While President Jonathan continues to promise to fight corruption in Nigeria, his Accountant-General of the Federation appears to be collaborating in laundering revenue from oil into foreign private bank accounts of powerful politicians and public officials. The anti-corruption agency, the EFCC has also alleged that his Attorney-General and Minister of Justice, Mohammed Adoke, has withdrew more than 50% of the cases of corruption and money laundering instituted by the EFCC, all in an effort to

59 However, after receiving the names of 77 Nigerian public officials indicted in the US/Nigeria LNG project scandal, probably due to internal political pressure, the former President Yar’Adua could not actualise his promise of making the 74 Nigerian public officials found guilty by Okiro.

60 For example, a Lagos-based lawyer, Moses Odiri, was charged by the EFCC for an alleged N60 million (US$380,000) money laundering case. However, during the hearing of the case in the Federal High Court in Lagos, Odiri was able to produce two letters dated 30 November 2007 and 19 November 2008 signed by the Attorney-General of the Federation, Michael Aondoakaa, ‘clearing’ Mr. Odidi of the allegation, without the knowledge of either of the anti-corruption agencies (i.e. the EFCC and ICPC). Aondoakaa also asked President Yar’Adua to stop the British authority from trying James Ibori for money laundering in a London Court as the trial was to hurt the image of Nigeria and that if Ibori was guilty, Nigeria was the appropriate place to try him, while the Nigerian Judiciary has been consistently reluctant to try Ibori.
protect powerful and rich friends and cronies from prosecution\(^61\). The EFCC has further alleged that Adoke has also coordinated a bribery scheme that has extorted approximately US$26 million from 10 multinational companies involved in the Siemens and Halliburton bribery scandals in the last quarter of 2010. However, sustainable development is put in abeyance in a nation where crony capitalism and high-profile corruption reigns supreme as foreign investors are not attracted to such a nation. Thus, most multinationals that have invested in Nigeria seem to be those that have no problems in aligning themselves with Nigerian politicians and public officials to illegally generate money and perpetuate money laundering in Nigeria. In indicting the complicity of professionals such as accountants in crony capitalism and money laundering by public officials and multinationals, Prakash (2002) observed:

> From the development perspective, corruption can be considered a two-way street. Graft is not possible without collusion among giant private corporations and public agencies and professionals, foreign contractors, or consultants. Foreign companies practically argue that bribery is nothing but one of the costs of doing business in a state.

While powerful states, particularly the UK, have been highly critical of the endemic corruption and money laundering in Nigeria, there has been no evidence of any investigation into the evidence from the US courts indicting UK companies\(^62\) and individual UK capitalists\(^63\). Further, while Switzerland

\(^61\)See Vanguard 26 July, 2011 - How Adoke withdrew 50% of EFCC cases from court http://www.nigeriannewsservice.com/.../how-adoke-withdrew-50-of-efcc-c...

\(^62\)Four UK-based oil drilling companies in Nigeria, all subsidiaries of the British London-based firm, Vetco International Limited, during a closed hearing in a Houston Federal Court, USA, pleaded guilty to violating the American Foreign Corrupt Practices Act 1977 (Houston Court Hearings, 2007). This was as a result of offering bribes of US$2.1 million to Nigerian customs officers between September 2002 and April 2005, in order to speed up equipment and employees into Nigeria (US Justice Department Report, 2007). As a consequence, Vetco Grays Controls Inc. agreed to pay a fine of US$6 million; Vetco Gray Controls Limited, a US$8 million fine; Vetco Gray UK Limited, a US$12 million fine; and the fourth subsidiary, Aibel Group Limited, agreed to accept responsibility for similar conduct by its employees (US Justice Department Report, 2007). In July 2004, Vetco Gray UK Limited agreed to pay a US$5.25 million fine for offering cross-border bribes to Nigerian government officials with more than US$1 million for insider bid information on oil and gas construction contracts (US Justice Department Report, 2007).
has been trying Abacha’s son in absentia for money laundering, Swiss authorities are yet to announce
the trial of the Swiss banks where Abacha laundered his loot, particularly UBS. Austrian, German
and Indian states have also not done enough to control the predatory culture of their companies and
citizens implicated in money laundering in Nigeria. Paradoxically, either by design or by default,
despite stating that its economy and people have suffered great losses from various financial crimes,
Nigeria has been reluctant to prosecute former Nigerian rulers, politicians and public officials
indicted for bribery, corruption and money laundering by the US and subsequently found guilty by
independent Nigerian investigators. What seems to be the complicity of some members of anti-
corruption agencies has further become an obstacle to investigating and prosecuting suspected cases
of corruption and money laundering in Nigeria. The main obstacle to fighting corruption and money
laundering in Nigeria may be the Judiciary, which evidence suggests has been preventing anti-
corruption agencies from either investigating or prosecuting suspected persons. Moreover, the OAGF
and other accountants seem to have been compromising their professional integrity and ethical
conduct by collaborating with politicians, public officials, multinationals and individuals in
siphoning money in and out of Nigeria. Sikka (2003) noted that:

Professional intermediaries, such as accountants and lawyers, play a key role in the
perpetrating and legitimising of money laundering, while accountancy firms have used
the secrecy provided by offshore places to launder money.

Meanwhile, the controversial striking out of the case against three public officials in the Halliburton
bribery and money laundering scandal and the case of James Ibori have further cast doubt on the
ability of Nigerian authorities and the Judiciary to fight corruption. The bribery scandal involving
four British police officers and the apparent reluctance of UK authorities to investigate Barclays and
other UK banks implicated in Ibori’s money laundering case concern Nigerian and UK citizens about

63 Such as Uri David, Jeffrey Tesler and Wojciech Chodan.
the real position of UK authorities in the global fight against money laundering. The above evidence suggests that the solution to money laundering in Nigeria and globally requires the Nigerian state to primarily combat corruption by reforming its institutions and putting in place effective laws and tougher sanctions. Powerful states should complement this effort by putting in place effective national and international laws and tougher sanctions, especially to control the behaviour of their banking and anti-corruption institutions, multinationals and citizens.

Globalisation implies that money laundering prevention strategies must be universally applied. All countries must participate enthusiastically or the money being laundered will flow quickly to the weakest point in the international system. This may necessitate the US to use its global influence to pressure other states such as the UK and Switzerland in order to encourage them to adopt zero tolerance policies. Only by cooperating in adopting zero tolerance nationally and globally will the evils of money laundering be defeated, thereby ensuring national and global security, stability and prosperity.

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