

# PAUL W. NDUNGU

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President Uhuru Kenyatta.  
The President of Kenya  
State House- Nairobi  
State House Road  
**NAIROBI-KENYA.**

30<sup>th</sup> July 2022

## COVER LETTER

Dear Sir,

**RE: THE ILLEGAL TAKE OVER OF SPORTPESA THROUGH ALLEGED TAX EVASION OF TAXES AND DEMANDS BY KENYA REVENUE AUTHORITY ( KRA)**

My name is Paul Wanderi Ndungu, a Kenyan Citizen and a businessman based in Nairobi Kenya.

Mr President, I believe you know me well as your friend, however with your busy schedule of being Chief Executive and Head of State of our beloved Country Kenya for the last almost 10 years, you could have forgotten me.

Mr President, allow me to address you as such rather than His Excellency because the matters I am addressing you on are rather personal between you, your family and I, and in my opinion are not from a very excellent background.

To remind you of our friendship and relationship, we came to know each other from the year 2007 to 2009 when we became close acquaintances while you were the DPM and Minister for Finance. We then became better Friends from 2009, although our friendship blossomed more from 2010 during your most difficult period of the ICC case .and further still from 2011 when you resigned as Minister of Finance to be a Presidential candidate in the General Election of March 2013. I believe that apart from your family, between the period 2010 and March 2013, you spent more time with me in my private office in Gigiri than anybody else, in the company of my different colleagues or in the Company of a few of your select senior cabinet colleagues and senior Government officials.

I was also the Chairman, host and convenor of Jubilee fundraising committees for the year 2013 and 2017 elections having been not only a central member in Jubilee strategic, planning committee, fundraising committee, but also a founder and treasurer of Friends of Jubilee Foundation and a Director of Mount Kenya foundation as detailed in the main and comprehensive letter attached hereto.

### **Sportpesa.**

Mr President, I am writing this letter to you because in months since the suspension of Pevans East Africa Limited (Sportpesa) gaming licence through your instruction with effect from 13<sup>th</sup> July 2019, I have never been able to get to you or your office despite my concerted efforts. I have, in my efforts, sent several contacts to you including among them our common friend Retired Gen Karangi as well as your Chief of Staff Mr Nzioka Waita.

You know the history of Sportpesa well because you have been directly extensively involved with Sportpesa by your various pronouncements both publicly and privately as the President of the Republic of Kenya. The company has received your personal attention than any another company in Kenya.

Mr President you know my history with Sportpesa, on your previous various enquiries I have explained to you that I was a secondary investor sometime back in 2014 after I was approached by my close friend the late Hon Dick Wathika who approached me to finance their venture after they run out of operational expenses capital. Hon Dick Wathika was the founder and Chairman of Sportpesa. In addition to the financing, I bought 17% of the company that had 8 shareholders with 47% of the shareholding being held by his long-term Bulgarian partners. On the acquisition of 17% I became a Director and later the Chairman, a few months after the untimely and sudden passing of Hon Dick Wathika on the 19<sup>th</sup> December 2015.

On commencement of business from February 2014, Sportpesa revenue and profits grew very fast and by 2017 was 2<sup>nd</sup> most popular brand in Kenya after Safaricom. We also build the company Pevans East Africa Limited to be among top 5 most profitable companies in Kenya for the years 2017 and 2018. You took note and you would occasionally call me to commend me or sometimes to warn me to stop taking funds out of the country for sponsorship of foreign football clubs.

The trouble for the company started from 13<sup>th</sup> June 2017, when in order to punish Sportpesa (which was controlling over 70% of the business in Kenya) you vetoed Parliament to retain betting tax at 7.5% but instead through a memorandum you vetoed and returned the Finance bill to Parliament proposing a 35% betting tax. Less than three months later on 24<sup>th</sup> September 2017, a company that would eventually take over Sportpesa was formed by Mr Kames Muigai Ngengi with the registered offices being in The Chancery Building, Valley Road where we have offices of the family business - Enke Investments Limited - is situated.

Sportpesa Licence was cancelled on 13<sup>th</sup> July 2019, following your instructions of the same day when the gaming regulator Betting Control and Licensing Board declined to renew the licence of Sportpesa for the year 2019/2020.

Immediately the licence was cancelled, the Bulgarians Directors of Sportpesa were deported from Kenya. Subsequently, more tax demands on Sportpesa were made which in addition to initial Kshs 19 billion, KRA demanded a further Kshs 95 billion arising out of more than Kshs 30 billion sent offshore by the company between 2017 to 2019.

### **Kenyatta Family Involvement in the Take-over of Sportpesa.**

Mr President the business of Sportpesa has been illegally, irregularly and fraudulently taken over by a company by the name Milestone Games Limited.

As stated above, the company was formed by a Mr James Muigai Ngengi your very close relative on 24<sup>th</sup> September 2017, about 3 months after increase of betting tax from 7.5 to 35%.

From documents in my possession, after suspension of Sportpesa gaming licence for the year 2019/2020 well coordinated activities for takeover of Sportpesa by Milestone Games

Limited at which James Muigai Ngengi and Peter Kihanya were both Directors of the Company.

However, despite that, as President you had vetoed a bid by parliament to lower your proposed 50% tax to 7.5% by recalling the 11<sup>th</sup> Parliament on 13<sup>th</sup> June 2017. On the 18<sup>th</sup> June 2020 less than 3 months after emergence of Covid-19 and during the total lock down of movements and closure of businesses in Kenya, parliament out of the blues lowered exercise duty on betting from 20% to 7.5% leading to a hastily convened press conference by your CS National Treasury Mr Ukur Yatani and CS Interior Dr Fred Matiangi. Despite the fact that all Finance Bills are originated by Treasury the CS indicated that he was not aware of the reduction on betting tax from 20% to 7.5%. He vowed to reintroduce the tax within 6 months as required by law.

Mr President less than 2 weeks after the irregular proposal to lower betting tax by Parliament, on the 30<sup>th</sup> June 2020 (despite public protest by your CS Finance Mr Ukur Yatani and CS Interior Mr Fred Matiangi) you assented to the lowering of exercise duty from 20% to 7.5%. The lost revenue from lowered betting tax was compensated by increasing taxes on consumer goods relied on by masses and general public as detailed in the main letter below.

To keep his word, the CS National Treasury in his finance bills for the years 2021/2022 and 2022/2023 once again proposed increase of betting tax from 7.5% to 2022, but in both years, Parliament rejected the increases and opted to increase consumer taxes as detailed in the comprehensive letter here below.

This lowering and assent to the finance bill less than two weeks after Parliament ambushed the Ministry of National Treasury and Ministry of Interior was to lay ground for Milestone Games Limited to strategise how to obtain Licence as Sportpesa, whereby **only 7 days later after your assent in a Milestone Games Limited Board Meeting of 8<sup>th</sup> July 2020, a Board meeting attended by Sportpesa CEO Ronald Karauri, James Ngengi Muigai and Peter Kihanya met to strategically transfer shares and Bank Signatories from your relatives James Ngengi Muigai and Peter Kihanya.**

From the above-Board meeting of Milestone Games Limited on 8<sup>th</sup> July 2020, with convenience of your assent to lowered betting tax, the company went into full gear to prepare to start operations with plans to take over all the assets of Pevans East Africa Limited (Sportpesa), the entire assets but leaving out the tax liability demanded by Kenya Revenue Authority.

On the 26<sup>th</sup> October 2020, in a letter addressed to Milestone Games Director Mr James Muigai Ngengi, BCLB granted a gaming Licence 000205 to Milestone Games Limited, allowing them to trade as Milestone bet.

However, on the evening of 30<sup>th</sup> October 2020, they ambushed the regulator that the same evening they would be starting business and informed the regulator that they would be using the trade name Sportpesa as well as Pevans East Africa Limited (Sportpesa)'s pay bills, short codes and USSD numbers for the gaming business. This is contrary to the requirement that any operator needs prior approval of the regular or Communication Authority of Kenya as per the respective regulators laws per their establishing Acts of Parliament. With this breach the BCLB suspended the Company's gaming Licence.

Subsequent to this BCLB also found that Milestone Games Limited had after issuance of Licence on 6<sup>th</sup> October 2020, the company changed its ownership structure, whereby between 6<sup>th</sup> October 2020 and 30<sup>th</sup> October 2020, Ronald Karauri and Francis Kiarie had acquired 95.52% of Milestone Games Limited. This was however against the requirements of BCLB and the Betting Lotteries and Gaming Act Cap 131, that require prior approval of any change of the Directorship or beneficial ownership of a gaming company. This is to enable the Board carry out due diligence on new owners, whether fit and proper persons to carry out a gaming business.

The above actions of transferring assets of Sportpesa to Milestone Games were motivated by the fact that KRA had gone to court seeking preservation of all funds held by Sportpesa in all the accounts and mobile operators. This was after KRA filed an affidavit that the company was involved in serious tax evasion, money laundering, proceeds of crimes etc. the Court had granted preservation orders up to 5<sup>th</sup> December 2020 in Nairobi HC MISC. CIVIL APPLICATION NO. E025 OF 2020.

### **Background of this letter.**

Mr President, I am writing this letter because in the last 2 months or so, your Cabinet Secretary Ministry of Interior Dr Fred Matiangi has gone out of his way to force the Board of BCLB to issue a gaming licence to Milestone Games Limited. He has also gone further to require all investigative agencies to clear Milestone Games Limited and also clear the deported foreign directors of Sportpesa. The same people the CS, in reference to Milestone Games when it tried on to get a licence in October 2020, only a few months ago referred to as international criminals, criminals under international crime watch, wanted by Interpol, people under investigation in Europe. Money launderers, shadowy characters, tax evaders etc.

He was quoted by the local and international press indicating that the company had affected the Kenyan poor in very drastic ways. That more than 500,000 Kenyans had been blacklisted by CRB. That 300,000 poor youth borrow daily from FULIZA and MSHWARI to fund their betting addiction. That Kenyan youth have been committing suicide on losing, and that the President has been confronted severally by the Church leaders and Imams about effects of betting and that a full generation of Kenyans is getting lost to gambling and betting.

The CS had also been quoted severally by media indicating that the Company has been bribing the Judiciary and Parliament to get their business going.

Sir, the effort by your CS of trying to force a licence to be issued to Milestone, however irregular or illegal it is, is so that that Milestone Games Ltd can obtain a licence before your term of office expire in a few days. All institutions of government where the appointing authority is the Executive have been compelled and have broken all laws and procedure in trying to ensure Milestone Games Limited get a licence.

It is instructive to note that Milestone Games Limited has with utter impunity continued to trade without a licence for the last 18 months. They even fraudulently continued to purport to trade for year 2021/2022 by advertising a Licence No 000205 belonging to a different Company. The Directors are protected from arrest by Law enforcement Agencies etc. Full details in the full letter.



## **State Capture.**

Mr President in the details captured below in the comprehensive letter, the state is under capture by Milestone Games Ltd. I have detailed how the three arms of government, The Executive, The Judiciary and Legislature are under capture.

## **Conclusion.**

Mr President, on inauguration you swore to protect life and property.

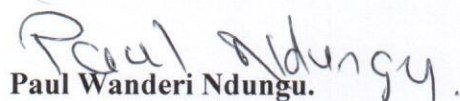
I have detailed in the main letter how by Licensing Milestone Games Limited games to trade, to trade with stolen assets of Pevans East Africa Ltd (Sportpesa), is to allow deported foreigners to dispossess Asenath Wachera and I our 38% investments in Sportpesa. I have explained to you, here below how Hon Wathika and I came from a humble background, how we sacrificed in our youth to be able to invest in such a company.

You swore to protect life and property. Your family is immensely blessed. It is unfair to use Powers of office and incumbency to dispossess us. Establishing Milestone Games Limited and taking over all assets of Sportpesa (other than its tax liabilities) and start trading without investment of basic capital, marketing and branding other than to clone Milestone Games Ltd into Sportpesa and start trading.

I beseech you not to dispossesses us. Even people from humble background should be allowed to be creative and innovative to build companies or businesses from their hard work without being disinherited by these in power, or these that have a bigger family name than them.

Mr President, I wish this matter is resolved expeditiously, otherwise due to the enormous funds at the disposal of our adversaries, they continue to trade without a license and make profits out of the Assets and our investments in Pevans East Africa Ltd and they are ready and willing to use our proportionate of 38% profits to bribe around. That if the issue is not solved expeditiously, I will appeal to the civil society, law society, the churches which you said put pressure on you. I will also appeal to all the Presidential contenders and political parties, local and foreign media which have in the past highlighted the vices of the foreigners and advocated for stringent regulatory framework on betting and gambling, in Kenya and Africa in general. Last but not least, I wish to notify you that I will be appealing to the new incoming Government to follow up on this matter, reverse all the illegalities and fraud visited upon Asenath and I in this Sportpesa saga, so that we can be vindicated to the full value of our investments.

Yours Sincerely

  
**Paul Wanderi Ndungu.**

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EVASION OF TAXES AND DEMANDS BY KENYA REVENUE AUTHORITY (KRA)**

My name is Paul Wanderi Ndungu a Kenyan Citizen and a businessman based in Nairobi Kenya.

Mr President, I believe you know me well as your friend, however with your busy schedule of being Chief Executive and Head of State of our Country Kenya for the last almost 10 years you could have forgotten me.

Mr President, allow me to address you as such rather than His Excellency because the matters I am addressing on are rather personal between you, your family and I, and to my opinion are not from a very excellent background.

Mr President, to remind you of our friendship and relationship, we came to know each other from the year 2007 to 2009 when we became close acquaintances when you were the DPM and Minister for Finance. We then became better Friends from 2009 but blossomed more from 2010 during your most difficult period of ICC. From 2011 when you resigned as Minister of Finance to General Election of March 2013. I believe that apart from your family, between the period 2010 and March 2013, you spent more time with me in my private of in Gigiri than anybody else, in the company of my different colleagues or in the Company of a few of your select senior cabinet colleagues and senior Government officials.

From around October 2011, from my office, we started in earnest to lay strategies of how you would be a presidential candidate. Most of the strategic meetings, fund raising were held in my office. I was the convener and host of the Jubilee fundraising committee 2013 General Election, culminating in which at Windsor Hotel I hosted the main fundraising where yourself and the Deputy President were in attendance. We raised a record amount of any political fundraising ever in Kenya.

