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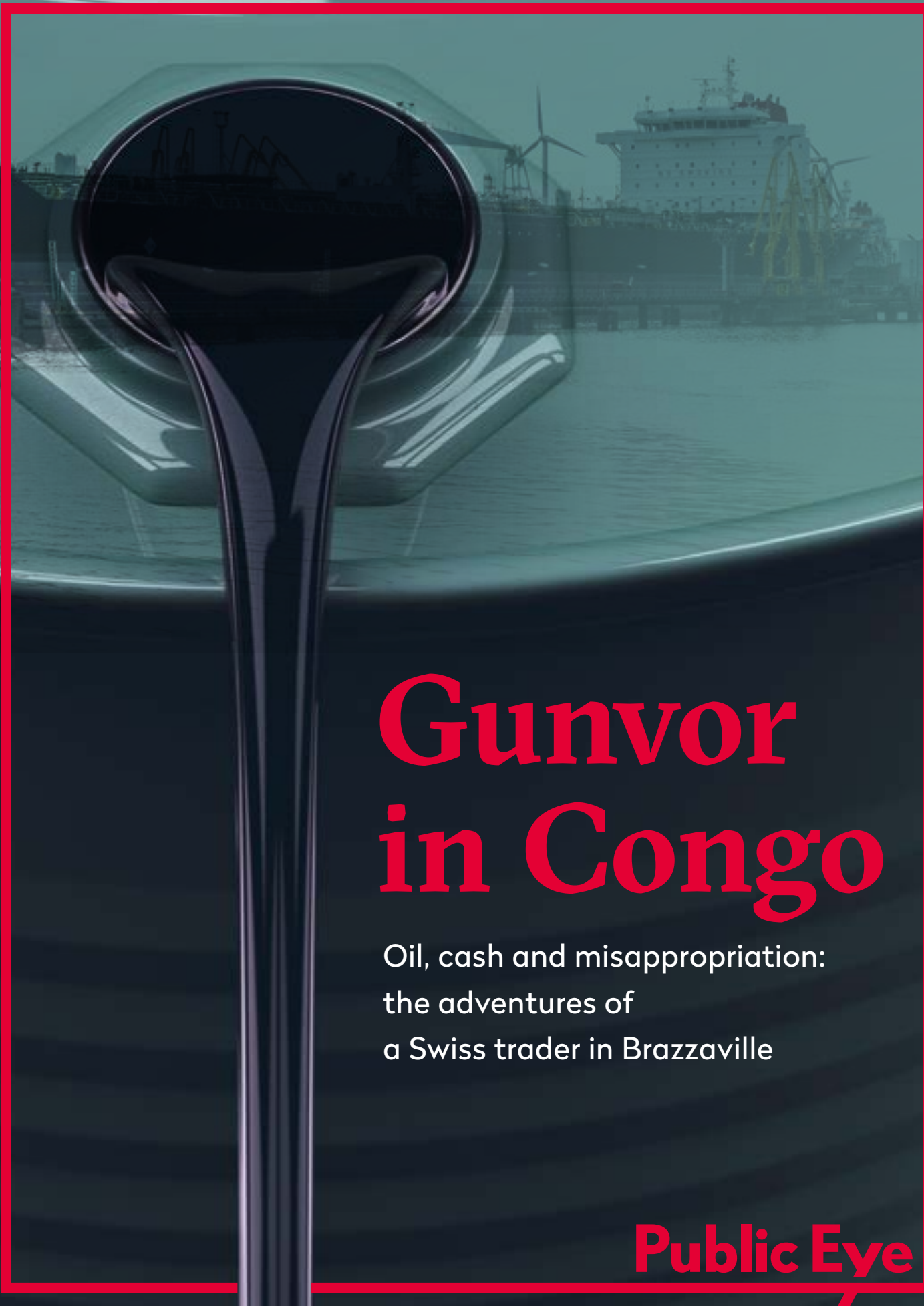


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# Gunvor in Congo

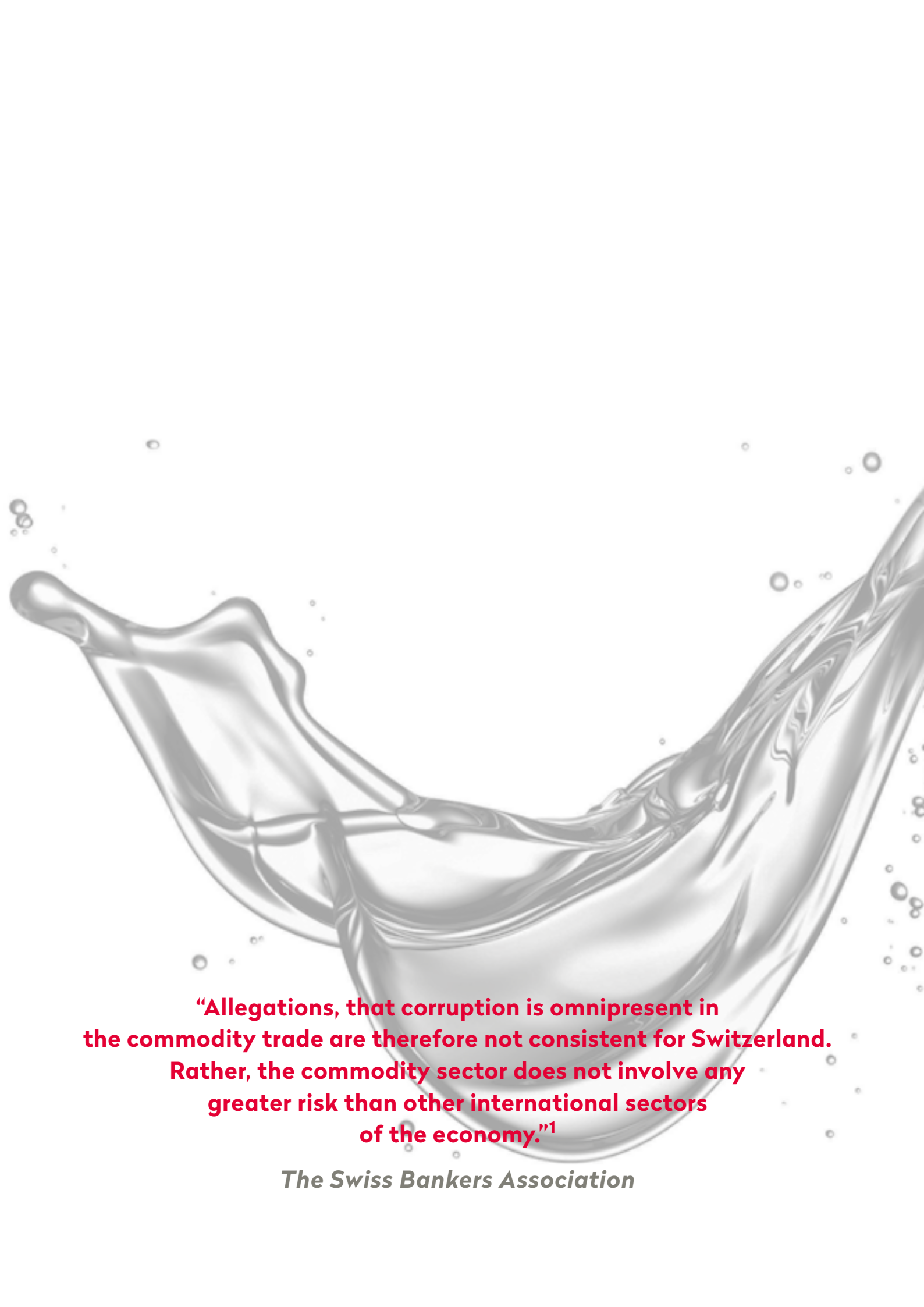
Oil, cash and misappropriation:  
the adventures of  
a Swiss trader in Brazzaville

**Public Eye**

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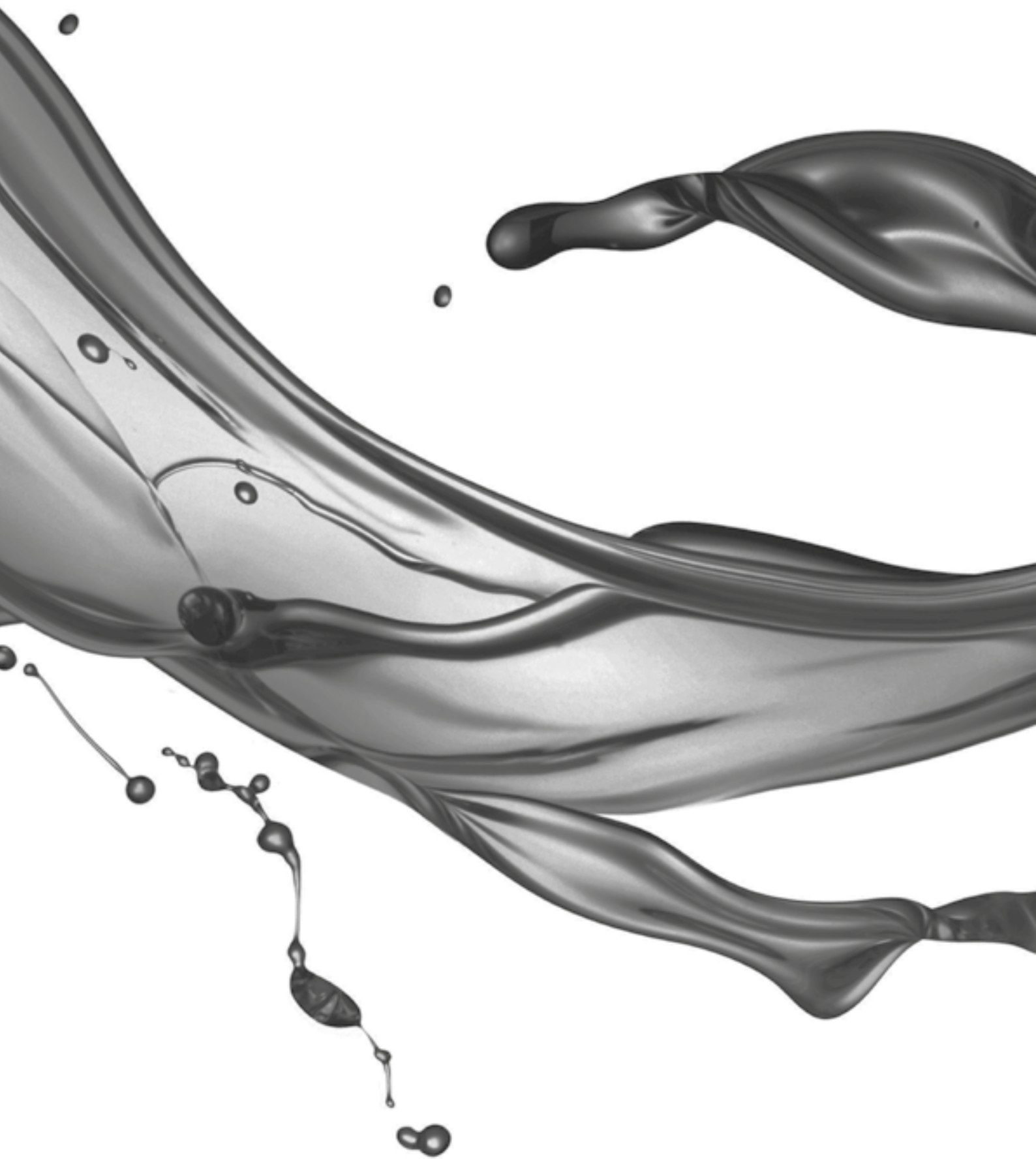
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**“Allegations, that corruption is omnipresent in the commodity trade are therefore not consistent for Switzerland. Rather, the commodity sector does not involve any greater risk than other international sectors of the economy.”<sup>1</sup>**

***The Swiss Bankers Association***



1

# Introduction

**“This is Latin language!...  
It was the motto of the Police superintendant in ancient Rome  
And it means... it means... more or less...  
‘look at who stood to gain from the crime to know  
who committed it!’”**

*Thomson, from Tintin in “Land of Black Gold”*

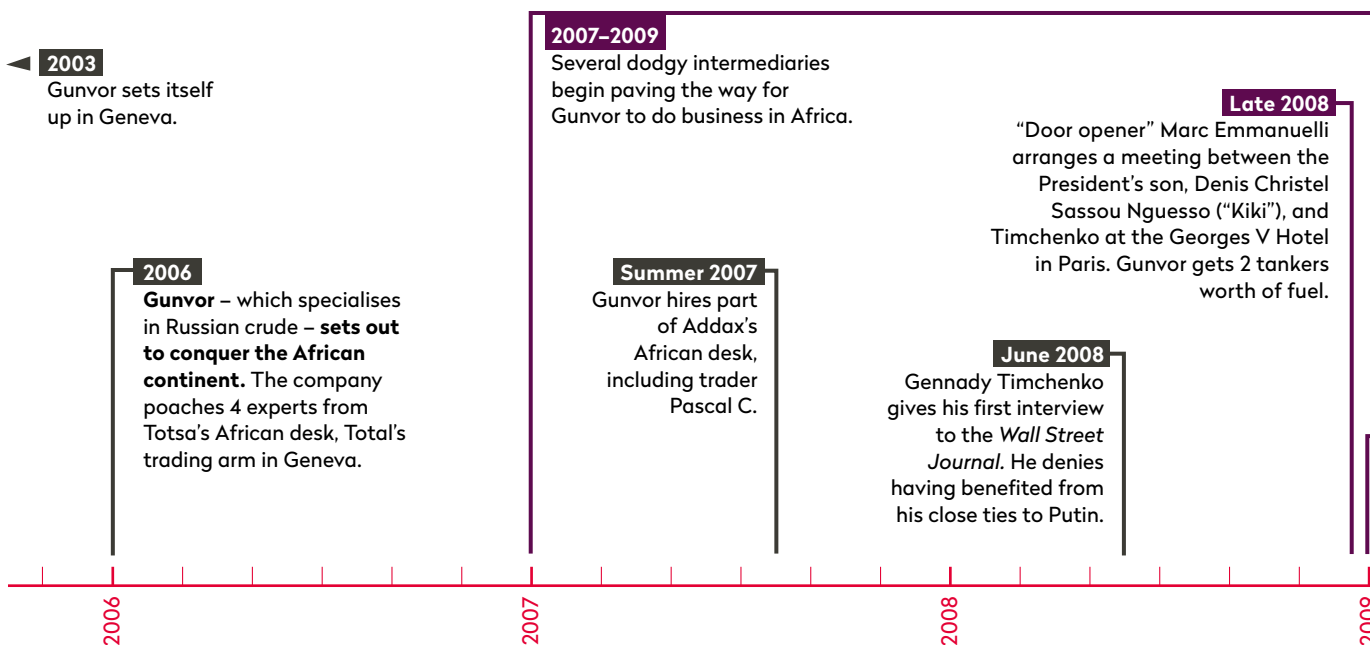
In January 2012, Gunvor employees watched in amazement as federal police searched the company’s headquarters, located at 80–84 Rue du Rhône, in one of Geneva’s most exclusive neighbourhoods. The police officers carried away box after box of documents, and the Africa Desk’s hard drive. Amazing indeed, but then The Office of the Attorney General of Switzerland had just launched criminal proceedings against unknown offenders for “suspected money laundering operations”. This was in connection with allegations of corruption and bribery as part of a major oil deal signed with the Republic of the Congo. This was a country constantly under the spotlight for the embezzlement and mismanagement of its oil revenues. The Swiss bank accounts held with Geneva-based bank Clariden Leu belonging to two intermediaries paid by Gunvor and to a business developer employed by the company were frozen. More than USD 30 million in commissions went in and out of these accounts over a matter of just months. So what was this unusual oil deal all about? And why had the Swiss authorities targeted it?

Between September 2010 and June 2012, Gunvor secured untendered contracts to export 22 tanker loads of crude valued at about USD 2.2 billion. In exchange, the company awarded six loans, known as prefinancing deals, each worth USD 125 mil-

lion, to Congo’s state-owned oil company, *La Société nationale des pétroles congolais* (SNPC). By our estimates, these operations earned the trading company profits somewhere in the region of USD 110 million. In 2011, the most buoyant year for the compa-

**TIMELINE**

■ Gunvor in Congo ■ Asperbras in Congo ■ Diplomatic relations between Congo and Russia



ny's business in Congo-Brazzaville, more than 20% of the group's profits worldwide (USD 327.9 million)<sup>2</sup> came from there. These are huge sums of money for Congo, a country rife with poverty. They are equivalent to more than 20% of its public spending on health in 2011.<sup>3</sup>

## A JUDICIAL SAGA

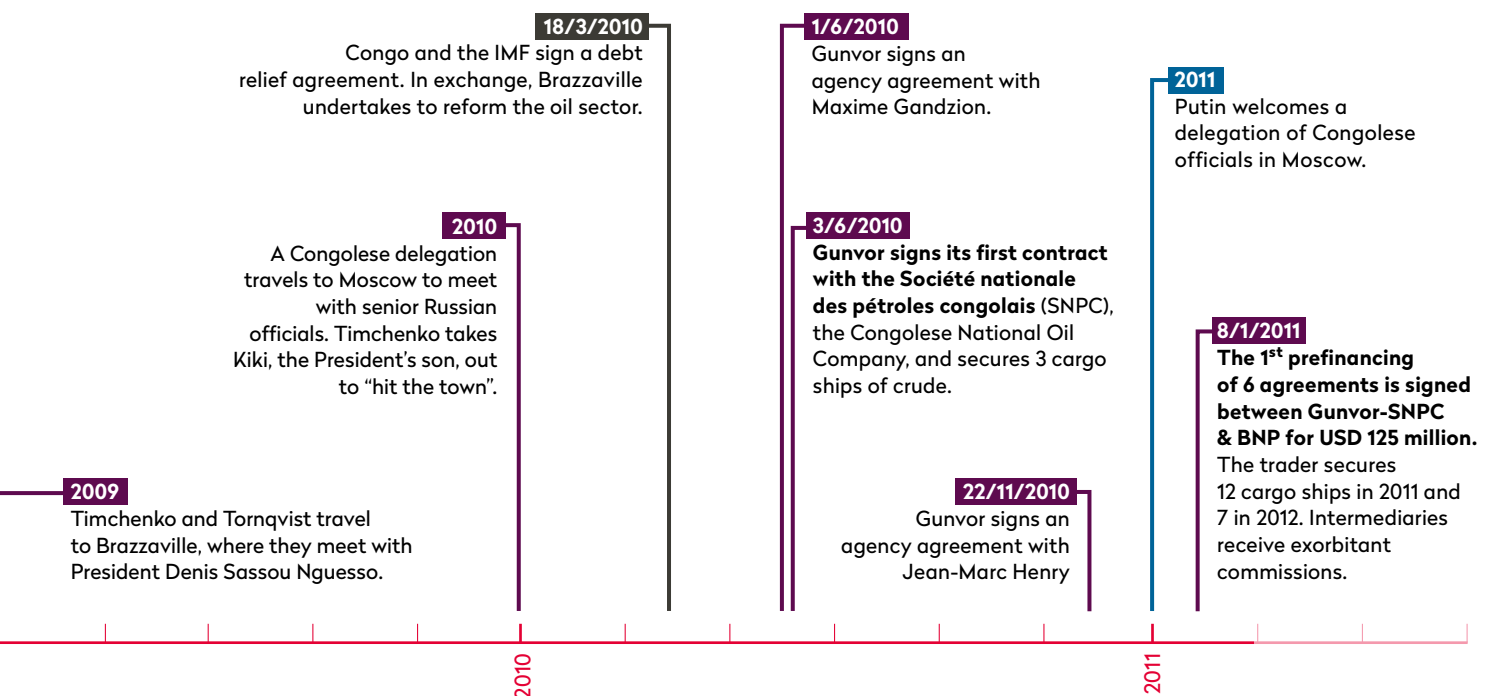
The case, which hit the press only later in July 2012,<sup>4</sup> raises questions about the nature of the world's fourth largest oil trading company, which also happens to be one of the major trading companies headquartered in Switzerland. Several criminal proceedings have since stemmed from this. Almost six years after the main proceedings were launched, the Office of the Attorney General of Switzerland is still conducting its inquiry. Its aim is to ascertain whether bribes were paid to Congolese officials. This hypothesis seems to have been confirmed, according to the elements we were able to gather. The case reached a new level of complexity in late 2012, when the Geneva-based company launched a lawsuit for "fraud" against one of its own employees, already fired on suspicion of having pocketed commissions. The company also attacked one of two "door openers" who had helped to open the Congolese market. But refusing to take sole responsibility for the alleged embezzlement, the former employee responded by suing Gunvor for "false allegations". A fourth case, this time for "money laundering", was opened against the intermediaries who set up the financial circuits to hide the recipients of Gunvor payments. In March 2016, a former director of Gunvor was indicted for "corruption of a foreign public official" in connection with the main case. The Prosecutor began the proceed-

ings on the basis of explosive video footage released in 2014 which showed the man then in charge of "re-conquering" the Congolese market devising a fraudulent scheme. We were able to see this incriminatory piece of evidence. In addition to these four proceedings already under way in Switzerland, there are proceedings under way abroad, namely in Portugal.

## STIRRING UP TROUBLED WATERS

Public Eye (formerly "the Berne Declaration") has spent almost two years investigating Gunvor's Congo activities. On the basis of exclusive documents and testimonies gathered from numerous sources, we have been able to retrace the critical moments as well as the hidden agenda that surrounds this sprawling case. But it was tedious work. The culture of "omerta" is rampant in the trading world, and virtually none of our sources agreed to be named. A tangle of offshore companies in at least fifteen different jurisdictions covered the transactions worth hundreds of millions of US dollars. In these circumstances, exercising modesty is still warranted, since our investigation has probably enabled us to lift the lid only on a small part of this complex case. In any way, we are now able to bring to light unpublished facts on the Gunvor's unsettling business in Congo.

In the first decade of the 2000s, Gunvor mostly sold Russian crude, earning a reputation for itself as a Kremlin friend. Its executives denied this strongly. But how did it make a name for itself under the Brazzaville sun? Our investigation shows that Gunvor used two powerful arguments to enter the Congolese market for crude. The first was financial. Gunvor offered the Congolese authorities an enticing package consisting of the





pre-financing loans outlined above. The second was geopolitical, cashing in on Gunvor's links to Moscow. This was the deal that the door openers proposed to the Congolese: Moscow would sign an economic cooperation agreement with Congo and provide political support in international fora. In fact, Gunvor's two main shareholders organised several meetings between officials from the two countries. And on 31 August 2011, Russia and Congo signed a cooperation agreement, which just happened to benefit companies belonging to Gennady Timchenko, one of Gunvor's two shareholders. It is noteworthy that while the Geneva-based company kept denying having any connection with the Kremlin and showing an uncompromising stance towards the media whenever the link between Gennady Timchenko and Russian President Vladimir Putin was ever brought up, Gunvor representatives were using this very same connection to persuade the Congolese authorities to engage in dealings with them.

### DODGY DOOR OPENERS

In order to establish itself in Congo, a country which perfectly embodies the so-called "resource curse", Gunvor enlisted the services of door openers, whose dubious profile it could not have been unaware of. The trader was zealous to protect itself against legal risk and so took care to embellish the contracts with anti-corruption clauses purely for the sake of appearances. Thanks to these door openers, including an astounding USD 31.9 million in commissions that the company paid to them, it managed to win two oil contracts. The first one, secured in June 2010, involved three shipments of crude. Gunvor signed a sec-

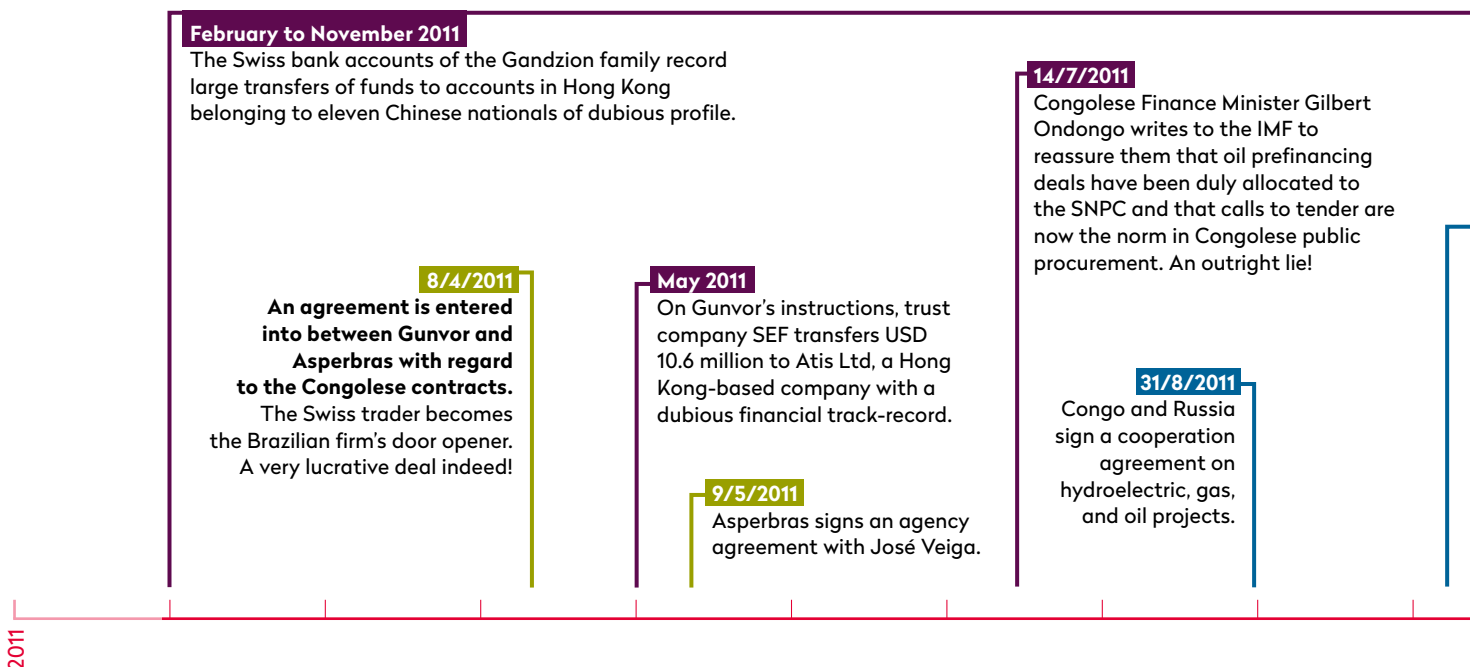
ond contract in January 2011 to export nineteen tanker loads on very favourable terms, which we will explain in detail. That year, the Geneva-based company accounted for more than 20% of oil exports from Congo.<sup>5</sup>

In all these transactions, Gunvor's margins were unusually high. The standard margin is around USD 0.3-0.4 per barrel, but Gunvor enjoyed margins between USD 0.8 and 1.5. At the same time, several million US dollars were transferred from Geneva-based accounts belonging to one of the two door-openers Gunvor had hired to secure the Congolese oil contracts, to Hong Kong. These sums were paid into accounts belonging to companies some of the beneficiaries of which were suspected of having links with Chinese organised crime. Thanks to the good services of a Geneva-based trust company, other large sums of money transferred on Gunvor's instructions evaporated into thin air in a myriad of offshore companies based in Hong Kong and the British Virgin Islands, via a Latvian bank.

### CAUGHT IN THE ACT

But our story doesn't end here. When media broke the news of the Swiss proceedings in July 2012, Gunvor was booted out of the Congolese market and fired its business developer, accusing him of masterminding the illicit scheme. To get back in, the Geneva-based company took extraordinary risks. First, it contacted the son of one of the intermediaries, whose bank accounts had been blocked in Geneva as soon as the proceedings began. It then enlisted the services of an even more dubious character: a Frenchman convicted and questioned on various occasions for financial wrongdoing. Finally, one of its directors, who also be-

■ Gunvor in Congo ■ Asperbras in Congo ■ Diplomatic relations between Congo and Russia



came a business developer, attempted to bribe its way back into the Congolese market and he was filmed while doing so. As pointed out, Public Eye was able to watch the incriminatory video footage dating from 2014. In this sequence, the director, filmed without his knowledge during a business meeting, explained that Gunvor was willing to pay commissions via a Russian company. This is a more discreet way to avoid any “trouble”, he says. “You’ll be hard pressed to find a judge that will want to look into the dealings of a Russian company.” The footage also shows that when Gunvor paid the first two intermediaries to secure the 2010 and 2011 contracts, it expected Congolese officials to receive their share.

