

## 1. Introduction

On 23 October 2001, Raphael Soriano Katoto Katebe, a Congolese multimillionaire businessman based in Zambia, announced that he would push for the role of president during the transition period in the Democratic Republic of Congo<sup>1</sup>. For most political observers, his candidacy came as a surprise. While none of them doubted Katoto's ability to raise enough money for the financing of his election campaign, it seemed a bit awkward that a successful entrepreneur, who had been operating from outside the DRC for several years<sup>2</sup> and in the past had never played a significant role in Congolese politics, had suddenly decided to make a bid for the Presidency. However, as the following account will show, Katoto's ambitions are older than most people would believe, and, his numerous worldwide business connections also appear to have provided him with the capacity to defend his candidacy *manu militari*.

Katoto Katebe was born in Kashobwe village on 29 September 1944. After finishing his studies at the University of Lubumbashi, he started teaching mathematics at the Kapolobwe Catholic School, while in the meantime concluding exclusive contracts with the management of Gécamines for the supply of meat and fish<sup>3</sup>. Katoto's company also provided transport for the expedition of copper, cobalt and other minerals from Lubumbashi to the Tanzanian port of Dar-es-Salaam<sup>4</sup>. According to some sources, Katoto made good friends with the former governor of the Katanga province, Mr. Kyungu. Through this friendship, Katoto allegedly got involved in the illicit trafficking of copper and cobalt to neighbouring countries<sup>5</sup>. When his relationship with the Mobutu regime soured, Katoto decided to move to Belgium. Together with his brother Nissim and his sister Leila he bought 'Domein Ter Heyde', a luxurious domain in Bruges<sup>6</sup>. Illustrative for the fact that, even after his move to Europe, Katoto's search for wealth continued unabated, was the change of the goals of the company '*Domein Ter Heyde*'. On 13 November 1997, it was decided that, in the future, 'Domein Ter Heyde' would engage in the following activities: '*obtaining, keeping, managing and expanding property (for the most part real estate) and playing the role of intermediary agency in the widest sense of the word*'. In this context, the company would be able to obtain, acquire, exchange and rent out moveable and unmoveable goods. Significantly, the starting capital of the new 'Domein Ter Heyde' amounted to 84.000.000 Belgian francs<sup>7</sup>.

Very recently, Katoto Katebe changed his permanent address from Bruges to Zambia. Besides running a copper and cobalt trading company called Keli<sup>8</sup>, he is also at the head of Chani Enterprises Ltd, a company based at Lake Mweru (Mpulungu). The managing director of Chani, Mr. Moses or Moïse Katumbi, features prominently in a number of Congolese press articles, published soon after Katebe's announcement of his presidential candidacy. On 30 November 2001, a journalist of *Le Phare* wrote that Katumbi had assisted Katoto Katebe in installing a military training camp in the Kasabebe locality, near the Zambian border town of Moliro. It was suggested that Katumbi had used his connections as a former Israeli army officer and son-in-law of the presidential family of Frederick Chiluba to fix a number of arms deliveries by air<sup>9</sup>. In the eyes of some Congolese pro-government journals, several key officials of the Gécamines state enterprise were also involved in Katoto's attempts to wage a rebellion in Katanga. Given the precarious financial situation of the mining company, the joint decision of Mr. Kabondo, Gécamines' financial director, and of Mr. Yumba Monga, Gécamines' general managing director ad interim, to suddenly pay off a debt of one million USD to Katoto

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<sup>1</sup> '*Katoto Katebe alume un nouveau feu au Katanga*': Congotribune, 30 November 2001.

<sup>2</sup> Katoto Katebe also runs two South African-based companies, namely 'Investagain 212' and 'Soriano Import and Export'. 'Investagain 212' is involved in financial intermediation. The board of directors is composed of Senathi Fisha, Buchizya Douglas Mseteka, Bafana Felix Ngwenya and Raphael Soriano Katoto Katebe. The company's registered address is Three Hollywood, North Cliff (Johannesburg). 'Soriano Import and Export' is a one-man company occupied with wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and restaurants. The registered address is 1<sup>st</sup> Floor, 56 Von Wielligh Street, Johannesburg (source: <http://www.legalcity.net>).