During 2017 I was also the host and convener of the strategic planning, fundraising committee, Mount Kenya Foundation where I am a Director as well as the founder, host, convener and treasurer of Friends of Jubilee Foundation. On 9<sup>th</sup> June 2017, Friends of Jubilee Foundation which was at the apex of strategy, efforts of bringing all Kenya communities together, as well as recourses mobilisation conducted another recording fundraising for Jubilee Party at Safari Park Hotel. During the fundraising, as the person who was the host and being the convenor and only person who was in all committees ie the Jubilee campaign strategic planning committee, the recourses mobilisation committee, Director Mount Kenya Foundation and also founder and Treasurer of Friends of Jubilee Foundation as well as being the host of the fundraising, I was the main speaker entrusted with introducing all the members of the different committees as well as articulate the assimilations of Kenyans from the perspective of the business community and Friends of Jubilee foundation, I then invited you to fundraise as well as appraise these in attendance and Kenyans in General your Agenda for your second term. Mr President, I know you have in record of the proceedings of the evening as well as copies of the newspapers which captured your strong sentiments for the 2<sup>nd</sup> term.

Mr President, I have gone out of my way to recollect above just in case you forgot me or my contribution to your Journey to becoming the President of Kenya. It might not matter now, however our common friends and your family know of my contribution and more so, my having been there for you and again probably more than anyone else apart from your family especially as you would say often “the most difficult period of your political life” from Jan 2011 to February 2013. Anyway, however you now perceive it, it is a fact and it will be part of my history.

## **SPORTPESA.**

Mr President, I am writing this letter to you because in months since the suspension of Pevans East Africa Limited ( Sportpesa) gaming licence through your instruction with effect from 13<sup>th</sup> July 2019, I have never been able to get to you or your office despite my concerted efforts. I have in my efforts sent several contacts to you including among them our common friend Retired Gen Karangi as well as your Chief of Staff Mr Nzioka Waita.

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Mr President you know my history with Sportpesa, on your previous various enquiries I have explained to you that I was a secondary investor sometime back in 2014 after I was approached by my close friend the late Hon Dick Wathika who approached me to finance their venture after they run out of operational expenses capital. Hon Dick Wathika was the founder and Chairman of Sportpesa. In addition to the financing I bought 17% of the company that had 8 shareholders with 47% of the shareholding being held by his long-term Bulgarian partners. On the acquisition of 17% I became a Director and later the



Chairman, a few months after the untimely and sudden passing of Hon Dick Wathika on the 19<sup>th</sup> December 2015.

On commencement of business from February 2014, Sportpesa revenue and profits grew very fast and by 2017 was 2<sup>nd</sup> most popular brand in Kenya after Safaricom. We also build the company Pevans East Africa Limited to be among top 5 most profitable companies in Kenya for the years 2017 and 2018. You took note and you would occasionally call me to commend me or sometimes to warn me to stop taking funds out of the country for sponsorship of foreign football clubs.

### **Kenyatta Family Involvement In Take Over of Sportpesa.**

Mr President, with a lot of humility and respect to you as the embodiment of sanctity of the institution of Presidency and you being the current holder of that office, I find it painful but necessary to write to you about your family involvement in unethically taking over a business I heavily financed and invested in, a business which I put a lot of time in Kenya and abroad in the five years I was a Director and Chairman of the group. It pains more in that you have used the precinct of your office to systematically publicly humiliate me to submission as well as subsequent systematic taking over of the business using the same institutions that initially suspended the Licence of Pevans East Africa Limited ( Sportpesa). Officer of State House have been used to intimidate different government institutions for Sportpesa takeover.

The same institutions that were used to deport the foreign Directors ( Bulgarians) of Sportpesa were the same institutions which after deportation resulting into intended submission, the same institutions have been used to clear them allowing them to work under Milestone Games Limited a company that has stripped off all assets of Pevans East Africa Limited whereby without an iota of shame transferred the Sportpesa trade name all assets including office premises, hardware and software, vehicles, human resources, office premises, all customers, Mpesa- playbills with billions of funds in them as well as business short codes. In summary they cloned the business name and businesses of Pevans East Africa Limited into the Company Milestone Games Limited taking the entire assets of PEVANS other than the huge tax obligations, then start trading as SPORTPESA without investing a coin in Milestone Games Limited.

The above deliberate action was to dispossess Asenath Wathika and I our combined 38% shareholding in preference of foreigners who at formation owned 47% against Local Kenyans shareholding of 53% at inception.

Mr President, again, while addressing you with respect as President of Kenya, a President that swore to protect life and property, allow me to also address you as a person who have used that office, its sacredness and power to dispossess Asenath and I our sweat and capital. Sweat and efforts we put in by sacrificing our humble and disadvantaged upbringing from the lowest level of the respective society we came from, with Hon Wathika coming from the lowest of Maringo Estate in Eastland's while I came from a remote Village in Nyeri, I respectively request that you allow me to address in your



capacity AS President of Kenya, Head of State and Head of Executive arm of Government, and also address you in your personal capacity since the business of Sportpesa is a private business. I once again address you in respect and humility as President of Kenya a president whom at inauguration swore with the bible to protect Life and Property. As a citizen of Kenya and as your subject I expect to protection in both.

I have taken the last action of writing to you in that I am unable to get to through various means, including your close family members, friends, Cabinet Secretaries, your PS for Interior Dr Karanja Kibicho, your former Chief of Defence Forces Dr General Karangi, your own chief of staff Mr Nzioka Waita, your personal Secretary Mrs Winnie Gathuku and calls to your personal cellphone.

I have also chosen to write to you because in the last few weeks from around May 2022, all concerted efforts has been made by your Cabinet Secretary The Ministry of Interior and Coordination of National Government Dr Fred Matiangi to try and make sure that in the remaining days of your Presidency that Milestone Games Limited gets a licence from the Betting, Control and Licensing Board ( BCLB) despite that the Company Milestone Games Limited has in the last 18 month, has with utter and unimaginable impunity traded without a Licence from the gaming regulator the BCLB. With immunity derived from association with State House they have traded and advertised trading under Licence 000205 for the year 2021/2022 despite the gaming licence 000205 was issued to a different gaming operator ( Hardwick Limited trading as Bollywood Casino) for the year 2021/22. The same Cabinet secretary has ensured that all the relevant government institutions and multi agencies has cleared Milestone Games Limited to get a Licence within June/July within all necessary means that the power of state confers to the institutions. However, luckily within these institutions I have insiders who have always in confided to me what's going on.

Mr President, the takeover is a complex and intricate web that would take hundreds of pages to summarise, however I will try and be brief in reminding you the chronology of events in which you and/or persons of your family have been involved. I will also try to list the institutions that have been involved in trying to irregularly, fraudulently and illegally ensure that Milestone Games Ltd have continued to trade, solicit and collect funds from the gaming public without a gaming Licence or oversight from the regulator The BCLB. BCLB is an institution established under the act, the Betting, Lotteries and Gaming Act Cap 131, it is established to regulate and oversight gaming companies to protect the general public, gullible and venerable members of society especially the youth and the poor. In Kenya there has emerged a big percentage of poor and desperate people who are easily enticed by big sports betting lotteries jackpots whose winnings are mostly fictitious thus enticing the venerable to place jackpots whose chances of winning are almost zero unless the book makers sometimes generate a winner to keep the public enticed.

## **BACKGROUND.**

### **Pevans East Africa Limited.**

Pevans East Africa Limited started business in February 2014. I was approached severally by Hon Dick Wathika (who was the founder and financier) from around May 2014 to about July 2014 to invest and finance the company operations as they had limited operations funds. For several months I was reluctant as I didn't know or actually never heard of sport betting. However, by around September 2014 I had done some research and understood what sport betting was, I agreed to finance and buy secondary shares where I got 17% after a few capital injections and funding of the business.

The business grew quickly due to uniqueness of wide availability of Mpesa, thus mobile wallet betting in Kenya. By 2017/2018 Sportpesa had grown to be among top 3 brand in Kenya as well as top 5 profitable companies. It attracted a lot of attention including from yourself where GOK officers would make comments on the business, mostly being negative comments. Parliament started making comments on negative effects of betting including threats to increase tax on the gaming industry to curb negative effects of gambling. You personally made several direct calls to me between 2016 and 2019.

Subsequent to various events which I will emulate later, from June 2018 to about February 2019 several public pronouncements were made culminating in March 2019 when the CS Internal Security and Coordination of National Government Dr Fred Matiangi issued a public pronouncement that all gaming companies not tax compliant will not have their Licence renewed for the year 2019/2020. In the meantime KRA had started making tax demands of about 18.5 billion from PEVANS dating back to 2014.

Within the 5 years of operation, Pevans E A Limited had used over Kshs 13.8 Billion in brand Marketing to create over 12,000,000 customers in its data base of its Paybills and Short Codes and a top revenue of over Kshs 180 Billion per year. This is what has prompted huge desire to dispossess the Kenyan Shareholders their 38% in favour of foreigners whom yourself and Your CS Interior deported and called them people under international crime watch list in Europe, wanted by Interpol and committed heinous crimes in their country and are doing and committing crimes in Kenya which they cannot commit in their countries. It is indeed this desire to own a Company such as Sportpesa that a systematic strategy of intimidation and threat of Arrest by KRA to local shareholders (after deportation of foreign shareholders), my public and private humiliation from no other than the President of Kenya, the deportation of the Bulgarians for intimidation for intended submission to these in Authority is the reason all power of state institution which are supposed to safeguard and protect rights of all citizens have been deployed to ensure that a Licence is issued to Milestone Games within the last 2 months of your Presidency.

Come July 2019 PEVANS Licence for 2019/2020 was suspended for alleged huge tax arrears. Sometime in 2020 KRA made a further tax demand of 95 Billion.

## **Milestone Games Limited.**

Milestone Games Limited was established by **Mr James Muigai Ngengi** on 24<sup>th</sup> September 2017. It was established within two months after you introduced a betting tax of 35% after you vetoed a Parliamentary bill which had proposed a 15% tax.

Milestone Games Limited ambushed the regulator BCLB on the late evening of 30<sup>th</sup> October 2020 when they wrote a letter to BCLB indicating that they are starting business the evening, in the letter they advised the regulator that they will be using trade mark name Sportpesa, Pay bills No- 955100 and 955700 all belonging to Pevans East Africa Limited as well as PEVANS Short codes and USSD. PEVANS pay bills had a balance of over Kshs 2.3 billion as per Balance Sheet dated 30<sup>th</sup> June 2019- The expiry date of the PEVANS suspended 2018/2019 gaming licence. On the ambush of the regulator, the same night of 30<sup>th</sup> October 2022 the Chairman of BCLB Mr Cyrus Maina called a press conference in which he stated that he had actually granted Milestone Games Ltd a gaming Licence on 6<sup>th</sup> October 2020. He stated that on application he had authorised Milestone Games to trade under the trade name Milestone bets and not trade name sportpesa. He also stated that the Trade name- Sportpesa licence application through Pevans East Africa Ltd was pending before the Board, however the Board was constrained as the licence application was a matter in the Court of appeal No 471 of 2019 thus it cannot be used. He went on to suspend the Licence and called on all multi Government Agencies CID,CBK, IG, DPP and BCLB to investigate the matter of how Milestone Games Ltd had started trading using PEVANS Short codes and Pay bills were used, while the Company had a huge tax of about Kshs 19 Billion demand from KRA. The DCI went to court on 2<sup>nd</sup> November 2020 to get orders suspending use of the PEVANS pay bills.

On or around 24<sup>th</sup> November 2020, it also came to the attention of BCLB that subsequent to Milestone Games Limited Licence issuance on 6<sup>th</sup> October 2020 and the trading commencement date of 30<sup>th</sup> October 2020 the ownership of Milestone Games had changed **whereby Ronald Karauri and Francis Kiarie** both Directors and 8% shareholders of PEVANS had acquired 95.52% beneficial ownership of Milestone Games Ltd without seeking prior approval from the regulator as per the licensing requirement in accordance to Betting Act Cap 131. The prior approval requirement is in order to enable the regulator BCLB carry out due diligence on whether the new owners are fit and proper to run the business of a gaming company, which obviously the new owners of Milestone games were not as they had huge tax demand in PEVANS where Karauri was still the CEO despite being CEO of Milestone Games Ltd too.

On realising the change of ownership on 24<sup>th</sup> November 2020, BCLB wrote to the Directors and new owners of BCLB giving them 7 days notice ( as per requirement of Act Cap 131) to appear before the Board on 3<sup>rd</sup> December 2020 to SHOW CAUSE WHY they changed the ownership without seeking prior approval from the Regulator which was a fundamental breach of the law. They appeared before the Board, they conceded the fact that they were in breach of the law and licence requirement and sought forgiveness for the transgression. The same day the Board made the decision to cancel the Licence

which by letter dated 4<sup>th</sup> December 2022, they communicated to Milestone Games Ltd the immediate cancellation Licence No 000205 of 2020/2021.

The Licence requirement is that each gaming company must within 60 days of expiry of an annual Licence, that the Company must make an application for the subsequent year. With impunity Milestone Games Ltd didn't make an application or pay gaming annual fees for 2021/2022 as per the requirement of gaming Act 131. However they continued trading and advertising as trading under Licence 000205 for year 2021/2022 despite BCLB had already issued licence 000205 for year 2021/2022 to Hardwick Limited trading as Bollywood Casino. BCLB on 31<sup>st</sup> July 2022 wrote a letter to all service providers Safaricom and Bharti Airtel providing details of all Licensees and licence Numbers.

From papers in my possession the founder of the Milestone Games Limited **is James Muigai Ngengi** who founded and registered the Company on 24<sup>th</sup> September 2019 with a Registered office in Chancery Building where the Kenyatta Family company **Enke Management Limited** is situated. **Mr James Muigai Ngengi and Mr Peter Kihanya** both well known to you as closest relatives were serving as Directors and Bank Signatories of Milestone Games Limited before tactfully moving out on purported acquisition by these fronting the deported Bulgarians foreign directors. Several Members of your extended family work in the Company and from **recorded conversation with Mr Peter Kihanya** he told me you request was that a favourite nephew by the name Fred working in New York USA then, come and work in Milestone Games Limited.

Mr President, I know you could be having more detailed of the facts than me but I hope to put this on record for these who care for the truth.

**Dr Fred Matiangi- The Cabinet Secretary Ministry of Interior and Coordination of National Government.**

Dr Fred Matiangi being the Cabinet Secretary in the Ministry in Charge of Betting, Control and Licensing Board (BCLB) has been very central and focal about betting companies not paying taxes as well as having a negative effect on the youth, the poor-venerable and gullible members of society.