An extremely unusual recording, this “masterpiece” is now in the hands of the Office of the Attorney General of Switzerland. The video casts serious doubt on Gunvor’s public claim that it had fallen victim to an employee who was acting without the company’s knowledge and much to the company’s detriment. Even more alarming is the fact that Gunvor is so unafraid of Switzerland’s justice system. Legal proceedings have been launched in direct connection with its activities, but this Swiss-based company continues its questionable practices.

## RAMPANT MISAPPROPRIATION

Our investigation also sheds new light on the Congolese side of this scandal. Money from the prefinancing deals, agreed by Gunvor in exchange for oil shipments, had initially been earmarked for the development of new oil infrastructure. However, these funds eventually financed public procurement contracts valued at more than USD 1 billion, whose awarding led to vari-

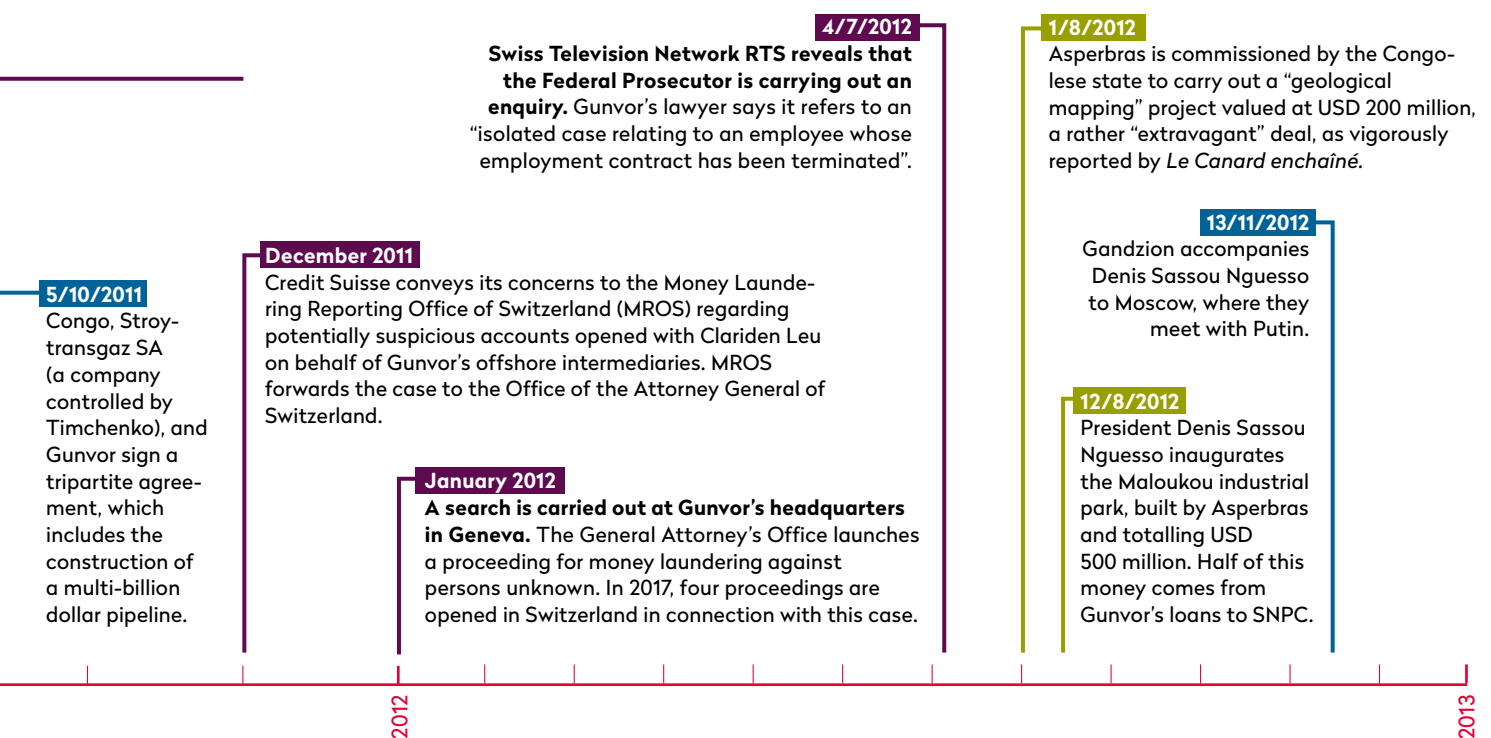
ous suspicious payments. The main beneficiary of these public contracts was a Brazilian company, Asperbras, which billed its services to the Congolese state at prices up to ten times higher than charged in other countries for similar services. Asperbras’ top executives, their representative in Congo, former Portuguese football agent José Veiga and his associates are now under criminal investigation in Portugal for corruption, money laundering, and tax fraud in connection with their activities in Congo. Veiga’s bank had even assumed that he was the “asset manager of Sassou Nguesso”, the Congo’s president.

The prefinancing deals enabled the Sassou clan to invest in operations unrelated to oil, breaching Congo’s commitments to the IMF under the Heavily Indebted Poor Countries (HIPC) Initiative. Public Eye has confirmed that suspicious funds were channelled through Swiss bank accounts. In view of this, in 2014, the Office of the Attorney General of Switzerland sought mutual legal assistance from Portugal. Asperbras had even paid Gunvor for its help with winning contracts in the Congo.

## NO COMMENT

At time of printing this report, the courts have not yet reached any final conclusions. It is not for us to provide legal interpretation of the facts, which we outline here. This task falls instead to the incumbent criminal prosecution authorities, who – as is customary – have refrained from comment on the current proceedings. We respect the presumption of innocence enjoyed by parties to the case.

We have also contacted the main parties to this case to ask them questions which would allow them to take a stance on the



facts we have attributed to them; their answers have been included in this report.

Gunvor, the main actor, has refused to give detailed answers. Instead it offers the general statement that it would like to “correct many of the inaccuracies”, adding that “this is an active legal case and we simply cannot comment”. They also said that criminal proceedings have not been brought against the company itself but against an “ex-employee”. Thus, Gunvor continues to portray itself as a victim, “recognized as a plaintiff” by the Office of the Attorney General of Switzerland.

### A RESOURCE CURSE “MADE IN SWITZERLAND”

The case of Gunvor in Congo is of vital public interest. This country is rich in raw materials, but bad management of its natural resources – and corruption – keep its people extremely poor. As a matter of fact, Congolese citizens own the oil sold by the state company. They have a legitimate right to know the conditions under which the state company is selling their black gold to international traders.

This case is also significant because of the major role played by Switzerland in the international commodity trade.<sup>6</sup> Swiss traders hold dominant positions in African markets. Between 2011 and 2013, for example, Swiss trading companies accounted for about one quarter of the oil bought from the National oil companies of the ten major oil producing countries in sub-Saharan Africa. These purchases amounted to 500 million barrels, or USD 55 billion in round figures, equal to 12 % of these states’ public revenues and double the amount they received over the same period in development aid.<sup>7</sup> These revenues, which are crucial for

the development of these nations, are at high risk of misappropriation, fuelled by the lack of transparency surrounding these transactions.

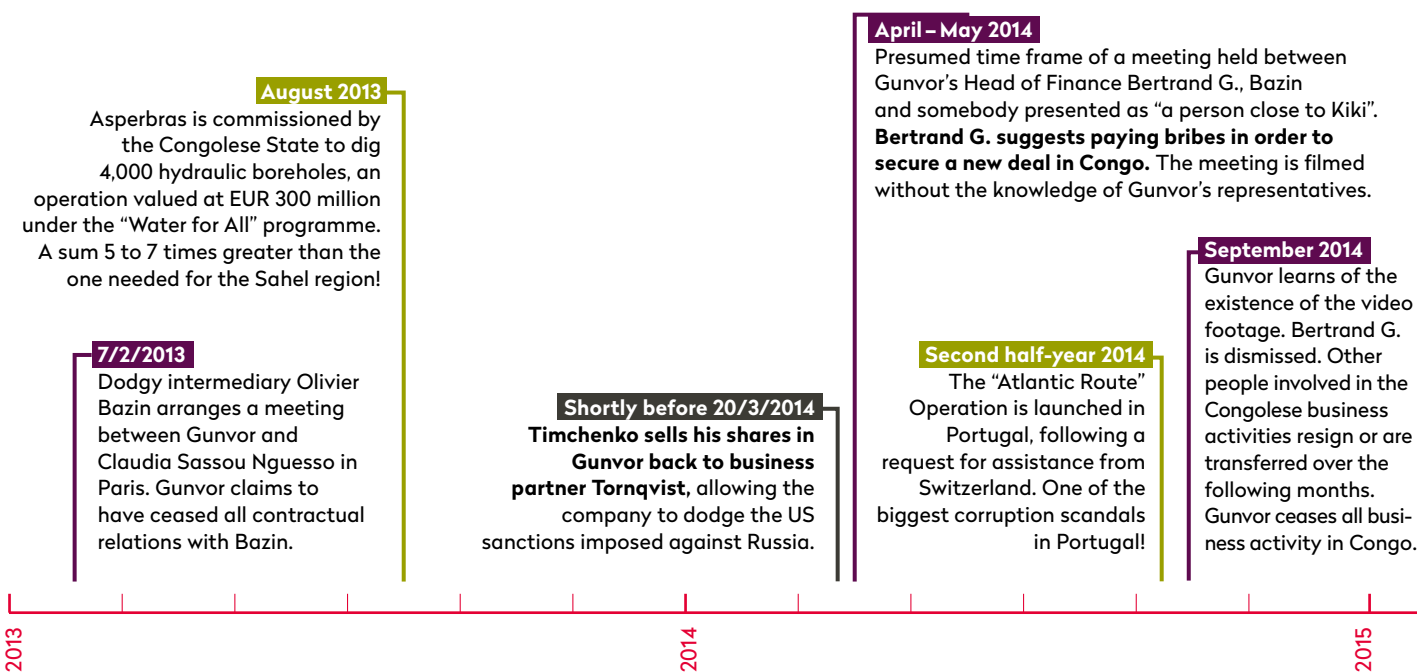
### SWITZERLAND’S LAID-BACK APPROACH

It was back in 2013 that Swiss authorities first acknowledged the commodities sector poses a “reputational risk” to Switzerland, “in particular, where the conduct of companies domiciled in Switzerland should run contrary to the position taken and supported by Switzerland in the domains of development policy, and the promotion of peace, human rights, and social and environmental standards”.<sup>8</sup>

But nothing has been done to regulate in a credible or meaningful way the activities of traders. Acting in the name of Switzerland’s economic competitiveness, Swiss federal authorities have shown an attitude best described as wishful thinking. They essentially hope that companies will “conduct themselves responsibly, and with integrity”.<sup>9</sup> But let us be direct: dodgy business and questionable methods are an integral part of the business model of one of Switzerland’s largest traders. In light of this, the hopes of our federal authorities verge on naivety. Cynicism, at worst.

It is simply unacceptable that we keep hearing the same thing over and over again from these traders, their political representatives, and all the other opponents of regulation, that the risks of corruption are not greater in the commodities sector than in other sectors. Leading the way is the Swiss Bankers’ Association, which denies these well-documented issues: “Allegations that corruption is omnipresent in the commodity trade are

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therefore not consistent for Switzerland.”<sup>10</sup> The Swiss Federal Council is singing from the same hymn sheet. It not only refuses to acknowledge the specific risks present in this sector but goes as far as to say there are “no indications to suggest that there is any widespread abuse of proprietary commodity trading for money-laundering purposes”.<sup>11</sup> The Organisation for Economic Co-operation and Development (OECD) sees it differently, however. It identifies the extractive sector, as the one with the highest risk of corruption, worse than other sectors with a dubious reputation, such as the arms industry and public works.<sup>12</sup> And analysing a sample of more than 100 bribery cases in the extractive sector, it did notice that one case in five took place during the marketing of these resources, that is to say at the very heart of the Swiss companies’ business model.<sup>13</sup>

## MISLEADING ARGUMENTS

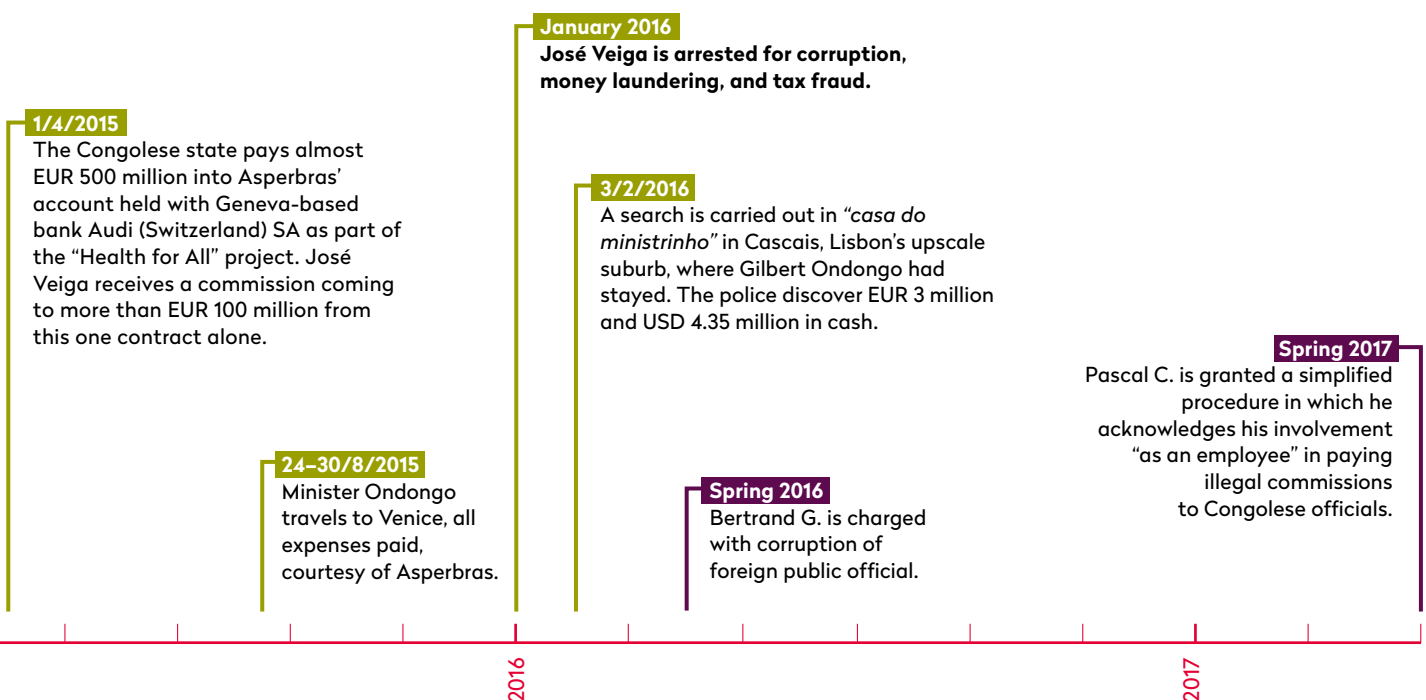
Swiss federal authorities happily boast about the effectiveness of Switzerland’s anti-money laundering system while stating that regulation of the sector would be futile: “To the extent that the financial flows associated with commercial transactions [...] involve financial intermediaries subject to the [Swiss Money Laundering Act], the due diligence obligations can be viewed as having an indirect risk-reducing effect in the areas not subject” to the Money Laundering Act.<sup>14</sup> In short, the commodities trade needs no regulation, because it is monitored indirectly by the banks. This report shows the fallacy of this argument. In this case, misappropriation was not prevented either by the bank that financed Gunvor’s Congolese operations or by the bank that hosted the intermediaries’ Swiss accounts. This case also highlights the problematic role of trust companies, to which

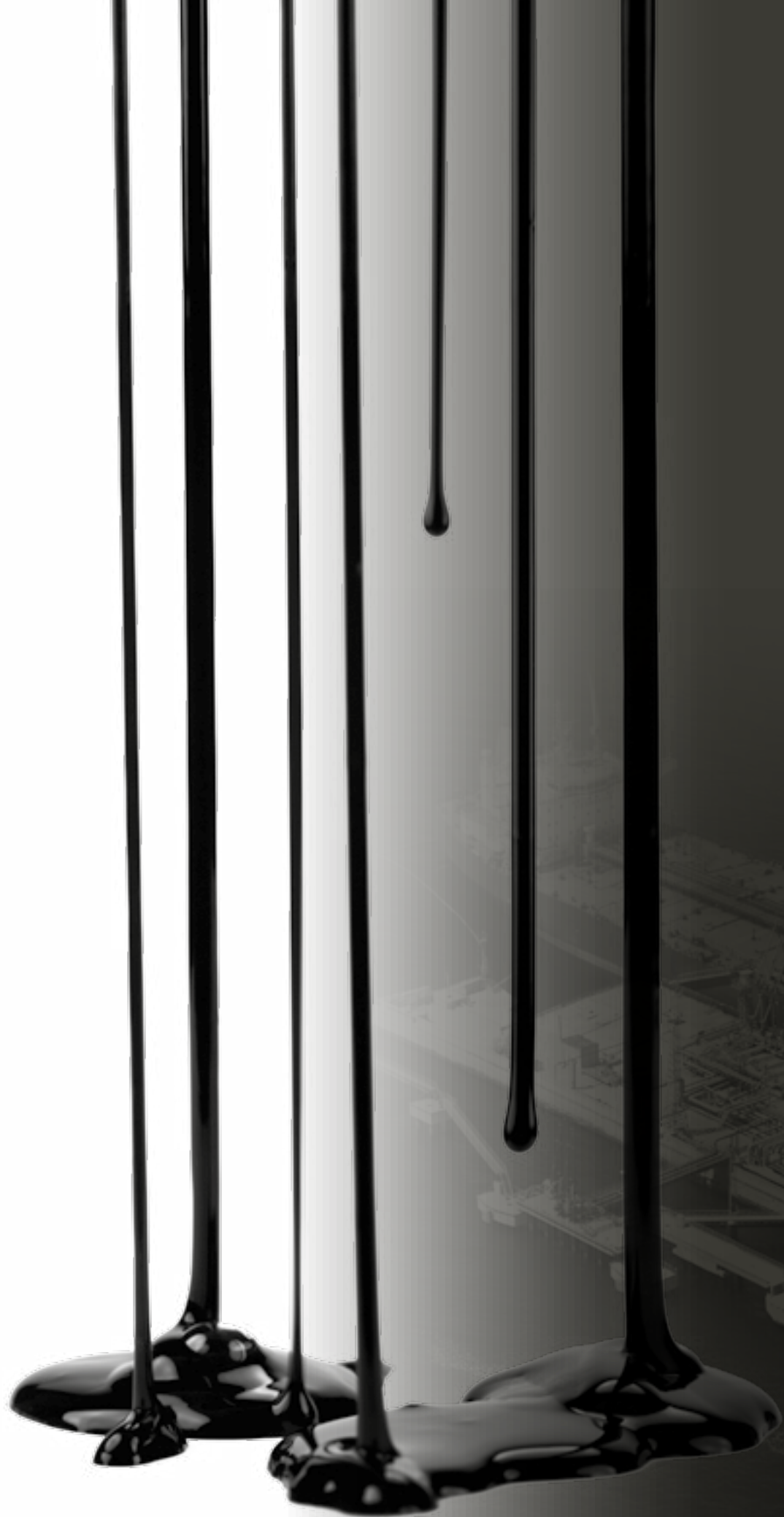
banks often delegate their questionable operations and inadequate checks on money laundering.

Huge marketing contracts for crude oil were signed without any tenders taking place. This was in flagrant violation of Article 28 of the Congolese Code of Public Procurement and was therefore illegal under Congolese law. Did the General Secretary of the Swiss traders’ lobby, Stéphane Graber, really say with a straight face that “commodity trading [sic] wins contracts mainly through commercial public tenders”?<sup>15</sup>

## AIMING FOR A PARADIGM SHIFT

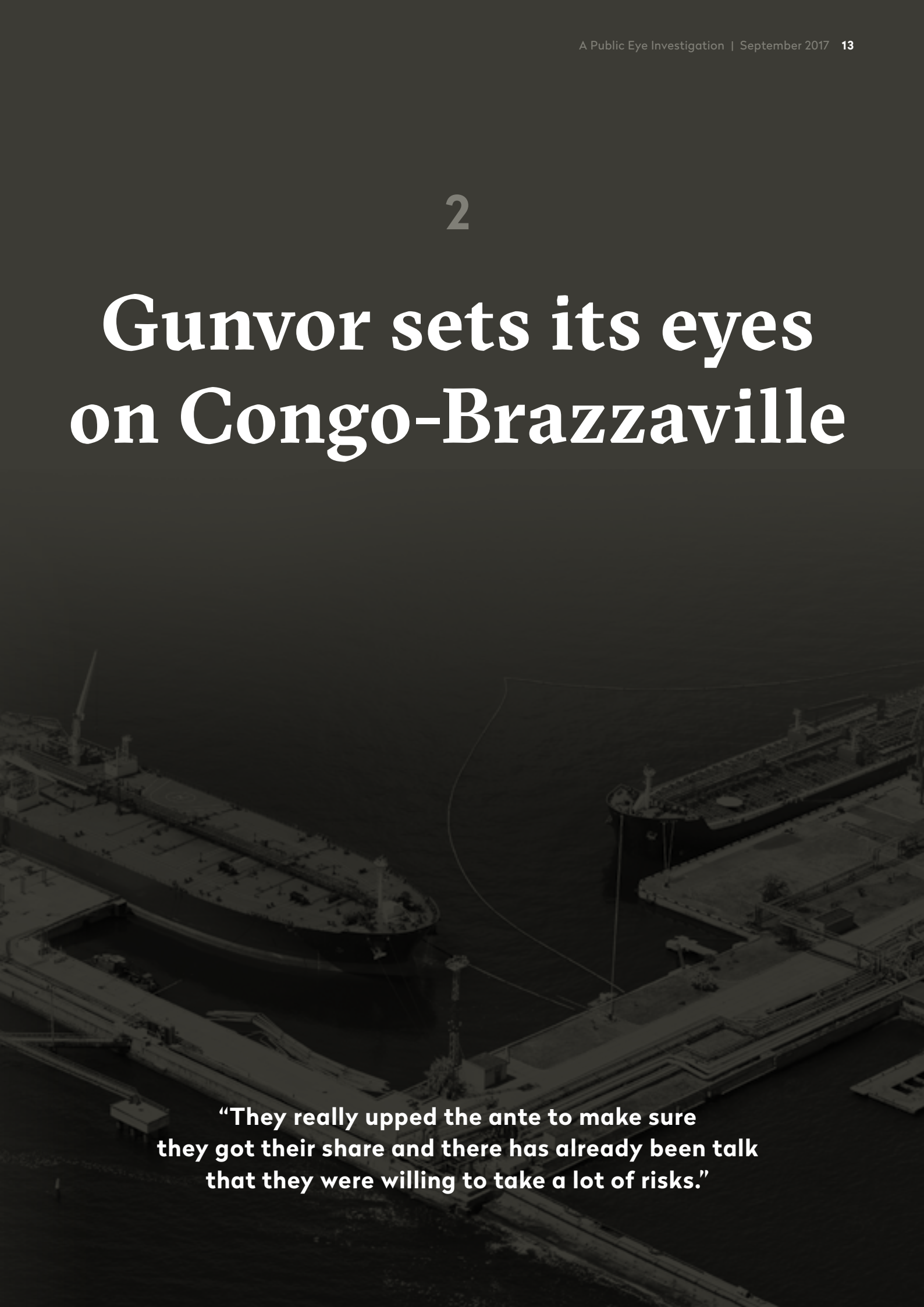
By shining a light on this scandal, we hope to contribute to the much-needed debate on how Switzerland can fight the resource curse. Swiss companies such as Gunvor fuel this curse through their opaque and dubious practices. Surely it is time for Switzerland’s political authorities to put words into action by imposing mandatory measures on the commodities trading sector.





2

# Gunvor sets its eyes on Congo-Brazzaville



**“They really upped the ante to make sure they got their share and there has already been talk that they were willing to take a lot of risks.”**

“Gunvor”. The name remains largely unknown to the general public, and yet this company is the world’s fourth largest private oil trader and one of the largest companies in Switzerland. Based in Geneva, Gunvor’s turnover in 2016 was USD 47 billion. For a long time, Gunvor operated almost exclusively on the Russian oil market. In 2007, for example, less than ten years after its creation, Gunvor was the unofficial trading arm of Russian state-owned giants Rosneft and Gazpromneft, exporting about a third of Russia’s crude.<sup>16</sup> To understand why and how this company set up business in Congo, we must examine its history, and the nature of its ties with Russia.

## 2.1 – THE KREMLIN’S PET TRADER

In 2003, when Gunvor set up its corporate headquarters in Geneva, it was just a small company that had been founded three years earlier by Russian-Finnish tycoon Gennady Timchenko (see his *ID-Card*) and Swedish billionaire Torbjorn Tornqvist, with most of the share capital split between them. Registered in Amsterdam via companies based in Cyprus and the British Virgin Islands (BVI), Gunvor was already buying large amounts of Russian crude from state-owned companies SurgutNefteGaz and Gazpromneft. After setting itself up in Geneva, Gunvor enjoyed a meteoric rise.

At that time, the state-run oil giant Rosneft was recovering the assets of Yukos, a private group that had been owned by Russian oligarch Mikhail Khodorkovsky before its dissolution by Vladimir Putin. This all worked in Gunvor’s favour. Between 2005 and 2007, Gunvor emerged as Rosneft’s preferred trader, marketing between 30% and 40% of the Russian firm’s crude production.<sup>17</sup> In the same period, in just three years, its revenues shot up from USD 5 billion to USD 43 billion, a nearly nine-fold increase.<sup>18</sup> And by 2007, Gunvor was trading one third of Russian oil exports, 60 million tonnes, accounting for 72% of the trader’s dealings.<sup>19</sup> In 2008, these volumes reached 90 million tonnes with turnover of more than USD 70 billion. As late as 2012, marketing Russian oil was still Gunvor’s main business activity.<sup>20</sup>

Various leading media agencies have told of the Geneva-based company’s meteoric rise and wonder to what extent it is related to Gennady Timchenko’s close ties to Vladimir Putin (see box 1).<sup>21</sup> Attempting to dispel any rumours of cronyism, Timchenko gave his first interview to the *Wall Street Journal* in June 2008.<sup>22</sup> When the story came out, Timchenko distanced himself from the Kremlin, reacting on all the articles about his friendship with Vladimir Putin. His press officers insisted on replying to any media, which speculated about the reasons for Gunvor’s

success. Gunvor filed a lawsuit against *The Economist* but reached a settlement and abandoned the lawsuit.<sup>23</sup> Explaining the reasons for his success, Timchenko underlines his long career in oil. The message is clear: Timchenko’s success is based not on political favours, but on the efficiency of the company he founded, especially with regard to logistics, transport, and prices.<sup>24</sup>

Since 2006, Gunvor executives have sought to diversify their business activities and to target new markets in Asia and Africa. On the one hand, they wish to secure other sources of revenue in case the (Russian) goose stops laying golden eggs. On the other hand, when raising funds on international capital markets, they use the goose to reassure investors.<sup>25</sup> To achieve this, they are willing to pay top prices and to employ aggressive tactics.

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In 2007, less than ten years after its creation, Gunvor was the unofficial trading arm of Russian state-owned giants Rosneft and Gazpromneft, exporting about a third of Russia’s crude.

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In 2006, Gunvor recruited four Africa specialists from Totsa, the Geneva-based trading arm of Total Group. In the summer of 2007, the company then poached the best “African” traders in Geneva, enticing them with annual salaries of up to USD 4 million, five times the sector’s average salary. The Africa desk at Addax, a competitor, was decimated, when Gunvor hired five of its best traders. “Everybody knows that they [ed.: Gunvor] are linked to the Kremlin and that their fortunes can change at any moment. This is the price to pay to attract traders,”<sup>26</sup> Addax’s deputy director, Jean-Pierre Carles, told *Le Monde*. His frank statement was understandably tinged with resentment.



