

## NETWORK INSIGHT: Further risk factors

The Sentry identified other risk indicators in its examination of the Kiir family network.

### Unclear business practices

Every company must describe the nature of their business in their articles of incorporation, according to the 2012 Companies Act.<sup>[211]</sup> The Sentry found that numerous companies incorporated by members of the Kiir family provided extensive lists of activities, making it challenging to discern the actual nature of their business—and nearly impossible for a company to have experience across such a vast list of industries. Unclear business practices can challenge the assessment of typical and expected business activities—a usual standard to evaluate for irregular and suspicious activity indicative of money laundering.<sup>[177]</sup>

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| <p>3) The objectives for which the company is established are: -</p> <ul style="list-style-type: none"> <li>i. To carry on the business of cash transportation services.</li> <li>ii. To carry on the business of security services, transportation, hospitality, healthcare and restaurant.</li> <li>iii. To engage in all kind of services with respect to security, construction, exploration, drilling, development, production, processing, storage, transportation, distribution, import and export of goods, mining, and any other related services.</li> <li>iv. To provide security, accommodation and catering facilities for private companies, government corporations, and NGOs.</li> <li>v. To export and import skilled labor and professionals in the area of security services.</li> <li>vi. To construct facilities, distribute and maintain cars, industrial units, equipment, mining material storages, and buy and sell lubricants and spare parts.</li> <li>vii. To develop projects in connection with soil, asphalt, concrete, geology, and agriculture.</li> </ul> | <ul style="list-style-type: none"> <li>viii. To work on electro-mechanical projects and provide technical expertise in civil, mechanical, and biomedical fields.</li> <li>viii. To provide all fields all kind of services, including but not limited to catering, insurance, aviation and navigation facilities.</li> <li>ix. To carry on the business of advertising, publishing, printing, and imaging, and any other related activities.</li> <li>x. To conduct general trading activities in the areas of import and export inside and outside South Sudan.</li> <li>xi. To contribute, in a significant way, to the development of communities and South Sudan.</li> <li>xii. To work in all fields of light and heavy industry.</li> <li>xiii. To conduct general trade and investment activities.</li> <li>xiv. To import machinery, heavy equipment, including construction materials and road construction materials, electronic equipment, vehicles, motor-cycles, river-boats, bicycles, and all types of furniture. To import all types of hospital drugs and equipment.</li> <li>xv. To import all types of school materials and equipment.</li> <li>xvi. To import all different types of vehicles and vehicles' spare parts.</li> <li>xvii. To engage in the business of construction, civil engineering, electrical engineering, renovation, road construction and rehabilitation, civil engineering construction, bridge works and repairs and other related business.</li> <li>xviii. To work as builders, building contractors, designers, decorators, and generally to carry on the business of construction of houses, dams, canals, bridges, roads, and any other business related thereto.</li> </ul> | <ul style="list-style-type: none"> <li>xix. To export agricultural products, livestock, meat, dairy products, fish, hides, and all different types of fruits.</li> <li>xx. To export oil, diamond, gold, copper, zinc, and any other minerals.</li> <li>xxi. To generally engage in imports and exports trading activities with a view to contributing to the development of South Sudan private sector.</li> <li>xxii. To construct, maintain, and alter any building or works convenient for the purposes of the company services.</li> <li>xxiii. To purchase, take lease, or in exchange, hire, or otherwise acquire, any immovable or movable property and any rights or privileges, which the company may deem necessary or convenient for the purposes of its business.</li> <li>xxiv. To purchase or otherwise acquire and hold immovable and movable property of all types in any part of the world and in particular pieces of lands, objects of decorations, artifacts, gems, jewellery, precious stones and metals, mortgages, debenture stock, bonds.</li> <li>xxv. To carry on business as an investment facility with a view to enhancing the value and profitability of the company.</li> <li>xxvi. To apply for the South Sudan concession license authorization with a view to procuring from and supplying goods to the concerned government departments.</li> <li>xxvii. To borrow or raise funds as the company may deem fit by issuing debentures or debenture stocks (perpetual or otherwise) and to ensure the payment of such borrowed funds, whether in the form of mortgage charges or any other debts.</li> <li>xxviii. To lend and advance money or to give credit to such persons or companies and on such terms as may seem convenient.</li> </ul> | <ul style="list-style-type: none"> <li>xxix. To guarantee or become liable for the payment of any money for the performance of any obligations or any subsidiary or associate company under any contracts arrangements or otherwise however without making any charge therefor or in connection therewith.</li> <li>xxx. To enter into contract agreements with any other companies, firms, or persons with a view to carrying out business activities for which the company has been established.</li> <li>xxxi. To carry on any other activities which can in the opinion of the board of directors of the company be capable of being advantageously or conveniently carried on the company in connection with or ancillary to any of the company's objects or which may be advisable to undertake with a view to developing or rendering valuable prospects or turning to account any property real or personal belonging to the company or in which the company may be interested.</li> <li>xxxii. To purchase or take on lease or in exchange or otherwise acquire, improve, manage, develop, cultivate, work, sell, exchange, surrender, lease, mortgage, charge, convey, and turn to account, dispose of, and deal with movable and immovable property, rights, and privileges of all kinds and in particular pieces of lands, buildings, buildings, objects of decoration, art agents, jewellery, precious stones and metals, easements, mortgages, and debentures produced concessions options and contracts.</li> <li>xxxiii. To pay for any property or rights acquired by the company either in cash or partly paid up shares with or without preferred or deferred rights in respect of dividends or repayment or capital or otherwise by any securities which the company has power to issue or partly in one mode and partly in another and generally on such terms as the company may determine.</li> <li>xxxiv. To grant licenses or concessions over and in respect of any property or rights of the company.</li> </ul> |
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*A description of the business activities for a company with over 50 different objectives, including to "import all types of school materials and equipment," "export oil, diamond, gold, copper, zinc, and any other minerals," and "export and import skilled labor and professionals in the area of security service."<sup>[105]</sup>*