However in the last 2 months, The CS being in charge of security including Investigation arms of Government namely NSIS, DCI, IG, FRC, being in National Security Committee, he has gone out of his way to force the Board of BCLB issue a Licence to Milestone Games Limited.

On the 14<sup>th</sup> May 2022, I got a tip from a sympathetic Insider in Milestone Games Ltd that on the evening of the same day Friday 14<sup>th</sup> May 2022 there was a party by Senior Managers and Directors of the Company at their offices, in that the CS had summoned the Directors of BCLB to compel them to issue a Licence to Milestone Games Limited.



On Sunday the 15<sup>th</sup> May 2022 I called PS Eng Karanja Kibicho and asked him how the CS could call a meeting to force the Board of BCLB issue a licence to Milestone Games Ltd. The PS told me that he was not aware of any Board meeting and if there was one he would have known. He said he will enquire. However on the day the meeting that was supposed to be held at 9am of 16<sup>th</sup> May 2020, the meeting did take off until 12.30pm where on arrival the CS threatened to dismiss the entire Board with sacking. However he requested the Board to write a report on the Gaming Industry.

Mr President subsequent to above, I have gathered more information from people internal to Milestone Games Limited. I have also gathered information from some Directors of BCLB who are aware of what is going on including illegal attempts to issue Milestone Games Limited a licence without the Board approval and knowledge despite the fact that same Directors were found guilty of Contempt by Judicial review Court of the High Court of JR E061 in a judgement Delivered on 17<sup>th</sup> February 2022 by Justice Pauline Nyamweya who curiously at the time of delivery of Judgement was a Judge of The Court of Appeal based in Mombasa, delivering a Judgement of the High Court 8 months after promotion to Court of Appeal.

I have challenged the judgement in court and filed a petition before Judicial Service Commission( JSC) after investigations by a team of my lawyers unearthed the fact that the Court itself lied and falsified the dates of plaintiffs filing of their applications before her court as well as the plaintiff Milestone committed perjury by falsifying the dates they served BCLB with Court orders resulting into a conspiracy that resulted in the Directors of BCLB being found guilty of a crime of contempt of Court. All this was in a coordinated effort to blackmail BCLB issue a Licence to Milestone Games Limited. With this convenience the State Law office has severally in the last few months tried to force the Individual Directors purportedly found guilty of Contempt of Court reach out of Court settlement with Milestone Games Limited which pressure the Directors declined and opted to be jailed if it meant that discharging their duties lawfully as mandated by section 3 (12) of Betting and Gaming Act Cap 131.

However your CS of Interior despite knowing these facts, despite having stated that he is aware that the betting industry ( in reference to Milestone Games Cancellation of Licence), having stated- “ Now people... money launders, want to come here and siphon money out of the country. They bribe everyone, from the Judiciary to Parliament to get their business going” They Bribery is everywhere he continued. As he is quoted in a 2 page pullout by Sunday Nation dated 13<sup>th</sup> December 2020. In the same newspaper he continued- **“you need a good lawyer to look at some of the decisions the judicially has made on gambling and betting”** I in the last 2 months, I found a team of good lawyers who during their duty have found conspiracy between the court and plaintiffs. With the above **allegations of bribery by the Company, the sentiment that bribery is everywhere, that they are bribing everyone-** I wonder on whose instructions or what motivation has made the CS go out of his way, to threaten and intimidate the Board of BCLB issue a licence to Milestone Games Ltd despite several ongoing cases involving the Board vs Milestone Games.

The Directors of BCLB are not aware of any out of Court settlement With Milestone Games Ltd yet they were found guilty individually and are out to be jailed individually. They have never seen or signed any consent since they are aware that a court of appeal No 471 of 2020 had absolved Directors of BCLB from prosecution , since the High Court case No 252 of 2019 filed by the same parties in Milestone Games vs BCLB, Safaricom and others, had ruled that Directors of BCLB cannot be held personally Liabile for their actions in the course of their duties as Directors of the Regulator BCLB as they are shielded by the provisions of section 3(12) of the Betting, Control and Licensing Act ( CAP) 131/ The High Court also ruled that a gaming operator cannot operate on an expired licence and that the operations of BCLB as a regulator established under the BCLB Act Cap 131 cannot be controlled or taken by the Court and also that a gaming operator cannot rely on court proceedings or court orders to operate without a Licence. This was a case filed by Sportpesa Versus BCLB and Others in the High Court in 2019 in which Sportpesa lost, they appealed in Court of Appeal No 471 and Sportpesa lost when the 3 Judge benches upheld and emphasised the findings and judgement of the High Court in a judgement dated 19<sup>th</sup> March 2021.

On being alerted of the efforts of the CS Mr Fred Matiangi and The Solicitor General Mr Ogeto ( well known to you as your former Lawyer) I wrote a detailed letter to your CS Mr Friend Matiangi dated 2<sup>nd</sup> July 2022. I wrote the letter as his office being in charge of BCLB and The Solicitor general through State Office are institutions of Government that are established to offer and equitable service to the public, to its citizens by providing checks and balances to protect the interest of all in a fair and lawful manner without any bias. In my letter I wondered why all of a sudden he has changed heart about a company and people he had described as **tax evaders, money launderers, people under international crime watch, shadowy characters, people wanted by Interpol, people whose companies concerns have been raised in the House of Parliament in the UK., under investigation in Europe, people who were bribing Judiciary and Parliament to get their business going. “Bribing everyone and everywhere”** the CS is quoted saying. Dr Matiangi being CS under whom all investigative departments of State bother internal and external investigation of crimes conducted by Kenyans or Kenyan Companies, being a senior member of National Security Council he must have known and have security details of the reasons he had made the pronouncement.

On suspension of Sportpesa Licence and shutting down all pay bills and betting sites on **13<sup>th</sup> July 2019**, The CS Ministry of Interior Mr Friend Matiangi was quoted by the acclaimed **Financial Times of London** in its 2 days pullout dated **13<sup>th</sup> and 14<sup>th</sup> July 2019**. The paper stated -:

1. That, **“Kenya’s interior minister Fred Matiangi said 76% of his country’s young people now gambled and 500,000 Kenyans, most of them young, had been blacklisted by Credit reference agencies for gambling debts”.**
2. That. **“Uncontrolled gambling has reorganised the financial lives of poor Kenyans in very drastic ways”** said Matiangi **“Let us stop pretending. We must Stand up and call sin by name for the sake of our Children”.**

The **Guardian Newspaper of the UK** had also carried an article in its papers accusing Sportpesa that it **“uses profits to bribe the judicial systems so as to have their way”**. A UK publication by the name Finance uncovered also published several articles alerting of **profit transfer and taxation huge capital flight from Kenya to offshore accounts.**

Dr Matiangi was also quoted in a 21.07 minutes audio interview by the Nation on 4<sup>th</sup> May 2021 as saying that **when he was deporting Sportpesa Foreign Directors, Sportpesa was a subject of debate on the floor of the House ( Parliament) in the UK, and that Kenya was being cited as an avenue through which they are doing crazy things.**

Quote from the Interview- **“ and that is what I told these foreigners when deporting them, that you want to do things in our country that you cannot do in your own country. when Sportpesa was stressing us here, it was a subject of debate on the floor of the House in the UK, and everyone was asking questions and we were cited as an avenue through which they were doing crazy things and it’s just simply because we had colleagues in government who are suppose to do due diligence, licence this organisation had refused to follow the law.”**

Mr President, the UK press carried comprehensive articles about the negative effects of gambling in Kenya. **The Minster is quoted about Sportpesa issue being raised in UK Parliament. In interview with Financial Times of London your own CS is quoted stating 500,000 young people were blacklisted by Credit Reference Agencies for gambling debts. That uncontrolled gambling has reorganised the financial lives of poor Kenyans in very drastic ways. That we must stand up and call sin by name for the sake of our children. Mr President, have we stopped caring about the poor just because the First Family is involved? Did your Family have to dispossess Asenath Wathika and I by my systematic public humiliation, deporting of foreigners Directors of Sportpesa leading to submission then working with them.** The same CS who was a strong critic of the deported foreigners is the one breaking all rules and laws to have Milestone Games Limited issued with a gaming Licence despite **having alluded to the fact they were money launders and were bribing everyone.**

I wondered in my letter dated 2<sup>nd</sup> July 2022 whether that money that was laundered from poor people and youth has found its way back to bribe everyone for a licence. I wondered whether now the poor and venerable youth where 300,000 youth borrowing daily from **FULIZA-Mpesa** have stopped? Whether the 500,000 youth blacklisted by CRB for borrowing to fund betting habits resulting to addiction had stopped? Whether the youths have stopped committing suicide due to losing, as the CS stated – “were complains from the churches and Imams” to the President had stopped?.

Mr President I here below detail some of the issues your CS raised in Reference to Milestone Games Limited trying to get a licence and his subsequent comments following the cancelation of the Company's Licence on 4<sup>th</sup> December 2020.

On 4<sup>th</sup> December 2020, upon BCLB learning the irregular of change of beneficial ownership Milestone Games Limited without prior approval as per requirement of law, the Board cancelled the company operating Licence with immediate effect. On the same day of licence cancellation the CS personally came out strongly, ostensibly to protect the venerable members of public and especially the youth as he stated “ that more than 300,000 youth who were borrowing money daily through **FULIZA-Mpesa** to fund gambling and who were gullible and vulnerable to negative effects of gambling, including addiction. That 500,000 members of Kenyan public had been blacklisted with the CRBs by Financial institutions leading to inability to access credit as a result. The CS indicated that people were engaging in uncontrolled gambling which had reorganised the lives of **poor Kenyans in very drastic ways and that “money was being pocketed by foreign owned firms which transferred a huge chunk of the collections to foreign capitals with very little money left in circulation in Kenya”**

On cancellation Milestone games Limited Licence on 4<sup>th</sup> December 2020 the CS was quoted severally on the day and subsequent days as saying:-

- i) On 4<sup>th</sup> the same days of Milestone Licence No 000205 cancellation the Press captured your CS speech at the AP training college, Embakasi, in which the CEO BCLB, Mr Peter Mbugi was in attendance saying in a terse statement that he had received a lot of enquiries from the public and he assured the public that the ministry has been given a responsibility to look for the interest of the public. **That the Government would not go back on the decision to tame criminals, money launderers, tax evaders, and all manners of shadowy characters to come to Kenya and cause havoc.**
- ii) On 5<sup>th</sup> December 2020 in the Ministry of Interior website, the CS was quoted saying that **“under no circumstances will the state rescind its decision of closing down some gambling companies and subsequent deportation of some operators. Dr@Fred Mtiambi has stated that some of them are under global watch list for money- laundering and other forms of organised crimes”.**
- iii) In reference to Milestone Games Ltd, on 11<sup>th</sup> November 2020, your CS Interior was quoted by the Daily Nation Newspaper as saying. **“The day I deported the Bulgarians, I was under a lot of pressure from people within Government. The reason regulatory work did not work in the past was that everybody was being bribed, they were paying everybody. Funny characters. Shadowy People. People within Government were the one telling me “you are high handed”**
- iv) Again in reference to Milestone Games Limited on the Sunday Nation Newspapers dated 13<sup>th</sup> of December 2020 a 2 page pullout at page 6 and 7 under the headline ‘ Mtiambi-; **you can bet on this. The Bulgarians are not coming back;**



- v) The same Sunday Nation of 13<sup>th</sup> December quoted your CS on page 7 saying”  
**one thing that the everyone can rest assured is this, we are not going to allow money launders and criminals on international watch list to come around under the guise of betting and gambling to destroy the economy of this country. The President is resolute on the matter. I am following his instructions. He has said I want the sector cleaned. My work is to follow what he says”**

In the excerpts at page 6 of the same Sunday Nation of 13<sup>th</sup> October 2020 your CS Dr Fred Matiangi is further quoted saying-:

- (a) Gambling and betting is **a bribery gravy train in this country.** It requires people to stand firm, and for these of us in leadership, my boss (The President) has made a promise, and he wants to keep it. And I have to help my boss keep the promise he has made
- (b) They say you are going to deny people jobs, and then people go to press conference to call you names without facts. **Yet I have sat in meetings where religious leaders have actually confronted my boss, the President. The President promised that he will not allow criminals activities to continue in this country.** Whose responsibility is to implement the President promise? Its mine! The CS Stated.
- (c) On judicial decision- **you need a good lawyer to look at some of the decision the judicially has made on gambling and betting.**
- (d) On dodgy business of bribing judicially and Parliament CS Dr Fred Matiangi in reference to Milestone Games Limited was quoted saying- **“Now... money launderers, want to come here and siphon money out of the country. They bribe everyone, from judicially to parliament to get their business going. Bribery is everywhere.** He was quoted by Nation of 13<sup>th</sup> December 2020.
- (e) On saving families.- **A woman walked to me at one time in Nakuru and told me my decision had saved her family because it had gotten to a point where her children were stealing her money to use it to bet. You want to make money at the expenses of our young people?**
- (f) On investigation of Directors- the CS also revealed that **“ despite some of the Shadowy Directors being subjects of investigations in Europe , some powerful individuals in Nairobi expected the Kenyan Government to “sit quietly and clap its hands “ in their honour.**

## **Mr Peter Kihanya.**

Mr Peter Kihanya is not only your close relative but a very close Friend, when PEVANS (Sportpesa) started receiving threats of closure from KRA for alleged tax evasion, sometime in 2018 he joined Sportpesa under the guise that he being a Kenyatta that he would join the Company to help fix tax demands on PEVANS ( Sportpesa), he got a donation of 3% shares from a Director Nikolov Guerassim ( well known to you). The local Directors objected him joining the Board because of his past in the Courts of Law. He joined the Board and started attending Pevans East Africa Ltd Board Meetings in

Kenya and Tanzania. He also got the shares transferred to him without the knowledge of Local Kenyan Shareholders or following the procedures of pre-emption rights as specified out in the Memorandum and articles of Association as well as Companies Act. However, we came to know later on emergence of Milestone Games Ltd that he was a Shareholder and Director of Milestone Games a company formed by your other close relative a **Mr James Muigai Ngengi** who formed the Company on 24<sup>th</sup> September 2019 with registered office being in Chancery building where Family Company Enke Investments Limited is situated. Its instructive to note the Company was formed within 2 months after you introduced a 35% tax on betting after you vetoed parliament proposal for a lower tax. It's now in hindsight we have come to realise that Peter Kihanya was joining Sportpesa to spy in order to hasten the takeover of the most popular brand in Kenya by the Family at the appropriate time.

