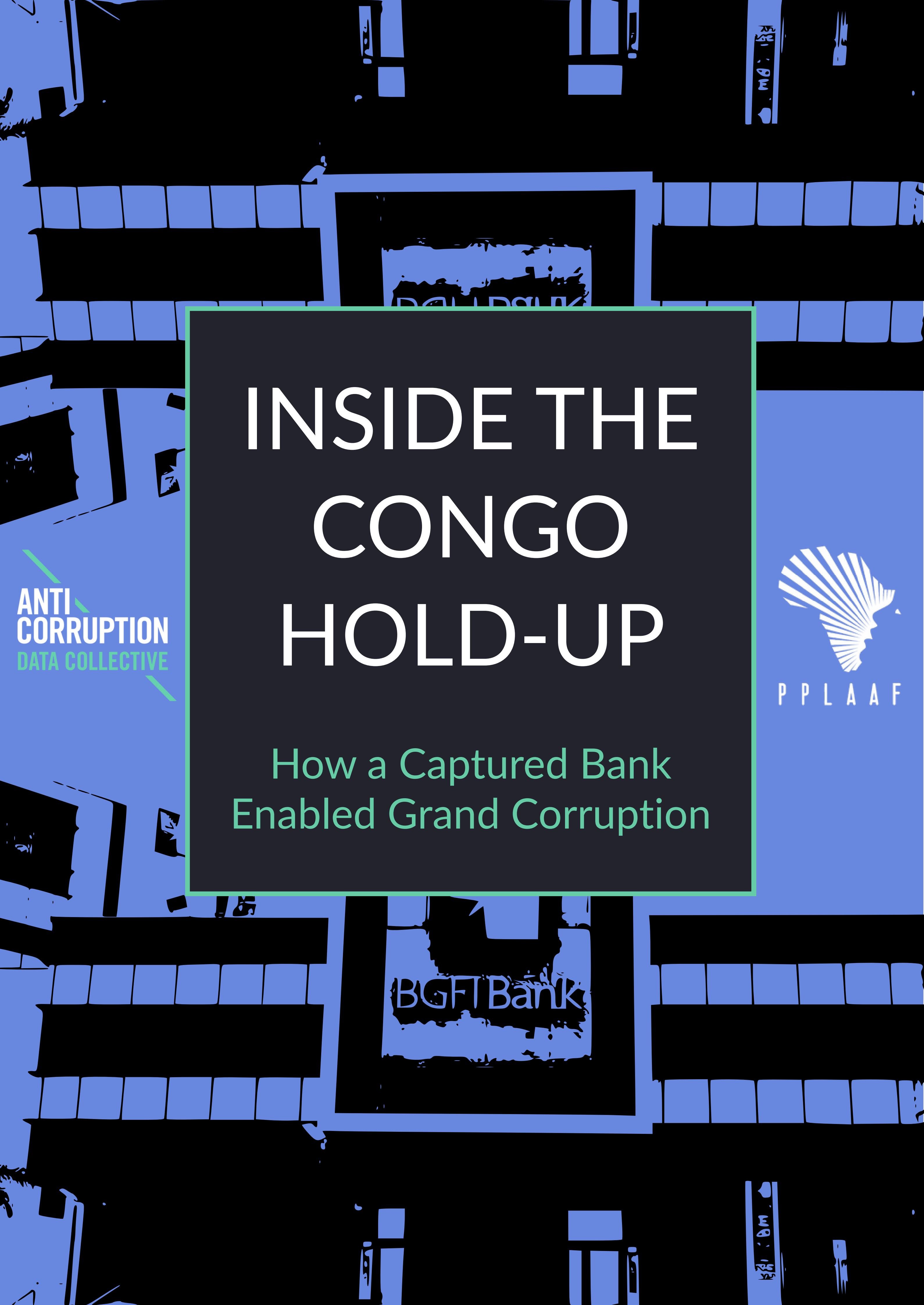

ANTI CORRUPTION DATA COLLECTIVE

INSIDE THE CONGO HOLD-UP

How a Captured Bank Enabled Grand Corruption

PPLAAF

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How a Captured Bank Enabled Grand Corruption

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INTRODUCTION

“Far from being an isolated rogue operation, BGFIBank DRC represents a striking case study in corrupt political control over financial institutions.”

Across the globe, financial institutions serve as the circulatory system of modern economies but, when corrupted, they become a pipeline for illicit wealth. Yet only rarely are we able to look inside these institutions’ internal operations and see the methods they use to move funds on behalf of their clients.

This briefing examines the high-level financial operation that transformed a privately-owned bank, BGFIBank in the Democratic Republic of Congo (DRC), into an engine of grand corruption. In 2021, this bank suffered the largest data leak in African history. Millions of documents analyzed in the subsequent *Congo Hold-Up* investigation revealed its looting by President Joseph Kabila and his associates. By collating insights from dozens of these journalistic reports, this briefing peels back the layers to reveal how corrupt financial enablers threaten the integrity of the international financial system.

We show how the Kabila network exploited a range of sophisticated methods to move funds both domestically and internationally. To achieve their illicit ends, senior BGFIBank DRC officials issued fictitious loans, justified payments with forged trade documents, turned internal bank accounts into slush funds, and executed massive fraudulent cash transactions, many of which were facilitated or ignored by bank insiders. Complicity stretched beyond Congo’s borders, implicating international correspondent banks and prominent auditors whose systems failed to stop the looting and laundering of millions of dollars.

Far from being an isolated rogue operation, BGFIBank DRC represents a striking case study in corrupt political control over financial institutions. Allegations of similar abuses have surfaced in Azerbaijan, Turkey, Bangladesh, and parts of Latin America, where state-linked banks may have been co-opted into tools of kleptocracy. This pattern highlights systemic vulnerabilities in global banking oversight, especially in jurisdictions where institutional checks are weak. The lessons from BGFIBank DRC must be urgently learned and applied by regulators, policymakers and institutions across the financial system.