**GENNADY  
TIMCHENKO**

Founder of Gunvor  
and friend of  
Vladimir Putin

- > Born in 1952 (same year as Putin).
- > He loves judo and ice hockey (like Putin).
- > In 2003, he treated himself to a property in Geneva valued at CHF 18.4 million (USD 19 million), including an indoor tennis court.
- > In 2017, his wealth was estimated at USD 14.3 billion.
- > Proud owner of a Labrador called Rommie, whose mother is none other than Putin's dog, Connie.
- > For a long time, he was rather touchy about his friendship with the Russian president.

#### TOP QUOTE

**"YOU HAVE TO ANSWER FOR EVERYTHING. EVEN FOR YOUR FRIENDSHIP WITH THE PRESIDENT."**<sup>27</sup>

Competition is tough on the African continent, where other Swiss companies such as Glencore, Trafigura, and Vitol already have strong existing networks. In Geneva's oil circles, Gunvor's entry into Africa has hardly gone unnoticed. "They really upped the ante to make sure they got their share and there has already been talk that they were willing to take a lot of risks", one market player told us. Gunvor tried to establish itself in Nigeria, Angola, and Ivory Coast, enlisting the help of suspicious characters, such as Frenchman Olivier Bazin (*read section 6.2*), but to no avail. These setbacks then pushed Gunvor to try its luck on another very risky but highly coveted market: the Congo-Brazzaville.

## 2.2 – CONGO-B: A CURSED NATION

Congo-Brazzaville is a country that perfectly embodies the resource curse. The fifth-largest producer of crude oil in sub-Saharan Africa, its oil generates 74 % of state revenues.<sup>28</sup> Despite an almost uninterrupted decade of high oil prices up until the summer of 2014, this small nation remains one of the poorest countries in the world, ranked 136<sup>th</sup> out of 188 countries on the human development index.<sup>29</sup> More than half of Congo's 4.6 million population (less than Switzerland) still live in extreme poverty, with incomes below USD 2 a day.<sup>30</sup>

Corruption is endemic in Congo, which in 2016 was lagging in 159<sup>th</sup> place (out of 176) on Transparency International's Corruption Perceptions Index.<sup>31</sup> This corruption seeps through every layer of the Congolese economy, especially the lucrative hydrocarbons sector. The boundaries between business and the civil service are particularly blurred. Denis Gokana, president of the wholly-state owned Congolese National Oil Company, the SNPC, is also the founder of the AOGC group. With the privatisation of large chunks of the SNPC, this group has become the Congo's largest privately owned oil company.<sup>32</sup> In conditions of near-zero transparency, it is not uncommon for the state to award explora-

Box 1

### THE US COMES AFTER GENNADY TIMCHENKO

On 20 March 2014, following Russian annexation of Crimea, the US Treasury put Gennady Timchenko, the oligarch-turned-billionaire, on its sanctions list.<sup>33</sup> At the time, the US Treasury claimed that Vladimir Putin had made "investments" in the trading company and therefore "may have access to Gunvor's funds",<sup>34</sup> a claim flat-out rejected by the company's executives. A few hours before the sanctions came into force, however, Timchenko resold his 43.9% stake in Gunvor to his business partner, Torbjorn Tornqvist,<sup>35</sup> enabling Gunvor to emerge unscathed from sanctions. In 2016, Tornqvist allocated himself a record-breaking dividend of USD 1 billion, which he then used to repay Timchenko.<sup>36</sup> Timchenko's other companies, including his private investment fund (Volga Group), are still on the US Treasury list.

While a Swiss resident, Timchenko consistently played down his ties to Vladimir Putin.<sup>37</sup> But his stance shifted once he returned to his country. In August 2014, talking to the news agency Tass, he acknowledged his twenty-year-old friendship with the Russian president.<sup>38</sup> At about the same time, Vladimir Putin cited the case of Timchenko's wife while expressing his discontent at the effects of US sanctions: due to undergo surgery at a German clinic, her credit card payment had been refused.<sup>39</sup>





Russian President Vladimir Putin invites Congolese President Denis Sassou Nguesso to take a seat. On 13 November 2012, the two men agreed to pursue the bilateral cooperation that was initiated through Gunvor. | © Maxim Shipenkov – Reuters

tion or production licences to companies, which have no obvious added value in terms of know-how or investment.

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Congo-Brazzaville is a country that perfectly embodies the resource curse. Despite an almost uninterrupted decade of high oil prices up until the summer of 2014, more than half of Congo's 4.6 million population still live in extreme poverty.

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The country's leader, President Denis Sassou Nguesso, has ruled the country unchallenged since 1979, except for a brief five-year democratic stint, which ended in 1997 when he took back power by force. His clan seized the oil manna unceremoniously, with his son, Denis Christel Sassou Nguesso (*see his ID-Card*), also known as "Kiki" or "Junior", playing a well-documented role in this respect.<sup>40</sup> Appointed deputy director in charge of the SNPC's downstream operations in 2010, Kiki is also the deputy head of Congo's oil refinery, the *Congolaise de raffinage* (CORAF). In other words, the president's son has full control of Congolese state oil sales, which bring in the bulk of government revenues. It is a sector that is profoundly opaque (*see box 2*). The ruling family's lavish spending came to light as part of the "*Biens*

*mal acquis*" (translated as ill-gotten assets or gains) case investigated by French prosecutors.<sup>41</sup> Their opulent lifestyle contrasts with the extreme poverty experienced by the rest of the country.

But this potentially crime-inducing environment never deterred the traders. With a taste for Congolese crude, they jostle at the gates of Congo. Swiss companies Glencore, Trafigura, and Vitol were playing the Congolese markets just as Gunvor was using every possible means to get in.<sup>42</sup>

### 2.3 – HOW GUNVOR GOT ITS FOOT THROUGH CONGO'S DOOR

From 2007 onwards, Gunvor established relations with several intermediaries seeking to open the doors into Congo-Brazzaville. Pascal C. (*see his ID-Card*), a "business developer" poached by Gunvor from its competitor Addax, was responsible for handling these "door openers". Using external consultants is a common practice in this sector. They act as facilitators, using their privileged contacts to help secure the contracts. And, signing a service agreement with the company, they are paid according to results (*see box 3*).

In 2007, when Gunvor set out to conquer the Congolese market, it did not have a compliance department, as far as we know. Rather, it was the Risk Management Department that took care of agency agreements, checked the invoices and approved their payment.



**DENIS CHRISTEL  
SASSOU NGUESSO**

Kiki,  
"the President's son".  
The man who  
controls Congolese oil.

- Deputy of Oyo, Daddy's safe seat.
- Deputy Director General in charge of downstream oil at the SNPC and Deputy Director of CORAF.
- He carries out his philanthropic activities through the "*Fondation Perspectives d'avenir*" (Future Prospects Foundation)
- Passionate about luxury, exotic jurisdictions, and squandering of public goods.
- Lavish spending: he's bought himself a EUR 22,160 Dubail watch in Paris and shirts with gold cufflinks and gemstones for EUR 257,000; he's squandered EUR 402,000 at Villa Paris, a luxury tile designer. He owns seven cars (Porsche, Maserati, Bentley, etc.) that we know of; has invested EUR 8 million in the renovation of an apartment in Paris and a mansion in Neuilly. He recklessly spent hundreds of thousands of dollars via a credit card linked to a trust company in Hong Kong (2005–2006).

#### TOP QUOTE

**"MORE IMPORTANT EVEN THAN BEING THE PRESIDENT'S SON, I AM FIRST AND FOREMOST A CONGOLESE CITIZEN."**<sup>43</sup>

At the time, Gunvor did not seem to care much about the integrity of its motley crew of door openers, all of them jostling for position. Some were active in the oil sector, while others had political connections in Congo. All claimed they could persuade the Sassou Nguesso family to do business with Gunvor. And so, between 2007 and 2009, a parade of no fewer than six door openers, often of dubious reputation, succeeded each other. Lucien Ebata, for example, the founder of the trading company Orion, whose Swiss headquarters was run by Philippe Chi-

#### Box 2

### SNPC: THE OIL ARM OF THE CONGOLESE STATE

The *Société nationale des pétroles congolais* (SNPC), the Congolese National Oil Company, was established in 1998 to sell oil on the international market on behalf of the Congolese state. Under production-sharing agreements (PSAs), the state shares oil revenues with the foreign companies that extract Congo's oil. The most significant of these companies is the Total group, whose Congolese subsidiary Total E&P accounted for nearly 60% of Brazzaville's production at the end of 2011.

In return for their investments, the extractive companies receive a share of the production in kind ("cost oil"). After deducting the fee due to Congo ("tax oil", also paid in kind), the remaining oil production ("profit oil") is shared between the extractive company and the state by applying the terms specific to each PSA. The higher the barrel price, the greater the share given to the state, since the oil companies are able to recoup their costs more quickly.

For every 100 barrels produced in late 2011, some 15 went to the state under the fee, 50 went to the extractive company, and 35 were shared between the two parties. In the same year, SNPC sold about 150,000 barrels a day, equivalent to nearly 50% of domestic production, valued at about USD 5 billion. Between 2011 and 2013, these revenues represented at least 68% of state revenues.<sup>44</sup>

Congo uses about 5% of its crude production for domestic needs. The oil is refined by *Congolaise de raffinage* (CORAF), the Congolese refining company, a wholly owned subsidiary of SNPC.

Between 2010 and 2012, when oil prices were high, the production-sharing agreements meant that SNPC received 5 to 6 ships per month. With oil prices lower today, this "state share" has dropped sharply to as little as 1 or 2 tankers per month.

roni, a man later convicted in San Marino and prosecuted in Switzerland for placing the allegedly illicit assets of the Sassou Nguesso clan in offshore locations across the world.<sup>45</sup>

Only one of these intermediaries enabled Gunvor to secure a small contract. This was Marc Emmanuelli, a Franco-Lebanese businessman, who had been living in Congo-Brazzaville since 1982. Since 2009, Emmanuelli had been running a company, Corporate Location Services (CLS), which according to *Africa Intelligence* had been set up by one of the president's daughters,

the late Edith Sassou Nguesso. It held “a near monopoly on rental of villas and luxury sedans in the oil-producing town of Pointe Noire”.<sup>46</sup> According to information published on a Congolese blog, Emmanuelli was reputedly close to the president’s nephew too, Edgar Sassou Nguesso,<sup>47</sup> who was responsible for the presidential estate and widely quoted in connection with the French court case known as “*Biens mal acquis*” (meaning “ill-gotten assets or gains”).<sup>48</sup> In an interview,<sup>49</sup> Marc Emmanuelli also admitted to interact with the “*Fondation Génération Avenir*”, linked precisely to Edgar Sassou Nguesso and registered in Geneva since 2008. Emmanuelli’s LinkedIn profile, later erased, even described him as the official representative for Gunvor Petroleum Congo SAU, a company wound up in 2011 but referred to in a Gunvor document.<sup>50</sup>

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And so, between 2007 and 2009,  
a parade of no fewer than six door openers,  
often of dubious reputation,  
succeeded each other.

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To the best of our knowledge, Emmanuelli began talks with Torbjorn Tornqvist, Gunvor’s big boss, and organised a meeting with “Kiki” at the Georges V Hotel in Paris in late 2008. Despite his best efforts, however, Emmanuelli secured “only” two cargo



**PASCAL C.**

Gunvor’s business  
developer

- > Belgian national born in the Democratic Republic of Congo.
- > A maritime law specialist at Addax, then from 2007 an Africa prospector for Gunvor.
- > Lives in Geneva, on Lake Geneva’s upmarket left bank.
- > Publicly depicted by Gunvor as a “crooked employee”.
- > Requested a simplified procedure in which he acknowledges his involvement “as an employee” in paying illegal commissions.

ships with CORAF fuel. This was not the crude contract that Gunvor’s bosses were hoping for. Things only became serious with the arrival of two new intermediaries, who helped Gunvor to secure its first substantial contract in 2010.

## 2.4 – THE HENRY & GANDZION DOUBLE ACT ENTERS THE SCENE

Jean-Marc Henry and Maxime Gandzion (*see their ID cards*) succeeded where all others had failed. Little is known about Jean-Marc Henry. According to several sources, he appears to have owned a security company in the 2000s, in the south of France. His records can be traced back to the French companies’ registry where he appears as director of a security company established in 2007 in Montpellier.<sup>51</sup> Apparently, he had developed a significant network of VIPs, politicians, and businessmen in Africa, including in Congo-Brazzaville. According to our sources, he knew both Gilbert Ondongo, Congo’s finance minister at the time, and Jean-Jacques Bouya, the public works minister. He allegedly worked for Gunvor on oil transactions in Syria, Yemen, and Sudan. Since 2012, when his name first appeared in the press, a multitude of websites have emerged, which present him variously as an Africa expert, oil specialist, and philanthropist.<sup>52</sup>

Maxime Gandzion is also well-connected to Congo’s ruling family. He is a former Total executive, who presents himself as a “reputable expert”,<sup>53</sup> director of Prevail Energy Congo, and ex-adviser to former Gabonese president Omar Bongo. Accord-

Box 3

### USING “CONSULTANTS” TO OUTSOURCE DODGY PAYMENTS

In trader jargon, a “service agreement” is a contract in which an intermediary is paid for his services. A trading company usually enters into a “service contract” before securing contracts for oil. Paying commissions to “door openers” may be legal, but paying foreign public officials (government servants or decision-makers who, because of their position, have the ability to influence the award of a contract) is strictly prohibited under the Convention on Combating Bribery of Foreign Public Officials (1997) and the United Nations Convention against Corruption (2003). Switzerland has ratified both these agreements and incorporated them into national law.<sup>54</sup>

The role of “business getters” or “door openers” has been extensively documented in the secondary literature on corruption in the oil sector.<sup>55</sup> In a recent OECD study of 130 cases of corruption in the natural resources sector, such intermediaries had played a role in 49 cases.<sup>56</sup>



**JEAN-MARC HENRY**

Gunvor's  
star intermediary I

- > He presents himself alternately as an Africa specialist, oil specialist and/or philanthropist.
- > He likes to throw his weight around powerful people: he used to own a security company in Montpellier.
- > He has allegedly worked for Gunvor in peaceful corners of the world such as Syria, Yemen, or Sudan.
- > He lives in Morocco.
- > He also likes to surround himself with big fish, such as ministers Gilbert Ondongo and Jean-Jacques Bouya.

#### TOP QUOTE

**"AFRICA MUST GET RID OF CORRUPT AND VIOLENT REGIMES."<sup>57</sup>**

ing to a US Senate report, he once received a commission linked to arms purchases by President Bongo.<sup>58</sup> Originally from a well-known family in Brazzaville, Gandzion's father was Minister for Education in Congo-Brazzaville's first independent government led by Fulbert Youlou (1960–1963), and was reputedly close to the Nguesso clan. It is even said that Denis Christel Sassou Nguesso, the president's son, and his sister Claudia, now in charge of the Communication Office for the Congolese presidency, lived in Gandzion's Gabon home, when Pascal Lissouba, Congo's only democratically elected president, was in power between 1992 and 1997.<sup>59</sup> Gandzion is also a member of the board of trustees of the "Congo Assistance" foundation, the charity run by First Lady Antoinette Sassou Nguesso and supported by wives of prominent Congolese public figures.<sup>60</sup> When asked by Public Eye, Denis Christel Sassou Nguesso said his relationship with Maxime Gandzion – "special adviser to the president" – was "strictly professional". However, he was not able to say when Gandzion was actually appointed.

Gandzion is one of the directors of Prevail Energy Congo, a

company incorporated in the British Virgin Islands (BVI) and owned by two other offshore companies: another BVI-based firm (51%) and Belize-based Petrolia E&P SA (49%).<sup>61</sup> The latter holds an account with Swiss bank Clariden Leu. This is the account into which the eight-figure commissions for Gandzion's intermediary services while acting on behalf of the Geneva-based trader were allegedly paid (*read chapter 5*).

Gandzion's relationships with the ruling family must have

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When asked by Public Eye, Denis Christel Sassou Nguesso said his relationship with Maxime Gandzion – "special adviser to the president" – was "strictly professional".

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paved the way for Prevail Energy Congo to acquire 20% interests in Zingali, a productive and highly political oil field, together with SNPC (60%) and Ivorian state-owned company Petroci (20%).<sup>62</sup> In 2011, Gandzion sold about USD 8 million worth of oil from Zingali. It is not clear whether Prevail was required to invest in Zingali in order to be entitled to this.

The Gandzion-Henry double act was thus perfectly positioned to help Gunvor secure major oil deals. According to the documents we consulted, the trading company employed Gandzion as a consultant from 1 June 2010 via Petrolia E&P, signing the agreement two days before the first crude contract between Gunvor and SNPC was signed. Jean-Marc Henry's role was important enough for Gunvor to enter in another "service agreement" with him. It was signed on 22 November 2010, merely a few weeks before Gunvor landed the deal of a lifetime in January 2011. The agreement was made via the Maltese company Armada Trading. Like Petrolia this offshore company had a Swiss bank account with Clariden Leu.

According to our sources, Maxime Gandzion and Jean-Marc Henry have clearly defined roles. Jean-Marc Henry former Congolese ministers Gilbert Ondongo and Jean-Jacques Bouya, takes care of logistics, and ensures implementation of oil contracts and prefinancing deals. Maxime Gandzion, on the other hand, is responsible for "opening the doors to the Congolese Presidency", where the real decisions are made. Henry and Gandzion have paved the way for Gunvor to succeed in Congo. It remains to be seen which arguments will be used to persuade Congo-Brazzaville to sell its oil to Gunvor. To do this, the Geneva-based company played two trump cards: one is political, the other financial.

## 2.5 – GUNVOR PLAYS TO ITS STRENGTHS

The first card that Gunvor put on the table was to play matchmaker between the Kremlin and Congo-Brazzaville. In this way, Moscow would support Brazzaville, which was diplomatically quite isolated. It would also enter into economic cooperation agreements. As one source close to the case explained, the aim



**MAXIME  
GANDZION**

Gunvor's  
star intermediary II

- Son of a Minister in Congo's first post-independence government.
- Always good at giving advice! He served as an adviser to Gabonese head of state Omar Bongo and subsequently rendered services in a "special" capacity to Congolese president Sassou Nguesso.
- He knows how to choose his guests: he lodged Kiki and Claudia Sassou in Gabon when their father had been provisionally and democratically removed from power in Congo (1992–97).
- He is on the board of the Congo Assistance Foundation, together with the First Lady.
- He owns offshore companies all over the world.
- He generously transferred part of the sums received from Gunvor to mysterious Chinese.

was to sell Gunvor's "Russianness", showing how the firm had access to the highest echelons of power in Moscow. A second source said the idea was to persuade the Congolese that by aligning themselves with a "structure discreetly controlled by Putin", they would see "the doors to Russia's economic cooperation agreements open" in front of their eyes. Moscow would pledge to defend Congo-Brazzaville at the UN, "guaranteeing protection at the Security Council level". This second source

pointed out that "none of Gunvor's competitors had proposed such a scheme involving a geopolitical approach". The first source stated that "this strategy explains why Torbjorn Tornqvist and Gennady Timchenko became so involved. Several delegations of Congolese officials went to Moscow to negotiate cooperation agreements."

Although he remained one of Gunvor's two main sharehold-

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The aim was to sell Gunvor's "Russianness", showing how the firm had access to the highest echelons of power in Moscow.

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ers, Timchenko was at that time no longer involved in its day-to-day business. For Gunvor to become a privileged partner of Congo-Brazzaville, however, he was very much active behind the scenes. In 2009, he travelled to Brazzaville with Torbjorn Tornqvist, Gunvor's other founder and main shareholder, to meet with President Sassou Nguesso. "This was the first time Mr Timchenko was going to Africa. He does not usually get involved in the operational side of things, but given the size of the contract and its political implications, he felt compelled to attend the meetings", says the first source. According to Gunvor, such summit meetings are commonplace when an oil trading company and a state enter into large contracts.<sup>63</sup>

Torbjorn Tornqvist follows Gunvor's Congo activities closely too. According to our sources, he has met several times with President Sassou Nguesso, travelling to Congo on four occasions between 2009 and 2011, together with Jean-Marc Henry, Maxime Gandzion, and Pascal C., before the oil contract was signed.

Our sources say that at a meeting where Mr Timchenko was present, the Congolese potentate expressed an interest in "political support" from Vladimir Putin and Russia. He was aware that his regime was increasingly isolated in the West, tainted by corruption scandals, and entangled in public debt. So the idea of a Russian-Congolese cooperation agreement around the oil contract that Gunvor so desired and that would seal the political alignment with Vladimir Putin came to life.

We have pieced the rest of the story together: In 2010, Gennady Timchenko then took Denis Christel Sassou Nguesso, son of the Congolese president, to Moscow in his private jet. While "hitting the town", the president's son, also known as "Kiki", met up with Russia's energy minister, Sergei Shmatko, as well as the bosses of Russian energy giants Rosneft, Novatek, and GazpromNeft. Maxime Gandzion, Torbjorn Tornqvist, Stéphane Degenne (head of Gunvor's African Desk), and Pascal C. were also present. The purpose of the visit was to prove to the Congolese officials that Gunvor was on first name terms with top Russian officials and that it could persuade Moscow to invest in Congo-Brazzaville.

Gunvor certainly seems to have had a fair amount of influence in Russia. On 31 August 2011 in Moscow, Russia and Congo signed an intergovernmental agreement on economic coop-

eration focusing on the energy sector. The Congolese delegation, including Denis Christel Sassou Nguesso, Maxime Gandzion, Jean-Jacques Bouya (Congolese Minister for Public Works) and Jerome Koko (Managing Director of the SNPC), was welcomed to Russia by President Putin. Under the terms of the cooperation agreement, Russia would support at “state” level the Russian and Congolese companies involved in construction and modernisation of Congo’s oil infrastructure.

Timchenko’s efforts helped secure another contract for one of his companies, Russian oil pipeline construction company Stroytransgaz. Public Eye was able to see a copy of a letter sent by Russian Minister for Energy Sergei Shmatko to Jean-Jacques Bouya, on 16 March 2012. In that letter, Shmatko confirms Russian support for the construction of a USD 1 billion pipeline and more, to be financed by sales of crude oil to Gunvor. The letter refers to the proposed “Pointe-Noire-Brazzaville-Oyo Pipeline, two hydroelectric generating stations, and other works where appropriate”. The pipeline project spanned 450 kilometres and involved both Stroytransgaz and Gunvor, “the top company in the energy sector”. The Russian Minister also referred to a Memorandum of Understanding signed by the Republic of Congo, Gunvor, and Stroytransgaz, on 5 October 2011. Shmatko ends the letter by proposing that a Russian delegation presents the pipeline project in Congo, together with representatives of Stroytransgaz and Gunvor. The project was expected to cost more than USD 1 billion. Financed by Gunvor’s crude oil purchases, the construction of this pipeline received the “support of the Russian Federation”, which saw it as a “positive sign of the bilateral economic cooperation” between the two countries.

The nature of this agreement is even more striking given

tion, a bank provides capital to the trader, which lends it to the national oil company. The trader also acts as guarantor in the event of any default. And so the trader becomes a banker. As the next chapter will show, this kind of operation is risky but very lucrative. It can also be risky for the oil-producing country that borrows, since its ability to repay relies on oil prices.

By playing both the political and financial cards, Gunvor came out on top. The firm finally won its dream oil contract – the culmination of its diversification strategy. Between September 2010 and June 2012, Gunvor secured untendered contracts from Congo to export a total of 22 tankers worth of crude valued at about USD 2.2 billion. In exchange, the company awarded six prefinancing deals worth USD 125 million each to the *Société nationale des pétroles congolais* (SNPC). Gunvor pocketed huge margins on its trading transactions and increased its profits via the loans issued to Congo. The next chapter shows how Gunvor hit the Congo jackpot and details the profits made of its Congolese affairs.

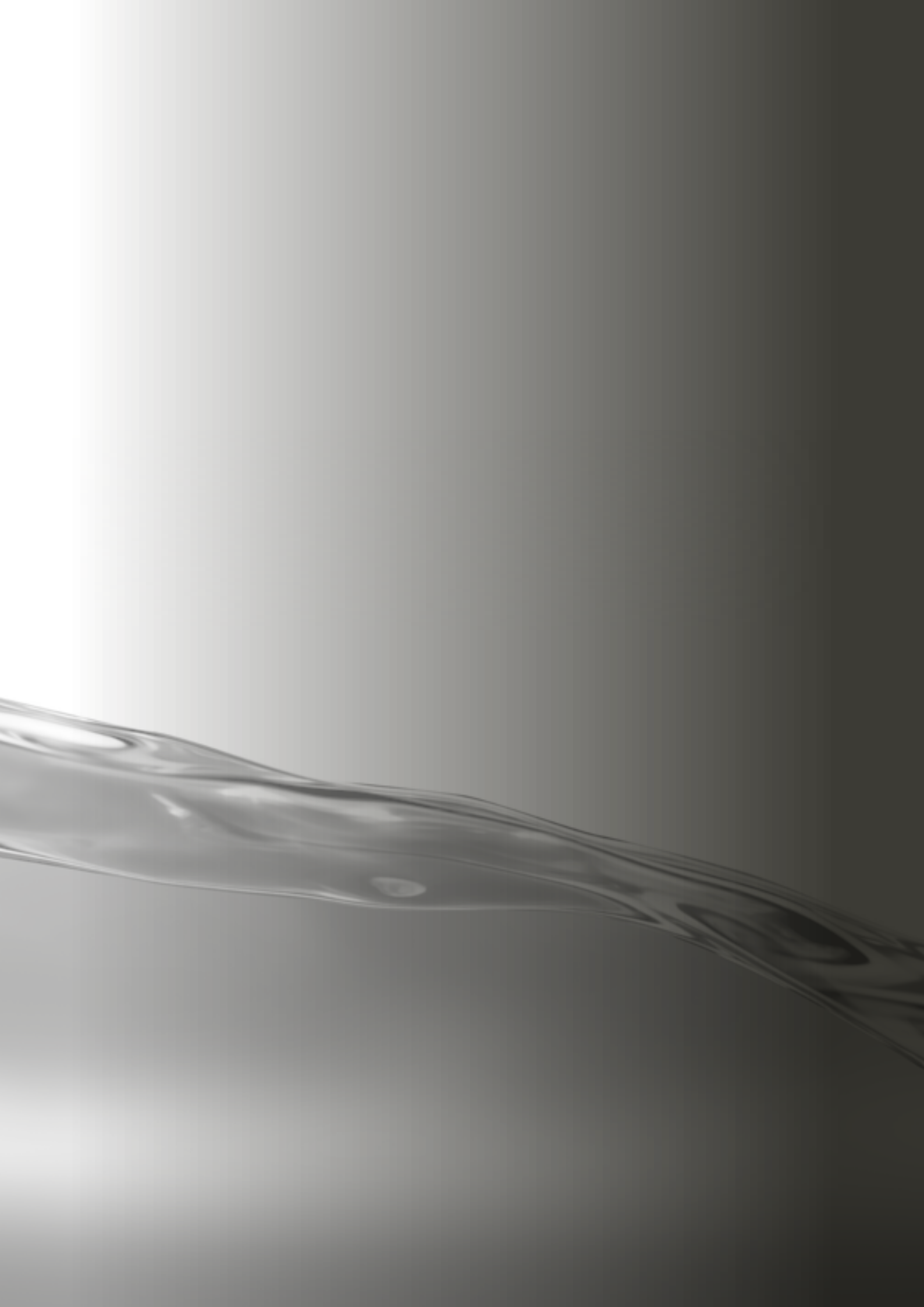
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“This was the first time  
Mr Timchenko was going to Africa.”

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that while Gunvor was presenting itself in Congo as Vladimir Putin’s oil arm, company executives were publicly denying all links to the Russian president. In July 2008, they said: “Gunvor and Gennady Timchenko reiterate here that they have no links of any kind to Vladimir Putin, let alone any ties of privileged nature with the former President of Russia.”<sup>64</sup> The enormous gap between their public statements and proclamations to Congolese authorities demonstrates Gunvor’s slippery relationship with the truth. When we asked Gunvor about this, we received no reply.