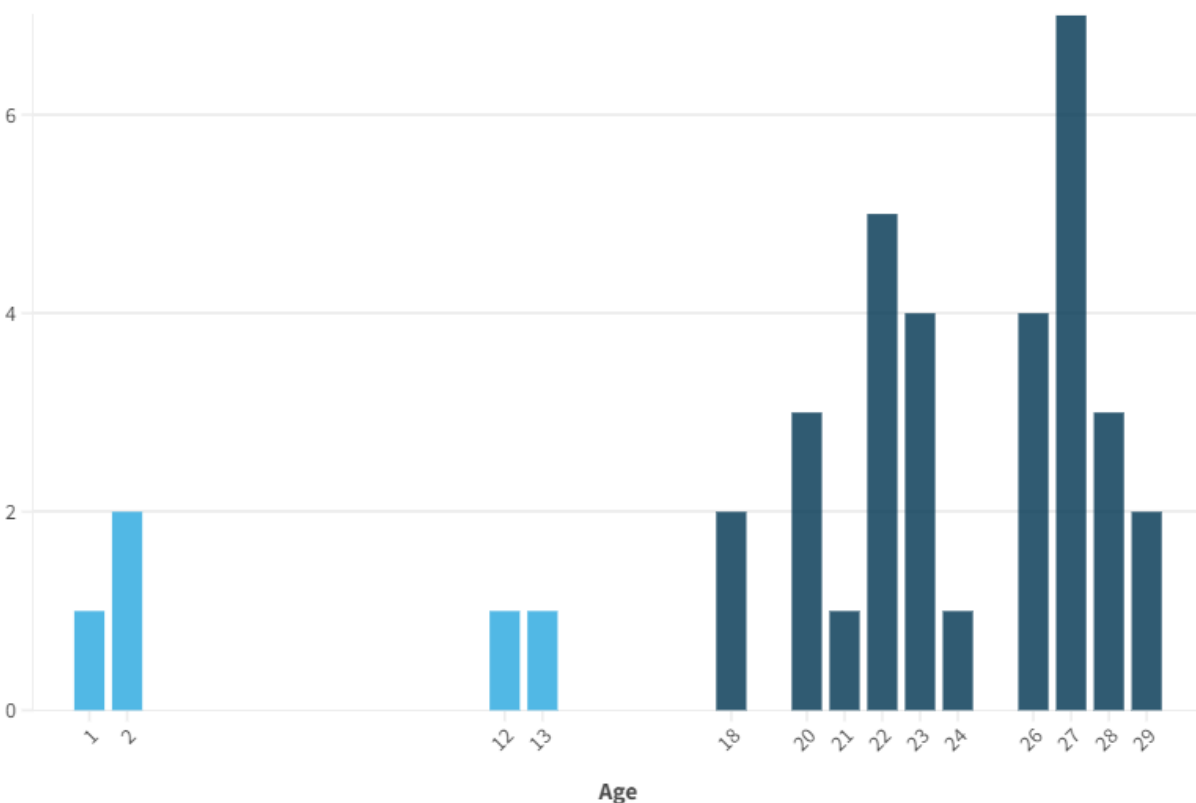
### Public procurement red flags

Several companies that included Kiir family members in their lists of shareholders received public contracts or letters of credit, which are essentially guarantees from a bank to a seller that they'll be paid by the buyer. The Sentry, in examining these companies, identified a number of red flags for trade-based money laundering.<sup>[178]</sup> Some companies were incorporated shortly before receiving the contract or letter of credit and therefore could not demonstrate a successful track record to adequately justify that the company had the experience to successfully deliver on the contract. In several cases, contracted companies lacked trade records that would indicate the required activities had been completed, even though they had already been paid.<sup>[166]</sup>

## Minors as shareholders

The children and grandchildren of Kiir and his brother-in-law, Gregory Vasili, served as founding shareholders for a number of companies when they were still minors. This raises questions as to whether these Kiir family members had the experience necessary to