<sup>3</sup> Katoto Katebe owned industrial fisheries in lakes Tanganyika, Moero and Luapula river (source: [http://196.25.171.70/pages/03\\_cv.htm](http://196.25.171.70/pages/03_cv.htm)).

<sup>4</sup> *Ibidem*.

<sup>5</sup> Source: REC info nr. 11/2001 (28 November 2001).

<sup>6</sup> The full address of this property is: Torhoutsesteenweg 620, 8200 Bruges.

<sup>7</sup> Belgian State Monitor, 971113-239.

<sup>8</sup> Interview with Leila Katebe, 21 June 2002.

<sup>9</sup> *Le Phare*, 30 November 2001: '*Selon des radios périphériques captées à Kinshasa, l'industriel et homme d'affaires katangais Katoto Katebe aurait installé un camp d'entraînement à la frontière zambienne*'.

Katebe, was seen as an indication of the support of members of Gécamines' top management to Katoto's secession attempt. Not surprisingly, Congolese state security services did not wait long to arrest the suspects<sup>10</sup>.

One wonders if there is any truth in these allegations. If Katoto Katebe is actually raising a rebel army near the Zambian border, a question that should be asked is, of course, which strategies Katoto is using to finance his war effort. Biased as the news coverage of the Congolese pro-government journals may be, there are a few things about Katoto Katebe and his business partner Moses Katumbi, which seriously increase the plausibility of the story. IPIS has proof that in the late nineties both Katoto and Katumbi have been involved in logistical support to the AFDL and UNITA rebel armies.

## **2. The Angola gunrunning saga<sup>11</sup>**

Following the decision of the Angolan MPLA government to intervene militarily in both former Zaire and neighbouring Congo-Brazzaville to block UNITA military supply lines north and northeast of Angola, the trafficking networks diverted to the eastern and southern borders of Angola. This made Zambia and the countries surrounding it a more crucial area for routing supplies<sup>12</sup>. Since October 1997, the international media picked up several rumours about the alleged involvement of senior Zambian government officials in the illegal sale of arms to UNITA, in return for diamonds and other valuable products. On 16 February 1999, the Zambian newspaper 'The Post' reported that the son of President Chiluba appeared on a list of people involved in the supply of arms to UNITA submitted to the Zambian government by the Angolan government. It was alleged that Tito Chiluba had conspired with Zambian Vice-President Christon Tembo, Energy Minister, Former Defence Minister Ben Mwila, and former Commerce Minister Enoch Kavindele in arms-for-diamonds deals with UNITA<sup>13</sup>. In mid 1997 the Zambian government announced that it was investigating the rumours. In order to calm down the media storm, it decided to dismantle the operations of a South African company, Metex, which was accused of being involved in illicit operations, including flights to Angola<sup>14</sup>.

Despite the confessions about the Metex affair, however, the Zambian press continued its witch hunt. According to the Post, the national air carrier Aero Zambia also played a dirty role in the affair. Its chairman at the time, David Tokoph<sup>15</sup>, was said to have constructed an air strip in Mwanabombwe (on Zambia's border with the DRC: see map), that was being used by a Hercules C-130 with registration number 9J AFV for flights to unknown destinations. The Hercules C-130 9J AFV that allegedly had been used to transfer arms to Unita, was owned by Chani Enterprises, the company of the Aero Zambia's vice-president at the time, Mr. Moses Katumbi<sup>16</sup>.

## **3. Smoke gets in your eyes: Raphael Soriano Katoto Katebe versus José Paulo Figueiredo**

José Paulo Figueiredo, the Angolan director of the Portugal-based Bekas Trading Ltd, probably got the shock of his life, when on 10 September 1997 a C-130 used by his company to transport several cargoes of coffee and agricultural products to his shops in Angola, was suddenly grounded after an inspection round by the Portuguese company OGMA<sup>17</sup>. Figueiredo appeared to have no idea what was wrong with the aircraft, and, in a hurried attempt to prove his innocence, handed over all the documentation concerning the purchase of the plane. The Aircraft Purchase Agreement, concluded on 28 May 1997, described the plane as a Hercules C-130 (serial

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<sup>10</sup> L'Avenir, 26 October 2001: '*Le PDG de la Gécamines aide-t-il Katoto Katebe à chasser du pouvoir J. Kabila ?*'.