The second card that Gunvor put on the table was financial. The trader enjoyed access to credit facilities with the major banks active in trade finance. The group proposed to the Congolese authorities an oil-backed loan, a form of mortgage on future deliveries of black gold, known in the trade as “prefinancing” deals or “prepayments”. In the world of commodity trading, this is a classic way of winning trade contracts, since firms often operate in countries where creditors are distrustful and where countries are looking for liquidity at affordable rates. In this type of opera-



# 3

# Welcome to Congo



**“The lack of competitive bidding and the extent of the margins that the traders realise explain why we stopped financing operations in Congo.”**

*The head of trade finance  
at a major Geneva-based bank*



Attempting to penetrate the Congolese market is tantamount to entering an obscure underworld, where manipulation and misdemeanour are commonplace. The price of oil, the government’s main source of revenue, is a well-kept secret discussed behind closed doors between the state company and the main actors. And it is here, in this turbulent context, that Swiss giant Gunvor thrived, establishing itself as a privileged partner of the SNPC and making substantial profit. Using unpublished information and by painstakingly going through the testimonies, examining the contracts, and doing the calculations, we have for the first time estimated these profits.

### 3.1 – APPETISERS AND MAIN COURSE

Gunvor and the SNPC signed their first crude oil marketing agreement on 3 June 2010. Then, in October, November and December 2010, the company “lifted” three shipments of Djeno oil, the main crude marketed by the state company. The three shipments were merely an appetiser. The main course came in January 2011 with a contract that resulted, over the following months, in the lifting of an additional 19 tankers of crude oil, each worth some USD 100 million. This procession of tankers ended in the summer of 2012, when the Swiss investigation made headlines.

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“Congo is a sovereign state that has the legal standing to choose who it does business with, as all countries do, all of which is done in a thoroughly transparent and legal manner.”  
*Denis Christel Sassou Nguesso*

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Contrary to provisions in Article 28 of the Congolese Code of Public Procurement, no call to tender had been issued, for any of the 22 cargoes. Even if they bore the signatures of Congolese officials, the contracts between Gunvor and the SNPC were illegal under Congolese law. When Public Eye asked Gunvor for comment, the company said nothing. For his part, the president’s son, Denis Christel Sassou Nguesso, who signed the agreement with Gunvor, simply said that Congo was “a sovereign state that has the legal standing to choose who it does business with, as all countries do, all of which is done in a thoroughly transparent and legal manner”.

Before Gunvor could boast about its exploits, SNPC asked for prepayments, a prerequisite for the second oil contract to materialise and reach new dimensions. According to our information, this request came from the president of SNPC, Denis Gokana, who had supposedly brought the cash needs of the state company to the fore. Cashing in on its solid financial standing and good reputation, Gunvor soon found a financing bank: BNP Paribas through its commodities and energy division. The operation was complex to set up but turned out to be very lucrative. Gunvor reaped juicy profits from both its trading operations and prefinancing deals.

### 3.2 – PREFINANCING DEALS: GUNVOR’S MULTI-MILLION, MONEY-MAKING MACHINE

Between January 2011 and September 2012, Gunvor and the SNPC signed six prefinancing agreements, officially known as “trade prepayment agreements”, each worth USD 125 million for a total of USD 750 million.<sup>65</sup> According to a source close to the case, in four of these loans BNP Paribas pledged USD 95–100 million while Gunvor furnished the remainder. As far as we know, Gunvor financed the other two loans itself, which enabled the Swiss company to maximise profits. The trader thus acted as a bank without being subject to the regulations on financial institutions.

From a financial point of view, Gunvor managed to minimise its exposure to risk by “lifting”, from 2011, an average one cargo of crude per month. The trader knew it would not necessarily lose money if the Congolese were to default on a shipment. The contract payment terms provided for a 30-day repayment term, so Gunvor still had the option of not paying for the previous month’s shipment. As the oil price gravitated towards USD 100 a barrel, a shipment of about 920,000 barrels was

worth about USD 100 million. This limited Gunvor's exposure on each shipment to USD 25 million, the difference between the value of the loan and of the shipment used to repay it. In short, Gunvor was engaging in an operation that carried little financial risk but was lucrative.

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The operation turned out to be very lucrative.  
Gunvor reaped juicy profits  
from both its trading operations and  
prefinancing deals.

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To estimate Gunvor's profits on these prefinancing deals, we should take a look at the details of the contracts themselves. Public Eye consulted a draft of the first "trade prepayment agreement" between Gunvor and SNPC, dated 8 January 2011. The document is unsigned, but its content has been implemented.

To secure a first loan of USD 125 million "payable into an SNPC account in Congo in up to two or three consecutive instalments", the Congolese agreed to deliver three shipments of crude, the first being "no later than February 2011", the second being "no later than May 2011", and the third being "no later than November 2011". The loan repayment, and the others, was made on the price of the oil shipments. In principle, the prepayment agreement authorised Gunvor to receive immediate repayments on a single shipment. But, according to our sources, the trader chose this option just once, allowing the Congolese to hold cash for longer while delaying payment for the cargoes. As a result, each loan was repaid over several shipments, generally three. This enabled the trader to maximise the scope of its oil contract. For the SNPC, this was the perfect opportunity to enjoy maximum liquidity.

According to the same document, Gunvor granted loans to the SNPC at a 12-month LIBOR interest rate<sup>66</sup> plus 1.95%, that is between 2.7% and (almost) 3%. This rate was "roughly equivalent to the interest rate that BNP Paribas had applied to Gunvor", explained a source familiar with the transaction. In this respect, Gunvor did not make any profit. But it did "make up for it considerably through the arrangement fees". These fees were intended to cover the costs of setting up the loan and were irrespective of the terms of repayment. That is how, Gunvor pocketed more than USD 14 million from the four prefinancing deals in 2011, as our information seems to point out.

The prepayment agreements were in US dollars (the same currency used for the crude shipments), but payments were made in euros. The document we consulted stipulated that Gunvor would pay "the amounts requested within a maximum of 8 days, in euros, after conversion, at the exchange rate applicable at the date the disbursement takes place". This clause, frequently employed in the African oil market, enabled the Swiss trader to pocket more than USD 10 million on the USD/EUR currency exchange operations.

Public Eye has seen an internal Gunvor document, which summarised its financial gains in 2011. Two further loans were made in 2012, but our information is too incomplete to allow a decent estimate for that year. We therefore detail only the gross profits made in 2011, which anyway remains the most relevant year. That was the trader's bonanza year in Congo, when four prefinancing deals were granted and twelve shipments were lifted. Time to get the calculator out!

The table 1 (*see page 26*) shows how Gunvor made USD 6.22 million on a prefinancing deal worth USD 125 million signed on 17 May 2011. This figure does not include any margins from selling the oil. The margin represents an even tidier sum when we consider that BNP Paribas lent USD 100 million, the bulk of the funds. Gunvor merely provided the balance.

Gunvor repeated this operation four times during 2011, and boosted its earnings by lending twice without support from BNP Paribas. One of the four loans (dated 1 July 2011) was fully paid out from Gunvor's equity and pledged on three shipments delivered from September to December 2011, with expected gains amounting to around USD 9 million. Gunvor's profits on these 2011 prefinancing deals are summarised in the table 2 (*see page 26*). These profits include gains from the USD/EUR currency exchange operations and from the arrangement fees.

Gunvor would not have been satisfied with these financial gains alone, of course. It also made margins on its core business: the physical trade in crude oil.

### 3.3 – "EXCEPTIONAL" MARGINS

To calculate Gunvor's trading profits, we must first understand the Brazzaville market, its oil prices, and the main players.

The main crude sold by the SNPC is the "Djeno Blend". This blend is heavier and with more sulphur than Brent crude – the benchmark oil from the North Sea – and it has lower yields of petrol and distillates. As a result, Djeno crude is always sold "at a discounted price when compared to Brent crude". Indeed, its price generally fluctuates between USD 2 and USD 5 lower than a barrel of Brent crude, the benchmark for most of the oil produced in Africa. The 2013 EITI report shows an average discount of USD 3 per barrel for the year as a whole,<sup>67</sup> although its authors cautioned that accurate data were not available. Simon Martelli, a West African market analyst for Argus, confirmed this complexity to Public Eye: "The Congolese market has too few transactions and players to ensure that the price of oil can be reliably established." Unsurprisingly, this situation facilitates manipulation.

Oil and maritime freight databases show that Djeno crude is mostly exported to China, where it is bought by Unipecc, the trade arm of China's state-owned company, Sinopec. According to our information, of the twelve cargo ships lifted by Gunvor that we were able to trace, eight travelled to Ningbo, China, where one of Sinopec's refining facilities is located. Indeed, Sinopec boasts refineries specially designed to process this variety of oil. This dominant market share allows Unipecc to agree on prices with SNPC. And this is how Congo undercuts prices once more, adding another "discount" which is on average around USD 1–1.5 per barrel of Djeno crude.

Table 1 – GUNVOR'S GROSS PROFITS ON A PREFINANCING DEAL WORTH USD 125 MILLION

(USD million)		PREFINANCING	CRUDE OIL'S SHIPMENTS			TOTAL
Date/Lifted on		17.05.2011	10.06.2011	28.07.2011	30.08.2011	
Loan to SNPC (with ca. 100 mio from BNP)		125				125
FINANCIAL FLOWS	Name of the tanker		Overseas Rosalyn	Astro Challenge	Ibukisan	
	Shipment value		101.2	90.7	96.2	288.1
	Price/barrel (USD)		109	98	104	
	BNP repayment			101		101
	SNPC payments on shipments		51.2	65.7	45.7	162.6
Arrangement fees billed to SNPC		2.35	0.57	0.64	1	4.56
Gains on currency exchange		0.78	0.41	0.44	0.63	2.26
BNP fees		-0.6				-0.6
<b>GROSS PROFITS MADE BY GUNVOR</b>		<b>2.53</b>	<b>0.98</b>	<b>1.08</b>	<b>1.63</b>	<b>6.22</b>

To calculate Gunvor's gross profits, it is necessary to add up the "arrangement fees" and the gains on currency exchange, and finally subtract BNP Paribas' fees.

Table 2 – GUNVOR'S GROSS PROFITS ON THE PREFINANCING DEALS GRANTED IN 2011

(in USD million)

Loans	500
Value of 12 shipments	1146
Arrangement fees billed to SNPC	14.7
Gains on currency exchange	10.9
<b>GROSS PROFITS</b>	<b>25.6</b>

A sector expert told Public Eye that "every month, the Congolese strike deals with Chinese company Unipet, which buys most of the Djeno crude shipments either directly or indirectly, acquiring them from third parties, such as Gunvor". A second source explained the mechanism and its implications: "SNPC was discussing upstream with Unipet and the Congolese knew in advance at what price the Chinese would buy the shipments of Djeno crude from the traders. The traders initiated the "negotiations" with the SNPC, which in turn asked: "This month, how much do you think this contract is worth?" And so the "discount

formula" was put in place. For example, if the repurchase price for the Chinese was USD -3.25 per barrel less than the price of Brent, then the SNPC could sell it to traders at USD -4.25 or USD -4.75. This allows for a margin of up to USD 1.5 per barrel, considerably more than the industry average margin of 30 to 40 cents!" The source added that "the SNPC is regularly subject to World Bank [and IMF] audits. To fly under this radar, it applies roughly the same discounts to all traders. That's why traders fight hard for Congolese crude: it's a money-making machine. Obviously, this generosity does not come for free and Congolese officials expect a commission." This discount constitutes a shortfall for the Congolese state and represents a misappropriation of public funds.

Gunvor's 2011 operations in Congo were extremely profitable. Its 2011 profit reached USD 73.2 million. They are equivalent to more than 20% of Congo's public spending on health the same year.

Contacted by Public Eye, Denis Christel Sassou Nguesso confirmed that most Djeno crude was exported to China and that its "discounted price with regard to Brent crude generally

fluctuated between USD -3 and -5 per barrel, though it may vary considerably depending on market conditions”.

Between September 2010 and the summer of 2012, Gunvor obtained 22 shipments of Djeno crude, including 18 under the six prepayment agreements outlined above. Three tankers were lifted in the first year alone. The following year, the trader processed a shipment of 920,000 barrels per month, representing about a quarter of the production marketed by SNPC on behalf of the state. In 2012, Gunvor chartered another seven vessels to collect crude from Pointe-Noire. However, as soon as the last prefinancing tranche was repaid in June that year, the money-spinner came to an end when Switzerland launched its investigation (*read Chapters 5 and 6*).

During this bonanza period, the money kept pouring in. The oil price per barrel at the time was higher than USD 100. Gunvor and other Swiss-based traders (Lynx, Trafigura, Vitol, Mercuria and Glencore) were making “exceptional” margins in their dealings with SNPC at USD 0.8–1.5 per barrel, a market professional said. Given that barrel prices ranged from USD 95 to USD 125 in 2011, the margins regularly exceeded 1%. “When margins are above 1%, I begin to have my doubts. Beyond 1.5%, I no longer have doubts. No service can possibly justify such margins”, said the head of trade finance at a major Geneva-based bank. And just to clarify: “The lack of competitive bidding and the extent of the margins that the traders realise explain why we stopped financing operations in Congo.”

“That’s why traders fight hard for Congolese crude: it’s a money-making machine.”

It was in this context that Gunvor first made a “trader margin” between USD 1 and USD 1.5 per barrel. But “from 2012, this margin dropped to 80 US cents because the Congolese were being heavily scrutinised by the IMF and the World Bank”, added a source. To the best of our knowledge, the margin on a cargo load of Djeno crude (920,000 barrels) ranged between USD 736,000 (USD 0.8 per barrel) and USD 1.38 million (USD 1.5 per barrel). The table 3 summarises Gunvor’s trading margins as part of its crude marketing agreement with the SNPC. Note that these are estimates only, as we do not know the exact prices obtained by Gunvor for each shipment or the price of Djeno crude at each of the lifting dates.

### 3.4 – GUNVOR’S MONEY-SPINNER

By wearing both the banker and trader hats, Gunvor was able to make profits on both the prefinancing deals and on its trading operations. However, to calculate more precisely the Swiss trader’s profits from its Congo operations, we must also take into consideration the revenues generated by its activities as an intermediary in that country. Gunvor indeed received significant com-

**Table 3 – GUNVOR’S ESTIMATED MARGINS ON ITS SALES OF CRUDE OIL FROM CONGO, 2010–2012**

YEAR	2010	2011	2012	TOTAL
Number of cargo ships (920,000 barrels) <sup>68</sup>	3	12 <sup>70</sup>	7	22
Estimated average Djeno crude price (USD per barrel) <sup>69</sup>	100	107 <sup>71</sup>	100	
Discount (USD)	1	1.5	0.8	
<b>MARGIN (USD million)</b>	<b>2.8</b>	<b>16.6</b>	<b>5.15</b>	<b>24.55</b>

missions on the execution of public works carried out by the Congolese state with the funds coming from its prefinancing deals. We will return later to these contracts, which were secured by French company NTA and Brazilian company Asperbras. Both companies paid Gunvor for its services (*read Chapter 4*). It is interesting to note that Gunvor’s core business of trading generated less profits than either its “banking” or “door opening” activities.

**Table 4 – ESTIMATED PROFITS FOR GUNVOR’S 2011 BUSINESS IN CONGO, BY TYPE OF ACTIVITY**

(in USD million)

ACTIVITY	PROFITS
<b>A</b> Trading oil	16.6
<b>B</b> Prefinancing deals (Arrangement fee + gains on exchange rate differentials)	25.6
<b>C</b> Commissions for public works (NTA and Asperbras), funded by prefinancing deals	31
<b>TOTAL</b>	<b>73.2</b>

See also *Infographic 1 page 28 and Infographic 2 page 34*.

Gunvor’s 2011 operations in Congo were extremely profitable. By our calculation, its 2011 profit reached USD 73.2 million, equal to 130% of its oil trading Department profits for the entire globe, or more than one-fifth (22%) of the group’s total profits for that year. Between 2010 and 2012, we estimate that Gunvor’s overall activities in Congo brought total profits of USD 114 million. In turn, the Congolese state earned, through the prefinancing deals, colossal sums of money that it allocated to public works under highly suspicious circumstances.

### INFOGRAPHIC 1 – OIL DEAL COMMISSIONS: A USER’S GUIDE I

This infographic summarizes the major steps of Gunvor’s story in Congo. It shows how the company was able to secure oil from the Congolese national oil company, the SNPC, at very favorable conditions. To achieve this, the Swiss trading company hired door openers to convince Congolese officials; it also promised prefinancing loans to the SNPC and made use of its close connections with Russia.

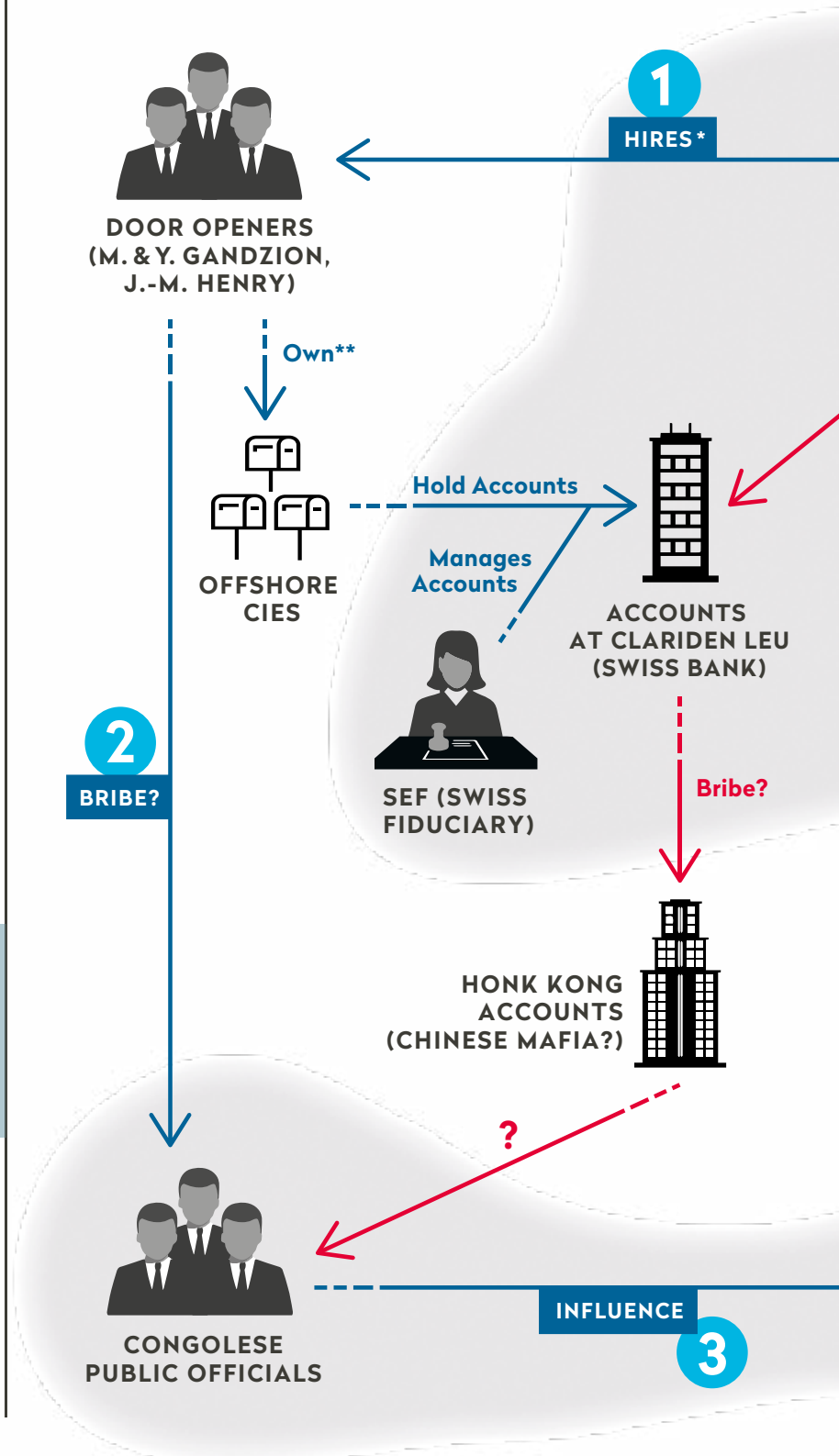
#### STEPS OF THE STORY

- 1 Gunvor hires door openers.
- 2 The door openers are in charge of convincing Congolese officials to grant oil cargoes to Gunvor. They are suspected of having paid bribes.
- 3 Congolese officials instruct the SNPC to grant Gunvor a sizable share of the oil market. Simultaneously, Gunvor offers pre-financing to the SNPC and makes use of its close connections with Russian authorities to persuade Moscow to sign an economic cooperation agreement with Congolese authorities.
- 4 In Congo, the State asks the SNPC, which it fully owns, to sign the deal with Gunvor.
- 5 BNP Paribas partly finances the deal.
- 6 The SNPC gets prefinancing loans from Gunvor.
- 7 Gunvor gets its oil at favorable conditions from the SNPC.
- 8 Gunvor pays back the loans used to finance its operations.

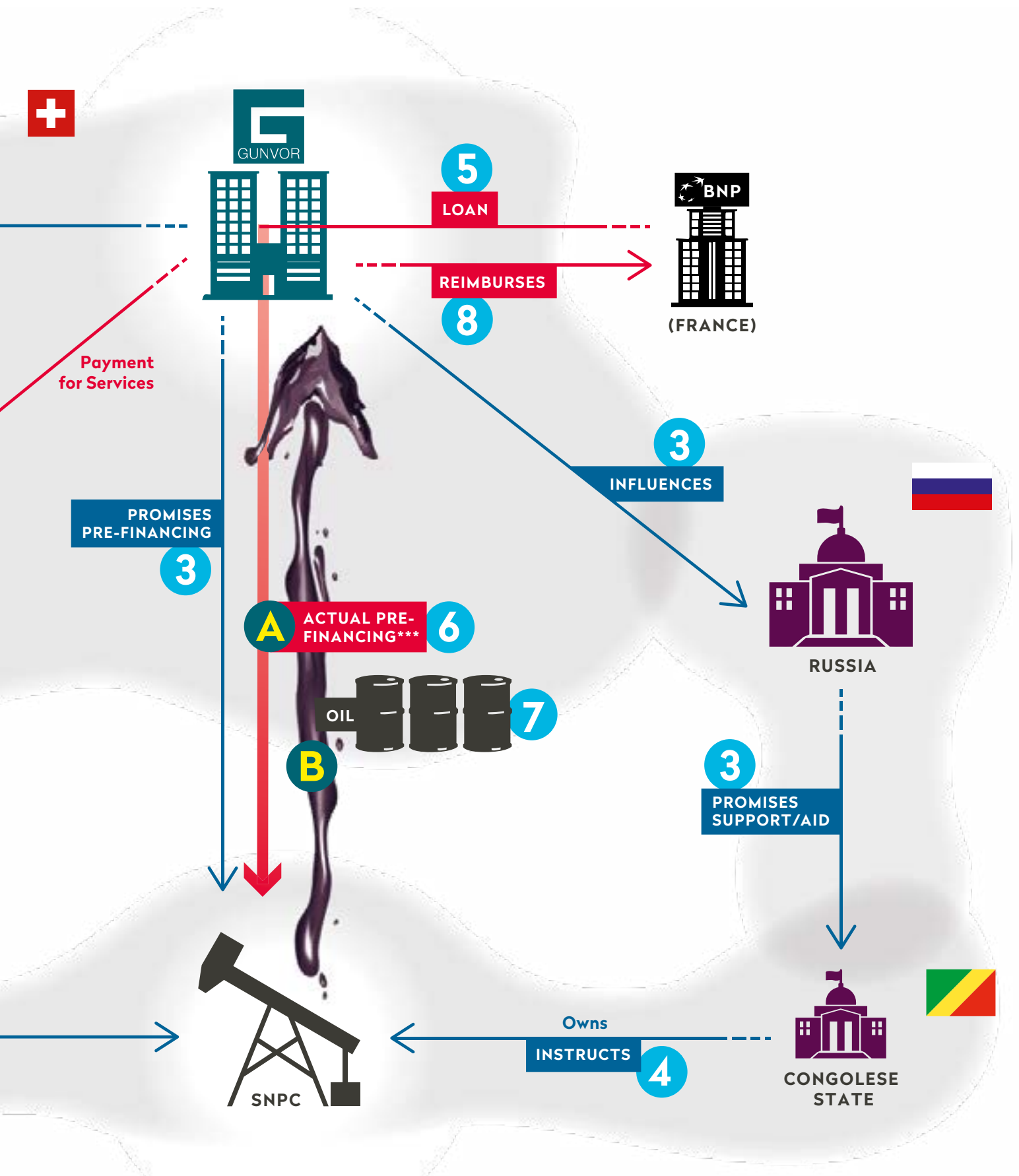
#### TRANSACTIONS WHERE PROFITS WERE MADE BY GUNVOR

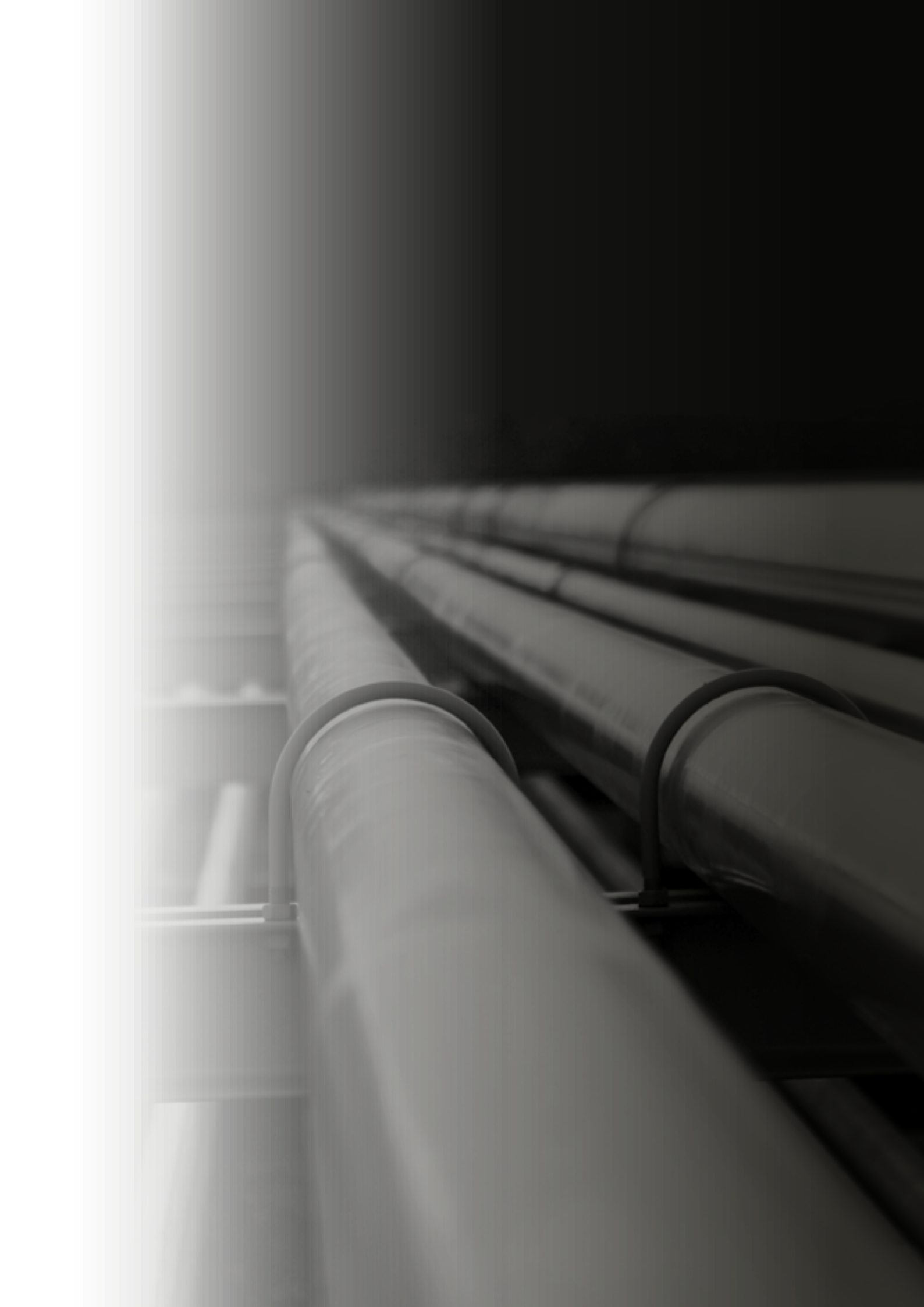
- A** Conditions of the prefinancing profits to Gunvor (exchange rate and arrangement fees)
- B** Oil granted with a margin (from 0.8 to 1.5 USD below market price)

\* In the beginning, only one of the door openers (Maxime Gandzion) had a contract with Gunvor.  
 \*\* Two (or three) door openers: Gandzion (Maxime, the father & Yohann, the son) and Jean-Marc Henry own three offshores. Business developer also has accounts in the same bank.  
 \*\*\* In some cases the pre-financing was done with bank loans, in others with Gunvor’s own funds.



