Wolf in Shepherd's Garb: Bishop Gakuyo and Stolen Middle Class Dreams

By Peter Lockwood

When Michael Kariuki* first heard about Ekeza Sacco in 2016, he was quietly excited. He was listening to *Kameme FM*, the popular Gikuyu language radio station, when host Njogu wa Njoroge began talking about a new savings opportunity live on air. What wa Njoroge described was intriguing. Ekeza's promise was of a middle-class lifestyle embodied in homeownership, entrepreneurship and family success. Through such radio broadcasts, television adverts and even its own campaign bus, Ekeza exhorted Kenyans to join the Sacco in order to pursue their dreams and aspirations, to use loans for "putting up a residential house, buying a dream car, purchasing a plot/piece of land, start a business or any other venture." Like other Savings and Credit Cooperatives in Kenya (Saccos for short), Njoroge explained how Ekeza was offering its members the opportunity to withdraw three times the amount of their savings in the form of a loan.

But there was an important twist to Ekeza's offer, one that gave members a distinct advantage. Unlike other Saccos, Ekeza was offering loans without the need for guarantors – other Sacco members who personally put up their savings as a guarantee for another member's loan. Instead, at Ekeza, the title deeds and logbooks of the properties and vehicles that members would eventually purchase with their loans would act as loan securities. In other words, Ekeza was offering easy access to capital that is hard to come by in contemporary Kenya where banks charge high interest rates and Saccos require social membership. For Kariuki, that a guarantor was not required made saving with Ekeza an attractive opportunity – the chance to obtain capital that would allow him to purchase a car and become a taxi driver without having to undertake the difficult task of finding other Sacco members to stand in as his guarantors. Along with thousands of other Kenyans, Kariuki soon joined the Sacco.

A construction worker who worked long, hard days in the heat of Mombasa, Kariuki went on to save KSh180,000 with Ekeza over the next two years, sending money to his Sacco savings account directly from his MPesa account on his mobile phone. It was the first time in his life that Kariuki had ever saved such a large amount of money. He told me of the sacrifices he and his family made so that he could put more of his earnings into his savings, that there were "some things" — basic necessities and even food — they had to forego in the hope that his savings, and the taxi business that he would start with the loan, would allow him to build them a better future.

But in December 2017, Kariuki started to realise something was wrong. He had gone to withdraw a loan of KSh25,000 from the Sacco's office in Thika. After filling out the paperwork, he was asked by Ekeza staff to wait the normal 60 days that it would take for the loan to be cleared and arrive in his account. Kariuki went back to Mombasa and waited, but his loan never arrived.

In January 2018, he returned to the office to find out what had happened with his loan. Ekeza staff assured him that his loan was on its way and he was asked to wait again but this time Kariuki refused. Suspecting something was wrong with the Sacco itself, he asked to withdraw all his savings at a fee of KSh1000. Kariuki filled out the paperwork and was once again asked to wait for 60 working days for his savings to reach his bank account.

In March 2018, four days before he was due to receive his savings, Kariuki's wife called him. She had seen on the news that Ekeza had been officially deregistered by the Kenyan government pending investigations into its accounts. With the SACCO's accounts frozen, Kariuki could do nothing but wait; he returned to the Ekeza office three times in 2018 and 2019 asking about the status of his savings, to no avail. Like tens of thousands of other Ekeza members, he has been stuck in limbo ever since.

The Ekeza Sacco story

Michael Kariuki's story is a fairly common one for members of Ekeza Sacco – that after carefully building their savings for around two years, they were finally on the brink of receiving a loan, only to find it constantly delayed before eventually discovering that the SACCO had been deregistered by the government. But even Kariuki's story is just one aspect of the Ekeza debacle. Other Sacco members reported how Gakuyo "bought" land from them without ever paying them in full. Others had their land and vehicles seized even after repaying their loans in full. All told, members lost around KSh2.6 billion in savings.

In March 2018, Commissioner of Co-operatives Mary Mungai formally closed Ekeza pending an investigation and an audit of the Sacco's accounts. Suddenly, the Sacco's 53,000 members were plunged into confusion and concern about the fate of their savings. The Sacco's chairman, David Ngari Kariuki, an evangelical church pastor known as Gakuyo, assured members that their savings were safe. However, an audit of Ekeza's accounts revealed around KSh1.5 billion of irregular transfers to bank accounts of persons and businesses associated with the chairman.