MAIN TAKEAWAYS

1. Politically Connected Banks Are High-Risk Vectors for Illicit Finance

BGFIBank DRC exemplifies how banks controlled by political elites can be systematically exploited to embezzle and launder public funds. The Kabila family and their associates used the institution not only to divert government money, but also to disguise, relocate, and integrate illicit proceeds across borders, all the while evading scrutiny through political protection and weak oversight.

2. Opaque Banking Processes Provided Cover for Blatant Abuse

Bank employees regularly violated standard operating procedures, including by failing to document transactions, issuing improper loans to related parties, ignoring fictitious and fraudulent cash transactions and misusing internal accounts for illicit ends. These strategies were used repeatedly and in combination to obscure the origin and destination of funds – often with the complicity of bank insiders.

3. Domestic and Internal Oversight Was Compromised or Ignored

Numerous red flags raised by internal auditors and whistleblowers were ignored, leading to systemic and seemingly deliberate compliance failures. Senior bank management actively shielded illicit activity, while government institutions, including the Central Bank, either failed to intervene or enabled wrongdoing through inaction.

4. Global Financial Institutions Played a Passive Role in Facilitating Corruption

International correspondent banks and external auditors processed or overlooked questionable transactions involving politically exposed persons (PEPs), despite clear red flags. Their inaction highlights major weaknesses in global anti-money laundering enforcement in politically sensitive contexts.

5. The Patterns Observed at BGFIBank DRC Stretch Beyond the DRC

The methods used at BGFIBank echo broader global trends where politically linked banks – especially in high-risk jurisdictions – are used as instruments of grand corruption. Comparable scandals in Azerbaijan, Turkey, Bangladesh, and Central America reveal that these risks are systemic, not isolated, and demand a coordinated international response.

BGFIBANK AND THE *CONGO HOLD-UP* INVESTIGATION

The *Congo Hold-Up* investigation, first published in late 2021, centered on the largest leak ever from the African continent. Millions of internal bank documents showed how then-Congolese president Joseph Kabila exerted control over a private commercial bank operating in the DRC via his family members and close political allies. His network engaged in a range of corrupt activities, including stealing large sums of money from accounts held by government institutions and receiving suspected bribes. These funds were then routed through a constellation of accounts held by both connected individuals and their private companies.

Headquartered in Gabon, BGFIBank launched its subsidiary in the Democratic Republic of Congo (DRC) in 2010, quickly becoming entangled with the ruling regime. Although it was established as a private enterprise, 60 per cent of BGFIBank DRC was owned by its parent company, while President Kabila’s sister, Gloria Mteyu, held the remaining 40 per cent. From the outset, the Kabila family and its inner circle exerted direct control over the bank. Pascal Kinduelo, a businessman close to the family, served as president of the board and in 2012, Kabila’s adopted brother, Francis Selemani, was appointed deputy director general. The significant ownership by Mteyu coupled with the leadership roles of Selemani and Kinduelo meant BGFIBank DRC was effectively captured from the beginning. Although it outwardly operated as a typical commercial bank offering retail and corporate services, it functioned in practice as a financial tool for the presidential family and their allies to misappropriate public funds. As detailed below, the bank’s capture enabled Kabila’s network to divert money from state accounts, move funds to and from dubious sources, and enrich themselves with minimal oversight.

Many of the key revelations from *Congo Hold-Up* center on the main corporate vehicle the Kabila family and its allies used to misappropriate funds and receive suspicious transfers: Sud Oil. Kabila’s sister Gloria Mteyu, part owner of BGFIBank DRC, also owned 20 per cent of Sud Oil between 2013 and 2018, while the remaining 80 per cent was owned by Francis Selemani’s wife.[i] Sud Oil was the recipient of nearly US$86m in public funds from November 2013 to August 2017 via its various accounts at BGFIBank DRC, with much of this money routed further to other accounts linked to the presidential network’s private interests.

Another central entity was a shell company and Chinese intermediary for major Chinese state-owned construction enterprises: Congo Construction Company (CCC). With accounts at BGFIBank DRC, CCC was used to channel funds to the Kabila network at key moments in the life of a multibillion-dollar minerals-for-infrastructure deal.

Beyond the revelations tied to presidential interests, the *Congo Hold-Up* project offered rare insight into illicit finance and how global banks enable such activity by linking regional institutions like BGFIBank DRC to international financial networks. It revealed, for instance, how companies sanctioned for financing the U.S.-designated group Hezbollah evaded detection and continued transferring funds abroad from the DRC. The investigation also uncovered a global network of apparent trade-based money laundering operations that funneled over US$100 million in cash deposits to pay for consumer and other goods across multiple jurisdictions.

UNPACKING MONEY LAUNDERING TACTICS

This briefing offers a detailed look at how financial flows were disguised as legitimate trade, how oversight mechanisms were manipulated or bypassed, and how global financial actors either failed to detect or chose to ignore red flags.