meaningfully contribute to the businesses. Listing children as company shareholders is a common tactic used by corrupt political elites to circumvent government anti-corruption measures and enhanced due diligence requirements by financial institutions that are aimed at identifying corrupt activity.<sup>[206]</sup>

Number of Companies

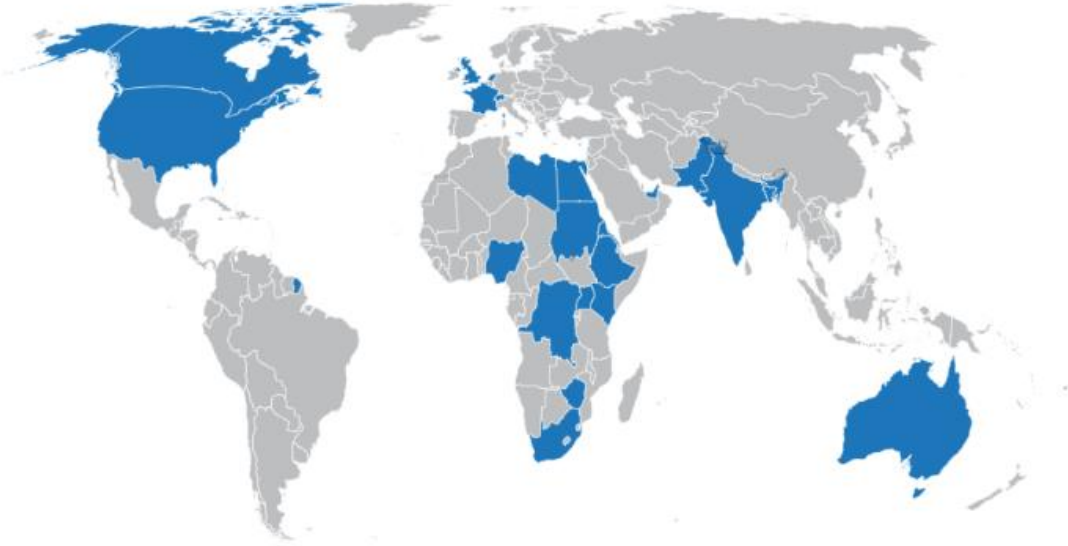


*The ages of Kiir's children, grandchildren, nieces, and nephews on the incorporation dates of companies they held shares in. Photo: The Sentry.*

## Foreign ownership

Foreigners can own businesses in South Sudan, but the 2012 Companies Act mandates that South

Sudanese nationals hold at least 31% of the shares.<sup>[211]</sup> While these requirements can support local South Sudanese economic interests, they can also create an advantage for companies with connections to the political elite. The Sentry identified 70 companies with foreign shareholders in which members of the Kiir family also held shares.



*Nationalities of foreigners who own shares in Kiir family companies. Photo: The Sentry.*

## Citations

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