The audit report revealed fraud on an enormous scale but little has been done to address the plight of the members who have lost their savings. Over the last two years, Ekeza has maintained that its liquidity was damaged by rumours rather than Gakuyo's expropriation of funds. In the aftermath of the Commissioner's audit, Ngari moved to sell several of his assets and has repeatedly assured members that their deposits will be refunded, announcing a new 5-tier schedule for doing so in January 2020. Audaciously, Ekeza offered its members plots of land in what were seen as sub-par locations, their monetary worth far below what members had invested. Whilst Ekeza insists that it has refunded thousands of its members, particularly those with savings worth less than KSh50,000, reports from Ekeza victims suggest that there are many more thousands who are yet to receive their money. On social media, victims' groups continue to organise, but with waning hope that they will ever see their money returned.

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Over the past three years, I have been exploring the effect the fallout of Ekeza's deregistration and the subsequent uncertainty faced by its members. The majority live in muted hope, actively choosing not to think about the money because of the stress the loss of their savings has caused them. Marriages have been ruined. Some Ekeza members have committed suicide after losing their savings. The overwhelming story is one of bitterness and anger towards Ngari. The words of the man I have anonymised in this article as Kariuki give some sense of that bitterness:

> If I could be like a soldier holding a gun, I could be searching for that man just to kill him and leave everything. If I die, I die. Because that money, it was my first time to enter into a SACCO, save things. I have never saved an amount like that.

This article aims to recap the story of Ekeza Sacco – how it came to prominence, how its deregistration has shaped the lives of its members, and how its collapse reveals the illusory promises of the "working class" dream in contemporary Kenya, how aspirations of leading better material lives are undermined by political authority. The story of Ekeza Sacco is not merely one of fraud, but also one of frustration and anguish with a contemporary Kenya that works for the powerful few, depriving ordinary citizens of the material basis on which they might build their dreams.

The rise, the fall, and the resistance

Ekeza Sacco was established in 2013 and formally registered in 2014, but it rose to prominence in the run-up to Kenya's 2017 elections. Throughout the first half of the year, the Sacco was regularly advertised on Gikuyu language radio stations like *Kameme FM* alongside its partner firm, Gakuyo Real Estate. During the same period, Ngari attempted to vie for governorship of Kiambu, but eventually joined Ferdinand Waititu's "United 4 Kiambu" team, an alliance of Kiambu politicians (including current governor James Nyoro) through which Waititu contested and ultimately won the gubernatorial seat. Through his association with Waititu, Ngari appeared at rallies across the county throughout 2017. At the time, friends and acquaintances of mine in Kiambu were optimistic of the impact Ngari would have on the county through his association with the prospective new governor. "He will be the one bringing development, I am sure", one Kiambu farmer told me.

At the same time, an Ekeza Sacco-branded mobile truck was travelling around Kiambu exhorting people to "Invest to nurture your dreams". "His adverts were so convincing," one member told me. Another told me how Ekeza's near-ubiquitous presence made him believe in its legitimacy. "It was everywhere during the elections." Whilst the new Sacco gained prominence and legitimacy through its relentless advertising campaign, for many of those who joined the Sacco in 2016 and 2017, it was Ngari's status as a pastor that helped earn their trust. "Because he's a bishop. He has a good reputation. So I thought my money was safe", one member reflected. Others found out about the

Sacco through family members. Ann Njeri, a 30-year-old woman from Githurai, found out about the Sacco through her mother-in-law, and soon encouraged her husband to invest in the Sacco to save for a plot of land. For Njeri, "It was a normal Sacco just like others but at least this particular one had been started by a bishop so it had more credibility." She convinced her husband that they should invest in Ekeza in order to buy a plot of land in Nairobi's outskirts on which to build a home. The couple went on to save KSh500,000 with the Sacco.

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For many of the people who joined, Ekeza offered easier access to capital than some of its competitors. As mentioned above, one of the main advantages of saving with Ekeza was that it did not require members to have guarantors for their loans. "They weren't even asking for security in the case you were taking a loan to buy land from the sister company, Gakuyo," one member explained. "They would just wait until you pay the full amount before giving you the title deed, and that was my strategy then." Members contrasted the ease of entry into Ekeza with the difficulty of becoming a member of what are viewed as more successful and legitimate Saccos such as Mwalimu Sacco. Another member reflected how difficult he thought it would be to join Mwalimu Sacco compared to Ekeza. "I have to have some friends there."

Ekeza Sacco promised ordinary Kenyans the chance to live their dream as members of Kenya's fledgling middle-class. "Invest to nature [sic] your dreams", read one of the Sacco's slogans. Many Ekeza members were attracted by the prospect of acquiring land – either to build a home to live in, or to rent out in order to supplement their incomes. In this regard, Ekeza's popularity ought to be viewed in the light of Kenya's current "gold rush" on land — the idea that land in Kenya is "getting finished", ever increasing in value because of its growing scarcity. It is precisely the same scarcity-speculation combination that fuels elite land grabs.