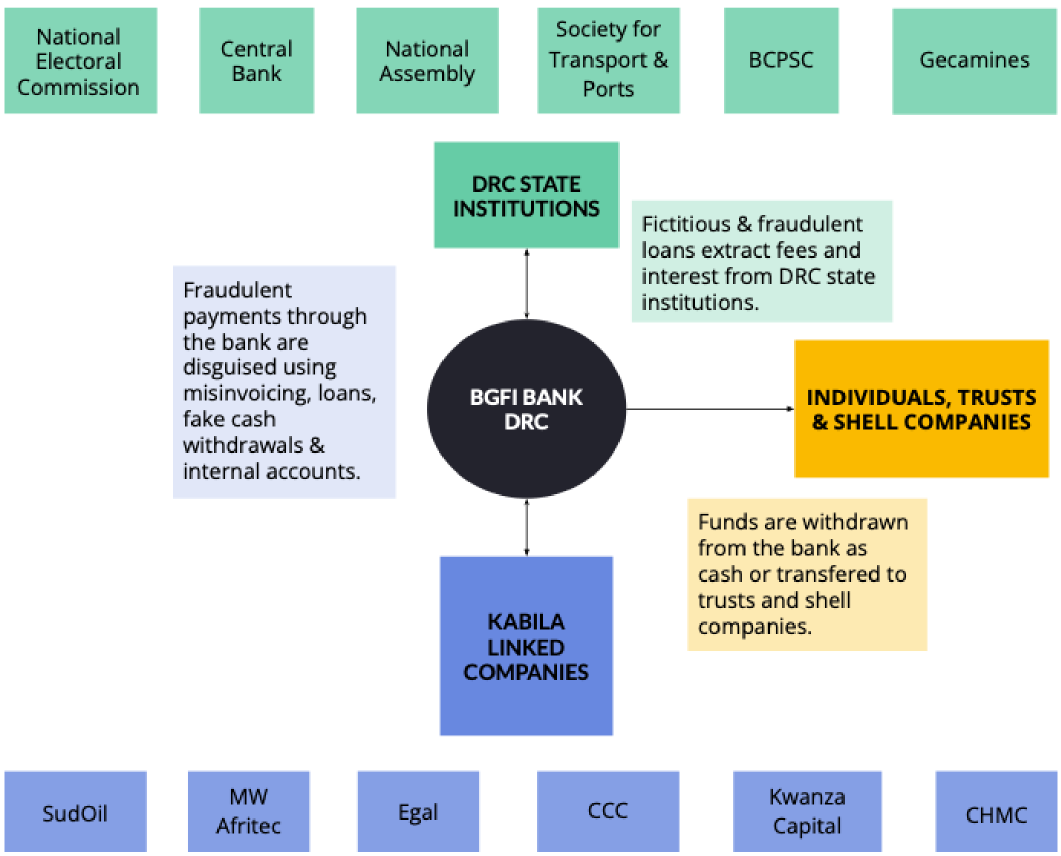

FIGURE 1: BGFIBANK DRC PLAYED A CENTRAL ROLE IN THE EMBEZZLEMENT OF PUBLIC FUNDS AND THEIR DISTRIBUTION TO ACCOUNTS CONTROLLED BY KABLA REGIME INSIDERS.

Broadly speaking, the criminal activity analyzed in this briefing occurred in three stages (see Figure 1). First, public funds were stolen from state institutions, often through methods enabled by the control of a privately held commercial bank, such as fictitious loans and fraudulent interest payments. Second, the stolen funds were placed into accounts held at BGFIBank DRC by entities under the control of Kabila regime associates. These payments were hidden and disguised using a variety of techniques.

Third, the funds were distributed among shell companies and their accounts at financial institutions in DRC and elsewhere – or simply withdrawn in cash. Once the funds had left BGFIBank DRC, they were invested in real estate or other assets and integrated into the legitimate economy.

We organize our insights within a typology of the five main activities used to facilitate illicit transactions: mis-invoicing of trade transactions, fictitious loans, fraudulent cash transactions, compromised internal bank accounts, and captured oversight and lax compliance. These tactics were usually deployed at multiple phases (see Figure 2). Importantly, many of the examples discussed in the briefing fit into several of these typologies, combining different techniques to structure, disguise, and shield illicit transactions from scrutiny by auditors, regulators, and international financial partners beyond the regime's direct influence and control.

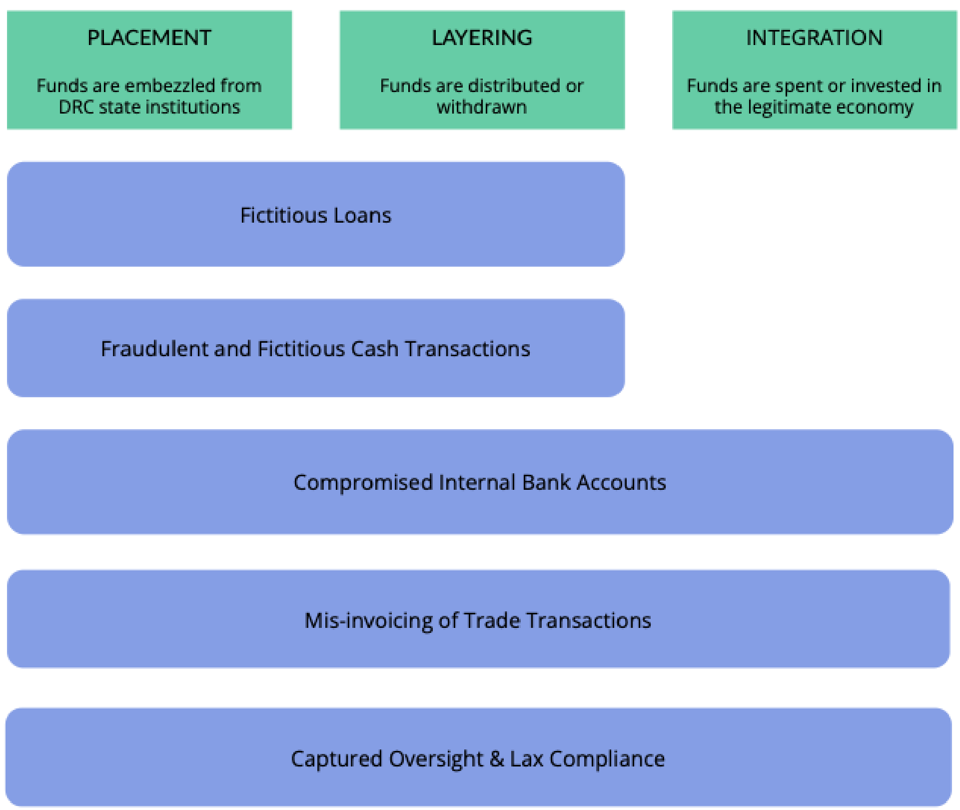

FIGURE 2: THE TACTICS EXAMINED IN THIS BRIEFING WERE DEPLOYED AT VARIOUS STAGES TO EMBEZZLE FUNDS, DISGUISE THEIR ORIGIN AND INTEGRATE THEM INTO THE ECONOMY.