→ Actions      → Money flows      → Oil flows





# 4

# The great misappropriation

**“It was named the ‘Atlantic Route’ because  
we watched carefully all the round-trips  
of the Asperbras jets  
between Portugal and Congo.”**



Between 2011 and 2012, the Congolese authorities received USD 750 million from Gunvor in the form of prefinancing deals. In addition to benefiting from crude shipments and prepayment agreements, the Swiss trader also made juicy commissions on public works contracts allocated by the Congolese state with this money, in violation of its international commitments. The main beneficiaries of these contracts, i.e. Brazilian company Asperbras and French company NTA, paid Gunvor for its services, as they secured these contracts thanks to the latter. NTA and Asperbras also enlisted the help of the Swiss trader's two-“star” intermediaries in order to make a place for themselves under the lucrative Brazzaville sun. Targeted by the Swiss authorities, the oil transactions between Gunvor and SNPC sparked one of the biggest corruption scandals in Portugal, because of these public contracts. It was thus following a request for mutual assistance of the Swiss prosecutor that Portugal took on the case of the huge misappropriation of Congolese oil revenues.

#### 4.1 – CHAMPAGNE IN BRAZZAVILLE, COURTESY OF THE PREFINANCING DEALS!

It was early 2011, a Bonanza year for Gunvor. The prefinancing deals scheme was up and running. Under the terms of the prepayment agreements between BNP Paribas, Gunvor, and the Congolese state-owned company, the SNPC, Gunvor's loans to Congo should strictly have been allocated to the development of SNPC activities only. It was out of the question that these oil-backed loans would finance state expenses. Indeed, this was one of the commitments made by the Congolese government to the International Monetary Fund (IMF) in exchange for debt relief worth USD 2.4 billion.<sup>72</sup> The debt relief package had been finally approved in March 2010, just months before Congo and Gunvor began dealing with each other. Agreed by the Paris Club (an informal group of creditor countries controlled by the IMF and World Bank) and Brazil, the package meant that Brazzaville would receive support under the Heavily Indebted Poor Countries (HIPC) Initiative to reduce its poverty and boost its economic growth.

In return, Congo agreed to extensive reforms outlined in a “Technical Memorandum of Understanding”<sup>73</sup> including specific requirements for improving governance of the oil sector. On 14 July 2011, the Congolese finance minister Gilbert Ondongo wrote to IMF Managing Director Christine Lagarde, updating her on the progress of these reforms. In this “complementary letter of intent”, Ondongo was optimistic, claiming that “by late

May [2011], 90 % of contracts awarded above USD 500,000 had been subject to a call for tenders”. Encouraging stuff indeed. To these three pages, the Minister added a detailed annex on new measures for Congo's oil sector and the Congolese National Oil Company (SNPC) in particular. In paragraph 16, Ondongo stated in no uncertain terms that “new prefinancing deals pledged on oil entered into by or on behalf of the state are strictly prohibited under the debt relief package” signed in March 2010. The purpose of this provision is to prevent oil revenues from being jeopardised by public debts. Despite these fine words, Congo had been violating this commitment for months. Six months before reiterating their commitment vis-à-vis Christine Lagarde, Mr Ondongo and his government had adopted the exact opposite approach.

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The oil contract between the SNPC and Gunvor was not only awarded without competitive tender, but, worse still, the gigantic loan was not even allocated to the oil sector but to public works instead.

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ANTONIO JOSÉ  
DA SILVA VEIGA  
(JOSÉ VEIGA)

"Sassou's Manager"

- > He was once a director of Lisbon's Benfica Football Club and an agent for well-known football players, such as Luis Figo.
- > He successfully transitioned to business in Africa.
- > A true playmaker, he received more than EUR 100 million commission from Asperbras for securing a contract to build twelve hospitals in Congo as part of the "Health for All" project.
- > The "main player" at the centre of one of the biggest corruption cases in Portugal: "Rota do Atlantico" (the Atlantic route).
- > He's also a good host: in Lisbon's upscale suburb of Cascais, he made available to Gilbert Ondongo "the little minister's house", where several million dollars of cash were found. Kiki attended his son Dani's wedding.

#### TOP QUOTE

"IF THE STRUCTURE HAD REMAINED CLOSED, WE WOULD HAVE CONTINUED TO WIN."<sup>74</sup>

The oil contract between the SNPC and Gunvor signed in January 2011 was not only awarded without competitive tender, but, worse still, the gigantic loan was not even allocated to the oil sector but to public works instead. Ondongo never intended to "strengthen governance and transparency", and the justice system soon suspected him of benefitting personally from favours related to the granting of these contracts which were ultimately part of a scheme whereby Congolese oil revenues were being misappropriated on a massive scale.

## 4.2 – ASPERBRAS CASHES IN ON "CONGO-BRAZILIAN COOPERATION"

Major debt relief packages such as this are generally subject to negotiation between states. Thus, Brasilia agreed to erase 80% of the Congolese debt obligations it held, for a total of USD 278 million. But such generosity never comes for free. Brazil wanted to open Congo's doors to Brazilian flagship industries, especially construction and public works companies. This quid-pro-quo was formalised on 1 April 2008 when a "special economic, financial and trade cooperation arrangement" was signed between Brazil and Congo.<sup>75</sup> A year before, President Lula had visited Brazzaville, urging Brazilian investors to "embark on the Congolese adventure" and promising that "in the coming days, we will make a decision regarding the handling of the Congolese debt".<sup>76</sup>

Right at this precise moment in time, Brazilian firm Asperbras was looking to enter Africa. Specialising in PVC pipes and fittings for agricultural irrigation, the company claims to employ more than 3,000 people in South America, Europe, and Africa. It is owned by the Colnaghi brothers, namely José Roberto and Francisco Carlos Jorge,<sup>77</sup> who had close ties to Lula's government. And according to Brazilian investigative journalist José Casado, Asperbras made numerous payments from Angola – where the firm was active – to advertising agencies supporting the presidential campaigns of Lula and Dilma Rousseff in 2002 and 2010 respectively.<sup>78</sup> On numerous occasions, according to a Brazilian Senate report, Antonio Palocci, treasurer of both campaigns and finance minister under Lula's government, was flown around on Asperbras' private jets.<sup>79</sup> This Brazilian Labour Party bigwig<sup>80</sup> pushed for his country to call off the Congolese debt. He also spared no effort to ensure that Asperbras benefited from the favourable conditions that Congo was offering to Brazil.

And so, Asperbras found itself in prime position to secure public contracts in Congo, just as Gunvor's windfall was boosting SNPC coffers. The only thing left to do was to find somebody, who could win the trust of Congo's decision-makers.

## 4.3 – GUNVOR BENEFITS FROM ASPERBRAS' DODGY DEALINGS

The honour fell to Antonio José da Silva Veiga, commonly known as José Veiga,<sup>81</sup> a 54-year-old exfootball agent, who had been in trouble with the law in France and Portugal linked to tax fraud in relation with the transfers of several top Portuguese players in the 2000's.<sup>82</sup> On 9 May 2011, four months after the first prefinancing deal was signed between Gunvor and the SNPC, Asperbras hired José Veiga officially to secure contracts on its behalf in Congo.

"José Veiga is personable and charming", confided a businessman who knew him. "His status as former director of Lisbon's Benfica [football club] afforded him a certain renown in Africa." But in 2011, Veiga was still a newcomer to Congo. To gain access to the highest echelons of power and to win contracts, he needed help. And so he turned to the two men who

## INFOGRAPHIC 2 – HOW GUNVOR DIVERTED A PART OF THE CONGOLESE OIL RENT

Gunvor not only profited from the physical trade operations, or from the loans granted to SNPC. The Swiss trading company also facilitated deals for companies wanting access to Congolese public markets, financed thanks to money Gunvor paid the SNPC for oil. The company benefiting from these services was namely the Brazilian public works company, Asperbras.

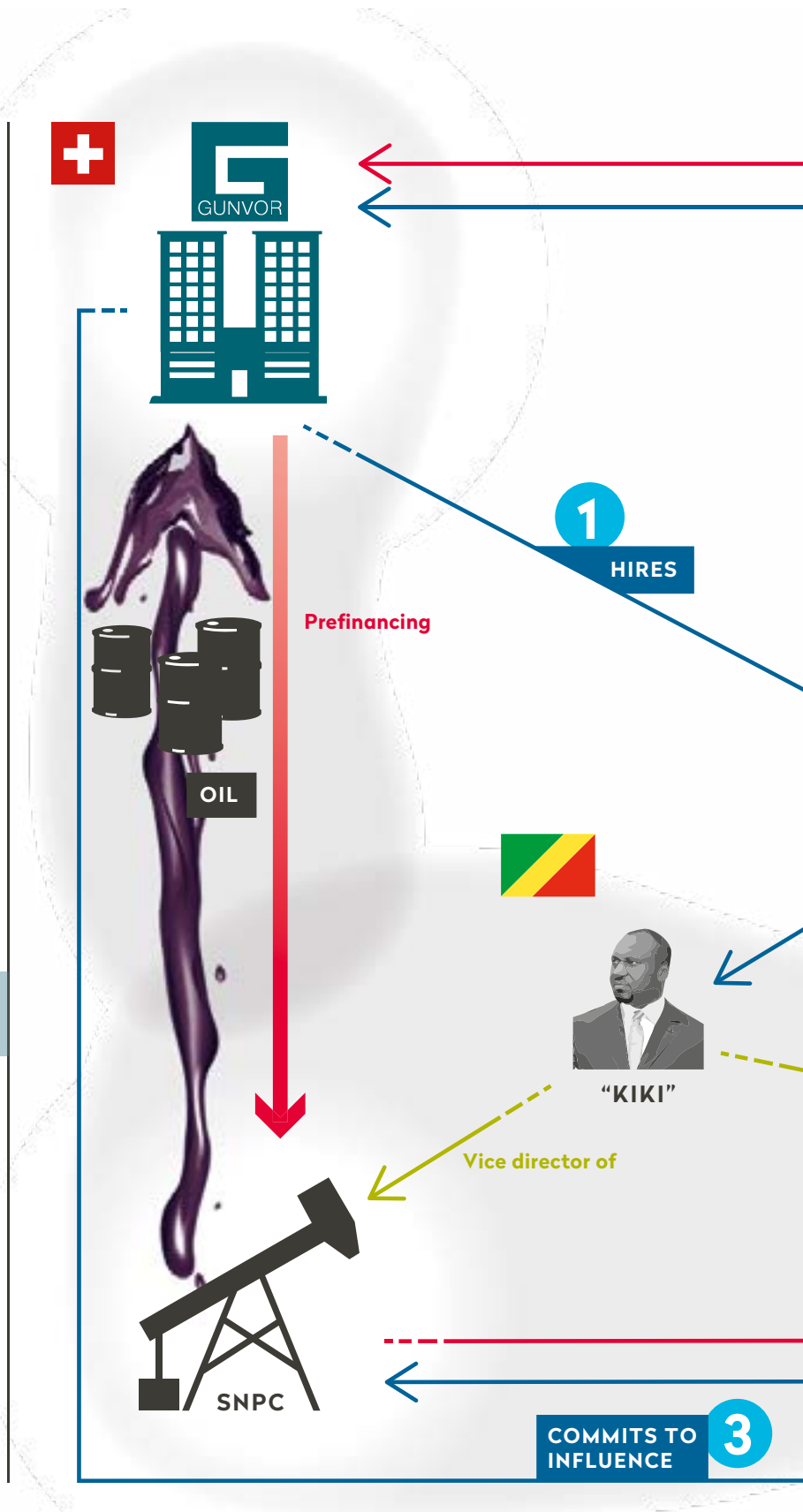
### STEPS OF THE STORY

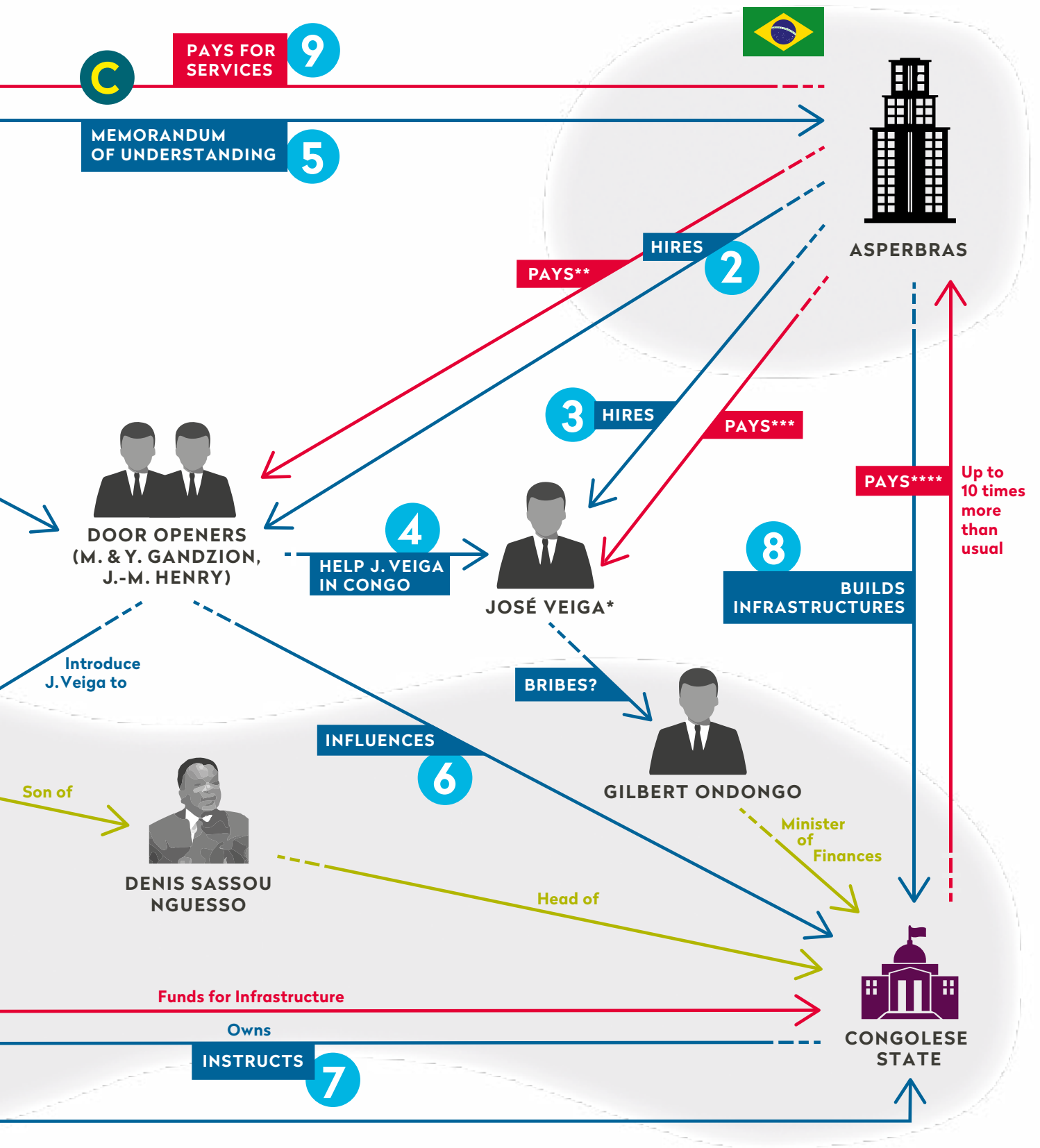
- 1 Gunvor hires door openers.
- 2 Those door openers, Gandzion and Henry, are also hired by Asperbras.
- 3 This Brazilian company also hires José Veiga.
- 4 Gandzion and Henry help José Veiga in Congo.
- 5 On 8<sup>th</sup> of April 2011, Gunvor and Asperbras sign a “Memorandum of Understanding”.
- 6 The door openers are lobbying in Congo.
- 7 The Congolese State ensures that the fully state owned SNPC secures its deal with Gunvor.
- 8 Asperbras gains access to public contracts valued up to ten times more than comparable contracts in other countries.
- 9 As a reward for its services, Gunvor is paid millions of dollars.

### TRANSACTIONS WHERE PROFITS WERE MADE BY GUNVOR

**C** 21 Mio \$  
(7.5% of Asperbras' markets)

- \* Allegedly granted funds that were used to buying an apartment in Lisbon, holds a “Casa do Ministrinho” in Cascais, offers travel to Venice, etc.
- \*\* These payments go to the same bank accounts of Maxime Gandzion and Jean-Marc Henry's offshore cics, held at Clariden Leu.
- \*\*\* At least part of these payments ends up on J. Veiga's Swiss Bank Account.
- \*\*\*\* At least part of those amounts end up on Asperbras' Audi Swiss Bank Account.





could provide it: Maxime Gandzion and Jean-Marc Henry. The Brazilian firm was certainly generous. Between 20 and 25 July 2011, Asperbras paid USD 1.5 million and USD 1.3 million to Gandzion and Henry respectively. In fact, the two business associates received a total USD 17.05 million from the Brazilian firm that year. The money landed in the accounts of their off-shore companies Petrolia E&P (Belize) and Armada Trading (Malta), which also received payments from Gunvor. Maxime Gandzion was meant to receive as much as 5% of the value of contracts signed between Asperbras and Congo.<sup>83</sup>

When asked by Public Eye, Asperbras said they were introduced to Gunvor by Gandzion and Henry, both recommended by José Veiga. This is how the door openers came to operate for two firms whose interests were converging: while the Swiss trader loaned hundreds of millions of dollars to the SNPC, the Brazilian company was looking to secure public works contracts from the Congolese state. Gunvor began proactively helping Asperbras to secure some juicy contracts, even overlooking some clauses in its own prefinancing deals. The Brazilian firm said this operation took place at the request of Gunvor, which demanded a commission.

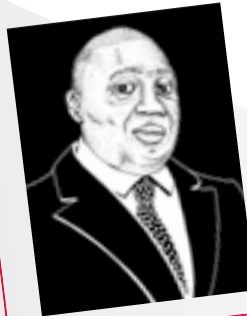
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The door openers Henry and Gandzion came to operate for two firms whose interests were converging.

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On 8 April 2011, Gunvor and Asperbras confirmed their willingness to “cooperate” through a “Memorandum of Understanding”, seen by Public Eye. In it, the Swiss trader promised to “use its best endeavours” so that “Congo/SNPC” would allocate funds from the prefinancing of crude exports, in whole or in part, to finance Asperbras projects.<sup>84</sup> In exchange, Gunvor would get a hefty 7.5% commission on any contract awarded to the Brazilian firm by Congolese authorities. Already Congo’s “bank”, the oil trader becomes a lobbyist on behalf of Asperbras. Gunvor was taking a large risk, not only by violating the terms of its own prefinancing agreement with the SNPC, but also in its choice of business partners.

But in 2011, the union between Gunvor, its door openers, and José Veiga was still a hit: Asperbras recorded its first success in Congo, securing a public contract – a Congolese state mandate for the Colnaghi brothers’ company to build a large industrial park in Maloukou, some 80 kilometres from Brazzaville. It is not clear who from Gunvor did what to achieve this result. According to our information, Gunvor issued two loans worth a total USD 250 million to the SNPC and these funds were then used to finance this huge industrial and retail park. Estimated at USD 500 million, the construction began<sup>85</sup> with great pomp and a ceremony on 12 August 2012 headed by President Denis Sassou Nguesso himself. A complimentary report on the project, published by a magazine with several full pages of advertising touting the wonder of Asperbras, reported that the project would create 10,000 jobs “at the end of it” and “overall” in Maloukou.<sup>86</sup>



**GILBERT  
ONDONGO**

The venal  
Congolese Minister

- Born in 1960.
- He held successive offices as Minister for Employment and Minister of Finance before becoming the Minister for Economy.
- Talented letter writer: he wrote to Christine Lagarde, Managing Director of the IMF, to boast about the fact that the Congolese state was making strides in terms of governance.
- Cosmopolitan: he bought himself a beautiful apartment on Lisbon’s most upscale avenue.
- He treated himself to a luxury stay at the Ritz Hotel in Lisbon and the Danieli Hotel in Venice.
- Portugal’s investigative authorities suspected him of having benefited personally from favours in exchange for awarding Asperbras public contracts.

#### TOP QUOTE

**“WE ARE WORKING TO IMPROVE GOVERNANCE IN OUR COUNTRY. THERE MUST BE TRANSPARENCY EVERYWHERE; THERE MUST BE RESPONSIBILITY EVERYWHERE; AND WHEREVER WE ARE, WE MUST BE ACCOUNTABLE TO THOSE WHO HAVE GIVEN US THE MANDATE TO ACT (ON THEIR BEHALF).”**

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Already Congo’s “bank”, the oil trader becomes a lobbyist on behalf of Asperbras.

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**JEAN-JACQUES BOUYA**

The pilot cousin turned Minister of Public Works

- > Born in 1962.
- > A cousin of President Sassou Nguesso.
- > He was the pilot in charge of the president's Boeing 727 between 1989 and 1992.
- > He was elected deputy in 2012 with 100 % of the votes.
- > He specialised in public works, a field in which he has shown unfaltering commitment as a minister.
- > A rather generous man: he agreed for his ministry to pay almost EUR 500 million towards the construction of twelve hospitals in 2015 and transfer EUR 69 million to various tax havens between 2007 and 2013.
- > He's a fan of Louis Vuitton and beautiful cars, preferably BMW and Maserati.

#### TOP QUOTE

**"EVERYONE WANTS THE SAME THING AT THE SAME TIME. IT WON'T BE EASY."**

As far as we know, Gunvor received USD 21 million in commissions for this service under the "Memorandum of Understanding". But the gambit turned out to be costly for Asperbras, which soon realised that Gunvor had overstated its role. The Congolese finance minister Gilbert Ondongo and public works minister Jean-Jacques Bouya told the Brazilian company that it would not be receiving any advances and that it would need to

complete the works before receiving any payment. The pre-financing deals and public works were not connected. "In any case, there was no legal tie between the loans and their intended purpose", a source said. For Asperbras, this information spelt the end of its cooperation with Gunvor, which clearly had no control over use of the funds it had paid to Congo. The Brazilian company confirmed that, since the sums owed to it were released "in tranches, over subsequent years, without resorting to prepayment funds, (...) the contracts with Petroliia, Armada, and Gunvor were terminated in 2012". Moreover, as José Veiga's relational skills began to bear fruit, Asperbras was now able to manage on its own in Congo.

#### 4.4 – MAMMOTH, OVERBILLED CONTRACTS

Photos showing Veiga in the company of Congolese leaders were posted online. Maxime Gandzion made sure he introduced the Portuguese to two of the president's children in key positions within the Congolese administration, Denis Christel Sassou Nguesso, known as Kiki, and Claudia Sassou Nguesso. As a token of the increasing closeness between the two men, Kiki even attended the wedding of José Veiga's son Dani, celebrated with great pomp and ceremony at the Intercontinental Hotel in Estoril, another upscale Lisbon suburb. These relationships brought further success to Asperbras. When contacted via his lawyer, Rogério Alves, José Veiga confirmed his acquaintance with Claudia and Denis Christel Sassou Nguesso as a result of its activities in Congo.

In addition to the construction of the Maloukou industrial park, Veiga secured another three large contracts for Asperbras, all of which were a world away from its core business of PVC pipe fittings and pipes for agricultural irrigation.<sup>87</sup> But then, Asperbras is the very embodiment of versatility. After all, the Brazilian company delivers school buses to Angola, where it has been the official dealer of MAN and Volkswagen heavy-duty vehicles since 2010. Oh, and there's also the electricity generators in Guinea (see box 4). In Africa, its business model appears to consist of winning overbilled public works commissions and then finding somebody to do the job. But how does it justify these overbilled services?



José Veiga talks with Denis Christel Sassou Nguesso (left). (DR)

Box 4

### ASPERBRAS CHARGES THE GUINEA ATMOSPHERE

As soon as Guinean President Alpha Condé was elected in December 2010, he decided to honour one of his campaign promises: to develop the country's power supply, starting with the capital, Conakry. The head of state wanted to hit the ground running.

On 5 October 2011, the Republic of Guinea granted an untendered contract to Energy & Mining ASP Inc. for supply of oil-fired power stations with a capacity of 100 megawatts for USD 122.13 million. In fact, this company, which is incorporated in the not-so-transparent British Virgin Islands and run by someone called Wagner Agrivino de Jesus, belongs to Asperbras.

Strangely, Article 6 of this contract provides 180 days for completion. "Not only does Asperbras have no authority on this matter, but a company that really knows about this type of work also knows it needs three times as much time", said a source that participated in the transaction. Indeed, the deadline was not met.

In October, Guinea's central bank, through its Credit Suisse account, decided to issue a letter of credit to the finance ministry for the Energy & Mining ASP account held with Banco Espirito Santo in Lisbon. Faithful to its business model, Asperbras made every endeavour to find competent suppliers in the field of power supply. German industrial consortium MAN was called upon to supply a range of equipment valued at USD 37.536 million, while the US power group USP & E received a commission contract coming to USD 25.1 million worth of equipment. In total, Asperbras outsourced contracts to the tune of USD 62.6 million, which was about half of the price billed to the Guinean government. The "service" provided by the Brazilian firm ended up costing just over USD 59 million!

According to emails which we have seen, the letter of credit was so vague that the Credit Suisse compliance department refused to sign off on it at first. At its client's insistence, however, the Swiss bank finally approved. A few months later, the parties signed an agreement stipulating that Guinea should pay the sum not into a Portuguese account, but to the Banco Espirito Santo subsidiary located in Cape Verde, whose main customer was José Veiga.

The project was slow to come to fruition and, in Conakry, the press became quite critical. In 2014, the contract was finally terminated. A Guinean journalist was surprised to see that an "out-of-court settlement was reached while the work for which public money had been spent had not been completed".<sup>88</sup>

On 1 August 2012, Asperbras was selected to carry out a USD 200 million "geological mapping, and mining and geological prospecting" contract.<sup>89</sup> Allocated the project by the public works minister, Jean-Jacques Bouya, Congo's Minister for Mines and Geology said in a statement that the contract made "Congo-Brazilian cooperation" a reality. But just a year after the contract was awarded to Asperbras, its execution was outsourced to the *Bureau de recherches géologiques et minières* (BRGM), a French state-owned entity. This earned BRGM some serious lambasting by *Le Canard enchaîné*, which called the contract "extravagant" and noted that the Congolese mapping cost four to ten times more than similar work in Chad and Cameroon.<sup>90</sup>

BRGM claimed that the topographic differences justified the extra cost and pointed out that the mapping had been completed in January 2016. It did acknowledge, however, that it had received an amount "out of all proportion" to what Asperbras would have been paid. Christian Braux, BRGM's Deputy Director, told *Le Monde Afrique* and confirmed to Public Eye that given the ongoing trial in Portugal, his company would certainly "think twice" before dealing with Asperbras again.<sup>91</sup> When the contract was signed, in August 2013, BRGM said it had taken "precautions" to reassure itself vis-à-vis the finances of its business partner but did not "conduct any other compliance procedure to verify the legality of a contract".

In August 2013, the Brazilian firm was once again "awarded"

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Asperbras is the very embodiment of versatility. After all, the Brazilian company delivers school buses in Angola and electricity generators in Guinea!

