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Davy Koech fraud case hearing on November 26

WEDNESDAY, NOVEMBER 7, 2012 - 00:00 -- **BY ALPHONCE MUNG'AHU**

The Anti-Corruption Court yesterday ordered that the Sh19 million fraud case against former Kenya Medical Research Institute director Davy Koech be heard without further delay by the defence.

Senior principal magistrate D.N. Mulekyo at the same time warned defence to stop delaying the case which has been pending before court for three years.

The case had been listed for hearing yesterday but Koech's lawyer was not present. The court was told he was out of the country. But the prosecution led by Deputy Director of Public Prosecutions Patrick Kirage opposed application for adjournment, saying the hearing date was taken by consent.

He told the court he was ready with nine witnesses with others who were recalled by cross-examined by the defence. However, the magistrate directed that the case proceed for hearing for four days as from November 26 to 29 without any further delay.

Dr Koech is accused of abuse of his office to improperly confer a benefit upon himself by transferring money belonging to KEMRI from account held at Standard Chartered Bank Ltd, Kisumu branch to account held at Standard Chartered Bank Yaya Centre, Nairobi branch in the name of African Medical Services Trust that was controlled and operated by himself.

He is said to have transferred the money in different amounts as Sh800,000, Sh12.5 million, Sh6 million, Sh800,000 and Sh12.5 million the property of KEMRI.

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<http://www.standardmedia.co.ke/business/article/1144008983/revealed-how-kemri-lost-over-sh550m>

Revealed: How Kemri lost over Sh550m BY Updated Monday, March 16th 2009 at 00:00 GMT +3 Share this story: By Ramadhan Rajab Details have now emerged of the financial malpractice that led to the loss of millions of public funds and workers' savings at the Kenya Medical Research Institute (Kemri). Former director Davy Koech And some of the shocking revelations include the backdating of the salary of former director Davy Koech to July 1, 2004, enabling him to pocket a basic salary of Sh5.2 million in March 2006. According to an audit report that was commissioned after Dr Koech was suspended, only one board member was involved in the move to backdate his salary. The two audit reports indicate that Koech irregularly transferred more than Sh19.3 million of CDC funds into private accounts and mismanaged more than Sh536 million of pensioners' money together with two board trustees. When reached for comment by telephone yesterday, Koech said: "there is a Government agency that has taken over the matter. I will not comment on that report you are talking about for now." The sleaze, as two audit reports indicate, left Kemri on its knees grappling with a budget hole of more than Sh650 million. Just a week after Public Health Minister Beth Mugo disbanded the board, The Standard has obtained the audit reports that adversely implicate Koech and two trustees of the board. One of the reports was compiled by Roberts Insurance Brokers (RIBL) on the Interim Administration of Kemri Staff Retirement Benefits while the other was done by Inspectorate of State Corporations (ISC). The RIBL audit says three trustees " Koech, Dunstan M Ngumo and Renison K Kirui " diverted the money through account numbers 010206938300 in the name of Kemri Pension Fund and 0102028690400 in the name of Kemri Retirement Benefits Scheme maintained at Standard Chartered Bank,

Yaya Centre Branch. It also says the circumstances under which the two accounts were run and maintained at Standard Chartered were unclear because the organisation didn't make use of the services of a financial custodian as required of pension schemes by law. The reports found that there was no audit department at Kemri "a structural weakness that may have given leeway for the financial opaqueness and misappropriation. 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Kemron is the name of a drug which was released in [Kenya](#) in the 1991 and purported to be highly effective in removing the symptoms of [AIDS](#) from people who have [HIV](#). When put under international scrutiny, the treatment was seen to perform no better than [placebo](#). The advent of the drug was notable for the government support and international attention it received.

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In August 1990 Kenyan researcher Davy Koech, director of the [Kenya Medical Research Institute](#), announced that when his HIV patients chewed wafers laced with tiny amounts of [alpha interferon](#), most had greatly improved health and some cleared HIV from their blood entirely.^[1] The [alpha interferon](#), named "Kemron" for this use, was a drug used to treat cancer in much greater doses.^[2]

Response[\[edit\]](#)

After reviewing the experimental data, internationally recognized AIDS experts and health officials in the United States said that there was no merit to the claim.^[2]

Kenyan president [Daniel arap Moi](#) announced that "Fifty AIDS victims have already been cured" and Koech dismissed the skepticism of Western scientists.^[2]

Neither the World Health Organization nor the NIH found evidence that Kemron performed better than placebo.^[2]

Withdrawal of claim[\[edit\]](#)

Support of the drug proved to be an embarrassment for many of its supporters as the drug failed to cure patients under controlled conditions.

The [University of Pretoria](#) and the [Government of South Africa](#) ultimately were not able to support the claim of the drug's efficacy.^[3]

References[\[edit\]](#)

1. **Jump up**[^] Perlez, Jane (3 October 1990). "In Kenya, a New AIDS Drug Gets Mired in Politics and Financial Disputes". *The New York Times*. ISSN 0362-4331. Retrieved 3 November 2011.
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Medical researcher Dr Davy Koech has been accused of swindling the Kenya Medical Research Institute (Kemri) of Sh420 million.

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The former long-serving Kemri director together with six others face nine counts ranging from fraudulent acquisition and disposal of public property, abuse of office and failure to comply with the law relating to the management of the retirement benefits scheme's fund.

Koech was arraigned at the anti-corruption and economic crimes court last Friday and charged jointly with Dunstan Magu, William Kipyego, Denison Kiplagat, Joel Achiba, Battan Mecca and African Medical Services Trust (AMST).

Jointly with Kipyego, the acclaimed researcher is alleged to have unlawfully transferred Sh342 million belonging to Kemri's pension fund to an account held by AMST at Standard Chartered Bank's Yaya Centre branch.

The seven are also accused of swindling Kemri of Sh19.8 million on diverse dates between May 2003 and April 2007.

According to the charge sheet, Koech and Magu used their offices to improperly confer a benefit on Essential Management Consultancy Ltd by allegedly withdrawing huge chunks of funds from Kemri's pension fund without the authority of the board of trustees.

The anti-graft body alleges that Koech and the co-accused failed to comply with the law relating to the management of funds and ignoring Section 40 (b) of the Retirement Benefits Act.

A senior principal magistrate Lucy Nyambura granted the five accused a Sh2 million cash bail and set the hearing for March 8 and 9. However, upon request by KACC, the court issued summons against Achiba and Mecca. They were directed to appear for mention on January 22.

Koech was last year accused of swindling Kemri of Sh19.3 million. He faced three counts of unlawfully transferring research funds from Kemri's account at Standard Chartered Bank's Kisumu branch, to an account with the same bank Yaya Centre in Nairobi.

The Kisumu account was allegedly registered under Kemri's Centre for Vector Biology and Control Research (CVBCR), while the one in Nairobi was under the auspices of African Medical Services Trust (Amset), an organisation run and controlled by the researcher.

The donor funds were meant for research work but Dr Koech allegedly diverted them to a company associated with him. He served as Kemri director from 1986 until he was suspended in 2007 to allow investigations.

The researcher was nominated for the 2006 Genius Laureate of the American Biographical Institute and his name was included in the 500 Greatest Geniuses of the 21st Century.

Vector-borne diseases

He served as head of the division of vector-borne diseases in the Ministry of Health from 1981 to 1984, director of the clinical research centre of KEMRI from 1982 to 1984, and director of the biomedical sciences research centre from 1984-89.

Koech was the founder member, chief research officer and director at Kemri, a State-owned organisation charged with the responsibility of carrying out health sciences research in the country.