Mis-invoicing of Trade Transactions

Banks rely on commercial documents such as invoices, purchase orders, and contracts to verify that money transfers reflect legitimate trade activity. Finance professionals at local branches, regional headquarters, and international correspondent banks use these documents to assess the legitimacy of transactions. Likewise, auditors and regulatory authorities depend on them to determine whether banks are meeting their obligations to prevent illicit financial activity.

The *Congo Hold-Up* investigation revealed how corrupt officials and their partners at BGFIBank DRC used fake and forged invoices to cover their tracks, avoid further scrutiny and deceive auditors and partner institutions in the international financial system. Such mis-invoicing appears at every step of the corruption and money laundering process, from the embezzlement and diversion of public funds, to the laundering of these ill-gotten gains for the personal benefit of private individuals. However, due to the expectation of impunity for Kabila-linked accounts (see *Lax Oversight & Compliance*), many of the suspicious transactions described in the investigations were accompanied only by vague or implausible descriptions. Invoices often appeared only when payments were challenged.

For example, according to *Congo Hold-Up* investigators, in May 2016 the Electoral Commission of DRC took out an apparently unnecessary loan of US$25 million from BGFIBank DRC.[ii] It appears that the Electoral Commission was charged a "fee" for this service twice, with one of the two payments of US$1.015 million landing in an account belonging to Sud Oil, with the explanation "notification commission."[iii] When auditors rightly questioned this payment in 2018, a BGFIBank DRC employee produced an invoice from Sud Oil to the Election Commission for the sale of gasoline, "even though Sud Oil had not been involved in the sale of fuel since December 2011," according to *Congo Research Group*.[iv]

Another report details how international correspondent banks began questioning regular payments of US$100,000 from Congo Highway Management Corporation (CHMC) to the Congo Construction Company (CCC) in 2016. In an attempt to justify one payment, a BGFIBank DRC employee produced an invoice, which, according to *The Sentry* contained errors including the date of payments, and "glaring signs of counterfeiting", such as spelling errors and the wrong form of company. "[CCC CEO] Du Wei's signature was obviously cut and pasted onto the page, with no printed name, title, or stamp, and the date on the document preceded CCC's formal establishment," *The Sentry* states.[v] Later, Du Wei reportedly told bank officials and Kabila-linked businesspeople that he could create forged invoices to order.

These cases show how trade documentation can be systematically subverted in contexts of political capture and impunity. In principle, commercial documents act as safeguards against illicit activity, enabling compliance teams and regulators to flag suspicious transactions. But as the *Congo Hold-Up* investigation reveals, when bank insiders are complicit or pressured by political elites, these safeguards collapse. Forged and backdated invoices become tools of corruption, disguising illicit transfers as legitimate trade. The system's reliance on paperwork, coupled with limited verification, creates a persistent loophole that can be exploited repeatedly amid weak oversight from both correspondent banks and domestic regulators.

Fictitious Loans

Loans are a common vehicle for laundering gains from illicit enterprises, as well as moving money across borders. A common strategy is to take out high value loans, often across multiple financial institutions, which are then repaid with illicit funds, sometimes via cash deposits. Evidence from the *Congo Hold-Up* investigation reveals the frequent use of fictitious or opaque loans at BGFIBank DRC to obscure the true origins and destinations of transfers and cash flows.

Originally, Entreprise Générale d'Alimentation et de Logistique (Egal) was created as a Congolese food importer to break the oligopoly of foreign firms and bring down inflated prices to save Congo's population from hunger. Instead, Egal serves as a prime example of how BGFIBank DRC moved money to enrich Kabila and his network. Within days of opening an account at BGFIBank DRC, Egal transferred nearly US$20 million across borders by overdrawing its account. Despite lacking a track record of business success, it received US$40 million in loans from BGFIBank DRC, violating national banking regulations.[vi] Over the years, many millions were transferred out of Egal's accounts, in many instances to the accounts of foreign shell companies. Loans were used to pay off overdraft balances and vice versa, which raised alarm bells with Huguette Oyin, a senior official at BGFI in Gabon. With the direct involvement of Francis Selemani, Kabila's adopted brother and the CEO of the bank, BGFIBank DRC provided falsified and backdated documents to justify the apparent transgressions.

The previously referenced shell company CCC was at the heart of a controversial deal that gave Chinese state-owned construction enterprises extensive rights to Congo's natural resources in return for massive infrastructure investments. In the years after its creation, CCC was used to transfer tens of millions of dollars, partly hidden through fictitious loans, and routed to accounts and companies linked to Kabila's network.[vii]

In one case, BGFIBank DRC issued a US$40 million loan to the Congolese Ministry of Finance to fund preparations for the 2012 Francophone Summit. Roughly a quarter of the funds was diverted to the account of BCPSC, the government agency managing the minerals-for-infrastructure deal. Half of that amount was then used to reimburse earlier payments BGFIBank DRC had made to an agricultural firm soon to be owned by President Kabila. The next day, BCPSC transferred US$6 million to MW Afritect, which funneled smaller sums to various suspicious recipients, including shell companies linked to Kabila associates.[viii] The full amount that BCPSC had borrowed from BGFIBank DRC was later paid off by CCC, using wire transfers of around US$20.5 million in 2013, the vast majority of which came from Chinese sources via shell companies incorporated in the British Virgin Islands.