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an untendered contract worth EUR 300 million to dig 4,000 hydraulic boreholes as part of the "Water for All" programme.<sup>92</sup> This amount represented EUR 75,000 per borehole, which – as *Le Canard enchaîné* pointed out – is between five and seven times more expensive than in the Sahel, which does not have nearly as much water as the Congolese rainforest.<sup>93</sup>

Meanwhile, the ever-so-versatile Asperbras was still overseeing Congo's "Health for All" programme, in which a "general hospital" was planned for each of the country's twelve departments. Information on this project is incomplete at best. In its report on health spending, Congo's civil society coalition, Publish What You Pay, was unable to "find out exactly how much money was spent on general hospitals".<sup>94</sup> In Congo, any public spending over CFAF 1 billion (USD 1.7 million) is the responsibility not of the competent ministry, in this case the health department, but of the not-so-transparent Ministry of Public Works, headed by Jean-Jacques Bouya, who was involved in France's "*Biens mal acquis*" case (translated as ill-gotten gains or assets).<sup>95</sup> One source told us that, linked to this project, the Ministry of Public Works paid almost EUR 500 million in the beginning of April 2015 into Asperbras' account at the Audi (Switzerland) SA bank in Geneva.

When asked by Public Eye for comment, Asperbras said it was “currently” a diversified group whose know-how extended beyond PVC pipes and fittings to industrial engineering, construction, real estate, agri-food, mining, and power generation. With regards to Congo, the Brazilian group said it also carried out private projects, such as “experimental” farms, and was Volkswagen’s country representative, selling heavy-duty vehicles.

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*Le Canard enchaîné* called the contract “extravagant” and noted that the Congolese mapping cost four to ten times more than similar work in Chad and Cameroon.

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Asperbras concluded by saying that all its public contracts in Congo had been signed off by the relevant ministries, received presidential approval, and complied fully with Congolese law. Finally, it claimed that its contracts had recently been reviewed again by the Brazzaville Appeals Chamber and that no irregularities had been found.

#### 4.5 – THE VEIGA SYSTEM PITCHING ON THE ATLANTIC

Asperbras executives can now open the champagne. After all, they’ve made a fortune. Their contracts in Congo-Brazzaville were worth roughly USD 1.5 billion. As soon as the first “deals” were signed, the Colnaghi brothers bought two plots of land on the high-end Star Island in Miami for the trifling sum of USD 17 million. According to our sources, they then spent an additional



USD 11.8 million to build a luxury home. Social networks give us a glimpse into their world of parties, yachts, luxury cars, and top models.

José Veiga was no exception. He owed money to the tax authorities, but still managed to thrive in Portugal and bolster his Swiss accounts through the clever use of offshore finance. His Asperbras contract stipulated that he would receive 3% of the total value of public works contracts obtained in Congo. According to information gathered by the Portuguese investigation authorities, he made at least USD 15 million. One source also revealed that for the contract covering the twelve general hospitals, he received a staggering commission of more than EUR 100 million. These were paid by Asperbras from its account at Lebanese bank Audi (Switzerland) SA! Incidentally, one of Veiga’s closest associates, Paulo Santana Lopes, treated himself to a CHF 177,100 Bentley, which is registered in Geneva.

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Asperbras executives can now open the champagne. After all, they’ve made a fortune. Their contracts in Congo-Brazzaville were worth roughly USD 1.5 billion.

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Asperbras also owned private jets: two Bombardiers, a Challenger 605 and a Global Express 6000. Ironically, these symbols of success played a cameo role in the fall of the Brazilian firm, when Portuguese authorities launched their vast judicial inquiry in the second half of 2014 using the name “*Rota do Atlântico*”. “It was named the ‘Atlantic Route’ because we watched carefully all the round-trips of the Asperbras jets between Portugal and Congo”, said a source close to the case. In

35 Star Island Drive, property of the Colnaghi brothers in Miami, purchased for a total of USD 28.8 million in 2011, when their business was beginning to take off in Congo. (DR)



Lisbon, the investigators figured that the jets had transported both passengers and hefty sums of cash.

The Atlantic Route actually began in Switzerland. Since December 2011, the Office of the Attorney General of Switzerland has been investigating the oil component of Gunvor's contract in Congo, starting with the Swiss accounts of intermediaries Maxime Gandzion and Jean-Marc Henry (read Chapter 5). Since these two were also connected to Asperbras and to Veiga which also had accounts in Switzerland, significant money flows had gone to Portugal too. This is why Switzerland's public prosecutor requested the help of Portuguese courts. In one year, Portugal's Central Investigation and Criminal Department managed to compile a substantial file. The scandal broke in January 2016, with the arrest of José Veiga, quickly becoming one of the biggest corruption cases in Portugal and involving dozens of investigators.

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### The Atlantic Road is one of the biggest corruption cases in Portugal.

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"The case was splashed across the media because of Veiga's high profile", said a Portuguese source close to the case. More than ten people, including some of Asperbras' top executives, became suspects in this open-ended investigation into money laundering, tax fraud, and the bribery of foreign public officials. Contrary to the company's repeated denials that any company representative had been charged with a criminal offence, the Portuguese authorities later confirmed that Asperbras' managing director, José Roberto Colnaghi, was among those being investigated and had been ordered to pay a bail of EUR 3 million following his hearing. The company's chief financial officer, José Mauricio Caldeira, was in a similar situation. The investigation revealed that Asperbras, José Veiga, and his associates had set up a sophisticated circuit to shift allegedly illegal funds. They invested in real estate and luxury cars, or simply put millions of dollars into bank accounts. Through his lawyer, José Veiga denied all the allegations against him. He said both his behaviour and the contracts were legal. And he added that he would wait for the outcome of the judicial inquiry before answering fully the charges against him.

Portuguese investigators found clear signs of corruption. On 3 February 2016, a search was carried out at a residence in the upscale seaside resort of Cascais, not far from Lisbon, where they found EUR 3 million and USD 4.35 million in cash. What a surprise. Veiga and his accomplices had nicknamed the house "*Casa do ministrinho*" (the little minister's house), because it was available to Gilbert Ondongo, the Congolese finance minister. This is the very same minister who had written to Christine Lagarde, telling her that his country was making progress with its oil governance. José Veiga claimed he learnt about the cash during the legal proceedings. He said he did not know where it had come from and that it had nothing to do with him.

When asked by *Le Monde Afrique* about the stash of money in the Cascais house, Ondongo's entourage said that "one has to have a lot of imagination to even consider that these funds, found in a place that does not belong to him, are in any way linked to the Minister".<sup>96</sup> But Portugal's investigation authorities think there is a link. The house was owned by a company, whose manager was a Portuguese lawyer, Maria Jesus Barbosa, a close associate of José Veiga, who is believed to be the beneficial owner of the company. According to our information, Veiga had paid all costs for the Congolese minister and his family who stayed between 16 and 22 August 2015. Spas, restaurants, and staff catering to the minister's every need – all of this was paid for by a Visa card in the name of the brother of Paulo Santana Lopes, the owner of the Bentley. As Portuguese investigators pointed out, he had been acting "on Veiga's instruction". Two months earlier, the minister and his family had also enjoyed a six-night stay courtesy of Asperbras at the Danieli Hotel in Venice, in a suite that cost EUR 5,000 a night! The minister also stayed at the Lisbon Ritz in January 2016, a few days before the case made headlines in the Portuguese press.

When contacted by *Le Monde Afrique* to comment on these gifts, the Congolese government responded via its communication minister, Thierry MOUNGALLA. He said the government would not comment on "any potential ongoing proceedings" and had "received no request whatsoever for mutual legal assistance".<sup>97</sup> In any case, Congo's finance minister, Gilbert Ondongo, continued to treat himself. He bought an apartment on the second floor of a building in Lisbon's most upscale avenue. The location? 236 *Avenida da Liberdade*, right between the outlets of Cartier and Porsche. Of the EUR 600,000 price tag on this property, some EUR 347,000 came from a Congo-registered company, Dunito Congo, which was "controlled by José Veiga". According to the Portuguese investigative authorities, this sum was clearly linked to contracts secured by Asperbras. It was a bribe. For his part, Veiga said he did not know – and had no way of knowing – where Ondongo had got the funds that he used to buy the Lisbon apartment.

When this alleged illicit money is not transferred in cash, most of it goes through a network of subsidiaries run by Banco Espírito Santo, the large Portuguese bank that went bankrupt in 2014 and whose remaining entity is called Banco Novo. With a strong presence in Africa, Banco Novo has a subsidiary in Cape Verde called BICV. After Veiga's much publicised 2011 entry into Congo, he became almost their only customer, holding more than 70% of assets under management – assets owned through offshore companies and companies in the Republic of Congo.<sup>98</sup> In fact, he *de facto* owned the small island establishment, which he even tried to buy shortly before his judicial troubles began. After all, it was essential to his scheme, and he used the bank to transfer tens of millions of dollars into or out of Congo, Portugal, Switzerland and the United States, transferring the money via multiple company accounts he kept opening with this bank, all of them owned by companies registered in tax havens. He denied the charges against him, but Veiga was very much the man behind this scheme, which allegedly was used as a vehicle for laundering money, corrupting and defrauding the tax authorities.

Other sources have confirmed the nature of the relationship between José Veiga, his associates, and top Congolese officials. An audio recording, made public by Portuguese weekly paper *Sabado*, provided details of discussions by Banco Espirito Santo's executive board. On 27 January 2014, the bank executives, who were looking for investors to bail out their rapidly sinking ship, brought up Veiga's name. Apparently he had "150 to 300 million", a figure not far off the more than EUR 100 million commission that we mentioned above. Several board members described Veiga as "Asperbras' man", but one added in all seriousness: "Yes, but above all he is the manager of the president of Congo-Brazzaville".<sup>99</sup>

According to Portuguese investigative authorities, José Veiga had told various Geneva contacts that in contract negotiations, he had been promising certain advantages to the finance minister, Gilbert Ondongo and to the Congolese president's son, Denis Christel Sassou Nguesso.

In a statement published in the Brazilian press in late 2016, Asperbras tried to distance itself from *Rota do Atlantico*. The company claimed that one of its owners, José Roberto Colnaghi, had handed himself in to the Portuguese judicial authorities of his own accord. The statement also asserts that the investigation focused exclusively on José Veiga and his contracts as a door opener. In any case, when contacted for comment by Public Eye, the company did eventually acknowledge that its managing director had "arguido" status in Portugal, meaning roughly that he was a formal suspect. The company did not, however, comment on its position that José Veiga carries sole responsibility for its legal problems.

In turn, José Veiga claimed that Asperbras was present every time it won a public contract in Congo. He said Asperbras was aware of all the relevant information regarding these activities. At time of publication, Portugal had not finished its investigations and we do not yet know when or even whether this enormous scandal will be brought before the courts.

#### 4.6 – A FLOTILLA OF RIVER BOATS

In 2011, Gunvor and its two door openers, Jean-Marc Henry and Maxime Gandzion, were still receiving commissions for another Congolese public contract. That year, French company NTA,<sup>100</sup> which specialises in maritime and river logistics, won a contract to revamp the transport network along the Congo River. The aim was to renovate docks and reintroduce river units, such as ferries, pushers, and barges. This project had been "especially requested by the Congolese president", said a source close to the case. It was "an absolute necessity for the country", said Thierry Allix, who runs the company with his brother Sébastien.

"When we went on site, it was in very bad condition", Allix said, referring to the country's 1998-1999 civil war, which brought the president, Denis Sassou Nguesso, back to power.<sup>101</sup> "There were still shells inside the machine tools and bullet holes everywhere. Before the war, Congo-Brazzaville volumes on the Congo River were 3.5 million tonnes and 320 units. When I was first there in 2006-2007, there were only a few barges in very

poor conditions and 150,000 tonnes in volume. Currently, there are about fifty units, including ours and some belonging to small shipowners totalling about fifteen units." Under the contract, Congo-Brazzaville aims to double at least the number of units that can navigate Africa's second longest river.

To secure this deal, NTA paid both Gunvor and the Gandzion-Henry duo. These commissions had been calculated based on the entire contract and corresponded to "standards of use, that is to say, less than 15%", as confirmed by the contractor. As far as we can tell, the entire contract came to USD 150 million. Some USD 21.7 million was paid in commissions, equal to 14.5%.

According to our information, Maxime Gandzion received USD 7.7 million paid into the accounts of companies he controlled, Petrolia and Fortus. As for Jean-Marc Henry, he received USD 4 million. Gunvor's business developer, Pascal C., is said to have admitted receipt of a commission on this contract, via Jean-Marc Henry, worth USD 6.8 million. This was apparently done without his employer's knowledge (*read Section 5.5*). Thierry Allix said he had worked with Pascal C. but had not paid him directly.

The French contractor claimed that confidentiality clauses prevented him from confirming the amounts. He did, however, admit that he had paid commissions to Gunvor, Gandzion, and Henry. He also said that the sums in question were "significant" and "had caught his attention". From his point of view, even if the project had been under the control of minister Gilbert Ondongo, who was charged in connection with the Asperbras contracts, Gandzion and Henry had consultancy contracts. Therefore, he assumed, his payments to Gandzion and Henry were not bribes. We are not in a position to challenge this claim, but these commissions are part of the same scheme in which Gunvor was paid to win public works contracts for others, and which in the last five years have caught the attention of Swiss prosecution authorities looking into Gunvor's oil business as described in the next chapter. Allix did acknowledge, however, that "if we had not paid, we would not have carried out any activities in Congo. We secured a major contract spanning ten to twelve years".

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"If we had not paid, we would not have carried out any activities in Congo."

Thierry Allix,  
Director of the French company NTA

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To pay these commissions, NTA used a Singapore-registered company, established on 17 March 2011, Singapore River and Sea Development pte ltd, in which the French firm holds "a large stake", Thierry Allix said. NTA contracted this company to supply ten river barges. But according to our information, the company had no other purpose than paying these commissions. The commissions were paid by transferring money from a bank in Singapore to Henry's and Gandzion's accounts at Clariden Leu in Switzerland. Thierry Allix also confirmed that in 2013 he had

spoken with Swiss Federal Prosecutor Gérard Sautebin, who had been looking into Gunvor's activities in Congo since late 2011.

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The case of Asperbras shows that traders' contribution to the resource curse might extend way beyond the manner in which they access the commodities.

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The case of Asperbras, and to a lesser extent that of NTA, shows that traders' contribution to the resource curse might extend way beyond the manner in which they access the commodities. Gunvor did not care that their prefinancing deals with the SNPC were being used in breach of Congo's international commitments and to the detriment of the country's citizens. On the contrary, in deviating from the clauses of its own contracts, the Swiss company saw an opportunity to rake in additional profit through commissions that Asperbras and NTA were willing to pay for a slice of the Congolese cake. That is, Gunvor contributed directly to the mismanagement of revenues that stemmed from its purchases of oil.

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# The Swiss justice system faces up to the sprawling affair before it

**“The prevailing logic was as follows: you pay an intermediary and then warn them that paying commissions to public officials is strictly prohibited. Whatever the intermediary decides to do with their money does not concern us in the least.”**

For Gunvor, the Congolese fairy tale turned into a nightmare on 20 December 2011, when the Money Laundering Reporting Office of Switzerland (MROS) sent a fax to the Office of the Attorney General of Switzerland. In this 21-page document, part of which has been seen by Public Eye, MROS reported the suspicions of Clariden Leu, which had communicated them five days earlier, regarding the accounts of four companies: Petrolia E & P SA (Belize), Fortus International Consulting SA (UK), Armada Trading SA (Malta), and Sacori Finance Corp (British Virgin Islands). The first three were controlled by Gunvor's door openers. Petrolia and Fortus belonged to Maxime Gandzion's son, Yoann Gandzion. Armada was owned by Jean-Marc Henry. As for Sacori, the beneficial owner was Pascal C., Gunvor's business developer who was in charge of orchestrating the trading company's operations in Brazzaville.

In November 2011, when Credit Suisse took over Clariden Leu, the commissions paid into these companies' Swiss accounts set the alarm bells ringing. Almost eighteen months had passed since Gunvor's door openers (paid generously by the trader) had begun proactively pushing Gunvor's business in Congo, without the bank asking any substantial question. Who administers these accounts? A small Geneva-based trust company, Swiss Executive Finance SA (SEF), had opened them all. Through SEF, Gunvor paid as much as USD 31.9 million to Maxime Gandzion and Jean-Marc Henry, in addition to payments made to unidentified persons owning companies in Hong Kong.

This chapter describes the events that led Clariden Leu to trigger a criminal investigation by the Office of the Attorney General of Switzerland and the sprawling case that ensued. Swiss criminal prosecution authorities have considerably expanded the scope of the investigation since then. It now has four separate ongoing proceedings, plus numerous requests for mutual legal assistance. Just like Switzerland's legal authorities, Public Eye also wanted to know who might have benefitted from payments by Gunvor and their door openers.

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Swiss Federal Prosecutor Gérard Sautebin wanted to know whether any payments had been made to any public officials from accounts at Clariden Leu.

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Finally, this chapter analyses the arguments made by Gunvor to defend itself after the media coverage of the case. The Swiss trader said it had fallen victim to a "crooked employee", who was acting alone and without the knowledge of his superiors. We highlight the facts that disprove this explanation.

### 5.1 – EXORBITANT COMMISSIONS PAID IN GENEVA

In order to pay the two intermediaries hired to open up Congo's market, Gunvor paid commissions into their Swiss accounts at Clariden Leu in Geneva. This comes as a bit of a surprise, given that intermediaries are usually paid outside of Switzerland in order to dodge the compliance checks by Swiss financial intermediaries under the Swiss Money Laundering Act. Intriguingly, however, there might have been a reason for this. As one source explained: "The fact that commissions were paid into accounts held in Switzerland, and not into obscure tax havens, was a way for Gunvor to cover its back. By agreeing to open accounts for these people, the bank, which was subject to the Money Laundering Act, was supposed to have fulfilled its obligations regarding due diligence and ensure they were fully met... which didn't quite happen that way in the case of Clariden Leu."

Asked for comment by Public Eye, Credit Suisse (which took over Clariden Leu in November 2011) did not answer any specific questions about its compliance procedures, but said it "strictly complies with all applicable laws, rules and regulations with regard to all the markets where it operates".

According to the same source, Gunvor wanted to pay the intermediaries and to let them do whatever they wanted with their money so long as they won contracts. Gunvor believed it was protected, because the intermediaries agreed to comply with any applicable anti-corruption rules as part of their service agreement, as can be seen in a document consulted by Public Eye. A trading professional explained: “The prevailing logic was as follows: you pay an intermediary and then warn them that paying commissions to public officials is strictly prohibited. Whatever the intermediary decides to do with their money does not concern us in the least.”

All the commissions in question went through SEF, a small third-party trust company mentioned above. Initially holding a capital of CHF 300,000 in the form of 300 bearer shares, the company was wound up in April 2016. At the time, it was run by Nele D.-K., a banker, of Estonian origin and formerly employee of Clariden Leu, who specialised in offshore schemes.<sup>102</sup> Nele D.-K., who was in charge of customer relations, held a management mandate for companies belonging to the Gandzion family. This meant she was able to manage, make investments, and transfer funds. SEF did not conduct the due diligence and verification checks itself, but rather followed Clariden Leu’s instructions. According to details published by an influential Swiss daily, *Le Temps*,<sup>103</sup> and confirmed by Public Eye, Nele D.-K. was charged for unlawful business practices and breach of trust. Despite multiple attempts, we were unable to reach her.

When the accounts were opened, Clariden Leu’s Compliance Department was not surprised to learn that the beneficial owner of Petrolia E&P SA was not Maxime Gandzion – Gunvor’s official agent in Congo under a service agreement – but his son Yoann, then 28 years of age. Holding a French passport and with an address in the rue de la Boétie in Paris, the young man did not have any known business activity at the time. In fact, his role in the Congolese deal was secondary, despite the considerable sums paid into his accounts. Essentially, he seems to have played the role of nominee account holder, perhaps because he was less suspicious than his father, who held an official position as adviser to the Congolese presidency.

For Gunvor’s first operations in Congo, only Maxime Gandzion had a service agreement, although some of his commissions were subsequently transferred to Jean-Marc Henry. The latter did not receive his money directly until November 2010, when Henry have a proper contract. These contracts do not give any details of amounts. Rather, it was only indicated that the agents would be paid according to Gunvor’s margins, with each payment opening up a brand-new round of negotiations.

For each prefinancing deal, Maxime Gandzion and Jean-Marc Henry received on average USD 1.2 million (USD 7.2 million in total). They received another USD 300,000 per shipload of oil (USD 6.6 million in total). Between 28 January and 9 December 2011, Gunvor paid Maxime Gandzion some USD 10.83 million via Petrolia. There were also the commissions from Asperbras and NTA, which came to more than USD 10 million (*read Chapter 4*). These exorbitant sums should have been a warning sign for the bankers. But the transfers really worth noting were made to Hong Kong from the accounts of Yoann Gandzion.

## 5.2 – FIRST WARNING SIGN: ELEVEN CHINESE NATIONALS RECEIVE GENEROUS PAYMENTS IN HONG KONG

As far as we know, a little alarm bell rung. In the spring of 2011, Clariden Leu was concerned about the many cash outflows from Gandzion son’s account,<sup>104</sup> mainly to Hong Kong. Why were there so many outflows when it was a wealth management investment, not a current account? Via SEF, Maxime Gandzion reassured the bank, saying they were linked to “real estate business” in China.

The real alarm bells only started ringing a few months later, when Clariden Leu had been absorbed into Credit Suisse. Public Eye was able to read a Credit Suisse compliance Department report, drafted in November 2011, which raised several important questions. For example, compliance officers found that between February and September 2011, a total USD 4.7 million had been paid from the accounts of Petrolia and Fortus, the two offshore companies owned by Yoann Gandzion, to Hong Kong-based companies whose eleven beneficiaries were Chinese nationals.<sup>105</sup> When the bank screened these individuals, including through the use of World-Check, a database for due diligence widely used in financial circles, their findings were alarming. Apparently, many of the beneficiaries had links to organised crime, while some had been convicted of financial crimes. The largest payment, consisting of USD 160,000 plus EUR 1,030,000, came out of Petrolia E&P SA between March and June 2011, and went to somebody called Liu Liang. This individual is described in the Credit Suisse report as having “links to organised crime”.

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Who were the 11 Chinese nationals?  
When the bank screened these individuals,  
their findings were alarming.  
Apparently, many of the beneficiaries had  
links to organised crime, while some  
had been convicted of financial crimes.

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On the basis of this Credit Suisse report, Public Eye has compiled a list of payments via Gandzion family companies, namely Petrolia and Fortus, to the Hong Kong bank accounts of these eleven Chinese nationals. All of these operations took place when the contract between Gunvor and the SNPC was at its peak.

So who were these eleven Chinese nationals? And why did Maxim Gandzion pay them? One source told us that in 2012 Gandzion had said these people were active in Congolese real estate and had worked on his behalf in Pointe-Noire. Our source believed, however, that Maxime Gandzion had a completely different reason for making these transfers. Our source said the eleven individuals withdrew these sums in cash and sent it to Congo in briefcases. We can only guess that some of these funds were then handed over to Congolese officials.

Table 5 – FUNDS TRANSFERRED TO HONG KONG FROM THE SWISS ACCOUNTS OF PETROLIA AND FORTUS IN 2011

Name	Dates	Euros	USD	Allegedly involved in organised crime?
Liu Ruo Liang	17.3.–21.6. 29.3.–1.6.	1 030 000	160 000	Yes
Wang Ai Shu	28.9.		330 000	Yes
Xia Chun Lan	7.2.–9.2.	294 000		
Liu Chun Lan	14.3.	100 000		Yes
Zheng Lin Ming	14.3.–23.5.	295 000		Yes
Ding Ju Ying	12.4.	250 000		
Hui Xiu Hua	21.6.	200 000		
Zhuo Bao Guang	28.6.–1.7.	210 000	210 000	Yes
Xu Chunfang	11.7.		336 000	
Ya Su Hua	6.9. 15.8.–19.8.	200 000	382 000	
Liu Ailan	11.8.	165 000		Yes
<b>TOTAL</b>		<b>2 744 000</b>	<b>1 418 000</b>	

For two reasons, this hypothesis has its merits. First, Gunvor's business developer, Pascal C., told the Federal Prosecutor that commissions paid to Maxime Gandzion benefited "the presidency" as well as the then finance minister, Gilbert Ondongo (read Section 5.4). Secondly, Pascal C.'s successor at Gunvor, Bertrand Bertrand G., later stated in an interview, filmed without his knowledge, that: "When we took on Gandzion, when we paid them, we were persuaded that it went mostly somewhere, and that it went to the intended beneficiary. And there was no reason to doubt, because as we got the tankers, we just assumed everything was fine..." (read Section 6.3). Contacted for comment on several occasions, Maxime Gandzion's lawyer did not answer our questions.

In its audit report, Credit Suisse was also surprised that Pascal C. was the only one to sign contracts with the two intermediaries, even though he was not even on Gunvor's list of authorised signatories. The bank demanded an explanation regarding this discrepancy which, at the time, did not seem to bother Clariden Leu much.

Pascal C. then turned to his superiors for, and was granted, two retrospective power of Attorney. The authorisations were both dated 12 December 2011 and signed by Timothy L., Head of the Risk Department, and Jean-Baptiste L., Head of the Legal Department.<sup>106</sup> In the documents, Gunvor "ratifies, approves and confirms" that it had authorised Pascal C. to sign the two commission contracts with Henry and Gandzion more than a year before. Public Eye asked Gunvor about this, but the company did not reply directly. Gunvor did say in the press, however, that it had granted authority to sign "on the basis of incomplete and misleading information" provided by its former employee (read Section 5.5).

This issue and the explanations were too much for Credit Suisse, which became suspicious and in December 2011 referred the matter to the MROS. That is how the Office of the Attorney General of Switzerland came to join the party. It launched an investigation, froze the accounts of Yoann Gandzion, Jean-Marc Henry, and Pascal C. and ordered a search of Gunvor's headquarters, which was carried out a few weeks later.

As part of the criminal proceedings against unknown individuals on "suspicion of money laundering", Federal Prosecutor Gérard Sautebin wanted to know whether any payments had been made to any public officials from accounts at Clariden Leu. He asked Hong Kong for mutual legal assistance to determine whether the eleven Chinese nationals had paid anything at all to Congolese officials, which would constitute a predicate offence to money laundering. Still ongoing at time of publication, this investigation is the main one relating to Gunvor business in Congo. Related investigations have also opened (see box 5).

### 5.3 – NEW PROCEEDINGS OPEN AS OTHER SUSPICIOUS PAYMENTS EMERGE

The Federal Prosecutor learned during the investigation that Gunvor had used SEF to make other payments, some of which may have been illegal. Always keen to limit its exposure to risk, Gunvor had paid USD 10.6 million via SEF to Atis HK Limited, a company based in Hong Kong. Then, in May 2011, SEF transferred these funds to the Special Administrative Region of the People's Republic of China via an Atis account at HSBC. From there, the money was redirected via a Latvian bank, Rietumu

Bank, to another Hong Kong company, Zilan HK Limited. Zilan then distributed the funds. We have not been able to find out who received the funds and why.

Nor have we been able to establish with any certainty what these funds relate to. One source said that they had been paid under a profit-sharing agreement between Gunvor and the SNPC under a specific clause of the oil contracts. But if this is true, then why did the SNPC receive the money via an obscure Hong Kong-based company and not directly into its Congolese accounts? And if this is a profit-sharing clause, then how do we explain profits of USD 10.6 million from May 2011, when the Congolese contract had only begun four months earlier? This explanation seems unlikely, even though this type of clause is common industry practice (see box 6).

Pascal C. admitted to the Federal Prosecutor that one of the reportedly illegal payments by Gunvor was for SNPC officials (read Section 5.4). This could well be the USD 10.6 million paid to Atis. But we do not know who benefited from these money transfers. In addition, the Hong Kong Companies Registry does not provide information on the beneficial owners of Atis and Zilan. There is no indication that these companies are directly connected with the SNPC. However, thanks to the Panama Papers, the gigantic leak about clients of Panamanian law firm and corporate service provider Mossack & Fonseca, we were able to gather more than the information provided by the Hong Kong Companies Registry.