But it was partly through the purchase of Gakuyo Real Estate plots that members began to discover that their investments were flawed. Gakuyo Real Estate's practice was to buy large plots of land and sub-divide them into individual plots for the construction of stone houses. But in some cases, members would arrive at their new, loan-purchased plots, only to find that the original owners still held the title deed. It was also revealed that Gakuyo Real Estate was in the practice of purchasing land via instalments and allowing members to access their land before completing the payment to the original owners. Some Ekeza members were denied ownership of plots that they had paid for because the Sacco had not paid for the plots in the first place.

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For others, it was in far more mundane circumstances that they began to realise something was amiss. One member, Andrew Mwangi, arrived at the Ekeza office in Thika one afternoon in early 2018 to find a commotion at the front desk. Another member was complaining that they had filed for complete withdrawal of their savings and had waited months but received nothing. Mwangi was alarmed. "I immediately filled the withdrawal form."

The deregistration of the Sacco by Mary Mungai in March 2018 opened a new phase in the Sacco's lifespan – a political struggle for its control. Not prepared to wait, Ekeza members quickly organised themselves into victims' groups. Under the leadership of Charles Mage, one group of Ekeza Sacco members stormed the Sacco's office in Thika. Soon enough, the police took note and in March 2019, Ekeza victims were invited to the Directorate of Criminal Investigations on Kiambu Road to record statements.

For its part, Ekeza maintained that its collapse had been caused by "panic withdrawals' – that the Sacco's reputation had become a "political tool" in the 2017 elections, a target for opponents who had raised doubts amongst the membership, causing a raft of withdrawals and a liquidity crisis. The Sacco described the situation as a "mishap". No mention was made of the immense suffering caused to members through the loss of their savings. The message to members was: "bear with us". In 2018, Sacco members with smaller amounts of savings — KSh5,000 and below — were refunded, but it left around 53,000 members with substantial savings still waiting.

More significant shifts were to come. At an AGM in February 2019, overseen by the Commissioner Mary Mungai, Sacco members voted to remove Gakuyo and put a temporary board of five people in charge, including Charles Mage as acting Chairman. At the same time, the Commissioner reinstated the Sacco, with the intention that the new interim board would begin refunding members' deposits.

This moment of optimism quickly passed as Ngari's lawyers moved rapidly to challenge the new board's appointment in the courts, citing the possibility of members' savings being plundered by the new committee. The court issued an injunction, and its effect was to return power to Ngari, locking out members who thought they were on the cusp of regaining control of their savings through access to the Sacco's bank accounts. At several meetings in 2019, Ekeza Sacco members debated their predicament; the interim committee now had no control over the Sacco's accounts, the offices were closed and no form of redress was available. The atmosphere at these meetings was combative.

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But by 2020, the resistance of Ekeza Sacco victims' groups had begun to weaken. The death of Charles Mage in a road accident in March 2020, an event that went unreported in national media outlets, further weakened the leadership of members who want to see their savings returned. Whilst some members are preparing court cases against the Sacco in 2021, arrangements are increasingly being made in private rather than through collective action, with Ekeza victims wary of being spied upon by members of "Gakuyo's team". Meanwhile, Ngari has re-emerged as a figure close to James Nyoro, promising a bigger, better Ekeza, assuring members that refunds are on the way. Ekeza victims have found their plight politicised, used as a football in Kiambu's politics. Ngari has blamed the failure of his Sacco on Ferdinand Waititu, the now disgraced former governor of Kiambu, claiming that Waititu used Ekeza funds in his campaign.

Lives in limbo

The Ekeza debacle is characteristic of a contemporary Kenya defined by an "unequal capacity to secure a future". It is emblematic of how those in political authority cannibalise the aspirational projects of ordinary Kenyans, "eating their sweat". "We are ready to prosper here in Kenya, bwana Peter," one Ekeza member told me at a victims' group meeting on Thika Road. "It is our leaders who cut us. These people who lead us are not honest, they just deceive us."

For Ekeza members, the immense difficulty in generating savings and capital for aspirational projects compounds the sense of loss. Most Ekeza members I spoke to described themselves as "hustlers", working long hours for uncertain wages in the informal economy. Their struggle is evoked here by Andrew Mwangi:

> You know I lost a lot of money. And you know, I was thinking about that thing each and every day. And I was thinking, maybe we will get our money back. Finally, I came to find out we are not being paid at all. So I told myself I will never think about it again. I agree, the money is lost. And up to now, I don't engage in any way [with the Sacco]. I just left it like that. I'm sick and tired, I'm tired. I don't think about that any more. Every time I talk about it, my heart bleeds. That was my money. That was my sweat. I worked so hard for it. My goal was to own a property. That was my dream. My dream was broken by this guy. . . . I even hate mentioning the name. So what I can say is that I do not even follow the money anymore.