These transactions reveal how real, fictitious, or structurally opaque loans can serve as central instruments in complex laundering schemes that blend public finance and private enrichment. The repeated use of overdrawn accounts, backdated documentation, and circular repayment structures points to a deliberate strategy to convert public liabilities into private gains while maintaining the veneer of legitimate financial activity. By embedding these schemes within high-level infrastructure and trade deals, the Kabila network was able to leverage sovereign borrowing and international partnerships to launder funds at scale.

Fraudulent & Fictitious Cash Transactions

Another technique for hiding the origins and destination of large monetary flows that appears frequently in the *Congo Hold-Up* investigations is the use of fraudulent and ultimately fictitious cash withdrawals and deposits. Withdrawing and then depositing large sums of cash in a separate account does not leave the same paper trail as a regular bank transfer between the accounts. As *The Sentry* reported, such practices seem to have been commonplace at BGFIBank DRC, with Chief Internal Auditor Yvon Douhore accusing Head of Operations Moreau Kaghoma “of using simultaneous cash withdrawals and deposits instead of properly transferring funds between accounts.”[ix] In some cases, the fictitious cash deposits or withdrawals were combined with loans or used to make loan repayments.

For example, part of the money CCC paid to cover the US$10 million loan from BGFIBank DRC to BCPSC was withdrawn in cash from a CCC account and the exact same amount was deposited in BCPSC’s account the same day. Several years later, about US$500,000 was again withdrawn in cash from a CCC account and deposited as smaller sums into multiple other accounts. In one of the most egregious examples, between 2017 and 2018, tens of millions of dollars were transferred without discernible business reasons from companies close to Kabila, including Kwanza Capital, to CCC accounts. The money was then withdrawn in cash or directly transferred abroad.[x] These dealings were so outrageous that the bank's compliance team froze CCC's accounts at BGFIBank DRC in 2018. Yet with the help of top bank management and to the disbelief of auditors, cash continued to be withdrawn until the accounts were entirely emptied by summer 2018.[xi]

Cash withdrawals and deposits also played a key role in the handling of Central Bank funds received by Egal. Although these funds were officially listed as collateral for Egal's loans, approximately US$3 million was transferred to an account linked to President Kabila. A similar amount was moved to Sud Oil accounts and, after several transfers, ultimately withdrawn in cash by a BGFIBank DRC senior executive. Of the estimated US$86 million in state funds received by Sud Oil, much was withdrawn in cash, including over US$50 million by a single individual: David Ezekiel, Sud Oil's CEO and a close associate of Selemani.[xii]

Unlike electronic transfers, cash movements leave minimal documentation, making it harder to trace the flow of funds. When large sums were withdrawn and redeposited, often on the same day and for the same amount, it obscured the connection between accounts and shielded the underlying transactions from oversight. This practice blurred the lines between unrelated entities, making it difficult for auditors or regulators to reconstruct the money trail. Even after internal concerns were raised, these activities persisted, suggesting a normalization of shortcuts and workarounds.

Compromised Internal Bank Accounts

Every financial institution operates a range of internal accounts to carry out a variety of critical banking functions. For example, some accounts help with liquidity management, serving as temporary holding places during the clearing and settlement of payments. Others manage the institution's own funds derived from fees, interest, and even investment income. From a regulatory standpoint, internal accounts are also instrumental in supporting compliance and risk management. They are used to track reserve requirements, provision for potential losses, and segment financial activities for audit and oversight purposes. In large, multi-branch institutions, such as BGFIBank, internal accounts also enable efficient interdepartmental transfers and centralized operations. By providing a structured and auditable framework for internal financial flows, these accounts ensure accuracy, accountability, and operational integrity.

However, in the case of BGFIBank DRC, internal accounts proved especially useful in facilitating money laundering. Unlike customer-facing accounts, internal accounts are used exclusively by bank employees, who retain authority to deposit and withdraw flows between them. Because these accounts serve so many different purposes within a bank, they are very vulnerable to abuse, especially within an organizational structure that fails to effectively monitor how transactions are being executed.

Several separate investigations uncovered how BGFIBank's internal account "OAR/Operations" was used first as a mechanism to covertly move money between different BGFI domestic customers, whose transactions otherwise might have raised red flags. OAR stands for "opérations à régulariser" in French, which can be roughly translated to "operations to be regularized." In layman's terms, this means the account was designed to temporarily hold transactions or amounts that are pending clarification, adjustment, or correction, similar to what in English accounting might be called a suspense or clearing account. By temporarily recording transactions that cannot yet be fully classified or finalized, such an account helps ensure the books remain balanced when supporting documentation is missing, or when errors need to be investigated before assigning the transaction to its correct account.

BGFIBank DRC served as a critical intermediary for the Kabila family to illegally withdraw funds from government institutions and deposit them in companies they controlled. Internal accounts helped facilitate these transactions. In addition to the loan commission payment described above (*Mis-invoicing of Trade Transactions*), in July 2016, Sud Oil received roughly $300,000 from an account held by CENI, the Congolese National Electoral Commission. The description on the transactions indicated that the funds were related to "A1 Masina jet order," "A1 Luozi jet order," "Congo Transit fuel purchase," and "Getraco fuel purchase", even though CENI had never contracted formally with Sud Oil and in fact had purchased fuel exclusively from other suppliers.[xiii] But rather than submit invoices as documentation, BGFIBank DRC employees first executed a withdrawal of the funds into an internal account "BGFIBank OAR Venus" on July 11, 2016. Then in four transfers made over the next two weeks, BGFIBank OAR Venus sent the exact same amount of money to Sud Oil. The fact that Sud Oil's transfers "originated" from an internal account may have helped disguise the true source of the funds. This extra layer, coupled with the splitting of the transactions, may have proved useful in deterring additional scrutiny from BGFIBank's auditors.