Atis has one sole shareholder, a BVI-established company called Laurence Pountney Limited. In October 2007, this company was set up on behalf of a “special customer” who agreed to pay “special rates” for maximum discretion. The beneficial owners are not identified. Laurence Pountney Limited serves as a nominee for all companies incorporated by Compadvise, that runs Mossack & Fonseca’s business in Hong Kong. As a result, the company does not hold bank accounts, pay dividends, or issue annual reports. It leaves no footprint at all. Its

successive directors manage dozens of other companies, but they too are only nominees. However, according to the Panama Papers, Laurence Pountney Limited had attracted the attention of the justice system twice before: the first time was in the United Kingdom in 2010 for money laundering; the second time was in France, between 2011 and 2012, as part of a tax investigation. We do not know what happened with those investigations. In October 2014, Mossack & Fonseca admitted to the supervisory authority of the British Virgin Islands financial sector that they were unable to identify the beneficial owner of this company.

It seemed almost impossible to determine the owners of Atis (and Zilan too), relying only on the possibilities of investi-

Box 6

## PROFIT-SHARING FOR DUMMIES

Officials at state-owned oil companies often supplement their income by offering the traders an attractive “short-cut” when buying the shipments of oil. This is how it works: the officials give the buyer a choice in advance of three different prices. These are the average price five days before the shipment leaves port, five days around, or five days after. In oil lingo, these are known as “options”. Depending on price movements, sometimes you win with these options, sometimes you lose. There is, however, one way to win every time: to choose between the three pricing period retrospectively, that is, when the prices are actually known.

The head of trade finance at a large Geneva-based bank said this was a “classic” stunt pulled on cargo prices, commonplace in Nigeria, for example. He told us that some traders “always make gains on their price options. There is a simple reason for this: they submit the three options and a random official then rips the other two – the ‘inaccurate’ ones – after loading, so that traders always get the best price”. This banker added that when they asked “their customers [traders] to call their options before loading, two-thirds changed bank...”.

According to one of our sources, it is precisely “this shortcut” that SNPC officials had allegedly proposed to Gunvor. If this was indeed the case, then the deal must have benefited both the trader, which maximised profits, and the Congolese officials paid in exchange for this favour, to the detriment of the SNPC. We have not been able to confirm this hypothesis, but it is similar to practices commonly used in Congo. The trading company Philia had a similar profit-sharing clause within its contract with Congolese public refinery, CORAF.<sup>107</sup>

Box 5

## THE ONGOING PROCEEDINGS IN SWITZERLAND

- Main proceeding: opened in January 2012 against X for money laundering.
- Proceeding opened in November 2012 following a lawsuit lodged by Gunvor against its employee, for fraud.
- Proceeding opened in March 2013 on complaint of the employee against Gunvor, for false allegations.
- Ongoing proceeding (date unknown) for money laundering, specifically against the beneficiaries of Atis, a company that made suspicious payments (read Section 5.3).

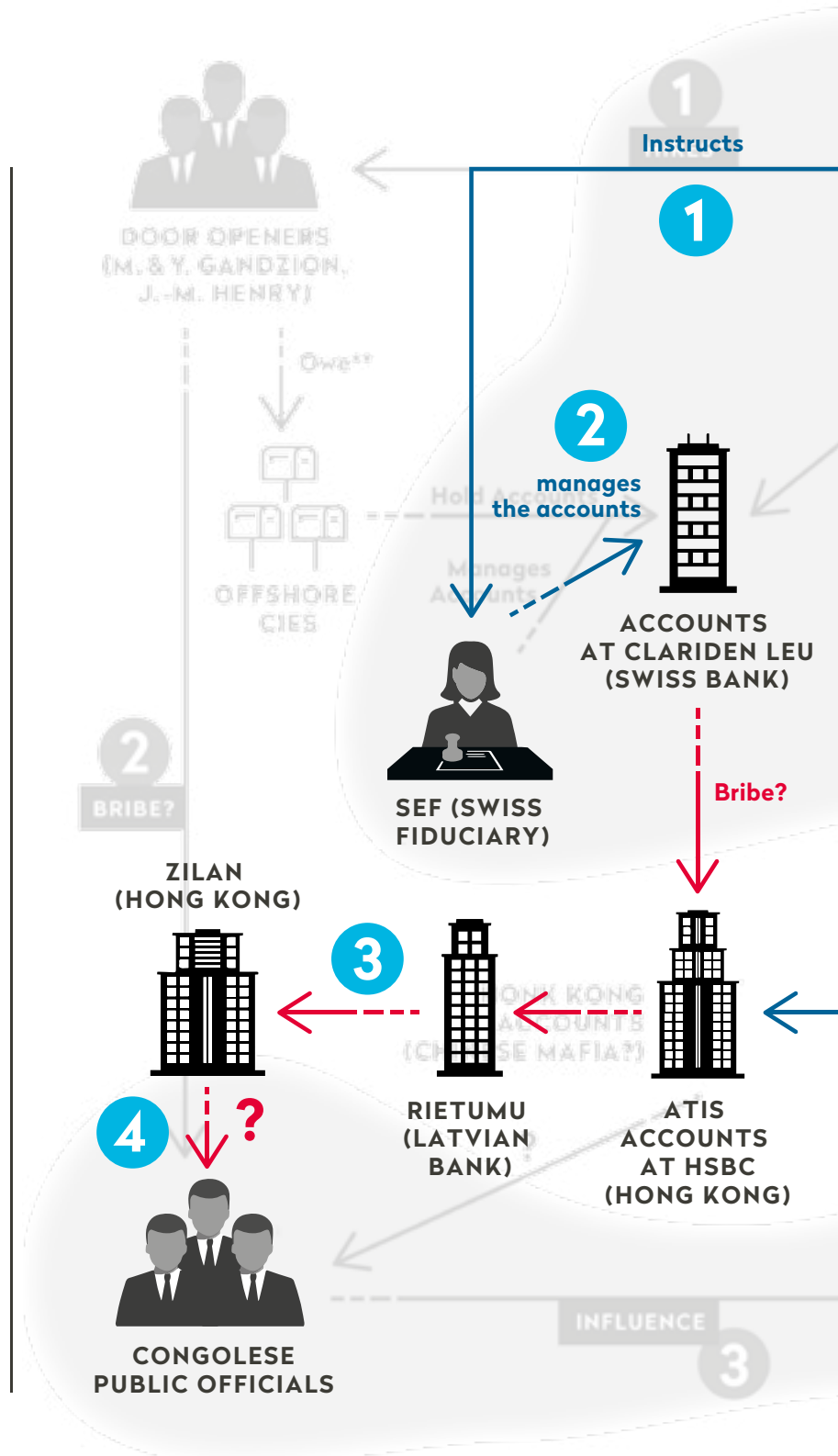


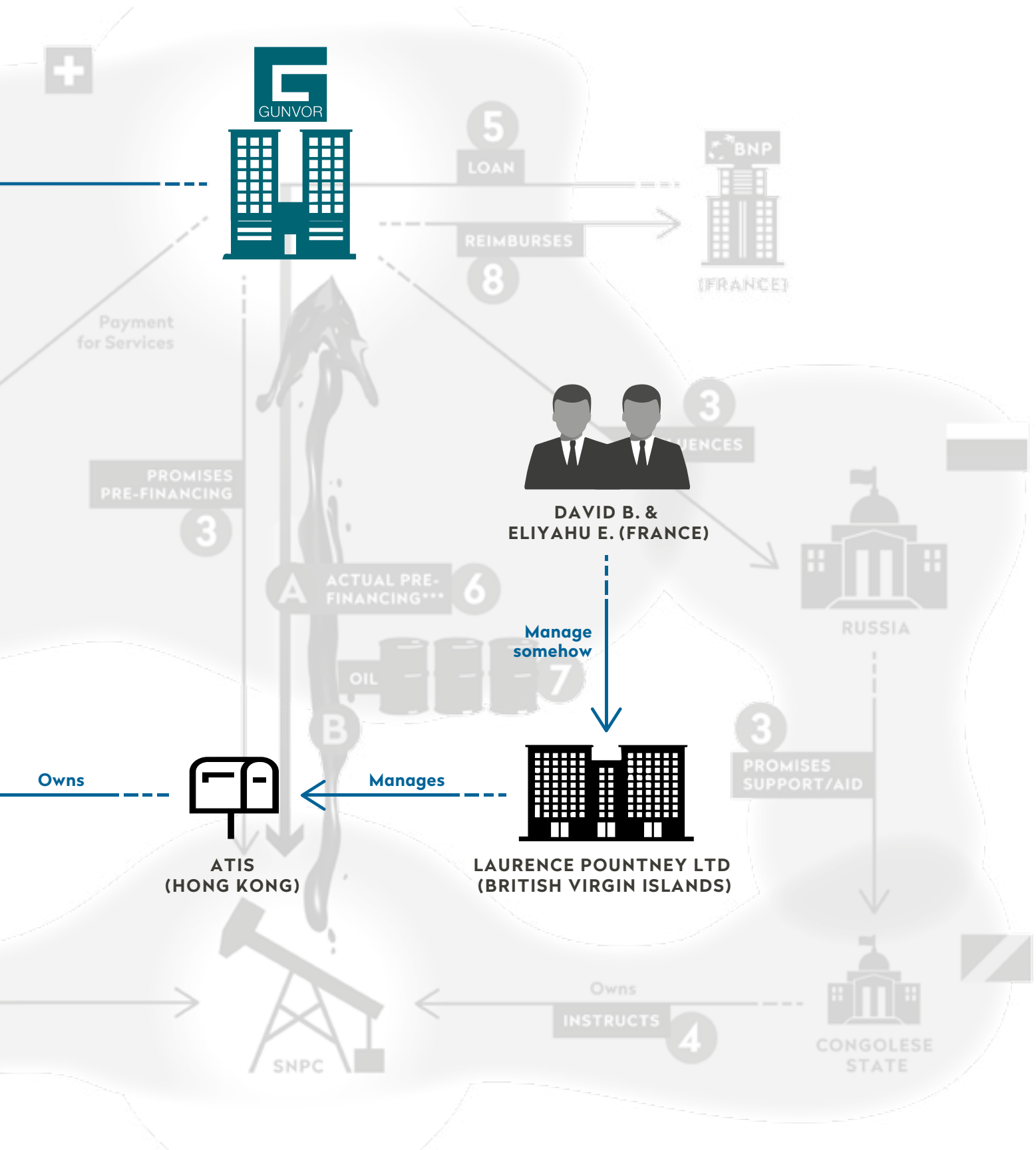
**INFOGRAPHIC 3 – OIL DEAL COMMISSIONS: A USER'S GUIDE II**

On one occasion, Gunvor directly instructs SEF to wire 10.6 million USD to the account of an opaque entity called Atis Ltd in Hong Kong. That money then goes to Zilan, another entity based in Hong Kong through a Latvian Bank. The final beneficiaries are unknown. It could have been officials from the SNPC.

**STEPS OF THE STORY**

- 1** Gunvor directly instructs SEF to wire 10.6 million dollars to bank accounts in Hong Kong.
- 2** Those bank accounts are opened in the name of ATIS, an offshore company managed by two individuals who specialise in offering offshore schemes.
- 3** Gunvor's money is then wired to the accounts of another offshore company in Honk Kong, Zilan, through a Latvian bank.
- 4** This money then disappears. It is possible that it benefited Congolese officials in the end.





gative journalism. Nevertheless, we learned that the two men hiding behind his opaque structure, both registered at an address in Paris, were Eliyahu E., 47, and David B., 36. “David B. pulls the strings. He created these two companies solely for the purpose of banking transactions on behalf of third parties, charging 2 % in commissions”, one source said. We do not know who David B. was acting for, but, thanks to our source, we have been able to establish that he has links to Congolese power and oil. In 2010, another of his BVI-registered companies, Golum West Limited, which has a bank account at the Geneva branch of the Bank of China, transferred many hundred thousands USD to an account belonging to Blaise Elenga’s in Tunisia. But who is Blaise Elenga? This was the former director of Cotrade, a trading subsidiary of the SNPC, which was dissolved at the request of the IMF because of recurring embezzlement. Elenga became known for his luxurious lifestyle when British NGO Global Witness published the statements for two of his Hong Kong-backed MasterCards.<sup>108</sup>

The Swiss prosecution authorities decided to prosecute Eliyahu E., an Israeli, and David B., a Frenchman, for money laundering, in a separate, new and fourth procedure.

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Contacted by Public Eye, Gunvor did not comment on the USD 10.6 million paid to Atis via SEF.

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We tried contacting David B. through a Geneva-based company of which he used to be a director, Mont-Blanc Investments SA. A company manager told us he had had no news of David B. and did not know how to contact him. He also said that he was not surprised to learn of David B.’s legal troubles, given that he had “left some skeletons in the closet, including debts” to the company, which was in liquidation at the time. Contacted by Public Eye, Gunvor did not comment on the USD 10.6 million paid to Atis via SEF.

#### 5.4 – PASCAL C. ACKNOWLEDGES CORRUPT PAYMENTS MADE WHILE AN EMPLOYEE

The commissions paid by Gunvor to Petrolia (Maxime Gandzion), Armada (Jean-Marc Henry) and Atis represent a total of USD 31.9 million. So who benefited from these commissions? Who within Gunvor would have known about any illegal payments?

In the spring of 2017, the judicial investigation was making significant progress. Gunvor’s business developer, Pascal C., asked that a simplified procedure for bribery of foreign public officials be opened. Such a procedure allows a suspect to admit to the essential facts and to their guilt before being charged with the offence(s), provided that their testimony is consistent with the elements included in the case file. According to our information, the Office of the Attorney General of Switzerland respond-

ed to this request, although a so-called “conviction negotiated between the defendant and the prosecutor” has to be ratified by a court in a quiet, discreet hearing. Here, the accused merely confirms whether or not they agree with the facts and the judgment made. To date, the Federal Criminal Court has not formally ratified the sentence negotiated between Pascal C. and the Office of the Attorney General of Switzerland. Contacted by Public Eye, Pascal C. did not answer specific questions.

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“One of the goals is to find out whether these people belong to a system or acted on their own.”

Michel Lauber,  
Switzerland’s General attorney

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According to our sources, Gunvor’s former business developer acknowledged his active involvement in the setting up and execution of commissions that he knew would benefit foreign public officials. He said he was fulfilling his duties *as employee*. These two last words are key: although he admitted making the fraudulent payments, Pascal C. contradicted Gunvor’s hypothesis that he acted without the knowledge of his superiors. And we’ll come back to that very shortly.

Three separate payment patterns were found to be illegal, thus falling under the offense of bribery of foreign public officials. First, bribes were paid between 2008 and 2009 in connection with an initial small-scale contract, probably secured through Marc Emmanuelli (*read Section 2.3*). Then, between 2010 and 2012, commissions were paid to Maxime Gandzion, for a total of USD 10.83 million for 2011. Part of this money went towards paying “the Congolese presidency” and the then finance minister, Gilbert Ondongo. Other payments were made to SNPC officials. This could be the USD 10.6 million that Gunvor paid via SEF to Atis Hong Kong (*read Section 5.3*).

Is Pascal C. the “crooked employee” described by Gunvor in the press? Or did he take these risks under instruction, tacit or explicit, from his superiors? Did Gunvor seek to deter illegal behaviour by putting in place effective procedures? Getting answers to these questions is a stated goal of the ongoing criminal proceedings. As Federal Prosecutor Michael Lauber put it: “One of the goals is to find out whether these people belong to a system or acted on their own.”<sup>109</sup>

#### 5.5 – GUNVOR AND ITS VERY OWN “KERVIEL”: THE OBVIOUS HYPOTHESIS OF THE “CROOKED EMPLOYEE”

“Everybody makes mistakes, but then they must take responsibility. The problem with Gunvor lies in how it behaved regarding these mistakes.” Thus a high-profile banker began his explanation for why BNP Paribas, one of the world’s top banks in commodity trade finance, ended its relationship with Gun-

vor. As Geneva's most influential daily, *Le Temps*, put it in 2013, the decision was a direct consequence of the Congo scandal.<sup>110</sup>

The arguments used by Gunvor to defend itself have remained unchanged since media covered the case. Publicly and judicially, the trading company consistently pointed the finger at its “business developer”, Pascal C. This “oil prince”,<sup>111</sup> who knew how to turn Congolese black gold into nine-figure profits for Gunvor, is supposed to be guilty of engineering everything without his superiors knowing anything. Pascal C. acted as a “free electron”, the company says. When the case broke in the press in July 2012, Gunvor's lawyer, Andreas Bachmann, said it was a “case of an individual whose employment contract had been terminated”.<sup>112</sup>

In response to *Le Monde's* questions in June 2013,<sup>113</sup> Gunvor's executives maintained that “*the contracts [Ed.: commission contracts, that is] were signed by the former employee in breach of the applicable signing authority procedures*” and that “*it was at his express request, on the basis of incomplete and misleading information, that Gunvor granted the power of attorney, confirming the single signature of the former employee*”.

In any case, there are several reasons to question Gunvor's “crooked employee” claim. First, the employee himself has always refused to bear sole responsibility for embezzlements linked to his former employer's business in Congo. On 8 March 2013, he lodged a complaint against Gunvor for false allegations, claiming that Gunvor was fully aware of these payments, and suggesting that Gérard Sautebin, the Prosecutor, should find out about the chain of command for commission payments. Pascal C. also told the Federal Prosecutor that when he committed to developing the African market in 2007, he learned from other employees that Gunvor was paying commissions for contracts.

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“Everybody makes mistakes, but then they must take responsibility. The problem with Gunvor lies in how it behaved regarding these mistakes.”

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Is Pascal C. “Gunvor's very own Kerviel”, as Thierry Allix, the boss of French company NTA, suggested to Public Eye, while referring to Jérôme Kerviel, a French banker convicted of causing *Société Générale* losses worth EUR 4.9 billion during the 2008 financial crisis? Could Pascal C. in fact be the scapegoat of a system that tacitly encourages the excessive taking of risk? Allix, who knew Pascal C., said he did not understand the fall from grace of “someone who was structured, intelligent and brilliant.”

Several factors support Pascal C.'s version of the story, according to which he only acted “as employee”. It is hard to imagine that Pascal C. could have made such huge payments without the knowledge of his superiors. In March 2015, *Le Temps* rightly asked: “How are we expected to believe that a Gunvor employee could have ordered payments of USD 30 million [Ed.:

USD 31.9 million] commission without formal signing authority, as the company claims? According to sources familiar with the case, the payments were “split into dozens of smaller sums, preventing Gunvor from having a clear view of the amounts involved”. Clearly, these “sources close to the case” are on Gunvor's side. Moreover, the trader later clarified its position: “Our internal control systems were perverted by our former employee in order to make money at Gunvor's expense.”<sup>114</sup>

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The arguments used by Gunvor to defend itself have remained unchanged since media covered the case. In any case, there are several reasons to question Gunvor's “crooked employee” claim.

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Contacted for comment by Public Eye, Gunvor continued along the same lines, insisting that significant “improvements” had been made to its internal compliance and anti-fraud procedures: “It is important to note that since this matter arose five years ago, Gunvor has made extensive strides to enhance and continuously improve its compliance system” A compliance manager now oversees and trains all trading units worldwide. Gunvor “has even retained outside compliance experts to assist the company in maintaining and implementing high compliance standards. “Faced with this somewhat vague and rehearsed response, it can be assumed that these “improvements” have been intended to develop an in-house compliance system that has so far been virtually non-existent, so as to avoid criticism. There is, however, no real indication that there was an actual desire to question unsettling yet lucrative practices. As we show in the next chapter, Gunvor's attempts to develop compliance procedures failed to prevent a bribery attempt by a manager in the summer of 2014, a somewhat more recent event than the one referred to by the trader.

The timeline also makes us suspicious about the trading company's version of events. The Federal Prosecutor searched Gunvor's offices in January 2012, but this company took its time to react. It did not dismiss Pascal C. until six months later. It then waited until November 2012<sup>115</sup> to file a lawsuit against its former employee, as well as against Jean-Marc Henry, for money laundering, fraud, breach of trust, and unlawful business practices, accusing the former of earning from the latter a USD 6.8 million commission through fraudulent means. Both were charged by the Office of the Attorney General of Switzerland.<sup>116</sup> When contacted by Public Eye, Jean-Marc Henry, speaking through his lawyer, declined to answer any questions.

Gunvor's initial reaction towards its employee was much more “sympathetic”. According to our information, management would have liked to part ways amicably with Pascal C., even suggesting that he become an “external consultant”.

One of our sources provided an explanation: “*Gunvor said relatively little on the merits of the case in January 2012, but the*

*media coverage in July 2012 – and the fear of losing its banking relationships, especially with BNP Paribas – ultimately pushed the company over the edge. And it then filed a lawsuit against its former employee.”*

Contacted for comment by Public Eye, Gunvor said that its delay between finding out about “the swindle” and filing the lawsuit against Pascal C. is explained by the time it needed to conduct an internal investigation. This is the basis of its lawsuit, which earned it “recognition as a constant claimant” vis-à-vis the Office of the Attorney General of Switzerland. Gunvor did not specify whether this internal investigation had been included in the investigation file.

The hearing of Gunvor’s managers showed that the company had a sophisticated management system that allowed for real-time information on all inflows and outflows as well as the positions of its ships. Bills could not be paid without management approval. “Any disbursement in excess of USD 100,000 must be signed by two persons authorised to do so. And I assure you that these tens of millions of US dollars in commissions were not divided into amounts below this threshold”, said one source. The payment of USD 10.6 million to Atis in May 2011 supports this claim. Another source said: “It does not make sense to pretend that an employee did not have control over finances but was able to make transactions worth tens of millions of dollars.”

*“As soon as the SNPC authorises the lifting of a cargo (a month and a half in advance), SNPC’s sales prices and China’s Unipet purchase prices are known. Then we learn the profits, commissions, and additional costs to be deducted. It was all part of that system. The bills were verified and validated. Then other managers ordered the payments to the agents. All the amounts were earmarked before the payments and so it wasn’t the bills that triggered the payments”,* explained a source.

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Are we really expected to believe that, having put so much effort into securing the contracts, Gunvor executives were not closely involved with these large operations?

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At the end of January 2016, Torbjorn Tornqvist acknowledged to the Federal Prosecutor that he had “chosen, validated, and given the “green light” for Maxim Gandzion to work for Gunvor on the Congolese market, but that he did not know “exactly” what Jean-Marc Henry did. He thought Henry’s work had been “overpaid”.<sup>117</sup> This unfavourable attitude towards Jean-Marc Henry makes some sense, since Henry was the one who paid a commission into Pascal C.’s offshore company account.

In front of the prosecution authorities, the head of Gunvor’s legal department, Jean-Baptiste L., had apparently said that Torbjorn Tornqvist did not know Jean-Marc Henry. But the prosecutor challenged this statement by producing an email dated August 2010. It showed that the Gunvor boss had spent several days in a Brazzaville hotel with both Jean-Marc Henry and

Pascal C. Was this not enough time for him to get to know the intermediary who, just three months later, would be hired by his firm and receiving millions of dollars? In 2011, a few weeks after Gunvor signed the service agreement with Henry, Gunvor won the jackpot in Congo.

Given the above, Gunvor’s “crooked employee” claim does not look credible. We should also take into account the trader’s 2011 profits in Congo, which accounted for 22 % of the group’s total profits that year. Are we really expected to believe that, having put so much effort into securing the contracts, Gunvor executives were not closely involved with these large operations? The next chapter shows that these payments were, at best, tacitly permitted. At worst, they were an essential part of Gunvor’s business model.

6

# To make it in Congo, Gunvor goes to any lengths

**“Th’ attempt and not the deed  
Confounds us.”**

*Lady Macbeth, in Macbeth, Shakespeare*

In spite of these proceedings, Gunvor was still trying to make it big in the Congolese market. To do so, the oil trader took incredible risks. With proceedings just begun, Gunvor called again upon the Gandzion family, whose Geneva bank accounts had been frozen, to renew business relations with the SNPC. The company then turned to an even shiftier character, somebody with a well-known and colourful criminal record. A Gunvor manager proposed a fraudulent pact to an intermediary claiming to represent the president's son, Denis Christel Sassou-Nguesso.

This move demonstrates Gunvor's worrying business methods, a literal "up yours" to the Swiss justice system by one of its directors, who was later accused of bribery. It also contradicted Gunvor's line of defence, in which the company continued to accuse its former employee of having acted without the knowledge of his superiors. In reality, Gunvor's "very own Kerviel" (read section 5.5) was already out of the game, as these new facts revealed by Public Eye show.

## 6.1 – THE GANDZION FAMILY SIGNS ON FOR A SECOND TIME

Why care about the legal proceedings? In the summer of 2012, Gunvor was keen to resume its exports of Congolese crude oil as soon as possible and give substance to the pipeline project between Pointe-Noire-Brazzaville and Oyo as agreed with the Russians and Congolese (read Section 2.5). The two projects were closely linked, because the oil money was to pay for the pipeline, which was close to Timchenko's heart. The Swiss investigation put the project on hold, but Gunvor redoubled its efforts to get it back on track. To do so, the trader enlisted the help of the ever-reliable Maxime Gandzion. Jean-Marc Henry had been dismissed, but Gandzion was still in place, even though his role as a Gunvor intermediary put him at the heart of the investigation by the Office of the Attorney General of Switzerland.

On 24 July 2012, the Swiss trader signed a "service agreement" with Yoann Gandzion, Maxime's son, as can be seen in the "service agreement" that Public Eye was able to consult. This contract was signed by José O., head of Gunvor's crude oil department, and Jérôme S., the group's number two. The agreement stipulated that Yoann Gandzion would receive USD 300,000 per ship of crude oil and USD 1.3 million per prefinancing deal, to be paid via his company Dewita Energy LLP which

had been registered in London in July 2012. The amounts were about the same as the commissions granted to his father under the previous contract... It has a familiar ring, does it not? The agreement also stated that Dewita would get 1% on the pipeline construction, to be done by Gennady Timchenko's company, Stroytransgaz. Gunvor did not answer Public Eye's questions about this contract.

Unusually, the "service agreement" instituted an advance payment of USD 2.1 million. In October 2012, Gunvor paid this amount into a Luxembourg account at the *Union des Banques Arabes et Françaises* (UBAF). A few weeks later, the SNPC allocated Gunvor a 23<sup>rd</sup> and last cargo of one million barrels of Nkossa Blend, another Congolese crude.

Once again, Gunvor wanted legal protection against the possible payment of bribes. Yoann Gandzion's contract included a ten-point anti-corruption clause, stating that he must "comply fully with applicable laws against corruption in the jurisdiction in which it is registered and/or conducts its business and the jurisdiction in which the service concerned is to be performed". It also stated that it had to "be fully aware that the client (Gunvor) conducts its business in compliance with the OECD Convention on Combating Bribery of Foreign Public Officials and follows the rules issued by the OECD Guidelines for Multinational Enterprises as well as the United Nations Convention against Corruption". Yoann Gandzion also signed a "Compliance Certificate for Dewita Energy LLP", on 27 July 2012, which included all these points.

Now aged 34 and with a French passport, Yoann Gandzion is emerging from the shadows. A businessman with a bright future, he is running Safe African Investment, a consulting firm that helps investors seeking to enter the continent.<sup>118</sup> Back in 2012, the young man had no demonstrable business experience... but this didn't seem to be a problem. According to our sources, it was actually his father Maxime who was manoeuvring to revive Gunvor business in the Congo.

On 13 November 2012, Gandzion senior was part of a Congolese delegation, led by President Sassou Nguesso, that went to Moscow to discuss energy matters. It was welcomed to the Kremlin with great pomp and fanfare by none other than Vladimir Putin.<sup>119</sup> So Gandzion was still playing an important role in Russo-Congolese bilateral relations. A photo posted online at the time shows him shaking hands with the Russian president.

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Gandzion was still playing an important role in Russo-Congolese bilateral relations despite the fact that Gandzion role as intermediary for Gunvor put him at the heart of the MPC's investigation.

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Despite the good services of Maxime Gandzion and his son, Gunvor did not get the results it was hoping for. With the exception of a single shipment of Nkossa crude – the 23<sup>rd</sup> and final – obtained at the end of 2012, Gunvor did not get a single barrel more from the Congo. Contacted for comment by Public Eye, Denis Christel Sassou Nguesso, the president's son said the termination of Gunvor activities in Congo had nothing to do with its legal troubles: "Everything was fine. Our partnership was not supposed to last a lifetime. It had nothing to do with Gunvor's legal problems, which are company-internal matters. The proof is that no Congolese official was ever accused of anything. Gunvor simply did not express its intention to resume its activities in Congo. There is no shortage of buyers, whether English, French, Russian, Chinese, etc." This statement by the SNPC's top man did not, however, match the information that we gathered. Gunvor did try to embark on the Congolese adventure once more, this time enlisting the services of another intermediary, who happened to be even of dodgier character.



