

By Kalkali El-Hadi*

In June 2009, the Algerian judiciary conducted a trial on the embezzlement of about 32 billion dinars (US\$450 million) from the National Bank of Algeria. The actual amount embezzled is still unknown, but a final court decision in this case describes it as the second largest corruption case in Algeria's history as an independent country (after the Khalifa case, investigated in 2007).

The National Bank trial followed a two-year judicial investigation of the main defendant, Algerian businessman Achour Abdel Rahman, who was tried together with his wife, his brother-in-law and 29 other defendants. (Three of the defendants have fled the country and an international warrant has been issued for their arrest.)

The National Bank trial took place under very difficult political conditions, among them the spread of corruption within the administration. Algerian President Abdelaziz Bouteflika waged a war against corruption as a major part of his political agenda during the last electoral campaign.

Corruption in Algeria has grown to frightening and dangerous levels. Amounts from the misappropriation of public funds are alleged to have exceeded 15 billion dinar (US\$209 million) for May and June 2009 alone. The funds were allegedly taken not only from banks, social security funds and agricultural cooperatives, but also from Algerian cultural and scientific institutions.

How it all began

The Abdel Rahman case is only one of a series of scandals that have revealed the fragile state of the financial regulatory system in the face of what can be called "instructions from the top."

The scandal began in 2005 when the General Directorate of the National Bank of Algeria (NBA) received an anonymous letter. The letter claimed there was illegal conduct regarding the handling of bank checks. The allegation led authorities to file charges against a "businessman" known in the casino and gambling world of Monaco as "The Little Prince." The warrant finally led to Abdel Rahman's deportation from Morocco to Algeria in 2007.

The trial began on June 15, 2009, in Algiers Criminal Court in room No. 5 of the Palace of Justice in a very dramatic atmosphere. It lasted 12 days. More than 40 witnesses

testified, in addition to experts in finance, accounting and the inspectors who uncovered the financial gaps in the NBA. At the end, an 83-page referral decision was issued and described the main suspect's dealings with several agencies of the bank.

Abdel Rahman, 44, came from a simple Algerian family. Despite his humble background, in the short time between 2001 and 2005 he built an empire of more than 30 companies. These companies were active in many areas, including food industries, contracting industries and quarry mining.

Abdel Rahman started to accumulate his wealth by obtaining a loan from the NBA. Before he even paid off this first loan, he was able to access other loans. He accomplished this with the complicity of managers of some of the NBA's agencies. His most notable help came from the director of the bank's agency in Bouzereah, who is currently an international fugitive.

Defense and ambiguities

The National Bank claimed in its defense that only one of its agencies was fully responsible for the theft of 32 billion dinar (US\$450 million).

The trial presented conflicting figures regarding the amount of money that was embezzled from the bank, the Bouzereah agency and two other agencies (Cherchel and Colea), which has raised many questions about how much money was actually misappropriated.

For example, reports by the security services that conducted the initial investigations estimated that 15 billion dinar (US\$209) had been embezzled. The judicial investigation claimed the amount reached 32 billion dinars (US\$450 million). This last amount was cited by judicial services and the media, but the report finally adopted by the Judicial Court set the amount at 21 billion dinar (US\$287 million).

In his own defense, Achour Abdel Rahman questioned the validity of the facts and figures presented by the judicial report and adopted by the court. He denied responsibility for the large-scale embezzlements, and even claimed that the Algerian National Bank was the one responsible.

The defendant also claimed that the charges against him were "well fabricated" and amounted to a form of retaliation. He claimed that the charges were an attempt

by some parties (that he refused to name) to cover up a huge financial gap of 40 billion dinar (US\$548 million) that was reported in 1990 by the National Bank. He also claimed that many people were looking for someone to blame for this particular financial scandal. "I refuse to be a scapegoat," he told the judge, "for whatever it was," he added.

Abdel Rahman was convicted on charges of malfeasance, embezzlement, fraud and others. Criminal Court Judge Bakherchi Omar sentenced him to 18 years in prison and ordered the seizure of all of his properties. Some of the other defendants received prison sentences ranging from one to 18 years.

Four of the defendants were acquitted, including the former director of the NBA and the bank's financial governors. Another defendant, a fugitive, was sentenced in absentia to 20 years in prison and to pay a fine of one million dinar (US\$13,933). In total, the court imposed fines that amounted to 21 billion dinar (US\$287 million).

Public reaction

Despite the heavy penalties, the Algerian public did not react positively to the verdict because of ambiguities in the case. They perceived a lack of evidence of involvement by the defendants and the obvious discrepancies in the embezzled amounts presented by the National Bank of Algeria, all of which raised questions about the trial's integrity.

The trial is only one more battle in Algeria's overall war against corruption, a war that threatens the political survival of the Algerian state and its national security, as the Algerian state has been infiltrated by organized crime networks that dominate the Algerian economy, as has been reported by the daily Elkhbar. These networks use Algeria as a conduit to smuggle billions in foreign currency, which has been facilitated by recent economic policies, the vulnerability of controlling institutions and the imbalances in the legal system.

Oftentimes, these crimes take place with the overt complicity of Algerian authorities and officials.

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