Internal accounts helped mask international transactions that involved suspicious funds. As the investigation *Embezzled Empire* neatly exposes, Francis Selemani used money diverted from BGFIBank DRC to purchase properties located in the United States, including one used as his primary residence (at least according to the deed on the property). However, the money did not originate from an account held in his name. Instead, the outgoing transaction to Selemani's account at US-based SunTrust Bank came from an internal account that earlier had been flagged in a 2011 audit as presenting "a number of compliance risks."[xiv] This particular account was created in order to hold significant funds while import and currency exchange control fees were being settled, a somewhat standard operation with regard to cross-border transactions. Yet in August 2015, it helped disguise the fact that Selemani was sending money overseas to himself, which may have raised more suspicion among the correspondent and recipient banks executing the transfer.

Captured Oversight and Lax Compliance

Multiple oversight actors raised concerns about the malfeasance described above over the period under review. In nearly every case, senior managers took actions to cover the tracks of their compromised employees. In other words, accountability was undone by a deference to the hierarchy within BGFIBank DRC.

On numerous occasions BGFIBank employees were alerted to the potential misuse of accounts. However, senior management did not take action. Seven different bank executives stated that they avoided verifying transactions of Kabila family companies to avoid problems with CEO Francis Selemani.[xv] It did not appear to matter to senior employees that payments were being processed for Selemani-connected companies that lacked invoices, contracts, other documentation, or otherwise included vague descriptions on essential fields describing the transactions. This view was shared by the Congolese Central Bank as well, whose governor saw no reason to take any disciplinary action against a bank so closely connected to the country's president.[xvi] BGFIBank DRC openly flaunted Central Bank rules that restricted the volume it could lend out to individual clients as well as capital reserve requirements, yet it was not sanctioned.[xvii] Government officials also looked the other way when their express requests for transactions to be made were ignored in favor of money being sent to Kabila-connected companies.[xviii] The Congolese state agencies did nothing to hold the bank accountable.

In 2011, a lower-level employee filed written warnings to their superiors that the bank was engaged in transactions with Congo Futur, which at the time had been sanctioned by the United States due to its ties to Hezbollah.[xix] The transactions under question involved substantial sums of funds denominated in dollars, which clearly should have caused alarm among bank management. These alarm bells were not just ignored – the bank even appealed to the U.S. Treasury Department's Office of Foreign Assets

Control (OFAC) to authorize specific transactions that had been blocked by correspondent banks over compliance concerns.

In 2016, BGFIBank DRC appointed Jean-Jacques Lumumba to head its credit department. Shortly thereafter Lumumba noticed irregularities in some accounts, including those held by a Kabila-owned investment firm and CENI, the national electoral commission. When he brought these matters to then bank head Selemani, he was threatened with a pistol and told not to raise the matter again. Fearing for his life, Lumumba fled to Europe and, with PPLAAF's assistance, shared key documents with media outlets in Europe and the US.[1]

These issues were compounded by a complete lack of regard for the regular drumbeat of red flags produced by the bank's internal and external auditors. As early as 2011, audit reports flagged irregularities in the way that internal accounts (see above) were being used to transfer money to Selemani's companies overseas.[xx] These red flags were ignored.

Not all auditors, however, did their due diligence. In 2016, Big Four firm PwC served as an auditor of the annual accounts for both BGFIBank DRC and the DRC's Central Bank. Yet this prestigious firm failed to verify that the US$43 million that the Central Bank claimed it held in BGFIBank DRC was actually held as collateral in a holding account. In reality, that sum had already been transferred eight months earlier to Egal, a company with clear ties to Joseph Kabila. PwC also seemed unconcerned with the absence of a physical loan file documenting BGFIBank's transfer of the money to Egal (which broke the bank's internal rules), while Deloitte's audit of Egal conveniently overlooks the fact that no collateral was put up for the loan.[xxi] How much effort these auditors put into scrutinizing the accounts of all actors in this egregious theft of government funds is still unclear.

Then in April 2018, BGFIBank DRC's much bolder chief internal auditor Yvon Douhore capitalized on a steady stream of media reports about nefarious activity at the bank to pressure Selemani and upper management to address compliance weaknesses. Once again, the audit team's efforts were rebuffed, even as a much more critical audit report from July 2018 revealed a deeply dysfunctional operation. The bank received an 'unacceptable (very high risk)' rating for its noncompliance with key regulations,

[1] Other compromised banks in Africa have applied similar coercion against employees who dare speak out. Afriland, a Cameroonian bank with subsidiaries across the continent, also went after whistleblowers, accusing them of fabricating data. Two whistleblowers, Gradi Koko Lobanga and Navy Malela, were chased out of the country, only to ultimately be sentenced to death in absentia. https://www.africanews.com/2021/03/05/dr-congo-international-outrage-at-death-sentence-of-whistleblowers/

including the Congolese Central Bank's anti–money laundering directives.[xxii] The report uncovered at least 28 bank clients that should have been considered related parties, since many were partially or wholly owned by BGFIBank DRC board members, especially Selemani.[xxiii] Douhore's investigation further revealed that those companies directly benefited from the variants of lax documentation and criminal activity discussed in the above sections. Head of Operations Moreau Kaghoma barely reacted to the revelations. And even though the president and chairman of the parent company BGFIBank Group in Gabon, Henri-Claude Oyima, appeared to welcome the work of Douhore and his team, it appears that little to no measures were taken to address the shortcomings.[xxiv] Bank management not only dismissed the auditor's concerns, but even lied to the investigative team, their superiors in Gabon, and official regulators.[xxv]

Finally, there were significant failures by correspondent banks in relation to their dealings with BGFIBank DRC. Correspondent banking, where major financial institutions maintain accounts for smaller banks in other countries, is a crucial part of global trade but presents risks for financial crime like money laundering, especially when the respondent bank is in a jurisdiction with weak anti-money laundering protections like the DRC. Unfortunately, major international banks, including Commerzbank and Citibank, processed millions of dollars in wire transfers for entities linked to potential corruption and money laundering through BGFIBank DRC. For instance, over US$28.4 million transited through Commerzbank to Congo Construction Company (CCC) between 2013 and 2018, and Citibank handled at least US$17 million in Sicomines wire transfers to CCC. These transactions often had vague remittance messages.[xxvi] In another case, BGFIBank's affiliate in Paris initially blocked a transaction of US$1 million and demanded more information on the sender and recipient. But that vigilance proved temporary. Within 48 hours, the transaction was approved; the correspondent bank wanted "to avoid penalizing (BGFIBank) too much."[xxvii] As seemingly concerned as these foreign compliance officers were with violating United States laws governing dollar-denominated payments, they stopped well short of intervening to put a halt to the illicit flows.