Mr President, when Milestone Games Limited ambushed BCLB about its Licence and the Company started trading using the entire assets of Pevans East Africa Limited (Sportpesa) other than the demanded tax liability of about Kshs 19 Billion, I had a meeting with Peter Kihanya after he approached a common friend requesting for a meeting. We had a lengthy meeting at which after the meeting I realised the meeting was meant to intimidate and threaten me about the First Family involvement with Milestone games and I should keep off. In a recorded conversation, amongst other things he explained to me:-

1. That Milestone had already started business and they are definitely to get the Licence.
2. That the Government is keen on clearing the deported Foreigners to come back into the country and that he and a Mr Kimani Kungu have been taking immigration and other Government officials to Tanzania and Dubai where Mr Nikolov was working from.
3. That all managers of Milestone Games Ltd including Ronald Karauri- CEO report to Dar es Salaam for directions on running the company where Mr Nikolov Guearassim works from after deportation from Kenya.
4. That James Muigai Ngengi was the link between the Bulgarians and the President. That when James Ngengi Muigai is slow to act for whatever reason, Nikolov uses James Sister for link to the President.
5. That you as President had demanded as a condition another favourite relative by name Fred (Mr Muigai Son in Law) to come work in Milestone Games Limited.
6. That while still under deportation, the Government had facilitated the entry of Mr Nikolov Guearassim into Kenya in a private jet for a meeting with Safaricom PLC senior management and after the meeting he was hosted by a member of the Family for Lunch/dinner.
7. That did I ever imagine that Milestone Games Limited would be able to trade without a Licence "without the President involvement/interest in the Company"?
8. He advised me not to keep bothering or interfering with the operations of Milestone Games Limited.

## **Mr Francis Kiarie.**

The late Francis Kiarie is well known to you. He was a Director and 1% shareholder of Pevans East Africa Limited. He and Karauri held a 95.52% (known and declared) shareholding of Milestone games Ltd the unkwon and undeclared 93% shareholding being held in proxy for the Family and Bulgarians. In various recorded telephone and physical meeting conversations, which all conversations and meetings were meant to, discourage me as well as intimidate to keep off for the apparent reason of First Family involvement. In the conversations he disclosed-;

1. That in the Company called Selinium Ltd in which in a complex ownership web owned 95.52% of Milestone Games Limited, despite he and Karauri owning 700 of issued ordinary shares out of the 10,000 Ordinary authorised shares of Selinium Limited, the unissued 9,300 of 10,000 ordinary shares are held on trust by lawyers as proxy for the Bulgarians and Kenyatta Family. Thus effectively in the books the own 100% of Selinium Limited while as a matter of fact he and Ronald Karauri own a combined 7% 700 of 10,000 shares while 93% of Selinium Limited is owned by undeclared beneficial owners as stated here above. Thus in effect Karauri 4%. Francis Kiarie 3% - Others Kenyatta and the Bulgarians own 93% thus the 93% effectively owning 88.88.83% of Milestone Games Limited.
2. That the Capital of Milestone was provided by Mr Muhoho Kenyatta (he keeps referring to as Mundu wa Iria).
3. He also confided in me that all senior managers including Mr Ronald Karauri, Mr Peter Kihanya, Mr James Muigai Ngengi reports to Mr Nikolov Guearassim who mostly operate from his private yacht off the coast of Dar es Salaam Tanzania.
4. That Milestone Games Limited had taken over all the assets of Pevans East Africa Limited, including the office premises, furniture and fittings, vehicles, hardware, software, the pay bills ( with billion of shillings) , short codes all 12,000,000 database of customers, the Trade Name Sportpesa, the human recourses, funds in the bank etc of PEVANS other than the tax liabilities demanded by KRA.
5. He requested that Asenath and I even with our 38% shouldn't try to cause a scene because we can't fight the First Family.

In all this he had sent two friends to warn me not to try and compete with the First Family.

## **Mr Kimani Kungu**

MR President, **Mr Kimani Kungu** is well known to you as you had appointed him the Chairman of BCLB. He also claims to be your relative. Milestone Games Limited was registered by **Mr James Muigai Ngengi on 24<sup>th</sup> September 2017** during Mr Kimani Kungu tenor as Chairman of BCLB. He met me several times and he is on record explaining to me that:-

1. That he is represented (proxy) as a shareholder of Milestone Games Limited by his sister who lives in the USA by name Jackline Nyamburu Kungu where she holds 4% beneficial ownership on her behalf.
2. That the company Milestone Games limited is under control of Mr Nikolov Guearassim from Dar Es Salaam Tanzania, where all Directors and Shareholders report.
3. That he is sympathetic to the fact that Milestone Games took over all the Assets of Sportpesa including pay bills, short codes, premises etc
4. He confirmed that himself, **Mr Peter Kihanya and Mr Jmes Muigai Ngengi** frequently takes **Senior Government officials from various Government departments and State Agencies to Tanzania or Dubai to meet the Bulgarians.**
5. Mr Kimani had also of his guilty conscious sent a few of my friends that I agree to meet the two Bulgarians in Tanzania, however on him talking to Nikolov Guerassim he was told to keep off as Nikolov had higher protection in Kenya. Of course I knew what that meant.

## **Mr Wilson Karungaru.**

Mr Karungaru was the only Natural person Director of Milestone Games Limited, he was one of the two officials of Milestone Games arrested and presented to court in November 2020 immediately Milestone Games started trading as Sportpesa. He was charged along with a Bernand Chauro an employee of PEVANS who was then acting as Chief Manager of Millstone Games Limited. The case against Mr Bernard was terminated when again Justice Pauline Nyamweya as a Judge of Court of Appeal in Mombasa terminated the DCI case against the two in a case under the Chief Magistrate Court in Milimani Nairobi on 17<sup>th</sup> February 2022 yet there was no court case filed in the Court of Appeal.

Mr Karangaru case was not terminated because earlier he had resigned as a Director of Milestone Games after he complained that as the only Director of Milestone Games Limited , he was not involved in the running of the Company and doesn't know what is going on. According to information he provided to me in May of this year ( on record), to teach him a lesson and understand who is behind Milestone Games Limited, sometime earlier in the year April/May 2022, he was arrested and put in the cell by the same Magistrate who was hearing the DCI case against him in Milimani High Court and the Magistrate locked him for a whole afternoon.



On 12<sup>th</sup> April 2021, Mr Wilson Karungaru as a Director of Milestone Games sworn an Affidavit indicating that “ **he is not involved in the day to day running of Milestone business stating that he thought the Company would be Conducting legal and legitimate business affairs with the highest integrity and openness which at the moment was not happening**”

On 20<sup>th</sup> April 2021, He wrote a letter addressed to **Eco Bank- Valley Road Branch and Copied to Safaricom Plc, The Chairman BCLB and CBK in which he attached his above referred affidavit.** In the letter he raised concern that being a Director of Milestone Games Limited by stating that as the only Director “**I am not involved with the day to day running of this business but it has come to my knowledge that the funds generated through this business are disbursed to strange entities in and out of this country unknown to me**” in this he was obviously alleging money laundering. He continues in his letter he continues that as a Director of Milestone Games Limited that:-

- (i) That on 26<sup>th</sup> October 2020 he wrote to Safaricom PLC, requesting for transfer of Pevans East Africa Limited ( Sportpesa) pay bills No 955100 and 955700 to Milestone Games Limited. ( he attaches a letter to Safaricom Ltd)
- (ii) That on 29<sup>th</sup> October 2020 he applied for Mpesa Betting and Gaming Services from Safaricom Ltd. ( He attaches the Application form to Safaricom PLC).

Mr President, it is curious that Safaricom activated the Mpesa paybills only one day after on 30<sup>th</sup> November 2020, yet it takes other Book makers at least two weeks after application, furthermore Safaricom is supposed to get an approval letter from the regulator BCLB as well as approval from Communication of Kenya as per the BCLB and Communication Act requirements as per the law, which both were not the case. Further, at the time of transfer and activation of the pay bills there was a High Court Preservation Order on the paybills 955100 and 955700 and funds therein up to and including 5<sup>th</sup> December 2020.

- (iii) He stated. “I am a Director and shareholder of above Company (Milestone Games Limited). “As a director I have signed a resolution including one amending bank mandates with your Bank. I also applied for the above pay bill numbers (955100 and 955700) on behalf of Milestone Games Ltd. **The understanding at the time was that business the company was to conduct was licensed by relevant Government Agencies and would be run with integrity according to the law**” he continues “**I do not want to be a party to perpetration of illegal or unethical activities**”

## **Mr Muhoho Kenyatta.**

On the above disclosures by Mr Peter Kihanya, Mr Francis Kiarie and Mr Kimani Kungu, I met Mr Muhoho Kenyatta and knowing what immense power he has in affairs of Kenya, I with outmost respect asked him why with all the immense resources the Family has, why you as the President would want to dispossesses Asenath Wathika and I our hard won investments. Why he would want to take over Sportpesa while being the main investor ( as disclosed by Francis Kiarie) why he would in corroboration with deported foreigners wants to dispossess the local Kenyan 38% shareholders off their lifelong savings and investments? Our children legacy? He acted like he didn't understand what I was talking about. I went on to explain to him that:-

1. That the Company Milestone Games Limited was registered by his Nephew (although older than him) **Mr James Muigai Ngengi** with the registered office being in Chancery House where Mr Muhoho Kenyatta has his Family Holdings Office. He replied that he can't remember/ recall who is James Muigai Ngengi is, I explained and he seemed lost to remember whom that is. I tried to explain further details and parents of (Jammy) as he is known, then suddenly he remembered but said he doesn't work with him.
2. I reminded him the Milestone Games operates in the same building he is in but he said he is not aware that Milestone Games Limited operate from Chancery Building the same building as him, he feigned the fact he doesn't know despite **Karauri and, James Muigai Ngengi and Peter Kihanya operate from the same building**. I asked him how he would fail to know yet Karauri and the Bulgarians drive the most expensive cars in Kenya with all the opulence of celebrities and betting money show-off hanging around.

After further discussions he agreed he knows abit of details but I realised he didn't want to discuss further about it.

## **The Emissaries I sent to you.**

### **Retired General Karangi- Former Chief of Defence Forces.**

Sometimes last year I sent our common friend General Karangi to explain to you what was going on and facts surrounding Sportpesa. He was well aware of the very wide and negative Press Coverage both locally and internationally regarding Milestone Games Limited and the deported foreign Directors. The Nation, Business Daily had extensive coverage of tax evasion, heinous crimes involving some of the foreign directors in their own country, which also your CS for Inrerior Dr Matiangi had alluded to in his various press conferences and widely covered by local media, Financial Times, Guardian Newspapers and Finance uncovered all of London UK. The 19 Billion tax demand by KRA which was enhanced to 95 billion by KRA etc.

You met him during a retreat out of Nairobi, he explained to you and you simply told him you will get back to me.

### **Mr Nzioka Waita- Your then Chief of Staff.**

About 8 months ago, after the Bulgarians sued the Nation Group, Goggle, you tube and I in a bid to gag me and the media about commenting on anything Sportpesa, I approached your Chief of Staff Mr Nzioka Waita to explain to him the complexities and intricacies of Milestone Games Limited, as well my predicament arising from the Bulgarians who controlled the Company. The purported involvement of the First Family in the takeover of Sportpesa. About the bribery of Parliament and Judicially and involvement of Seniors staff of State House along with NSIS officers in moving from various government offices directly or indirectly in efforts of clearance or investigations about the deported Bulgarians or multi Government security agencies where the said Senior members State House and NSIS would move from office to office invoking the name of the First Family. To add more weight and legitimacy The Senior State House Officials ( provided the name) and Security Officers would be accompanied by Mr James Ngengi Muigai, Mr Peter Kihanya or other couple of various family members working in Milestone Games in various capacities. I provided all the details.

Your own CS of Interior had on 13<sup>th</sup> December 2020 detailed in reference to Milestone Games Ltd, how the betting industry has been bribing the Judicially and Parliament.

On the 18<sup>th</sup> June 2020 the virtual Parliament (during height of Covid-19), out of the blues the National Assembly Finance National Planning committee lowed the exercise duty on betting tax from 20% to 7.5%. the following day the Cabinet Secretary National Treasury issued a hastily convened Press Conference indicating that the National Treasury was not aware of the lowering of the tax and that the NT would reintroduce the tax. The CS Interior Security Mr Fred Matiangi objected to the lowering of Tax and vowed to reintroduce it/ All this happened at the time Milestone Games was preparing to illegally and fraudulently take over Sportpesa, The lowering of the tax in the middle and the worst height of Covid-19 was being planned to soften the return of Sportpesa through Milestone Games Ltd. At this time Dr Fred Matiangi was not aware of intricacies of the family involvement in Milestone Games.

I gave Mr Nzioka Waita all the details of who was involved from State House and Parliament and how they were bribed.

Mr Waita called me back and explained to me that he had already communicated to you and you will call me. He also sent a whatsapp message confirming the same by stating - "I have had some conversation" we both knew what it meant.

## **Kenya Revenue Authority.**

Pevans East Africa Limited licence was suspended by the regulator BCLB through the orders of CS Dr Fred Matiangi following your Presidential Executive orders with effect from 13<sup>th</sup> July 2019. The cancellation of the Licence was for alleged tax evasion amounting to Kshs 19 Billion by the Company. To put pressure on Sportpesa KRA wrote a further demand of Kshs 95 Billion in view of over Kshs 30 Billion transferred to foreign accounts including foreign offshore save havens accounts.

In follow-up to the above, on 20th August 2020, KRA went to court vide **High Court Misc. Case No. 025 of 2020**, to seek extension of preservation orders against funds held by Pevans East Africa Limited (*Sportpesa*) in bank accounts and Pay bills Numbers 955100 and 955700 on suspicion of tax evasion and the court extended the preservation orders until 5th of December 2020.

