

Corporate Corruption – The New Turf of Public Suspicion

By: Olayinka Oyegbile*

In 2009, when the world economy was enmeshed in an economic crisis and banks on Wall Street and in other financial capitals of the world were crashing, the Nigerian economy did not feel the panic. Or so it seemed. It was a surprise to many, because it was believed that any ill luck in the financial world market would negatively affect Nigeria as well.

When this didn't happen, many Nigerian bankers were overly optimistic, saying the country's economy was not tied to the apron strings of the Wall Streets of the world and would not feel the pinch nor be affected by ill fortunes. While other financial institutions were cutting their budgets, their Nigerian counterparts went on a spending spree. The media were overwhelmed by advertising revenue, calling on the public to invest in bank shares through the capital market.

Bank chief executives and their staff began to live large, like fashion models and superstars. It was as if the sector were completely immune from the reality of the financial crisis that hit the rest of the world. But this was not to last. Sanusi Lamido Sanusi became the governor of the Central Bank of Nigeria and abruptly put an end to it.

His appointment and subsequent actions were the saving grace that held back the Nigerian banking industry from total collapse. At a press conference in August 2009, Sanusi announced the firing of five bank chiefs. Under Nigerian law, the Central Bank governor is empowered to fire bank chief executives because the banks are listed on the Stock Exchange and are thus subject to regulation. It was an unprecedented action that shook the country's financial sector.

Corporate Sleaze

Many Nigerians focused their attention on corruption in government. The corporate world was not a place many had thought of as a corrupt citadel. Many Nigerians assumed that corruption and the need to fight it only existed in the political sphere. However, the appointment of Sanusi and the unceremonious sacking of the bank chiefs changed all that. Over time, companies and banks advertised for sales of shares and raked in large sums of money from the public. The money thus obtained was shared among directors and chief executives of banks, rather than being invested. Shortly before the intervention of the Central Bank, there was speculation that the Nigerian banking sector was going to collapse in a way that would crush the Nigerian economy and create a ricochet of events on the continent, especially in the West African Subregion.

The Central Bank had to inject a total of 620 billion naira (US\$4.2 billion) to avoid a market panic that would result in the economy crashing. The intervention of the Central Bank was to save the sector from collapse after what one observer described as "serial

abuse of codes of corporate governance” by the five bank chief executive officers (who were fired and brought before the courts for unlawful financial gains).

One of them was Cecilia Ibru, chief executive officer of Oceanic Bank, who was charged with fraudulent enrichment and the granting of billions of naira in loans without collateral. Ibru was later convicted and sentenced to 18 months in prison and her properties in Dubai, London and other parts of the world were seized by the Central Bank. She will, however, serve only six months because her trial and conviction lasted one year.

With this case, the Economic and Financial Crimes Commission had officially taken up the battle against corruption, from politicians to the corporate world, where many believed corruption was more endemic but, for a long time, largely neglected.

The conviction and subsequent sentencing of Ibru has taught other leaders of the corporate world a lesson or two. Bisi Onasanya, group managing director of the First Bank of Nigeria, one of the leading banks in the country, reacted to the conviction by saying Ibru’s sentencing “is a lesson for us all ... It should be a deterrent and we have no apologies for anybody that is caught in that process, provided that person goes through a fair trial process.

”He is of the view that the trial and conviction of bank chiefs should be seen as part of efforts to sanitize the polity.”

Also reacting to Ibru’s conviction was Nuhu Ribadu, former anti-corruption czar who had been unceremoniously removed from the post and dismissed from the police force in 2007 by the government of the late President Musa Yar’Adua. While lauding the action, he said there’s more work to be done. “I am pleased that one of the executives of the banks has a conviction. This was the work of Central Bank. But I want to see public officers, public servants, being held accountable and being forced to return money they had taken.”

With this, a new verve seems to have been given to the fight against corruption, which had experienced a lull since 2007, when former President Olusegun Obasanjo left office. This is the view of Eugene Ogbu, a cleric who felt that the war against graft was being fought in the wrong way. He said, “What we have been doing all along has been merely to negotiate with criminals and corrupt leaders, but I think we need to fight corruption the way other countries do it, if we want to be serious with the anti-graft war in the country.”

His “negotiating with criminals” comment refers to the case of former state governor Lucky Igbinedion, who, after leaving office in 2007, was charged with 191 counts of charges of corruption, money laundering and embezzlement of over N13 billion (US\$8.6 million). On Dec. 17, 2008, the charges were dropped. Instead, he was charged with one count of failure to declare his assets, as required by law for public officers. He pleaded guilty and was fined N3,579,244 (US\$23,000). The anti-graft agency that had brought him to court had entered a plea-bargaining agreement with him, under which he’d return the money so the charges were quashed. The prosecution of the bank chiefs, however, hasn’t managed to convince skeptical citizens that the war against corruption in the

country is anything serious. Many see Ibru's sentence as too light, like a slap on the wrist. She was accused of misappropriating over N925 billion (about \$US\$6 million), but at the end of the day she was only given a short sentence.

This case intensified many Nigerians' perceptions that rich and influential people rarely go to jail and, if jailed, they only spend a short time behind bars. While Ibru was sentenced to 18 months in jail for stealing millions, a less affluent citizen, Ibuke Amenike, was sentenced in 2009 to six months in jail for stealing a pair of shoes worth N21,000 (US\$140).

To further infuriate many, Ibru is to spend the six remaining months of her sentence in a hospital ward reputed to cost N90,000 (US\$600) per day, more than a five-star hotel.

Plea Bargaining

Although the other bank chiefs are still in trials and the governor of the Central Bank stated at the October 2010 16th Nigeria Economic Summit, that the crusade in the banking sector is still ongoing and that more bank chiefs are going to prison for stealing depositors' money, many Nigerians remain skeptical that the full weight of the law will ever fall on the political elite.

Many influential citizens, including three former heads of state, have been indicted abroad for allegedly collecting millions of dollars in bribes from Halliburton, an American company. Until 2010, none had been brought to justice in Nigeria, and only minions have been charged. Bamidele Aturu, a lawyer and human rights campaigner in Nigeria, is of the strong belief that despite the banking scandal, the present crop of leaders in the country are incapable of frontally fighting corruption, mostly because they came to power through corrupt electoral processes.

The late president Umaru Yar'Adua acknowledged this when he said during his inauguration on May 2003 that the election that brought him to power was "flawed."

Aturu points out that the architecture of governance in Nigeria is erected on a corrupt foundation. "These elites are sustained in power by corruption and do everything they can to remain in power through corruption," he said.

Unsurprisingly, many Nigerians believe that most of those tried and jailed had fallen out of favor with the powerful and were sacrificed to appease the public and to give a good face to the international community. "The so-called 'zero tolerance for corruption' is just slogans and instruments. Of course they can use some people as a scapegoat. They can take somebody and put him in jail for a short period of time or do plea bargaining, and then release him to enjoy his or her loot," Aturu says.

The recent introduction of "plea bargaining" to the body of anti-corruption regulation only feeds that suspicion because it allows corrupt individuals to keep a large chunk of the spoils while forfeiting only a small fraction to the state in exchange for a light sentence.

*Olayinka Oyegbile is a journalist and editor based in Lagos, Nigeria. He is a member of the International Consortium of

Investigative Journalists (ICIJ). He has won several international awards and has written for several foreign publications.