<sup>11</sup> With special thanks to Johan Peleman, who gathered most of the documentary evidence during his research for 'The Arms Fixers (2000).

<sup>12</sup> Johan Peleman, personal communication.

<sup>13</sup> The Post, nr. 1168, 16 February 1999: '*Angola names Chiluba's son*'.

<sup>14</sup> Umlilo Intelligence Report, p. 64.

<sup>15</sup> It was not the first time that Tokoph's name was mentioned in the context of illicit arms deliveries. Since the beginning of the 1980s, several of his planes and companies have been linked to illicit transports of explosives and missiles to Israel. A technique often used to mask these transports consisted of using the colours and logo of Aero Zambia. Greco air, a daughter company of Aero Zambia, and Seagreen, one of the former companies of David and Gary Tokoph, have both used the same technique to safely ship their arms.

<sup>16</sup> The Post, 28 January 1999: '*Aero Zambia linked to UNITA arms*'.

<sup>17</sup> Letter from José Paulo

number 3095/56-487, registered 9J-AFV) sold for the amount of 1.470.000 USD<sup>18</sup> and neither the Purchase Agreement, nor the Bill of Purchase contained limitative clauses regarding the use of the plane<sup>19</sup>.

However, a detailed study of the history of the Hercules C-130 aircraft made the grounding decision a lot more comprehensible. Apparently, the plane had been manufactured in the United States, by the Pacific Harbor Capital in Portland (Oregon). On 21 July 1995, the first owner of the aircraft, a Sparks company called 'Heavylift International'<sup>20</sup>, decided to sell it to the company 'May Ventures Limited'<sup>21</sup>. While in the contract 'May Ventures Ltd' was described as the foreign consignee of the aircraft, the Zambian company 'Chani Enterprises Ltd' was identified as its end-user. Katoto Katebe signed the contract as the chairman of both May Ventures Ltd and Chani Enterprises Ltd, with William Eck subscribing the document as the president of Heavylift<sup>22</sup>. Since the C-130 was considered as an unclassified defence article, equipped with unclassified technical material, the American Office of Defense Trade Controls attached a number of conditions to the sale of the aircraft<sup>23</sup>:

May Ventures Ltd. must be informed that this aircraft is authorized for temporary use in Zambia only. Zaire is not included in this approval. In accordance with the DSP-83 signed by the chairman of both May Ventures Ltd and Chani Enterprises Ltd, no re-export, retransfer, or use other than that which is contained in this license will take place without prior written authorization of the Department of State, Office of Defense Trade Controls. (...) The aircraft cannot be used for commercial air service on international routes. Transferring registration of the aircraft to Zambian registry is authorized on a temporary basis for the duration of the current contract between May Ventures Ltd. of the UK and Chani Enterprises Ltd. of Zambia. Upon expiration of the contract the plane must be returned and reregistered in the UK (...) <sup>24</sup>.

This list of conditions offered Bekas director Figueiredo part of the explanation for the grounding of his aircraft. After all, when the contract between Chani Enterprises Ltd and Bekas Trading Ltd was signed, Katoto Katebe had not said a word about the continuous supervising rights of the American government. Figueiredo realized that the decision to ground the C-130 was perfectly logical, since the Americans had probably noticed that the new proprietor had not been respecting the provisos of the original contract between Heavylift International and May Ventures. On the other hand, though he acknowledged that he had been transgressing the law by organizing international flights between Portugal and Angola, Figueiredo kept insisting that Katoto Katebe was the real culprit, as the Congolese business tycoon had tried to sell the aircraft under false pretences.