POLITICALLY CONNECTED BANKS WORLDWIDE

BGFIBank DRC is far from the only example of a commercial bank, either private or state-owned, appearing in major corruption or money laundering scandals. Rather, several of the typologies and examples discussed in this report are present in many other contexts, especially in high-risk jurisdictions where banks are under state control or linked to politically connected actors.

After protests brought down the 15-year regime of Sheikh Hasina in Bangladesh in 2024, the new government estimated that Hasina's political allies stole at least US$16 billion from the country's banking system. The family of Hasina's former land minister Saifuzzaman Chowdhury held the majority stake in United Commercial Bank until it was recently overhauled by the central bank. In February, the *Financial Times* identified hundreds of real estate properties around the world "acquired by Chowdhury or his close family at a cost of at least $295mn between 1992 and 2024." Chowdhury's brother told the *FT* there is no evidence of family members embezzling funds while on the board of the bank.[xxviii]

In other cases, state-owned banks play the leading role in facilitating money laundering. Almost half of the funds linked to the *Azerbaijani Laundromat* revealed in 2017 by a consortium of media outlets – some US$1.4 billion – originated at a single account held at the state-owned International Bank of Azerbaijan (IBA), while it was run by a former civil servant. Investigative reporters have linked the company holding the account, Baktelekom MMC, to Azerbaijan's ruling elite.[xxix] While the origin of the funds it transferred into the Azerbaijani Laundromat "slush fund" is unclear, "it is possible that Baktelekom's money came from IBA loans," according to the *Organized Crime and Corruption Reporting Project*.[xxx] IBA has since been reformed and rebranded as ABB. Today, one of the largest banks in Azerbaijan, Pasha Bank, is part of a corporate holding company owned by the family of President Ilham Aliyev and his wife Mehriban Aliyeva (n. Pashiyeva).

U.S. prosecutors have alleged that Turkey's state-owned HalkBank helped Iran avoid sanctions by secretly transferring US$20 billion and disguising oil payments.[xxxi] During testimony in a 2017 trial in the case, a key witness said that the country's Economy Minister had told him that current President Erdogan, as Prime Minister in 2012, had directed Turkish banks to participate in the scheme.[xxxii]

A journalistic investigation into the Central American Bank for Economic Integration (CABEI), a regional development bank founded by Nicaragua, El Salvador, Honduras, Guatemala and Costa Rica, alleges that the bank's funds were seen as an easy source of cash for corrupt schemes.[xxxiii] In Costa Rica, CABEI donated the funds for a US$405,000 presidential communications tender, which prosecutors allege was tailor made for the agency that won the contract, and included a kickback to a friend of the President.[xxxiv] A banker who had worked with CABEI told reporters its loans operated as if among "a club of friends."[xxxv] The bank's loans were also allegedly used for bribes in the Odebrecht corruption scandal.[xxxvi]

CONCLUSION AND POLICY RECOMMENDATIONS

Red flags were flying for years at BGFI Bank DRC. Internal employees were raising concerns, a prominent whistleblower had come forward about serious deficiencies in the bank's procedures, and counterparts at correspondent banks in Europe expressed misgiving about large transactions that were missing sufficient documentation. Yet it took the *Congo Hold-Up* project, an investiagtion of millions of documents leaked from the bank, to force these compliance issues to the surface and expose the extent of wrongdoing at BGFI Bank DRC. The scale of the criminality is enormous, with hundreds of millions of dollars in potential fraudulent transactions passing through the bank during the 2010s. Yet BGFI Bank DRC continues what it calls normal operations, claiming to have tightened money laundering controls and even expanding its presence.[xxxvii]

This brief has drawn out what *Congo Hold-Up* can teach policymakers around the world about how to prevent such capture of a financial institution going forward. We recognize the challenges to implementing reform within the Democratic Republic of Congo. Banking regulations and enforcement are both weak, and sadly we have seen little political will on the part of the government to tackle the longstanding problems related to corruption, embezzlement, and money laundering, among others, rife within the system. The financial sector as a whole continues to be captured by political elites who show little willingness to strengthen the rules and regulations governing the financial industry.

Keeping this in mind, we advance this set of recommendations as critical to the process of developing Congolese banks into transparent, independent financial institutions in full compliance with international rules and best practices. Economic growth in the country in part depends on attracting foreign investment and demonstrating the resilience and reliability of the financial sector. To survive in an increasingly competitive market environment, domestic banks are well-advised to improve the way they screen and facilitate transactions. The lessons of *Congo Hold-Up* clearly show the fallout for ignoring fiduciary responsibilities and neglecting due diligence.

Recommendations for Domestic Congolese Banks

- **Strengthen internal compliance procedures and the independence of auditors**: Domestic banks must establish truly independent internal audit units that report directly to a board-level risk committee. Both auditors and compliance teams need to be protected from managerial interference and empowered to escalate concerns, especially when transactions involve PEPs.