Subsequent to the above, on Milestone Games Limited cancellation by BCLB on 31<sup>st</sup> October 2020 KRA filed a further Affidavit in **High Court Misc. Case No. 025 of 2020** on the 9<sup>th</sup> of November 2020 in which KRA raised a number of serious and grave issues, regarding the conduct of the business of Pevans East Africa Limited, and in particular it stated that:-

- a) the Kenya Revenue Authority was engaged in a multi-pronged approach involving the BCLB who had equally raised serious issues regarding the mischief of the Directors of Pevans East Africa Limited (*Sportpesa*) **in their attempt to alter the ownership structure and change the trade names without following the laid down protocols;**
- b) In addition, KRA stated in its further Affidavit that ongoing investigation were expected to lead to **further enforcement action being taken but not limited to recovery of taxes and tracing of the proceeds of crime under the Proceeds of Crime and Money Laundering Act**, among other options available to the Kenya Revenue Authority **in enforcing the tax laws and other economic crimes normally handled under the Multi Agency Team approach.**
- c) The Kenya Revenue Authority was undertaking investigations as it was **evident that the taxpayer (Pevans East Africa Limited) may dissipate the funds and frustrate the collection and recovery of the lost taxes;**
- d) Preliminary investigations established that the **Respondent is suspected of being in intricate and complex tax evasion and money laundering syndicates involving violation of provisions of the *Income Tax Act, Value Added Tax Act, Excise Duty Act, Proceeds of Crime and Anti-Money Laundering Act* amongst other statutes;**

As at above of 9<sup>th</sup> November 2020 **KRA funds preservation orders on pay bills 955100 and 955700 were still in force until 5<sup>th</sup> December 2020 as per court orders issued on 11<sup>th</sup> October 2020.** However despite the Orders Safaricom PLC went ahead and activated and transferred the above pay bills including funds therein to Milestone Games Limited, not to mention that Safaricom PLC did not follow the requirements of its own

procedures or the prior approval required from the Gaming regulator BCLB nor the provisions of the Communications Act of approval when transferring the pay bills or short codes from one licensee to the other. **Bharti Airtel Limited being that its officers are not appointees of the Executive declined to transfer Pevans East Africa Ltd (Sportpesa) pay bills to Milestone Games Limited citing provisions of Law.**

On establishment of Sportpesa in 2014 in case No CMCC-1662 OF 2014 some former partner of the Bulgarians and also a staff of Pevans East Africa Limited went to Court in a case Benson Irungu Kariuki vs Pevans East Africa Limited , as a random punter from Nakuru seeking the court to declare the 7.5% WHT as unlawful and seeking an injunction barring Sportpesa from deducting 7.5% from him until the case is heard and determined. Somehow the court issued an injunction in favour of Benson Irungu, the “punter from Nakuru. KRA was never served with the Court Order thus didn’t know about the injunction. Due to the injunction between 2014 and 2018 Sportpesa didn’t pay the 7.5% as required by Law since the punter from “NAKURU” had obtained an injunction. Only in 2018 did KRA come to discover that there was such an injunction and that actually the case had been filed by an employee ( Benson Irungu Kariuki) of Sportpesa and not a random punter from the counties. KRA on discovering it was not a party to the suit nor served with injunction went ahead to demand the unpaid taxes amounting to about Kshs 19,000,000,000/=. KRA also brought to the attention of non-executive Directors that Benson was an employee of the same company he had taken to court.

Earlier in 2011 the same Benson Irungu Kariuki as a shareholder of Flint East Africa Limited along with the Bulgarians in case No 115of 2011 in which was a tax case against KRA.

To everyone surprise and in rare coincidence , the Tax Appeals Tribunals made a ruling on the on the above two cases in relation to Benson Irungu Kariuki CMCC-1662 of 2011 and Case No 115 of 2014 on the same date on 16<sup>th</sup> April 2021. All geared to clear the Bulgarians of any tax arrears which was an impediment to Milestone Games getting a License.

Earlier in 2011 the same Benson Irungu Kariuki as a shareholder of Flint East Africa Limited along with the Bulgarians in case No 115of 2011 in which was a tax case against KRA. Between 2010 and 2015 there were various tax cases involving the same parties,

Between 2010 and 2015 there were various tax cases involving the same parties,

In relation to above matter I wrote several letters to KRA in relationship to Licence to Milestone Games Ltd, on my insistence a senior commissioner of KRA sent a mutual friend informing me that they have been warned to tread careful in matters Milestone Games Limited as it belongs to the First Family. In true to this KRA didn’t appeal on decisions of Court or Tax Appeals Tribunal even on obvious matters like above of Benson Irungu Kariuki.



KRA is known to have put thousands of SME's out of business in Kenya for alleged non tax compliance yet it's able to clear foreigners from previous huge tax demands. If it was not other motivation other than to cripple Sportpesa in July 2019, then KRA should explain how it raised erroneous demands for 19 Billion and 95 Billion. Then it means thousands of businesses in Kenya especially upcoming businesses in Gikomba, River Road, Grogon, Nyamakima and elsewhere were crippled through erroneous tax demands.

### **Safaricom PLC an accomplice to Milestone Games Limited.**

Mr President, I am aware that of late the Government of Kenya has gained more control in selection and appointment of both the Chairman and CEO of Safaricom PLC. Both of whom have become appointees of the Executive.

Mr Peter Ndegwa became the CEO of Safaricom PLC sometime in April 2020. A month or two later Milestone Games Limited started strategizing how to take over the pay bills and Short codes of Pevans East Africa Limited after losing High Court case No 252 of 2019 in which Sportpesa had sued BCLB, Safaricom and others after suspension of its License. Sportpesa lost the case and they appealed to the Court of Appeal No 471 of 2020 but also lost. In the meantime KRA was pursuing tax recoveries as detailed in herein above. On 20<sup>th</sup> August 2020 KRA filed for funds preservation orders which was subsequently granted by the High Court case No 025 of 2020 where preservation orders for funds held in pay bill No 955100 and 955700 were issued until 5<sup>th</sup> December 2020. Again as at the date of Safaricom activating the PEVANS pay bills to Milestone games Limited on 30<sup>th</sup> October 2020 the preservation orders were in effect, in addition the Court of Appeal case No 471 was ongoing and Safaricom had entered very strong submissions against Sportpesa at which in the Court of Appeal upheld the case against Sportpesa arising from Safaricom submissions, yet the Mobile Operator went ahead to transfer and activate Sportpesa pay bills, short codes, USSD to Milestone Games Ltd. Maybe the strategy was for PEVANS to lose for the pay bills etc to be transferred to Milestone Games Ltd.

Safaricom knew that the new owners of Milestone Games Limited Ronald Karauri (CEO) and Francis Kiarie were also CEO, Directors and Shareholders of Pevans Eat Africa Limited. Sportpesa had filed over a dozen cases against Safaricom in the course of 5 years of operation thus Safaricom was very familiar with Sportpesa, its senior staff and the complex tax issues.

The Company Secretary, Director and Employee of Pevans East Africa Limited, Robert Macharia was also the Legal Officer of Milestone Games Ltd. Mr Robert Macharia had from 2010 filed over 25 different cases (on behalf of entities belonging to the Bulgarians) against Safaricom, KRA, BCLB, CAK, CBK, DCI etc, and he was well known in Safaricom PLC.

Mr President, as I stated above, sometime in 2020 Mr Nikolov was while under deportation cleared to enter Kenya ( in a private jet) for a meeting with Safaricom senior management leading to Safaricom irregular and illegal transfer of Sportpesa pay bills and funds therein to Milestone Games Limited.

I have written a separate letter to Safaricom PLC detailing all above facts, I also detailed how-:

- (i) In Sportpesa Tanzania Ltd where I was the founder Chairman and Director, I was illegally removed as Director after I raised issues on how the company was maintain two separate books of accounts without the knowledge of Directors.
- (ii) How in Tanzania the CEO of Vodacom and staff of Safaricom were issued 40% shareholding in Sportpesa Zambia through a web of companies for facilitating to transactions. I provided the name of the Companies to Safaricom in the letter.

The letter from Milestone Games Limited Director, Mr Wilson Karungaru as detailed above is clear evidence of Safaricom complicity in the irregular, fraudulent and illegal transfer of Sportpesa pay bills, short codes and funds therein ( 2.3 Billion as at 30 June 2019) to Milestone Games Limited.

The Act of Safaricom PLC allowing Milestone to continue trading without a valid license as per requirements, to continue marketing and advertising in its websites, the National newspapers in the year 2021/2022, fraudulently advertising in the website and National Newspapers that it was offering gaming services and that's its regulated by BCLB ( The Court of Justice Pauline Nyamweya had instructed regulator BCLB not to interfere ( regulate) with Milestone Games) under Licence No 000205 for the year 2021/2022 while BCLB had through a letter dated 31<sup>st</sup> July 2022, specifically written to Safaricom PLC indicating that for the year 2021/2022 License No 000205 was licensed to Hardwick Limited trading as Bollywood Casino. Safaricom defied the instructions from the regulator and allowed Milestone games to with utter impunity continue using trade Name Sportpesa and PEVANS pay bills and short codes.

Safaricom has the best legal team, however I guess all through Safaricom knew and has always known who the powers behind Milestone Games Limited hence activating and transferring of Pevans East Africa Shortcodes despite Court preservation orders, ignoring a letter from the regulator BCLB advising the Mobile operator of ALL Licensed gaming operators for the year 2021/2022 and listing the owner of license gaming 000205 for the year 2021/2022. BCLB had also In Jan 2020 placed advertisements in National Newspapers listing all gaming companies authorized to offer Jackpot, after the gaming companies placing Jackpot cash guarantees of similar amounts with Financial Institutions. Milestone Games was not one of them and yet Safaricom continued allowing the Company to offer Jackpot on its platforms with continued total impunity. Safaricom knew well that a Milestone game was operating without any oversight from the regulator BCLB. It's like a Bank taking deposits from the public without oversight from CBK. They continued collecting funds as CS Dr Fred would put it, "collecting funds from poor and venerable Kenyan Youth borrowing from FULIZA-MPESA" without Kenyan

Regulatory Oversight but they are free to disburse the funds outside Kenya to unknown entities offshore as Milestone Director Mr Wilson Karungaru would put it in his affidavit and letter.

### **Sportpesa Global Holdings Limited- UK**

From above Company inception in 2017 to 7<sup>th</sup> January 2021, I was Chairman and Director of the company. On 14<sup>th</sup> September 2020, without my knowledge or consent the company purportedly applied for assignment of the trade name Sportpesa from registrar of trade mark in Kenya for an purported goodwill of £100,000 ie Kshs 14,000,000/=. The above Company had 3 Directors myself, a Mr Ivalyo Bozoukov and Mrs Kalina Kadrazova (a sister to a current Pevans East Africa Ltd Director- one of the deported Directors Mr Gene Grand). Its alleged by the in Court Papers in a case filed by Mrs Asenath Wathika against the forged and fraudulent assignment of trade name Sportpesa that the Board of Directors Sportpesa Global Holdings Ltd held a Board meeting to approve the assignment, and that there was a shareholders meeting to approve the assignment. Yet I as Chairman I am not aware of any BPD meeting or shareholders meeting.

Its quite telling that two Foreigners Ivalyo Bozoukov and Mrs Kalina Kadrazova both Non Shareholders, held a Board of Directors meeting and a shareholders' approval without I as the Chairman and Director being aware. There was no goodwill of £100,000 paid.

Mr President I wish to advice you that on deportation of the Bulgarians from Kenya from July 2019, in October they again fraudulently diluted Asenath and I combined Shareholding from 38% to a combined shareholding of 1.8% in a Company that had revenue reserves of over £21,800,000 ie Kshs 3,056,000,000/= by issuing a purported rights issue at £1 per share, in a share with a net book value of £218 as at 31<sup>ST</sup> December 2018, again without me as Chairman and Director being aware of the pre-emption right offer allegedly offered by Bozoukov and Kalina Kadrazova. A case for the fraud has been filed in London Court. I am confident that out in the UK they won't be able to bribe the judiciary, as your CS Mr Matiangi had indicated they do in Kenya.

Mr Bozoukov in 2010 run away from Kenya after being involved in the infamous lottery 6868, 6969 known as Shinda smart and Mzalendo Bora. They run away after KRA sued for tax recovery. Safaricom and KRA are very aware of the cases because Bozoukov and companies Flint East Africa Limited and Flint Gulf Limited had been sued by KRA for huge tax demands and in turn the Bulgarians had sued Safaricom and then CEO Mr Michael Joseph. Over 5 cases were filed in court over by Bozoukov and Company. The two deported Directors Nikolov and Gene Grand were the faces behind Mr Bozoukov who are now the owners of Milestone Games through Proxies.

Sportpesa Global Holdings Limited is the holding Company for gaming trading In Tanzania, South Africa and Italy. As at the time of suspension of business Sportpesa Business in Kenya in July 2019, the Kenyan Business contributed to over 97% of total

Sportpesa global revenue hence every one is hell bent to help Milestone Games dispossess Kenyan shareholders. I hope that the 36% fraudulently taken from Asenath and I in the UK Company has not been allocated to these helping them dispossess Asenath and I in Pevans East Africa Ltd.

## **Sportpesa Tanzania Limited**

Mr President, Sportpesa Tanzania Limited was registered in 2016. From 2017 to 2019 Pevans East Africa Ltd (Sportpesa) transferred US\$ 17,500,000 ( Kshs 2,100,000,000/= ) to the company allegedly as a loan. This raised a lot of questions in PEVANS Board.

- (i) I was the Chairman and Director of Sportpesa until October 2019 when I was irregularly removed as a Director. This is after I questioned why the Company seemed to operate two sets of books of accounts without the knowledge of Directors. I had guessed that the maintenance of two set of books was for tax evasion and to enable withdrawal of cash probably for Money laundering.
- (ii) How in Tanzania the CEO of Vodacom and staff of Safaricom were issued 40% shareholding in Sportpesa Zambia through a web of companies for facilitating to transactions. I provided the name of the Companies to Safaricom in the letter.

However since the transfer of funds to the control of the Bulgarians the \$17,500,000 has never been transferred back to the Kenyan Company 3 year later. I had hoped that as a Kenyan, as would be expected by a citizen of any country, that I would get the Government of Kenya to intervene with the Government of Tanzania. However with the apparent involvement of the highest level of Kenyan Government being in complicit with the Bulgarians, my hope will be to write an open letter to the Highest Authority in Tanzania.

## **The Registrar of Trade Marks.**

Mr President, after Kenya Revenue Authority ( KRA) went to court on 20<sup>th</sup> August 2020, and obtained funds preservation orders on the against Pevans East Africa Limited on 11<sup>th</sup> September 2020 through High Court case No 025 of 2020. In order to circumvent the Preservations of Orders issued by the High Court, three days later on 14<sup>th</sup> September 2020 , two Directors of Sportpesa Global Holdings Limited Mr Ivalyo Bozoukov and Kalina Karadzhova, without my Knowledge ( despite being the Chairman and Director of the Company), they conspired with Ronald Karauri to transfer the trade name Sportpesa Global Holdings Limited owned 80% by the two deported Bulgarians Nikolov Guearassim and Gene Grand ( Again after fraudulent dilution of Asenath Wathika and I).