On 30 March 1999, the American Ministry of Defence notified that the investigation about the involvement of Bekas Trading Ltd. had been completed, and that no negative findings had been made. However, it was immediately added that the inquiry into 'the external aspects of the case' was still going on, so that, until further

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<sup>18</sup> The money was deposited on the BBL-account of Mr. Katoto Katebe, after he had explicitly asked for this in a personal letter to the Bekas management (Letter from Katoto Katebe to Bekas Trading Ltd, 28 May 1997). According to the transaction document, the money was sent by the Morgan Guaranty Trust Company of New York, and received by the Banque Bruxelles Lambert in Brussels.

<sup>19</sup> Aircraft Purchase Agreement between Chani Enterprises Ltd and Bekas Trading, 28 May 1997.

<sup>20</sup> The full address of 'Heavylift International' is 3930 Overmeyer Road, Suite E, Sparks (Nevada), 89431 (Source: 'Application license for permanent export of unclassified defense articles and related unclassified technical equipment', signed by Heavylift International Inc, and May Ventures Ltd).

<sup>21</sup> May Ventures Ltd was registered at Companies House, Cardiff, on the 31<sup>st</sup> of January 1995. According to the incorporation documents, May Ventures' company secretary was the company 'Startco Limited'. Raphael Soriano Katoto Katebe, strangely enough described as a British citizen, was appointed director, and Newco Limited, represented by Mrs. Amanda Cox, held the position of nominee director. The incorporation documents explicitly announced that May Ventures Ltd could "***enter into any arrangements with any government or authority (supreme, municipal, local or otherwise) that may seem conducive to the attainment of the company's objects or any of them***" and that it could "*obtain from any such government or authority any charters, decrees, rights, privileges or concessions which the company may think desirable (and that it could) carry out, exercise, and comply with any such charters, decrees, rights, privileges and concessions* (author's stress). Source: Incorporation Documents May Ventures Limited.

<sup>22</sup> Aircraft Bill of Sale, 21 July 1995.

<sup>23</sup> Prior to authorizing any export of defense articles, the policy of the (US) Department of State Controls is to seek all the details of a transaction and to approve exports to specific end users and end uses. In addition, any request for export of a defense article that is signified as Significant Military Equipment (SME) requires further certification that the defense article will not be disposed of, in any manner, without prior written Government approval. This certification is acquired through the use of a signed NonTransfer and Use Certificate (Form DSP-83). Source: letter Rose Biananiello (Deputy Director Licensing) to Sylvain Silber (lawyer of José Paulo Figueiredo, 14 April 2000.

<sup>24</sup> Attachment DTC Case 641362, Office of Defense Trade Controls, 18 July 1995.

notice, the flight ban could not be lifted'<sup>25</sup>. Figueiredo would soon discover what these external elements were all about. Just before the sales agreement between Chani Enterprises Ltd. and Bekas Trading Ltd. was concluded, the Hercules C-130 9J-AFV had apparently been used for the delivery of military equipment to the rebel movement of the '*Alliance des Forces Démocratiques du Congo*', led by Laurent-Désiré Kabila. The company which played a key role in this whole affair was called '*Pashto Holdings Limited*'.

According to an undated sales agreement, drawn up in Brussels and signed by Katoto Katebe and Pashto representative Mouamba Mounanga<sup>26</sup>, the companies May Ventures Ltd. and Pashto Holdings Ltd. had agreed that the Hercules C-130 would change hands after the full amount of 1.900.000 USD had been paid into the Belgolaise account of Katoto Katebe. The payments had to be made in 9 instalments. A first deposit of 240.000 USD had to be made simultaneously with the signing of the contract, a second one, of 260.000 USD, had to be made 40 days after Pashto Holdings Ltd had received the aircraft (that, apparently, was stationed in South Africa at that time), and finally, the 7 remaining instalments had to be paid by an interval of 30 days (i.e. 6 deposits of 220.000 USD and a final deposit of 80.000 USD). A special clause in the contract stipulated that the aircraft would immediately return to May Ventures Ltd, as soon as the buyer broke the rules of the purchasing agreement<sup>27</sup>.

