

Bank sued as Shs3.5b fraud continues to bite

KAMPALA. As the fallout from the loss by Centenary Rural Development Bank of Shs3.56 billion in a computer fraud rages on, a former employee of the financial institution has dragged it to the Industrial Court accusing it of unlawful and unfair dismissal.

Mr Godfrey Katusabe, a former systems analyst with the bank, is seeking a court declaration to the effect that his dismissal was unfair and unlawful. He is also seeking compensation of just under Shs500 million in special and general damages.

Ms Denise Kayiraba, the head of the Brainchild Burson, the firm that manages the bank's public relations, told *Sunday Monitor* in an email that Mr Katusabe was dismissed for several reasons, including obstructing an internal investigation.

"The staff was dismissed by the bank for obstruction of internal investigations and breach of the bank's core values of integrity after, according to him, a fair hearing by the disciplinary committee of the bank," Ms Kayiraba wrote.

Mr Katusabe is seeking Shs23.9 million as severance pay at the rate of his former monthly pay of Shs3,995,308; Shs300 million as general damages for unlawful summary dismissal; Shs150 million in aggravated damages; Shs5 million as repatriation allowance back to his home district of Masindi; and Shs7,990,616 as two months' pay in lieu of notice. He is also demanding Shs3,995,308 as four weeks' pay for lack of a fair hearing; a declaration that is liable for to pay his outstanding loan of Shs7,305,886; special damages of Shs7.3 million in accumulated terminal benefits; and costs of the suit.

The suit

Mr Katusabe's dismissal in October 2023 was linked to the bank's loss on October 4, 2023 of Shs3.56 billion in a fraud that was carried out when fraudsters accessed the Agent Banking platforms and Bill Pay System. The Bill Pay System caters to the payment of utilities such as water, electricity, school fees and pay television using mobile money.

The system was accessed using the computer of a loans officer at the Kabale branch. The rogue element used the login credentials of a teller based at the bank's headquarters at Mapeera House to carry out 40 transactions involving 31 different lines of mobile money agents with agents receiving varying sums.

In one case, for example, one agent received a total of Shs427.9 million. The money was sent to the said agent in four different tranches. The first was of Shs98 million. That was followed by tranches of Shs99 million, Shs97 million, Shs98.9 million, and lastly one of Shs35 million.

An internal investigation concluded that there was collusion on the part of some bank staff.

"The fraud was orchestrated by parties external to the bank, but with strong assistance by ele-

ments inside the bank," a report of an internal investigation read in part.

Charges

Whereas the teller and loans officer who were associated with the fraud were initially arrested, the investigation took a twist on January 15 last year. This was after Mr Katusabe was accused of breaching the system by performing "a brutal attack on the bank's systems."

IT experts describe a brutal attack method as one in which hackers use trial and error methods by trying out different passwords or log in credentials in order to gain access to a system.

Mr Katusabe was also accused of having elevated his status and run a series of commands on the bank's system without authorisation. He was dragged to the Central Police Station where a case, KMP GEF 440/2023, was opened.

The summons came a day after burglars broke into his residence in Mutungo and made off with the bank's laptop, his personal phone and a wallet. The burglary occurred on January 14, 2025.

His services were subsequently terminated for alleged breach of the bank's policies as spelt out in the human resource manual and obstructing investigations into the theft of the Shs3.56 billion fraud by losing a bank laptop.

"The laptop got lost during investigations of the Bill Pay fraud, the timing and circumstances made it impossible for the investigations to progress. You also neglected/refused to make a statement on the loss of the said laptop. The acts breached the bank's human resource procedures' manual," the October 25, 2023 dismissal letter read.

The same letter accused Mr Katusabe of having breached the bank's core value of integrity by misrepresenting facts around the losses he suffered during the burglary.

"You were dishonest when you reported loss of Shs355,000 at Mutungo Police Station during the burglary into your house, contrary to the loss of Shs250,000 during the same burglary as reported at Old Taxi Park Police. The inconsistencies breached the bank's policy captioned in the Human Resource Procedures' Manual," the letter further stated.

Contestation

According to the suit documents, Mr Katusabe argues that the decision to dismiss him was arrived

at without the bank giving him a fair hearing and without following due process, adding that it was "high handed, malicious, and procedurally and substantively unlawful", charges which the bank denies.

"The staff was dismissed after a fair hearing by the disciplinary committee of the Bank," Ms Kayiraba wrote.

Mr Katusabe, however, argues that whereas he appeared before the disciplinary committee on March 14, 2024, to answer for alleged unauthorised access to the bill payment date system, he had made it clear to the committee that the charges were misconceived because his designation as an Application Analyst Business Systems Officer came with authority to access the system.

The documents add that he had told the committee that it was he who had first reported the unauthorised access and fraud.

He argued that the committee had failed to arrive at a decision for more than seven months after the first hearing, a period during which he remained suspended. The committee instead came up with charges of obstructing an internal investigation and loss of the bank's laptop, for which he was summoned for another hearing.

"The claimant raised several lapses in the disciplinary proceedings, gaps in investigation pertaining to the alleged offences and conflict of interest by some members of the Respondent's Human Resource Disciplinary Committee. The Respondent's Disciplinary Committee ignored the concerns of the claimant and proceeded with the purported hearing without following the tenets of a fair hearing," the documents read in part.

The bank, however, said it gave Mr Katusabe a chance to appeal. "In furtherance to fair hearing, the staff was allowed to appeal the decision of the disciplinary committee through the Bank's appellate process but lost the appeal," Ms Kayiraba said.

Mr Katusabe said that whereas he raised serious concerns with the entire purported disciplinary process, the appeals committee had ignored them and chosen to recommend his summary dismissal. He added that the bank had refused to reach an amicable settlement when he lodged a complaint for unlawful dismissal with the Kampala Central Labour office, hence the decision to file a suit in the Commercial Court.

The bank declined further comment about the matter.

"The Bank can't discuss the details of the evidence of a matter before court as a law-abiding institution and implores the complainant to await the outcome of the suit," Ms Kayiraba said.