The Registrar of Trade Mark received the purported deed of assignment on 14<sup>th</sup> September 2020 and within 24 hours on 15<sup>th</sup> September 2020 issued the deed of Assignment to the UK Company owned by the Bulgarians. The deed of assignment of

trade name Sportpesa was curiously back dated to 2<sup>nd</sup> June 2020 despite it was presented to the Registrar on 14<sup>th</sup> September 2020.

On the 26<sup>th</sup> October 2020, Sportpesa Global Holdings Ltd purportedly assigned the Tradename Sportpesa to Milestone Games Limited which was registered by **Mr James Muigai Ngengi** and which Muigai had in 3 weeks between the date of Milestone Games Limited gaming license issuance by BCLB on 6<sup>th</sup> October 2020 and on the said 26<sup>th</sup> October 2020 had transferred through a web of companies the 95.52% ownership to two Directors of Pevans East Africa Limited. The new owners of Milestone Games Ltd had irregularly, fraudulently and illegally trafficking the trade name from PEVANS-to Sportpesa Global Holdings Limited- to Milestone Games Limited.

On the 9<sup>th</sup> November 2019, in court papers KRA in an affidavit raised objecting to transfer of trade **name Sportpesa in what it called mischievous attempt to circumvent payment of tax as well as evade serious issues it had raised earlier on tax evasion, money laundering, proceeds of crime etc by these involved in Sportpesa.**

On 30<sup>th</sup> October 2020, BCLB in its letter of cancellation of license raised concern that the trade name Sportpesa was a subject in a case filed by Pevans East Africa in a case against PEVANS Licence application in a Court of Appeal case No 471.

The Registrar of Trade mark in the haste to transfer the Trade Name Sportpesa within 24 Hours didn't take time to check on the documents which were obtained through forged and fraudulent Signatures, didn't check the domiciled country of Indicated assignee, and did not verify whether the stated goodwill had been paid. Furthermore did not advertise for change or assignment of trade name in the gazette or journal for 60 days as required by the Trade Mark Act.

However, it was apparent that the Registrar of trade name acted in haste on realization of who the people presenting the documents were and obviously were accompanied by people from State House and NSIS.

Such Acts are what your CS Dr Matiangi was quoted in various press articles on 13<sup>th</sup> December 2020 stating- **Senior Government citing their connections to big offices were trying to protect the Bulgarians.** The only higher offices than Minister of Interior is only State House.

The CS Interior in reference to Milestone Games Ltd- Stated that the Bulgarians, are doing things in Kenya Which they cannot do in their own country. For sure the Bulgarians Nilolov, Bozoukov, Gene grand and his sister Kalina Karadzohva were able to traffic the trade name Sportpesa in the middle of court preservation orders to traffic from PEVANS- Their UK Company- Milestone Games Limited.

All this happened from total protection from State House, NSIS and Family.



## **The Communication Authority of Kenya.**

The Communication Authority is established in law under Communication Act of Kenya.

The Communication Authority is vested with Authority to issued short codes and pay bills. Short codes cannot be transferred from one operator to another without CA approval as per the communications Act.

On gaming short codes and pay bills, Communication Authority must approve the same after received details and valid trading license from gaming regulator BCLB. Only after approval by BCLB and Communication Authority does the Mobile Operators activate a number for gaming.

However, Milestone Games Limited by whatever means got Safaricom to activate the paybills and short codes without approval or legal processes being followed before activation, again not withstanding that there were preservation orders against funds held by Sportpesa in Safaricom. Bharti Airtel Limited declined to transfer Pevans East Africa Shortcodes to Milestone Games citing the requirements of law that doesn't allow the operator transfer the paybill and Shortcodes to Milestone Games Limited.

Mr President, I appreciate that Safaricom CEO is an appointee of the Executive. Safaricom PLC knew of huge tax demand and cases against Sportpesa as they had been severally served with Preservation order, including one that was live at the date of activation of PEVANS to Milestone Games Limited. Safaricom knew of ongoing Court of Appeal case Pevans vs BCLB, Safaricom and others in which it was a main participant yet it went ahead to Irregularly and illegally transfer and Activate PEVANS short codes and pay bills to Milestone Games Ltd yet it knew the parties in the two companies were the same. However Safaricom knew who their employers were and who was behind Milestone Games Limited.

## **Judicial Review Case No E061 of 2020. Justice Pauline Nyamweya.**

Upon the regulator learning that Pevans East Africa Limited ( Sportpesa) had mischievously transferred the business of Sportpesa to Milestone Games, The BCLB swung into action and cancelled the License of Milestone Games Limited.

It seems that Milestone Games had anticipated this action and immediately went to court and got orders barring BCLB against interfering with their business or cancelled License No 000205 of 2020/2021 until the case is heard and determined, the court also ordered the regulator not to interfere( Regulate) with the business of Milestone Games Ltd. To abide with the court ruling BCLB lifted the suspension of License 00205 by operation of law thus allowed Milestone to continue trading, thus Case JR Case NO E061 of suspension of license No 000205 was dispensed following starting of operation.

On 24<sup>th</sup> November 2020, it came to the attention of BCLB that subsequent to issuing License 00205 the Director of Milestone Games LTD **Mr. James Muigai Ngengi** on 6<sup>th</sup> October 2020, that there was change of beneficial ownership to Ronald Karauri and Francis Kiarie both of Sportpesa and who were Directors of Pevans East Africa Limited (Sportpesa), they on commencement of business taken over the trade name Sportpesa, pay bills 955100 and 955700 to Milestone games without prerequisite approvals. BCLB required that any change of ownership by a gaming company must obtain prior approval to enable due diligence of fit and proper be carried out on new owners in order to obtain a gaming license. On breach of this requirement BCLB summoned the Directors of Milestone Games to appear before the Board to show cause why. The Directors appeared before the Board on 3<sup>rd</sup> December 2020 and on questioning they admitted that they changed ownership and sought forgiveness from the Board. BCLB went ahead and served them License cancellation.

Milestone again rushed to the same court on an application purported to be dated 2<sup>nd</sup> of December 2020 seeking an injunction against the Board interfering with their business as per court order dated 16<sup>th</sup> November 2020.

Upon Milestone Games Ltd purported court application dated 2<sup>nd</sup> December 2020, Justice Pauline Nyamweya issued a ruling (purportedly) dated 3<sup>rd</sup> December in which the ruling read “ **UPON READING the application dated 2<sup>nd</sup> December 2020 and filed in court the same day by council of applicant.....**”. The fact is that on my legal team further investigation it was found to be false as the filing of application **was on 3<sup>rd</sup> December 2020 at 9.42.53am and cash receipt No FSCA—0030163 for Kshs 1,160/= issued as per electronic application filing and fee payment electronically**. The time the application was filed in court was the same time Directors of Milestone Games Limited were appearing before the Board. Upon obtaining Court order purportedly dated 3<sup>rd</sup> December, In further affidavit Milestone seeking to jail the Directors of BCLB for contempt of Court, Milestone Games affidavit submission stated that they served BCLB the Court Order by email **on 3<sup>rd</sup> December 2020 yet the Court order was issued by the deputy Registrar of the Court on 4<sup>th</sup> December 2020**. This affidavit was perjured and was in complicity with the Court false statement on when the court received the Milestone Application.

On falsification of the application date by the Court, the perjury under oath by Milestone Games Limited of the date they served BCLB the Court order, Justice Nyamweya in her ruling dated 17<sup>th</sup> February 2022 went ahead to find the Directors of BCLB guilty of Contempt of Court and give BCLB 60 days to Purge the Contempt by having an out of court settlement between Milestone Games and BCLB, and gave a ruling date of 25<sup>th</sup> July 2025 by which time both parties must reach an amicable solution with BCLB by issuing Milestone with a License. The finding of guilty of contempt was tailored to blackmail BCLB reach an out of Court settlement thus grant Milestone Games a licence including a back dated licence which is not provided by BCLB Act Cap 131. The Directors of BCLB declined to give out of court settlement in 60 days from 17<sup>th</sup> February 2022 and opted to be jailed. The 60 days ordered by Court expired on 17 April 2022 by

which no conceal or purge was done by BCLB. However my lawyers have seen consent dated 26<sup>th</sup> May 2022 which is over a 40 days after deadline given by the Court. The consent is premised on agreements contrary to betting Act Cap 131 and also Laws of Kenya. The individual Directors of BCLB charged under contempt of Court are not aware or have not signed any consent paper. They are not today aware who has been granted an operating license for 2021/2022 as they contend the Chairman and CEO have been subdued and left Licensing decisions to the CS and his PS which is contrary to provisions of Law.

On 17<sup>th</sup> February 2022, the same day she found Directors of BCLB guilty of Contempt of Court under case JR E061. Justice Nyamweya also under another case JR E062 ordered for termination of a criminal case filed by DPP, DCI and BCLB against Milestone Games, a case that was before the Chief Magistrate Court. It seems Justice Nyamweya had a special interest with any case Milestone Games Ltd.

Mr President, a few weeks later after the two rulings of 17<sup>th</sup> February 2022 in favour of Milestone Games Limited, Justice Pauline Nyamweya was promoted to be a Judge of Court of Appeal based in Mombasa, a fact you know very well as you signed and announced her promotion.

Curiously enough more than a year later after promotion Justice Nyamweya continued handling the JR High Court case even as a judge of Court of Appeal. As late as two weeks ago in a new case I filed under a certificate of urgency against BCLB issuing a Licence to Milestone Games Limited using PEVANS assets the Judicial Review Court in new case No E091 the court Directed the file case to be heard by Justice Nyamweya even though she is a Court of Appeal Judge, I protested and the file was tossed to two other judges before landing on the desk of Justice Jalius Ngaa.

I have filed two petitions with the Judicial Service Commission citing other instances where the Court E061 and E062 has subverted justice in favor of Milestone Games Limited.

In order to gag me against raising any matter relating to stealing the Assets of Pevans East Africa Limited Milestone has gone ahead and filed two different cases in High Court to restrain me or the Media against commenting any matter Sportpesa. The Courts for whatever reason seems to love any case Milestone Games Limited the Company promptly get the orders they seek.

On 17<sup>th</sup> December 2020, Directors of Sportpesa went to Court to seek anticipatory bail against arrest or charge by the DCI, IG, DPP and BCLB. This means they can operate in Kenya but cannot be arrested by Law enforcement Agencies.

Without being seen to be repetitive, I hope that the quotes and statements by the CS Interior don't turn-up to be true in this case. I repeat.

- (a) **On judicial decision- you need a good lawyer to look at some of the decision the judicially has made on gambling and betting.**

- (b) On dodgy business of bribing judicially and Parliament CS Dr Fred Matiangi in reference to Milestone Games Limited was quoted saying- **“Now... money launderers, want to come here and siphon money out of the country. They bribe everyone, from judicially to parliament to get their business going. Bribery is everywhere.** He was quoted by Nation of 13<sup>th</sup> December 2022.
- (c) **Gambling and betting is a bribery gravy train in this country. It requires people to stand firm, and for these of us in leadership, my boss (The President) has made a promise, and he wants to keep it. And I have to help my boss keep the promise he has made.**

## **Legislature- Parliament.**

Mr President, as detailed elsewhere in this letter, on the 18<sup>th</sup> June 2020 the virtual Parliament (during height of Covid-19), out of the blues the National Assembly Finance National Planning committee lowered the exercise duty on betting from 20% to 7.5%. The following day the Cabinet Secretary National Treasury Mr Ukur Yatani , issued a statement in a hastily convened Press Conference indicating that the National Treasury was not aware of the lowering of the tax and that the NT would reintroduce the tax. The CS Interior Security Mr Fred Matiangi also objected to the lowering of Tax and vowed to reintroduce the tax. All this happened at the time Milestone Games was preparing to illegally and fraudulently take over Sportpesa, The lowering of the tax in the middle of the worst height of Covid-19 was being planned to soften the return of Sportpesa through Milestone Games Ltd. At this time Dr Fred Matiangi was not aware of intricacies of the family involvement in Milestone Games.

However despite that as President you had vetoed a bid by parliament to lower your proposed 50% tax to 7.5% by recalling the 11<sup>th</sup> Parliament on 13<sup>th</sup> June 2017, on the 30<sup>th</sup> June 2020 (despite public protest by your CS Finance Mr Ukur Yatani and CS Interior Mr Fred Matiangi) you assented to the lowering of exercise duty from 20% to 7.5%. This lowering and assent to the finance bill less than two weeks after Parliament ambushed the Ministry of National Treasury and Ministry of Interior was to lay ground for Milestone Games Limited to strategise how to obtained Licence as Sportpesa, whereby **only 7 days later after your assent** in a Milestone Games Limited Board Meeting of 8<sup>th</sup> July 2020, a Board meeting attended by Sportpesa CEO Ronald Karauri, James Ngengi Muigai and Peter Kihanya met to strategically transfer shares and Bank Signatories from your relatives Ngengi Muigai and Peter Kihanya.

It's also instructive to note, despite the then harsh economic crises arising from closure of offices and factories, Parliament found it wise to substitute lowered betting tax revenue by increasing taxes on domestic gas, stoves, cookers and other consumer goods leading to an outcry from the public of increased cost of living at the height of Covid-19.