It is unclear what went wrong with the abovementioned payments, but judging by what is stated in a letter by Moise Katumbi, Katoto Katembe's business partner and the managing director of Chani Enterprises Ltd., it seems that at a certain point an alternative, leasing agreement was concluded between Chani Cargo and Pashto Holdings Limited:

Chani Cargo had a contract with AFDL in Congo Lubumbashi. AFDL paid \$270.000 into Mr. Cohen Daniel's account and the money was never given to us. Mr. Mwamba owes Chani Cargo three months lease of the plane<sup>28</sup>.

Documents of the Zambian Civil Aviation Authority confirm that, from 3 May until 18 May 1997, the Hercules 9J-AFV has flown at the service of the AFDL. So, the most plausible hypothesis about the leasing agreement seems to be that Mwamba Mounanga and Daniel Cohen have acted as intermediaries between the AFDL, Chani's management and Pashto Holdings Limited and that during the period when the deliveries to the AFDL took place, Pashto has probably used the flying licence of Chani Enterprises Ltd.

Summing up the main points of our discussion, there are strong indications that -at least on two occasions- Moses Katumbi, Katoto' Katebe's business partner and allegedly one of the organisers of a rebel army near the Zambian border, has been involved in the delivery of military material to guerrilla movements in Central Africa. In 1997, a Hercules C-130 aircraft with registration number 9J-AFV and owned by Katumbi's company Chani Enterprises Ltd, has been used for logistical support to the AFDL and UNITA. Additionally, there is every appearance that Chani Enterprises' management has tried to put up a smoking screen in order to conceal these deliveries. Unfortunately for them, Bekas director José Paulo Figueiredo has rejected his role as a scapegoat: in an interview with the authors of this report his Belgian lawyer, Sylvain Silber, said that an official complaint has been filed against the president of Chani Enterprises Ltd, Mr. Katoto Katebe<sup>29</sup>.

Though it is still far from clear to which extent Chani Enterprises' management has been involved the organisation of the military deliveries, there are some elements which make it plausible that they may not have acted single-handedly.

## **The link with the CIA aircraft scam**

Remarkably, the two American companies with which Chani Enterprises cooperated in the process of selling and transporting the Hercules C-130, have also been mentioned in another scandal involving transport aircraft. In 1997 several American newspapers listed Heavylift International, the Sparks company selling the plane to Katoto Katebe's company May Ventures Ltd, and T & G Aviation, the Chandler company offering Katoto a

<sup>25</sup> Fax message from Kerem S. Bilgé to José Paulo Figueiredo, 30 March 1999.

<sup>26</sup> IPIS was able to verify that Mouamba Mounanga runs at least two companies outside British territory: the Belgium-based B.S. Company and the South Africa-based Sub Congo Trading (sources: <http://www.eurodb.be> and <http://www.legalcity.net>). .

<sup>27</sup> Undated sales agreement between May Ventures Ltd and Pashto Holdings Ltd. Disobedience towards the terms of agreement was defined as crossing the deadline by more than 2 months.

<sup>28</sup> Letter from Moses Katumbi, 30 January 1998.

<sup>29</sup> Interview with Sylvain Silber, 27 June 2002.

special crew to fly the plane from the US to the UK<sup>30</sup>, among 13 private companies involved in a CIA directed swap of 42 former military aircraft for obsolete planes nominally destined for museums.

The man who got the ball rolling was Gary Eitel, a former Vietnam combat pilot who served in the Forest Service, the Department of Defence and several private air companies in Alaska, before obtaining a position as law enforcement officer and lawyer in Texas. When it came to covert flying operations set up by the CIA, Eitel was certainly a privileged witness. In 1976 he had been recruited for some flying jobs in Angola and at a later stage he had been asked to go on special missions in Honduras, Guatemala and Nicaragua<sup>31</sup>. According to Eitel, the American Government had, in the period between 1988 and 1991, offered several private air companies to exchange some of their old planes for newer military airplanes. The only condition attached to this swap had been that the CIA would be allowed to engage the receivers of the new planes for covert gun-running missions abroad. While the exchange operation would probably cost the government several thousands of dollars –no-one doubted that that the value of the planes offered by the CIA was far higher than the one of the old planes dumped by the private companies-, the CIA felt very relieved to finally have the opportunity to carry out its arm deliveries in a much more secretive way than before<sup>32</sup>. In the eyes of Eitel, it was quite normal for the CIA to hire pilots and owners from the air tanker industry: many of them had served as combat pilots during the war in Vietnam and therefore they were pretty experienced when it came to gun-running missions<sup>33</sup>.