- **Implement a tiered risk monitoring framework**: Banks should classify all client relationships and transactions involving government entities, state-owned enterprises, and individuals with government ties as high-risk by default. This classification should trigger Enhanced Due Diligence protocols, including the mandatory verification of supporting documentation for all large transactions.

- **Upgrade internal systems for transaction monitoring**: Banks should deploy automated alert systems that are able to flag suspicious activities, such as repeated large cash withdrawals, the unusual use of internal accounts, or loans that are not accompanied by necessary documentation. Any anomalies should be referred to internal compliance units for further investigation.

- **Publicly commit to AML and PEP screening reforms**: Domestic banks should publish annual transparency reports that outline any upgrades they are making to anti-money laundering procedures and other changes to governance. In the case of DRC, such reforms could rebuild trust with international correspondent banking partners and regulators.

Recommendations for Correspondent Banks

- **Avoid 'de-risking' without engagement**: Financial Action Task Force (FATF) Recommendation 13, supplemented with detailed guidance, requires financial institutions entering cross-border correspondent banking relationships to assess the nature of the respondent bank's business, its reputation, and the quality of its AML controls and supervision. All countries should ensure full compliance with FATF Recommendation 13, and ensure that supervisory and regulatory bodies apply close scrutiny to correspondent banking relationships.

Rather than severing ties abruptly, correspondent banks should provide structured roadmaps for compliance improvements. Where feasible, correspondent banks should also offer technical support to help domestic banks, both serving sender and recipient client, to meet the standards required for maintaining global financial access.

- **Conduct dynamic monitoring of transactions and clients**: Implement real-time monitoring tools to detect patterns of trade mis-invoicing, fictitious loans, or circular payments in line with FATF Recommendation 10. Any transactions lacking economic rationale or with vague justifications should be paused pending documentation and further investigation.

- **Evaluate the integrity of third-party audits**: Correspondent banks should request audit histories and evaluate the independence and quality of audits of their respondent banks. When operating in high-risk markets, they should confirm that auditors are not compromised by political or business interests, even if that requires sending in their own reviewers and conducting on-site evaluations. In April 2025 the *Financial Times* reported that accounting firm PwC had severed ties with 10 locally owned partners in Francophone Africa. The firm has reportedly reevaluated its auditing contracts after client banks in the region featured in investigations such as the *Congo Hold-Up*.[xxxviii] With signs that independent auditors with varying risk appetites will therefore play a greater role in the region, it is important that correspondent banks adjust their procedures accordingly. Otherwise, correspondent banks stand to lose significantly from the credit risk that captured local banks introduce into the global financial system.

Recommendations for Intergovernmental Organizations and Foreign Governments

- **Expand FATF's emphasis on PEP-linked banking oversight**: International organizations should enhance guidance to require mandatory Enhanced Due Diligence for banks with known political entanglements, particularly when such institutions operate in fragile governance environments.

- **Include auditor oversight in AML/CFT evaluations**: FATF and peer bodies should integrate the quality and independence of local auditing ecosystems into country risk assessments. Jurisdictions that consistently fail to ensure audit integrity should be flagged as high-risk environments. In line with FATF guidance for risk-based supervision, supervisory authorities should perform regular checks of domestic auditors to ensure that their audits are of sufficient quality, paying particular attention to politically exposed banks where the risk of corruption is elevated.

- **Issue public advisories on specific risk typologies**: Drawing on cases like BGFIBank DRC, standard-setting bodies should publish alerts highlighting the misuse of internal accounts, trade mis-invoicing, and infrastructure-related financial arrangements, especially in countries with weak institutional separation between the government and the private sector.

- **Facilitate relevant data collection and sharing across borders**: Standard-setting bodies should support the development of cross-border platforms that allow sharing of suspicious activity reports (SARs), beneficial ownership information, and audit concerns, especially when dealing with jurisdictions prone to cross-border illicit flows. In the case of BGFI Bank DRC, shell companies were some of the most egregious foreign actors in the networks, helping to hide the identities of related parties that were funneling money out of the country. In particular, strengthening beneficial ownership systems and data-sharing abroad may have better enabled correspondent banks to scrutinize international recipients and account holders.

- **Hold correspondent banks accountable for their banking relationships**: Domestic regulators need to assess the potential for correspondent banking relationships to introduce risk into national financial systems. Preventing lapses in compliance requires examining end-to-end processes rather than simply evaluating passing judgments on whether banking clients pass international standards. Where possible, domestic regulators should encourage correspondent banks to add value upstream through their correspondent banking ties, including by facilitating training and technological upgrades to screen risky transactions.

Recommendations for the Government of the DRC

- **Empower independent financial oversight institutions**: The government must ensure that agencies such as Congo's National Financial Intelligence Unit CENAREF and Court of Audit are insulated from political influence, properly funded, and staffed with experienced professionals. These bodies should have access to banking data and the mandate to conduct unimpeded investigations.

- **Mandate transparent reporting by state-linked entities**: All state-owned enterprises and agencies handling public funds should be required to publish audited financial statements annually. Audits should be conducted by vetted, independent firms with international credentials, and made available to relevant oversight bodies.

- **Establish a PEP monitoring registry and enforce distance from ownership and operational decision-making**: Create and maintain a public, centralized registry of politically exposed persons and their immediate family members, as well as their links to private companies. This database would enable banks and auditors to conduct more accurate risk assessments and improve public accountability. Given that banks receive thousands of alerts of PEP-related activity, PEP registries should clearly categorize and then prioritize senior political officials, who have greater influence over captured banks. Ideally, high-level PEPs and their relatives should not be allowed to own or operate financial institutions.

- **Digitize and modernize central bank supervision tools**: Equip the Central Bank of DRC with modern supervisory technologies to detect anomalies in real time, such as high-value cash transactions, irregular internal account movements, or violations of lending limits. These tools should be used to generate alerts and trigger immediate inquiries into suspicious activities.

ENDNOTES

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