To keep his promise, The CS National Treasury on 4<sup>th</sup> May 2021 presented 2021/2022 Finance bill which sought to reintroduce 20% exercise duty on betting which had hastily lowered to 7.5% un-procedurally by Parliament on 18<sup>th</sup> June 2020. However once again



Parliament declined the Treasury proposal to increase the exercise duty on betting, whereas National Treasury had in detail explained the reason for proposed tax increment was to deter the poor and youth from being preoccupied in betting. Unlike 2017 when you vetoed Parliament you assented to the 7.5% tax on 30<sup>th</sup> June 201. **The expected revenue increase to Treasury from increased exercise duty on betting was instead distributed to the general public through increase in increased data and airtime taxes resulting into Mobile Operators increasing cost of the two to the masses.**

In April 2022, The National Treasury for a second time reintroduced proposed increase of exercise duty on betting to 20%, Parliament once again declined. On 21<sup>st</sup> June 2022, you as the President assented to 7.5% tax while at the same time declining three Parliamentary bills, the same way you vetoed parliament rejection of reduction of betting tax in 2017. In 2017 you declined Parliament proposal to reduce betting tax from 50% to 7.5% by giving convincing reasons of how the betting industry had affected the youth and poor in Kenyan Society. From my own reflection the tax increment was to punish Sportpesa. On increase of betting tax to 35% in June 2017 within 3 months **James Muigai Ngengi registered Milestone Games Ltd on 24<sup>th</sup> September 2017 with its Office being in Chancery House.**

Mr President, Your CS Fred Matiangi in reference to Milestone Games Ld trying to get a gaming licence in October 2020, he was quoted severally by media as saying that the Bulgarians were bribing the Parliament by stating:-

- (a) On dodgy business of bribing judicially and Parliament CS Dr Fred Matiangi in reference to Milestone Games Limited was quoted saying- **“Now... money launderers, want to come here and siphon money out of the country. They bribe everyone, from judicially to parliament to get their business going. Bribery is everywhere.** He was quoted by Nation of 13<sup>th</sup> December 2020.
- (b) On saving families.- **A woman walked to me at one time in Nakuru and told me my decision had saved her family because it had gotten to a point where her children were stealing her money to use it to bet. You want to make money at the expenses of our young people?**

Mr President, the UK press carried comprehensive articles about the negative effects of gambling in Kenya. **Dr Fred Matiangi is quoted about Sportpesa issue being raised in UK Parliament. In interview with Financial Times of London your own CS is quoted stating 500,000 young people were blacklisted by Credit Reference Agencies for gambling debts. That uncontrolled gambling has reorganised the financial lives of poor Kenyans in very drastic ways. That we must stand up and call sin by name for the sake of our children.**

**I wondered in my letter dated 2<sup>nd</sup> July 2022 addressed to Dr Fred Matiangi, whether the money that was being laundered from poor people and youth has found its way back to bribe everyone for a licence. I wondered whether now the poor and venerable youth where 300,000 youth borrowing daily from FULIZA-Mpesa have**

**stopped? Whether the 500,000 youth blacklisted by CRB for borrowing to fund betting habits resulting to addiction had stopped? Whether the youths have stopped committing suicide due to losing, as the CS stated were complains from the churches and Imams to the President had stopped.**

Mr President as I had detailed earlier under **headline Mr Nzioka Waita- Chief of Staff**, after trying to get you in vain, I contacted Mr Waita and give him all the details of how Parliament was bribed in order to for Parliament to irregularly and abruptly reduce betting exercise duty from 20% to 7.5% on 18<sup>th</sup> June 2020. I also informed Mr Waita the specific person from State House who was involved in the machination. Mr Waita called back and communicated by whatsapp message that he had already briefed you and on a phone conversation you had promised to call me back.

**Mr President- Your personal Enquiries and interest in Sportpesa.**

Mr President, as the President of Kenya, you had a right to enquire about Pevans Eat Africa Limited (Sportpesa), rightly so that Sportpesa had grown very first to become the most popular brand in Kenya among the youth. It had had started becoming a global brand until the Suspension of its gaming license in Kenya by the Regulator –BCLB for the year 2019/2020. Pevans East Africa Limited( Sportpesa) a company registered and domiciled in Kenya was until July 2019 contributing up to 97% of Sportpesa brand globally.

You started becoming interested in Sportpesa sometime from June 2016 when the brand announced its official sponsorship of the then English Premier League-EPL team Hull City. You called me to complain why Sportpesa was taking money collected from poor Kenyans youth to a Developed Country like UK. I explained that we are trying to build consensus in the Board and see how all directors including non executive Directors and more so Kenyan Directors will be more involved. What I dint tell you is that we were having serious fights in the Board about these sponsorships.

The Company growth trajectory continued looking up. In 2017 and 2018 we announced other sponsorships including Arsenal and Southampton club, we in 2018 signed another official Sponsorship with Everton Football club and then Formula 1 - F1. This caused a major shift in the Board as the non Executive Directors would sometimes learn about it from the press.

Sometime in 2017, KRA started making huge demands on Sportpesa. At the same time you started making public pronouncement on tax evasion by Betting Companies. In or around May 2017 you directed the Cabinet and CS National Treasury to increase tax on betting to 50%. A finance bill on the same was presented to parliament with a recommended tax of 50%. However parliament rejected the 50% and voted for 7.5% tax. However on 13<sup>th</sup> June 2017 you rejected the reduction from 50% to 7.5% you vetoed the finance bill and proposed a 35% levy on betting. This was less than 2 months to the General Election slated for 8<sup>th</sup> August 2017. Parliament passed the bill and the betting,

gaming and lotteries 35% tax was the last item discussed by the recalled 11 parliament as per the Parliamentary Hansard.

At a fundraising dinner for Jubilee party on 9<sup>th</sup> June 2017 in Safari Park Hotel at which was the I chairman, host and convener, I sat next to you for the evening and you asked a lot of queries on Sportpesa. You told me that the National Security council had raised concerns on huge Tax arrears and tax evasion and also that council had sited huge huge transfers of funds to offshore accounts in safe havens. I explained to you that the Kenyan Directors had started raising issues on the same matters and there were big fights in the Board between local shareholders and foreign Directors.

Fast Forward, on the 7<sup>th</sup> July 2019 Sportpesa was hosting Everton football Vs Gor Mahia club in Kasarani Stadium, however due to tax issues from KRA, transfer of huge amounts offshore without Board approval, Sponsorships of football teams and F1 not authorized by the Board etc, all which had cause big documented fights in the Board of Directors meetings, I had declined to attend the highly publicized football match. However on 6<sup>th</sup> July 2019 your brother **Mr Muhoho Kenyatta** called me and said him and his family would like to attend the match, however I told him I will not be attending without explain the reason why. He insisted he will only attend if I do. I out of respect for Mr Muhoho Kenyatta agreed to attend the match despite my initial refusal to. On the date of the Match I was put **between Mr Muhoho and Mr Peter Kihanya** which was well captured by all media houses. On subsequent reflection, I guessed that Mr Kihanya had told Mr Muhoho that I would not be attending out of protest since my absence as Chairman would not look good. Anyway 5 days later the License of Sportpesa was cancelled by the Authorities.

Mr President, sometime in early July 2019, in a rare gesture, you invited me to Kirinyaga for Governor Anne Waiguru- Ruracio ( dowry event) to be held on the 13<sup>th</sup> July 2019. This was despite I had not met or acquainted with Anne Waiguru before. I am sure she had never heard or known of Paul Ndungu. You requested I attend with 3 or 4 of my friends and that after the event you only want to have the evening events with my friends and I. On arrival, I, to my surprise was placed on the very high table next to you. However when you rose to address the gathering at the end of your speech you directly attached Sportpesa for tax evasion and you vowed that Sportpesa will have to return the stolen funds, you further said that the owner of Sportpesa is your friends and is in the function, that underage kids should not be involved in gambling, money must be returned and Sportpesa should stop hauling you to court. The video trend for almost a week, all media houses extensively replayed the video. I really felt humiliated and subdued after the public reprimand and more so in a situation I couldn't defend myself publicly. The next day I came to learn that as you were humiliating me in public, that at the same time Government Agencies CBK, BCLB, etc were busy writing letters for cancellation of Sportpesa License.

Mr President, after the official function, we retreated to the Governors residence for a drink, true to the word only myself and my friends accompanied you to your sitting table, only Hon Sakaja as your friend managed to sneak in. You introduced me to Governor

Waiguru as your great friend, when we settled down you held my hand as we spoke, for over 2 hours you wanted to know about Sportpesa, why we are sponsoring foreign clubs? why the company had sent funds abroad? Why we have filed court cases questioning your authority to veto parliament and other cases seeking to jail the Commissioner General of KRA for contempt of court etc?, why I am working with foreigners which Kenya investigative agencies had flagged as having past criminal records in their countries? I explained to you about the wrangles in the Board for unauthorized remittance of funds abroad, that I was not aware of any criminal past records of the Bulgarians ( I only came to read about it in the Guardian Newspaper of London UK article of the same week). You told me you would introduce me to your Director General of NSIS to explain to him as the Government was serious and there were recommendation to arrest all Directors of Sportpesa as well deportation of the Bulgarians. I explained to you I am not aware of any tax cases or any court case questioning your authority, that I was ready to provide the Director General with all communication from Board members question the starching of company funds to offshore accounts. **All this time I didn't know that the license of Sportpesa had been cancelled same day.** That the friendly **hand holding** was a kiss of death to my investments and that **Peter Kihanya and James Muigai Ngengi** were the fronts to take over Sportpesa business in a few months. True to your Word the Bulgarians were deported from Kenya within 3 days

Sometime in Mid January 2020 you called a meeting of eminent elders of Kenya in State House Mombasa. They were 10 of them. In your address you introduced me as your personal friend. However you said even as your friend you won't allow Sportpesa to continue gambling in Kenya, that you were under a lot of pressure from churches including your Bishops of the Catholic Church, that your family is opposed to gambling, that Sportpesa was allowing kids to bet, youth were committing suicides after losing their money in betting, they were being blacklisted by CRB and you won't allow a full Kenyan generation to be lost in betting or to believe and be addicted to betting. You concluded "Paul Ndungu has a brilliant mind he can do something else". Mr President I felt quite reprimanded and admonished, felt small and actually guilty if I was the one to ruin a full generation. I walked from the meeting with my head held low.

Mr President you subsequently repeated the same sentiments in two low key meetings including in France on 30<sup>th</sup> September 2020 where I was in a delegation of Kenya National Chamber of Commerce. Coincidentally, exactly one Month later Milestone Games Ltd whose Directors were Ronald Karauri, Peter Kihanya and James Ngengi Muigai purported to illegally and fraudulently started trading as Sportpesa, with stolen assets of Pevans East Africa Limited including trade name Sportpesa, premises, furniture and fittings, human recourses, vehicles, premises, pay bills, short codes- All assets without investing a cent in Milestone Games Ltd. Without shame or remorse they took the entire assets of PEVANS other than the tax liabilities of Pevans East Africa Limited.

## **State Capture.**

Mr President I have taken time to write such a detailed article so that I can detail the whole cycle of State Capture, where ethical practices, good public governance and



publicly stated pronouncements implied to show concern for the poor, weak and venerable are replaced by desire to make profits contrary to the stated virtues. To make profits whether the masses are suffering as a consequence, or dispossessing local Kenyan Shareholders of their hard earned sweat and capital in favour of foreigners whom you CS has described as tax evaders and being under international crime watch. Foreigners who respected UK publications had earlier covered in their articles as having committed crimes in their country.

I call it State Capture because it seems my adversaries have captured all organs of state in a bid to continue with business. The vices of these involved are well captured by the pronouncements of non other than your Cabinet secretary The Ministry of Interior and Coordination of National Government as I have going into detail to detail in the sub heading above titled Dr Fred Matiangi. As much as Dr Matiangi would want to go to any length to help the Bulgarians get a Licence by forcing and harassing various state agencies clear them, by getting his innocent Directors of BCLB to be held guilty of crime of Contempt of Court, despite court of Appeal judgement having absolved the Directors from being found liable while discharging their duty under the Act and as provided by section 3 (12) of CAP 131 of laws of Kenya, he will never swallow his strong words, sentiments and facts he presented about the Bulgarians to both the local and international media. When he made the pronouncements he did it as Cabinet Secretary in charge of all investigative agencies and thus was officially detailed of the facts. Any other explanation is motivated by other factors other than the truth.

The three organs of State, that is, The Executive, the Judicially and Legislature (Parliament) are under capture by the foreigners. They have been under capture to facilitate the Foreigners dispossess the Local Kenyan Shareholders as well as expose the poor, the youth, the jobless who have been made to believe that their only riches can come out of betting, the gullible and venerable, the 300,000 youths who borrow daily from FULIZA and MSWARI to fund their betting addictions ( Words of you CS) , these committing suicide from losses not to mention the billions of unpaid taxes and more than the Kshs 30 billion sent to offshore accounts by Sportpesa as per KRA records.

I have detailed how each organ of state is under capture.

1. The Executive- As I have detailed above, the executive through actions of CS Interior has tried to force agencies give clearance for a licence to Milestone Games limited using all assets of Sportpesa. I have detailed above how KRA, CAK, NSIS, Safaricom PLC, FRC, Registrar of Trade Marks, The Stare Law office and to an extent BCLB ( Although under pressure to act illegally from the CS) which Board has for 18 months withstood the pressure to act illegally although now they are starting to cave in from threat of sacking from the Board. I have some of the evidence from unhappy directors.

Very senior staff at State House was heavily involved in moving from office invoking the name of the President and the First Family. The presence of Peter Kihanya and James Muigai Ngengi reinforced the same. I gave all the fact to State House Chief of Staff as well as PS Interior Dr Karanja Kibicho.

It's imperative to state that all these are appointees of the Executive, and they will take whatever orders the state will command.

2. The Judicially- The CS Internal Security alluded to bribery of judicially specifically to Milestone Games Limited. He must have disclosed this with facts derived from his position in Government. As I have detailed above, apart from court falsification of dates in order to find Directors of BCLB Guilty of Contempt of Court in order to blackmail and compel BCLB reach out of court settlement with Milestone Games Ltd, Consent of which I have seen and conditions therein are illegal as to the provisions of the betting and lotteries Act as well as laws of Kenya. I have also cited other grounds of violation and subversion of Justice on behalf of/ interest of Milestone Games Ltd in my petition to Judicial Service Commission. I hope that JRC will grant me my prayers for a hearing for justice to be served.
3. Legislature- Parliament. Dr Matiangi once again in reference to Milestone and the Bulgarians alluded variously to allegations of bribery to Parliament as quoted in various Newspaper articles. I have detailed various cases where Parliament stood with the bookmakers rather than the public. They removed taxes from betting even during the difficulty period of Covid- 19 and substituted the expected taxes by instead increasing taxes on consumer goods in lieu of betting tax. How low can it ever get?

### **Total Impunity by Milestone Games Limited.**

Mr President. With the protection Milestone Games Ltd and the Bulgarians have derived from protection from various quarters detailed above the Company has continued operating contempt of the laws of the Country.

With this utter contempt, other than collecting betting funds from the Kenyan public, the company has no other reference to Kenya. They are operating in Kenya but are not bound or falling under any regulations or law enforcement institutions in Kenya.