The question that comes to mind here is, of course, whether the Hercules C-130 9J-AFV of Katoto Katebe's Zambian company Chani Enterprises Ltd was also part of the same CIA swapping operation. For the time being, there is not enough evidence to answer this question with an affirmative 'yes'. However, most observers would agree that neither T&G Aviation nor Heavylift International have a clean record. In 1998, news came out that a C-130a aircraft, sold in 1993 by T&G Aviation to the Mexican air company Aero Postal, had probably been used for drug trafficking operations by the Arellano Felix organisation, one of the biggest and most criminal groups in Mexico<sup>34</sup>. The media soon discovered that this was not the first time T&G Aviation had become entangled with drug traffickers. In 1990-1991, they had an eight month leasing agreement with a Panamanian company called Trans Latin Air: in 1994 Trans Latin Air was indicted in Chicago as one of several aviation companies hired to transport drugs for the infamous Cali cartel<sup>35</sup>. On the other hand, Woody Grantham, the president of T&G Aviation, has made no secret of the special relationship between his company and the American government. In 1996, during a hearing of the Commission on Transportation and Infrastructure, Grantham stated that during Operation 'Desert Storm' T&G Aviation had 'donated' approximately 1.500.000 USD of free services to the US army<sup>36</sup>. As a result of this sacrificial behaviour, T&G Aviation had had to go into a Chapter 11 bankruptcy, which they survived<sup>37</sup>. As far as Heavylift International and its director William Eck are concerned, there are also strong rumours about possible links with the CIA. Melvin McDonald even tried to use Eck's ties to the CIA as an argument to get a new trial for his client, Roy D. Reagan, who was accused of being one of the two intermediaries in the CIA aircraft scam. In a letter to the authorities he wrote:

William Eck was known... as a major airplane broker who routinely furnished C-130s to Third World and other foreign countries by the CIA.

As it happened, during the trial against Reagan and his partner Fuchs, William Eck testified about the value of two C-130 aircraft, which he had bought after the plane swapping operation of the CIA. One of the two had been sold to an (unnamed) African company<sup>38</sup>.

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<sup>30</sup> Aircraft Bill of Sale, 21 July 1995.

<sup>31</sup> Eitel did not accept the offer to go to Nicaragua.

<sup>32</sup> By the end of the eighties, the CIA had become frustrated for being deprived of its wholly-owned airlines like Air America and Southern Air Transport and hence not being able to ferry troops and munitions to small wars all around the world.

<sup>33</sup> Source: <http://www.dcia.com/pbr.html>.

<sup>34</sup> Ramon Eduardo Arellano Felix, one its leaders, is on the FBI's most wanted list. He was indicted in San Diego for conspiracy to import cocaine and marijuana. Source: The Arizona Star, 15 April 1998: 'Mexican drug runners may have used C-130 from Arizona'.

<sup>35</sup> Ibidem.

<sup>36</sup> During Operation Desert Storm, T&G Aviation was asked, on an emergency basis, to transport water desalting plant protection equipment to the Middle East, to Dhahran. The operation went on for approximately 90 days.

<sup>37</sup> Testimony Woody Grantham (T&G Aviation) before the Commission on Transportation and Infrastructure of the US House of Representatives, 19 October & 7 December 1995.

<sup>38</sup> The Arizona Daily Star, 1 April 1998: 'Two face sentencing in conspiracy involving exchange of planes'.

It is still unclear whether the plane Eck mentioned during his testimony was the same plane that his company Heavylift International had sold to May Ventures Ltd. Yet, in a personal interview with the author of this report, Daniel J. Cohen, who is said to have acted as an intermediary during the sale of the C-130 Hercules aircraft, stressed that the American embassy in Uganda had been perfectly aware of what was happening with the goods delivered to the rebel movements of UNITA and the AFDL in 1997<sup>39</sup>.

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<sup>39</sup> Interview with Daniel J. Cohen, 5 July 2002.