Michael Kariuki's words strike a similar tone:

> My faith is still there. But I can't put all my faith in there. I have to work, feed my family, do everything. I can't put all my mind there, thinking about all that money I saved and it went. If it got lost, it got lost. So, I'll never get it back. But, for the rest of the victims are just struggling if the money will come. If I stay thinking about the money, I'll just get sick.

Whilst their words belie a remarkable capacity to move on, for most members the fallout from their loss has been blame within their families. Ann Njoki told me how her husband was understanding, but how other Ekeza members she knew had ended up divorced as a result of losing savings, facing the blame from their partners for the loss of family money.

Meanwhile Ngari continues to walk free, having faced no charges from the DCI, working now as advisor to James Nyoro in the Kiambu County government, a state of affairs that some Ekeza victims find not only frustrating but also insulting — indicative of a Kenya that works for the privileged few, rather than the common *mwananchi*.

> Up to now, he's in this government, of which even Kenyan government is not bothering about these people who saved their money in that account. It is not bothering with. The chairman now is just talking and talking nonsense of which the government is not bothering anything.

These frustrations extend beyond Ekeza itself to perceptions that Kenya has failed as a place in which one can live and better oneself. A 24-year-old friend of mine from Ruaka who lost KSh64,000, his entire savings, was despondent. "This is Kenya, man", he told me. "Most likely the politicians have been given something to make sure nothing happens. If I had a choice of leaving this place, I would definitely do that."

Warnings for the Sacco sector

"Limited liquidity is holding SACCOs back from becoming specialised housing finance providers — or mortgage SACCOs (SAMCOs) — like the saving and loans and building societies in industrialised markets," remarks a recent academic paper on housing finance in emerging markets. "It is therefore critical for SACCOs to deepen deposit-taking activities." Ekeza Sacco might be an outlier case — an instance where a particular "fraudster" has deprived members of their savings. As a recent report by FSD-Kenya reiterated, a single case of fraud need not lead to fears that the Sacco sector is fundamentally flawed.

But there are important lessons to learn from the Ekeza Sacco story. As the FSD report noted, the increased size of Saccos "comes at the cost of it becoming increasingly difficult for members to look after their own interests directly; to ensure that the management and boards of the SACCO are not taking undue risks or worse." In order to increase that membership, Saccos like Ekeza begin to look ever more like Ponzi schemes, their business models based on the recruitment of new members and the sale of a dream, rather than community banking. This was a point not lost on the late Charles

Mage.

"The SACCO is not meant to be managed by one person," he remarked to me when we first discussed the Sacco in August 2019. "This guy [Gakuyo] was making all the decisions as if it's his own company". As Mage put it, Gakuyo was withdrawing funds from Ekeza "any time he wanted", buying plots and buildings, building hotels. As he found out in the Commissioner's audit, "there was a time the SACCO's account went down to 0."

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If Saccos can enter the market already in the hands of wealthy and politically connected individuals, and members can be recruited ad infinitum, the scene is set for Kenya's elites to use them as vehicles for predatory accumulation. Stronger and more interventionist regulation is required to ensure internal transparency — that there are proper lines of communication between members and boards. If Saccos chase greater liquidity through ever-increasing membership, further regulation and oversight from members will be imperative. Recent research suggests that Ekeza evaded regulation through setting up in different counties.

But despite the early action of Sacco Commissioner Mary Mungai, the eventual lack of government action has already damaged the trust that regulators are up to the task. Many Ekeza members say that they have lost trust in the Sacco sector, vowing never to save with one again.

Fault lines and futures

More than a story of individual fraud, the Ekeza debacle reveals the fault lines in the false promises of contemporary Kenya. Whilst politicians and business leaders promise Kenyans wealth and prosperity, they are able to manipulate institutions to their liking, consuming the sweat of those who work while avoiding sanction. Ordinary Kenyans find themselves struggling for better lives without any such advantage. When one looks at the Ekeza case, fears and suspicions of theft seem justified, anti-elite sentiment vindicated. The cynicism and hopelessness, depression and suicide that have followed in the wake of the Ekeza collapse are hardly surprising. When one struggles in the informal economy, only for one's savings to be "eaten" by a self-proclaimed pastor, when national and county governments practically ignore your plight, what can you do? It is little wonder that William Ruto's "hustler" narrative is gaining traction when frustration is brewing over the way things work in "*hii* Kenya". If the Ekeza collapse has provoked immense anguish, it has also fuelled Kenyans' desire for a different Kenya — one where institutions work in the interests of the citizen, of the "hustlers". Regardless of its as yet unknown trajectory, Ruto's "hustler" narrative promises Kenyans that a new Kenya is at hand. Without understanding injustices like Ekeza, palpably and materially felt, we cannot appreciate the new calls for justice and an end to the "dynasties" that Ruto's campaign now promulgates.

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* *All names have been anonymised to protect identities.*

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