For the last 18 months or so with contempt to Kenyan Laws or Regulatory institutions Milestone Games Ltd and the Foreign Directors have continued to:-

1. Despite KRA having had demanded Kshs 19 Billion in tax arrears and a further Kshs 95 billion, it's intriguing that a supposedly efficient organization like KRA would be silenced to clear the Directors.
2. That the Company was able to operate for the year 2021/2022 without a valid gaming license contrary to the specifications under the Gaming Lotteries and

Gaming Act which requires that a Company must apply for a renewal of its gaming license 60 days before expiry of current years license. With impunity and disregard of the law, they continued to operate without applying or having a license for the year 2021/2022.

3. Milestone Games Ltd, unlike other gaming companies are not subject to oversight by the gaming regulator, BCLB, and the gaming regulator establish under the law cannot interfere with its gaming business. With this impunity the company has in 2021/2022 collected funds from the public without them filing weekly or monthly returns to the regulator or offering cash guarantees for its business as required of other gaming companies.
4. The Directors of Pevans East Africa Limited were able to transfer and use all assets of the Company to their Company Milestone Games Ltd without paying a cent to Pevans, they start to trade as Milestone without investment other than stealing the assets of Pevans
5. The Directors of Milestone Games are operating outside of the confines of the law of Kenya as they obtained anticipatory bail against arrest by the IG , DCI, DPP and BCLB for any crime committed against shareholders of/or Pevans East Africa Ltd.
6. Milestone Games Ltd, Ronald Karauri and Gene grand went to court to obtain court gag orders against Nation Media Group, Youtube, Google and I against commenting or posting anything about Sportpesa in Kenya.
7. That the Judicial Review Court E061 of Justice Nyamweya terminated the hearing, investigation and any manner of criminal proceedings against officials of the company, the criminal cases instituted by DCI ,IG and BCLB against the officials for stealing Pevans Assets.
8. That despite the Court of appeal judgment that Directors of BCLB cannot be held liable while discharging their duties as per the Act, and that a Court cannot assume or interfere with the role of a regulator as per the law, nor that a gaming company cannot operate under a court order and without a valid or expired license, the JR Court of Justice Nyamweya went ahead to find the Directors of BCLB guilty of contempt of court. Furthermore the guilty verdict was derived from falsified documents.
9. That an Operator like Safaricom PLC can transfer short codes, USSD, and Paybills with billions of funds in them to Milestone Games Ltd to aid and abet circumventing of tax demands on Sportpesa. Notwithstanding the fact that the pay bills were under court preservation during transfer and activation. Furthermore Safaricom knew that the Directors of Sportpesa were the same Directors of Milestone Games Ltd.
10. That Milestone Games Limited, In their fraudulent trading for 2021/2022 were not licensed by BCLB yet they went on to continue advertising in National Newspapers and online websites that they were licensed and regulated by BCLB under license No 000205 even though for the year 2021/2022 the license had been granted to Hardwick Ltd T/A Bollywood Casino as per the letter from BCLB to Mobile Operators dated 31<sup>st</sup> July 2021,

From above its intriguing that KRA cannot institute tax demands on the Directors of Sportpesa, that the company is not subject to oversight by the regulator, the Directors cannot be arrested for breach of law, they cannot be reported by Kenyan media as per court injunctions. Their only role is to collect money from the public while not subject to any regulatory authority, law enforcement agencies or even the media in Kenya. They are in another world out of Kenya other than collecting Money from Kenyan Public which as per what Milestone Director Wilson Karungaru stated, they are sending the funds to strange entities and unknown offshore accounts.

### **CMC Holdings Limited.**

Mr President you were DPM and Minister of Finance during CMC saga. At that time I was a Director of CMC and one of top 3 shareholders, as I Director I suspected that there could be stashing of funds in offshore accounts, I did a personal Audit and on further convincing I requested for a forensic audit, two different forensic audits were carried out by KPMG and PWC. The matter ended up in court where like above, the court tried to exonerate the involved Directors. Matters of conflict of interest by the judge were raised in the High Court resulting into the judge recusal from the case and setting aside all the rulings or judgments that the judge had entered thereof.

Capital Markets Authority appointed leading global forensic audit experts, Webber Wentzel while H.E President Mwai Kibaki appointed a Judicial Commission of Enquiry into the CMC matter which was headed by Justice Aaron Ringera.

Some powers that were during this time, through the Ministry of Immigration, in order to stall and curtail further investigation on CMC ordered an immediate deportation of the then newly appointed CEO of CMC Mr Bill Ray who was given less than 24 hours to leave the country. On learning this H.E President Mwai Kibaki ordered for immediate withdrawal of the letter of deportation of Mr Bill Ray and Mr Lay was more determined to pursue the investigation.

In this CMC saga after various forensic audits and the hearings by Justice Ringera Judicial Commission of Inquiry, it was found that from 1976 to 2010, billions Kshs were stashed in offshore Accounts in Isle of Man and Jersey. The funds, where some directors of the Publicly Quoted Company CMC Holdings Limited would get 5% of vehicle purchase price banked into the safe havens offshore Accounts.

On confirmation of investigations findings the Authorities in Jersey sought for prosecution of these involved. The offshore jurisdiction of Jersey also offered to return all the funds plus accrued interest to Kenya.

H.E Mwai Kibaki ordered for the commission of inquiry because he was concerned that Directors of a publicly quoted Company would scheme a commission out of purchases thus exploiting about 10,000 shareholders and investors of CMC Holdings Ltd. Courts were well functioning such that a Judge would offer recusal for sited conflict of interest. CMA a Government regulatory body would appoint two forensic Auditors and facilitate

the Judicial Commission of inquiry with all relevant documents. This was possible because President Kibaki wanted the investors of CMC to get value for their money. He had no personal interest.

Mr President, I have quoted this case because you were the Deputy Prime Minister and of Minister of Finance (Under who CMA fell) under H.E President Kibaki at that time. By coincidence I was the complainant. **I have also quoted this because investors of a company quoted at Nairobi Stock Exchange would more likely than not be well informed and above average citizens.**

However in the case of Milestone Games Ltd are the very poor, these driven to desperation by poverty visited on them by economic circumstances, these as your CS Ministry of Interior and Coordination of National Government Mr Matianfi would refer as **“ poor venerable members of the public where more than 500,000 members of Kenya public had been blacklisted with CRB by financial institutions leading to inability to access credit as a result. The more than 300.000 youth who were borrowing money daily from FULIZA and MSWARI daily to fund their betting addiction. The CS I repeat again said that “ people were engaging in uncontrolled gambling which had reorganized the lives of poor Kenyans in a very drastic way.**

In comparison and contrast to CMC case above, you own CS had referred to these behind Milestone Games **Limited as shadowy characters, people under international crime watch, wanted by Interpol, people under investigation in Europe, money launderers, tax evaders etc. people who are doing in Kenya what they can't do in their country.**

Mr President, it is the poor, gullible and venerable members of Kenyan public who would be looking forward to protection from your Government and its Institutions. Who would look more to protection by oversight Authority BCLB which is established under the Act to oversight gaming companies against exploiting the masses. However Milestone Games Ltd was exempted from such oversight by gaming regulator and the Company is not suppose to have a license to operate in Kenya. Unlike CMA which acted in CMC debacle to save the enlightened and rich shareholders, BCLB hands are tied from protecting the poor.

Funds transferred by Sportpesa offshore in only 3 years 2017-2019 were in excess of Kshs 30,000,000,000/=. It is the disclosure by KRA in its tax demands, and my Press statement dated 2<sup>nd</sup> November 2020 alluding to the figure of transfer that is enticing everyone to want to own or want to be associated with Sportpesa, to break the rules, to allow them to operate out of the law, to reduce betting tax while increasing tax on consumer goods to the poor masses. It's for the same reason that the Authorities and senior people in government are hell bent to assist the deported foreign directors of Sportpesa dispossess and disinherit local Kenya shareholders.



Mr President, just like I fought CMC battle to unearth the truth, as long as no harm is brought upon me I will fight to the end both locally and internationally on this Sportpesa saga.

## **Conclusion.**

It has been a tough 18 months for Asenath and I. it's been a tormenting 18 months with the torment being from foreigners. In the 18 months we expected the Courts of Law, investigative agencies, regulatory Authorities as well as controls by Multi Government Agencies to pursue and offer justice to all parties just for the reason they are established for. However, this is not the case, the whole Executive, Parliament and judicially is under capture. The state is under capture, the funds sent to offshore accounts are finding its way back to influence justice and institutions. The name of the First Family has been used extensively to help Milestone get whatever it wants from whatever institution.

It is with a lot pain and anguish that I have taken 3 days retreat to me alone and write this letter you. With the pain that with our past relationship that with the emergence of Milestone Games Ltd and its illegal, irregular and fraudulent takeover of Sportpesa Assets you have made yourself inaccessible to me. Not that I have a right to see you more than any other Kenyan, but in that I had sent very senior people within your government to convey my grievances, grievances which you were well aware as the matter of Sportpesa was extensively covered by local and international media, both not for positive feedback but where the international media focused more on issues of public protection from effects of gambling, including capital flight from Kenya, underage betting, tax evasion, bribery of Kenya institutions, suicide by young Kenyans from betting, the international press even visited the slums of Kenya to see the devastation of gambling, UK parliament raised issues, the international press highlighted past records of Sportpesa foreign directors in their own country. Yet the Kenyan government is less concerned.

Mr President, I wrote this letter as a result of your CS and institutions of your government in the last few weeks, that Milestone Games must get a license before you leave office. To write this letter I have had very deep search and personal reflection. I have confided in three friends what has been going on. Some of them have advised me that I could be hurt by your family or the Bulgarians, on reflection I have found that I have been deeply hurt in the last 18 months, to see that the Authorities I thought would protect its citizen is the one that is assisting in taking over our investments. As I stated, the company had invested over Kshs 12 billion in brand building that is 4.56 Billion being proportion of Asenath and I foregone dividend to build the brand. Our Global investments abroad have been pilferaged by the same foreigners your government is assisting to disinherit us in Kenya. Being in Government you probably know that Asenath has suffered immensely not only losing her investments but part of her family.

Mr President, I am not ashamed to repeat that I was one of the people who gave you a shoulder during your most difficulty political life, between 2010-2012. I have been advised to let go my investment that I will be hurt or harmed. There is no hurt or harm that will be worse than what I have gone through. I have actually lost believe in

humanity, I didn't know that the Government I worked so hard to put in power would do this to me. That all rules and laws will be broken to facilitate foreigners.

Mr President, as indicated earlier, Hon Wathika and I came from very humble backgrounds, I sacrificed my youth by working hard in my carrier, after I came from Nyeri I educated myself to be a certified accountant, I went to University USIU in my mid 40's, I saved, took risk and invested in NSE. I forewent my youth to be where I am. Here I am now- You are handing over my company investments to foreigners and your relatives who enjoyed and continue to enjoy it in their 60's, to despite not sacrificing in their youth, to start enjoying fruits of my labor in their mid 60's. I repeat as long as I am not harmed and remain alive I will protect my investment with all my life.

Mr President forgive anything you might perceive as disrespect in my letter, I believe I have not been disrespectful but sometime the aura of office might make the brink of an eye from a citizen look disrespectful. I am only trying to say, don't dispossess the efforts our hard labour. Your family is immensely blessed. Don't sacrifice my well being to the well foreigners. Don't let them continue tormenting us. Lets follow the law to the later.

Mr President, unlike the foreigners, I don't have an offshore account, I have never operated one. However I know how to do honest business. I would have been happy if anyone would have wanted to buy a share in Sportpesa, I clean and above Board transaction. I would have been glad to sell my shares at Market value.

Mr President, I hope you will be able to read this letter, forgive any grammar or spelling mistakes, I have taken a retreat to write this letter where I am alone, I didn't have benefit of having an editor, the letter is long but I needed that if anything happens to me, that I will have this on record. My children will also understand what happened to my efforts after being largely out of the country from 2014 to 2019 attending to Sportpesa business. It will also teach Kenyans to know where they have come from, not to believe that when they come from the Village without a name, meet people who have a name from where they went to school or who their parents are, you will still in their eyes remain a villager.

Mr President, my letter has nothing to do with politics, I am not currently interested in politics. I have learnt my lesson. I have reflected, if I could sit down and spend my time writing such a letter, with pain and torment of what has been visited me and the state, the President whom I thought was personal Friend. The president, whom I went out to mobilize friends and resources to popularize hoping that the President would create a level and enabling environment to do business,. A President whom we considered his family well blessed and endowed by God to protect everyone investments. I am out of politics because at my age, I don't think I will ever have a close friend as you were, who will become a personal friend. I don't think that if I could do such a letter to you, that I will never again be disappointed.

Mr President, I have never asked for any favor from you since you were Deputy Prime Minister and Minister of Finance, in President Kibaki Government despite we were very close friends and confidants from 2010-2012. We would have lengthy meetings at least

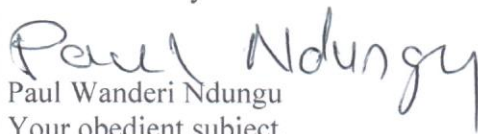
thrice a week. Even when you became President, I have never asked for a favour from you or the Government (if anything- I have extended favour to Government- details which you have). I have never sought to visit or come to State House other than your inauguration day, two business community forums and the invitation of me along with elders in mid January 2020 where again you castigated me for betting.

Mr President the only favour I request from you is I stay from harm, that you let the matter of Sportpesa be handled fairly by institutions of Government without bias or pressure or threats to any institution. Those, this matter remain pure business matter.

Mr President, I wish this matter is resolved expeditiously, otherwise due to the enormous funds at the disposal of our adversaries, they continue to trade without a licence and make profits out of the Assets and our investments in Pevans East Africa Ltd and they are ready and willing to use our proportionate of 38% profits to bribe around. That if the issue is not solved expeditiously, I will appeal to the civil society, law society, the churches which you said put pressure on you. I will also appeal to all the Presidential contenders and political parties, local and foreign media which have in the past highlighted the vices of the foreigners and advocated for stringent regulatory framework on betting and gambling, in Kenya and Africa in general.

I also attach a two page cover letter in summary of above.

Yours Sincerely



Paul Wanderi Ndungu  
Your obedient subject.

Please Note FYI. Because I have tried in vain to reach you. I have currently shared this letter with Mr Muhoho Kenyatta, Nyokabii Kenyatta, CS Joe Mucheru, PS Dr Karanja Kibicho, Jomo Gecaga and Your Secretary- Winnie Gathuku on email.