Gunvor intermediary Maxime Gandzion shakes hands with Vladimir Putin at the Kremlin on 13 November 2012. (DR)

## 6.2 – GET OFF ON THE RIGHT FOOT BY ENLISTING THE HELP OF A MAN WITH A HEAVY PAST

In 2013, Gunvor enlisted the services of Olivier Bazin, a leading figure in *Françafrique* (a French term that refers to France's relationship with its former African colonies). This French intermediary with an eventful past had already represented Gunvor in several of its attempts to break into African markets (*read Section 2.1*), including in Angola in 2007. At that time, Gunvor was already buying Angolan crude from Chevron, but it wanted access to Sonangol, the state-owned oil and gas extraction and production company. Francois Rouge, a Geneva banker who had married into the Corsican mafia<sup>120</sup> and was well established in the former Portuguese colony, arranged a meeting on behalf of Gunvor between Olivier Bazin and Angolan President José Eduardo Dos Santos in Dubai, in November 2007.<sup>121</sup>

But Bazin, nicknamed "Colonel Mario", was known to the justice system. Charges had been brought against him in October 2004, leading to conviction in France in 2009, for a string of offences related to smuggling and gold laundering on behalf of Ali Bongo, the son of Gabon's president Omar Bongo, who succeeded his father the same year.<sup>122</sup> In 2008, Rouge and Bazin were both in the dock during the so-called "Cercle Concorde" case, in which Bazin was charged with "conspiracy to commit murder, extortion and bribery", before being released from charges.

In spite of Bazin's colourful criminal history, Gunvor still sought his help with winning contracts. The Angolan experience had ended in failure, but the Frenchman soon became Gunvor's "man in the Ivory Coast". Now, he also became involved with Gunvor's business in Congo.

In March 2014, Gunvor's intermediary obtained a cargo of crude from Ivory Coast under suspicious circumstances, as explained by the French website Mediapart.<sup>123</sup> Gunvor management later asserted that Olivier Bazin's consultancy contract had been terminated on 30 January 2013 "because he had not passed a compliance test". But this claim is contradicted by documents in Mediapart's possession, which Public Eye has been able to see. In a draft letter, written in early 2015 which Bazin intended to send to Brian L., Head of the Compliance Department at Gunvor, the Frenchman reclaimed his salary as a door opener and lists the activities he carried out for Gunvor after 30 January 2013, when his contract had supposedly been terminated. When contacted by Public Eye, Olivier Bazin confirmed to us that the content of the draft letter was accurate but that he did not send it. When asked by Public Eye for comment on the claim that Bazin had worked for Gunvor after the contract had supposedly been terminated, Gunvor did not reply.

In his letter, Olivier Bazin said that he met with Torbjorn Tornqvist in 2013 and that shortly after that, José O., head of Gunvor's crude oil department, asked him "to help Gunvor rebuild relations and continue his activities in Congo-Brazzaville and Ivory Coast". On 7 February 2013, Bazin arranged a meeting in Paris between these two Gunvor executives and the president's daughter, Claudia Sassou Nguesso.

Bazin also claimed to have eased Gunvor into doing business in Ivory Coast and Congo "by employing practices compliant with the law, which entailed no illegal remuneration" and





**OLIVIER BAZIN**  
"Colonel Mario"

- A long history of dabbling in the troubled waters of *Françafrique* (a French term coined to refer to France's relationship with its former colonies in Africa), especially for Elf.
- An enthusiast of "radical, definitive solutions", in 2008 he was charged with "(criminal) conspiracy to commit murder, extortion and bribery" in a case related to Corsican organised crime, but was subsequently released.
- Always happy to lend a hand to the powerful: in 2009, he was convicted for money laundering in connection with Ali Bongo, son of the then president of Gabon and soon to become president himself.
- He also has a playful side: he held interests in casinos in Chad.
- A Gunvor mercenary, whose mission was securing oil shipments in Angola, Ivory Coast and Congo.

**TOP QUOTE**  
LOVES "PRACTICES COMPLIANT WITH THE LAW, WHICH ENTAILED NO ILLEGAL REMUNERATION".

requested to be paid EUR 300,000. Bazin detailed the work he had done on behalf of Gunvor in the last two years: "16 trips to Abidjan, Brazzaville, Malabo; more than 30 meetings held at the Gunvor headquarters in Geneva; more than 50 meetings held in Paris, Brussels, London, etc... with our African counterparts". He also recalled the "more than thousands of SMSs" exchanged with José O. and Bertrand G., a Gunvor executive responsible for trade finance who later became a business developer.

Bazin's letter also mentioned a new contract signed in Congo between the SNPC and Gunvor on 9 July 2014, two years after the end of the first deal. The agreement was for the delivery of four cargo ships. Gunvor used one of its many offshore companies, Waterway Petroleum, which had been created in 2012 in the Bahamas and administered by big boss Torbjorn Tornqvist.<sup>124</sup> Bazin's letter said the new contract was signed in the presence of the Russian ambassador to Congo, Valery Mikhailov and Bertrand G., in front of Congolese television cameras. The first delivery was to be the first tranche of a wider contract involving 20 cargo ships over a 10-year period. Revenue from the deal would finance the 450-kilometre pipeline from Pointe-Noire-Brazzaville to Oyo. The first crude cargo should have been lifted by Gunvor in August 2014, but the entire operation was halted because of a strange and unexpected episode that took place just a few weeks earlier. The episode proves that, in 2014, Olivier Bazin was still working for Gunvor.

### 6.3 – THE DOCUMENT THAT HAUNTS GUNVOR CAPTURED ON CAMERA... AND WITH SOUND!

In June 2014, the lawyers of Pascal C. and Jean-Marc Henry met with Mario Brero, a Geneva-based private detective who had been in contact with Gennady Timchenko. Details of the meeting were outlined in a "strictly confidential" memo drafted by Alp Services, Mario Brero's economic intelligence company, and seen by Public Eye. At the meeting, the two men said they had overwhelming evidence of Gunvor's corrupt practices in Africa, including a video. The lawyers then put a deal on the table: the undercover footage would remain secret if Gunvor withdrew the lawsuits against their clients.

To the best of our knowledge, the message was delivered to Gunvor's executives, including Gennady Timchenko. The businessman was in Russia at the time. Since they received no answer from Gunvor, the lawyers of Pascal C. and Henry decided to hand over all the documents – video footage and audio recording as well as written documents – to Gérard Sautebin, the Prosecutor. The video led to the prosecution of Bertrand G. for "corruption of foreign public officials". The prosecutor also heard the testimony of Olivier Bazin, described by Mario Brero as "a notorious international criminal and arms dealer".

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The damning video footage incriminating Gunvor led to the prosecution of Bertrand G. for "corruption of foreign public officials".

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Public Eye was able to watch this infamous footage, of unknown origin. It was shot between late April and mid-May 2014 in an unidentified location, probably a restaurant in a French-speaking country, since somebody is heard ordering a Perrier in French. One source said the meeting took place at a Parisian hotel near the Champs-Élysées. There were three men



### BERTRAND G.

Gunvor's Head of Finance, with a starring role in the secret video footage

- > He made his trading debut working within BNP Paribas' trade finance division.
- > He was in charge of trade finance at Gunvor, before succeeding Pascal C. as business developer.
- > In an interview filmed without his knowledge, he appeared convinced that the commissions paid by Gunvor to Maxime Gandzion were going to "the intended beneficiary".
- > A little rough around the edges: he suggested a corrupt scheme that was a literal "up yours" gesture aimed at the Swiss justice system "to make sure we get absolutely no trouble".
- > He's a huge fan of the golden handshake: he received a six-figure compensation when dismissed by Gunvor.

#### TOP QUOTE

"YOU'LL BE HARD PRESSED TO FIND A JUDGE THAT WILL WANT TO LOOK INTO THE DEALINGS OF A RUSSIAN COMPANY."

in it: Bertrand G., Olivier Bazin – whose contract with Gunvor had allegedly been terminated – and a Congolese national identified in Alp Services' memo as being "proxy" to Denis Christel Sassou Nguesso, the president's son. This latter introduces himself in the video as André, Kiki's "brother", a term which should be understood here in its broadest sense.

Bertrand G. and Olivier Bazin were standing side-by-side, backs to the camera, while "André" was facing them. It is hard to tell how far the camera was from the table where they were sitting, but it was probably only a few metres. The sound quality is poor, but we have been able to make out everything that was said.

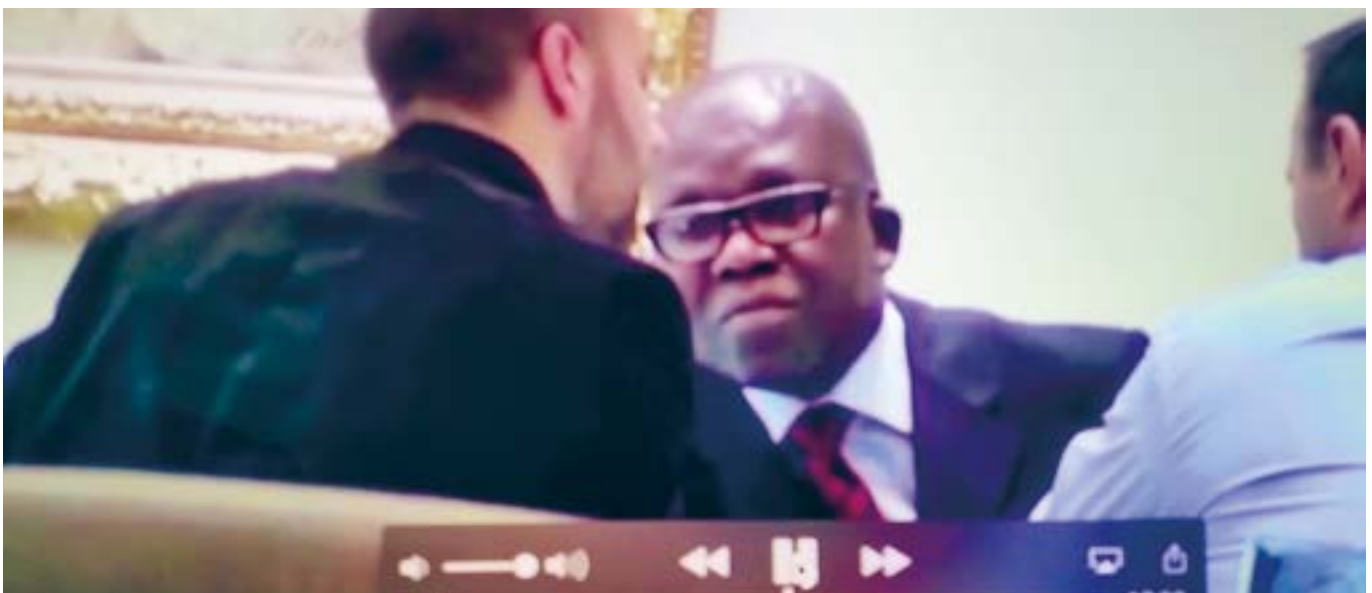
The three men were discussing how to revive Gunvor's business in Congo. Olivier Bazin said something, quoted below, to suggest that he had called the meeting. Before talking about the future, the conversation began with a discussion of what had not worked in the previous contract. The most talkative of the three was Bertrand G., speaking on behalf of Gunvor. He was obviously convinced – and irritated by the fact that – Pascal C. still had any connection with Congolese oil. Here is an excerpt from the video transcript:

**Bertrand G.:** "Now that we know that Gunvor was not sharing with... (...) it was going well with SNPC, everything was going smoothly." (...)

**Bertrand G.:** "(...) we don't have the impression of having done anything wrong, it's been a year and a half [Ed. that Gunvor was sidelined from Congo]."

**André:** "That's what you think. The money was not getting to the intended beneficiary. Denis Christel hardly saw any money at all."

**Olivier Bazin:** "That's what André told me over the phone, the very first thing [he said]. Whatever happened before is one thing."



Around a glass of Perrier in Paris, the three men talk "corruption". "But it is true that what was said should not have been", acknowledges Olivier Bazin, Gunvor's intermediary.

**Bertrand G.:** “We don’t know what happened. We don’t know why Denis Christel is still working with Pascal C. We were paying commissions, we were convinced everything was going well within SNPC.”

**André:** “There’s no problem. I can tell you that we [me and Denis Christel] are [like] brothers. I’m here to see how you’re going to manage his interests. I know Gandzion is the problem and the money you paid him.”

**Bertrand G.:** “First, when we took on Gandzion, when we paid them, we were persuaded that it was going mostly somewhere, that it was going to the intended beneficiary. And there was no reason to doubt, because as we got the tankers, we just assumed everything was fine. Frankly, it wasn’t down to ill will.”

This sequence shows that Gunvor expected that the commissions paid to Maxime Gandzion would reach “the intended beneficiary”, that is to say, of course, the ever-present Denis Christel Sassou-Nguesso. These remarks blatantly contradict Gunvor’s

version, illustrating the limited scope – and here the sheer hypocrisy – of the anti-corruption clauses in its service agreements with intermediaries. The next step was to ensure that everything “went smoothly”.

“We want to be your friends and Russia wants to be your friend,” said Bertrand G.

Exercising caution, André asked: “Have you changed your working methods? (...) I wouldn’t like us to get our fingers burnt.” In response to this question, Bertrand G. expressed in no uncertain terms how he intended to relaunch the pipeline project, outlined in a Memorandum of Understanding signed on 5 October 2011 between the Republic of Congo, Stroytransgaz and Gunvor (read Section 2.5). Admittedly, the previous operation had failed, but lessons could now be learnt so as to avoid errors that would prevent the Swiss justice system from meddling!

“Regarding the pipeline project, we are going to start with the feasibility study. STG will require local partners as consultants, thus as a result, no one can interfere and will never know; it will be absolutely perfectly clean. Choose an entity, a company that only STG



A man protests against the monopolization of the country’s wealth by President Sassou Nguesso’s clan, during an opposition demonstration held shortly before the referendum on the extension of the president’s mandate, held by him since 1979. Brazzaville, 27.11.2015. | ©Laudes Martial Mbon/AFP/Getty Images

would be able to employ for the pipeline project. In that way we will be able to buy off anyone and that is how we will be able to settle all the expenses related to the tankers. This is also the message we would like to convey to Denis Christel. We are talking about a project worth between one and two billion, a pipeline, and an important project nonetheless. For the Russians, having a partner on site is vital and we will need to know who we will be working with.”

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“In that way we will be able to buy off anyone and that is how we will be able to settle all the expenses related to the tankers. This is also the message we would like to convey to Denis Christel.”

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“In the knowledge that we are part of the Russian consortium, we will sign a contract with STG [Ed.: Stroytransgaz]. STG is a Russian company that has nothing to do with Gunvor, it is perfectly legal. For a project like this, STG definitely needs to enter into a partnership with a local company, a Congolese company. It is essential. As a result, there is no link whatsoever between the transfers that will take place between STG and the Congolese company of your choice and ... okay? And in relation to a Swiss or French company, before going to Moscow...”, explained Bertrand G. with an “up yours” gesture, displaying a complete and utter disregard for the rules...

A few minutes later, his point became even clearer: “To make sure we get absolutely no trouble, there will be no connection with the company that will be lifting the crude, whether it’s Gunvor, Warly [Ed.: An offshore company that is a subsidiary of Gunvor] or any other. There must be no link at all. On the one hand, you are going to have a trade contract... Two things that have absolutely nothing to do with each other, absolutely no link. You’ll be hard pressed to find a judge that will want to look into the dealings of a Russian company.”

The use of a Russian company, which would pay Congolese officials through *ad hoc* consulting or local service companies, was Bertrand G.’s reaction to Swiss investigations of its previous oil contracts in Congo. And to make the Congolese understand that Russia had given its blessing, Bertrand G. ended his argument by pointing his index finger to the sky: “In addition, if it is approved by big boss Vladimir...”. Once again, Gunvor highlighted its closeness to the Kremlin which helped the company to win new contracts.<sup>125</sup>

Mario Brero concluded his memo categorically: “In the video footage excerpt we have seen, it is clear and beyond doubt that Mr Bertrand G. and Mr Bazin intended to put in place a structure for paying Congolese officials, thus “expediting” the Stroytransgaz project in Congo. (...) According to the words used and the scheme proposed by Mr Bertrand G. and Mr Bazin, it is clear that these payments would be illegal under Swiss or European legislation.”

“According to Mr Pedrazzini [Ed.: Pascal C.’s lawyer], the video footage sequence was a highly significant element, because it showed how corruption was a corporate policy within Gunvor and Stroytransgaz”, the memo said.

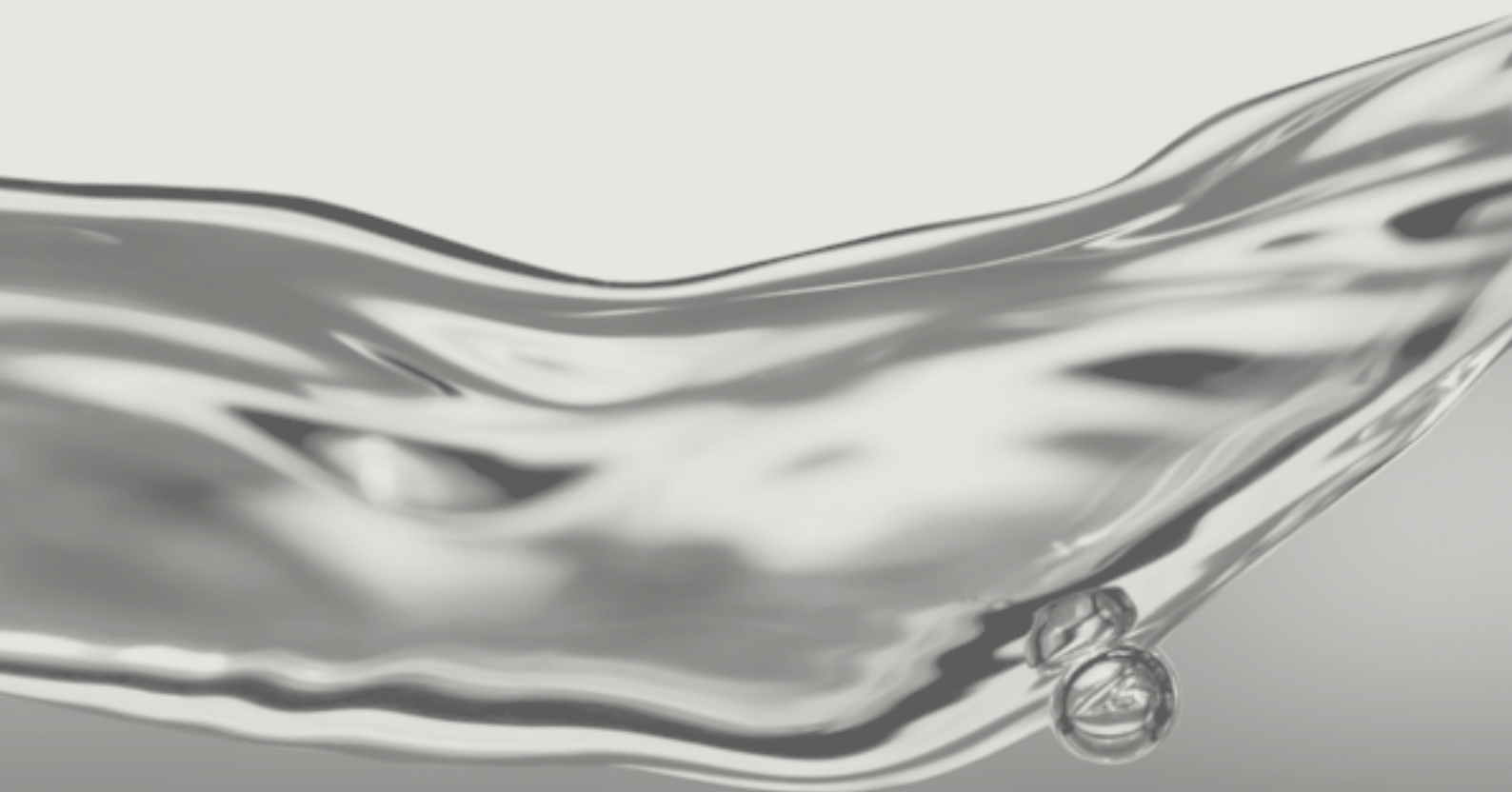
In these circumstances, Gunvor was compelled to take action. The oil contract signed in Congo on 9 July 2014 was cancelled. Bertrand G. was dismissed in September 2014, with his salary paid until December the same year. As far as we know, Bertrand G. signed a document acknowledging that in the meeting with “André” and Olivier Bazin he had acted on his own initiative. In exchange for this statement, and as a price for his silence, Gunvor reportedly paid him USD 700,000. When contacted for comment on this point by Public Eye, Gunvor did not reply.

When contacted by Public Eye, Bertrand G. claimed to have been tricked into it, but without specifying by whom or for what purpose. Olivier Bazin also claimed that to have been “set-up”, claiming that Pascal C. had organised the meeting to show the Swiss justice system that corruption was part of Gunvor’s strategy to conquer markets. He said: “Pascal C. knew that Gunvor was trying to revive its business activities in Congo, so it was easy, he knew the deals, so he could set it all up easily. André was nobody in the Congolese oil sector, nobody knew him.” And to conclude: “But it is true that what was said should not have been.”

Taken into custody on the orders of the Office of the Attorney General of Switzerland, Bertrand G. had ample time to explain to Prosecutor Sautebin that the fraudulent pact proposed in the undercover video footage was merely idle talk, since the contract did not come into effect. Bertrand G. claimed to have acted alone, saying that “things went haywire” because he was under enormous pressure: the Congo-Brazzaville contract needed to be recovered at all costs. According to our information, Bertrand G. later left the world of oil and returned to his home in Toulouse.

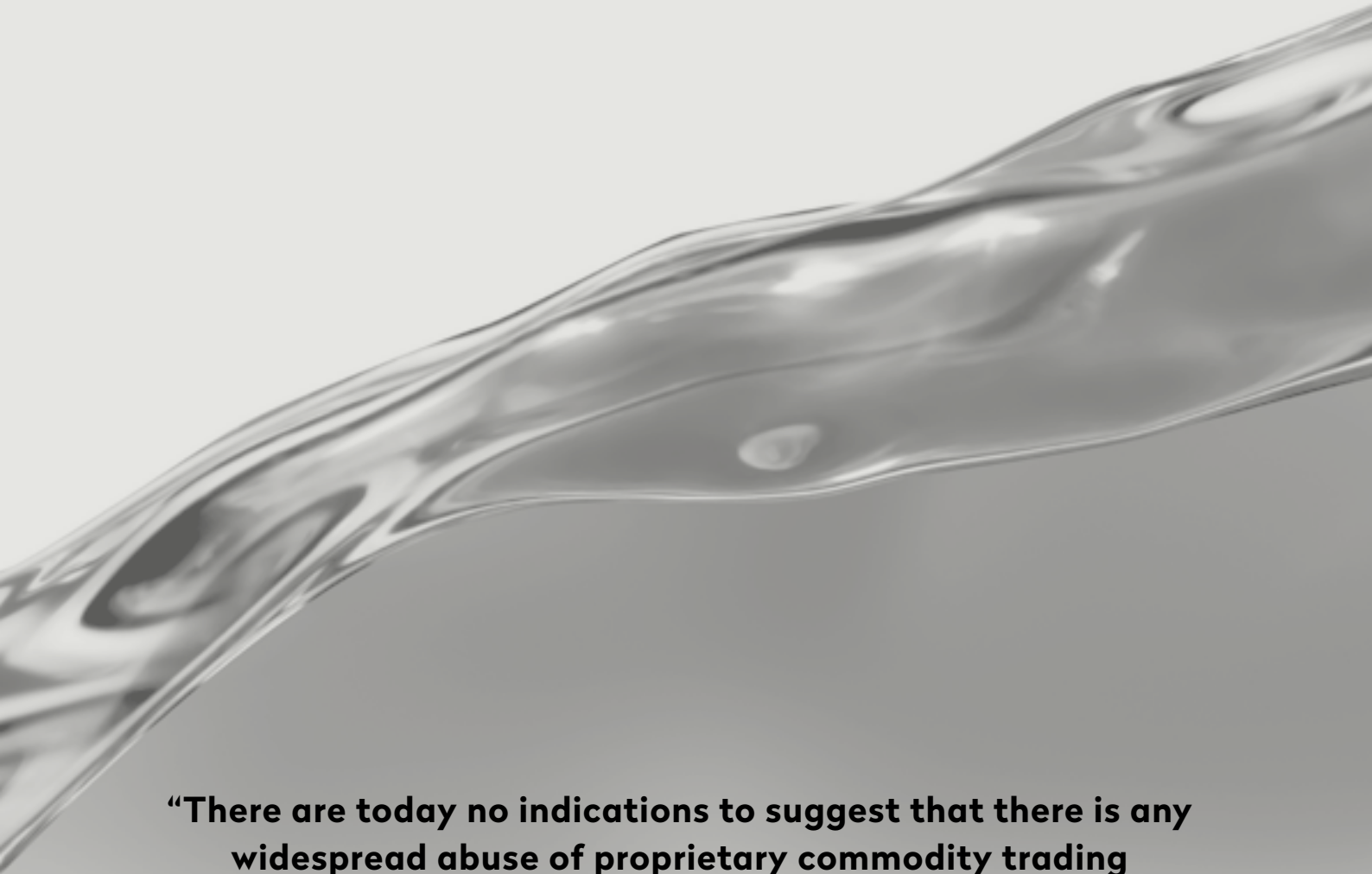
But Gunvor’s shake-up did not end with Bertrand G. In late 2014, Jérôme S., the group’s number two man, resigned without explanation. According to *Le Temps*,<sup>126</sup> his departure was partly connected with these corruption scandals. Then, in January 2015, José O., the head of Gunvor’s crude oil department, was quietly transferred to Singapore. According to our information, the Africa Desk is no longer based in Geneva, but in Dubai.

Tainted by strong suspicions of corruption, the 2014-contract in Congo-Brazzaville came to a standstill. As far as we know, at this stage there is no longer any question that Gunvor would be lifting barrels of crude in order to finance the pipeline, even if, officially, the ministerial-level meetings continued between Congo and Russia well after the events described above. In April 2016, *Les dépêches de Brazzaville* reported another visit by Russia’s deputy energy minister, Yuri Senturin, representing Vladimir Putin at the swearing-in ceremony of Congolese President Denis Sassou-Nguesso following his “re-election”. The pipeline project was discussed.<sup>127</sup> In its article, the newspaper recalled that in 2012, this project was entrusted to the Russian company Stroytransgaz, “with the technical and financial support of Gunvor”. But now it was unclear who would execute the project, if indeed this “cursed” project ever happens.



# 7

# Conclusion



**“There are today no indications to suggest that there is any widespread abuse of proprietary commodity trading for money-laundering purposes. While there does exist, in theory, a limited risk of such transactions being used for money-laundering, there is no evidence that this actually occurs in practice.<sup>128</sup>”**

*Switzerland’s Federal Council*

In its attempts to enter the Congo-Brazzaville market and to become the SNPC's preferred partner, Gunvor made no effort to behave in an honest and responsible way. The Swiss company took huge risks. Because potential profits were worth it, it hired door openers, whose murky pasts it must have been aware of, to do its dirty work. It paid commissions to individuals and made them scapegoats whenever there was trouble with the law.

Rather than preventing illegal practices by its door openers, the anti-bribery clauses in Gunvor's generous service agreements were primarily intended to protect Gunvor from any liability. Aware of the legal risks, the trader also took care, in at least one case, to establish payment mechanisms that would make it virtually impossible to identify Gunvor. The damning footage from a hidden camera also demonstrated Gunvor's complete and utter hypocrisy. Remarks by Bertrand G. – one of its directors – show how company executives expected intermediaries to pay commissions to Congolese officials in return for crude oil. The admissions of business developer Pascal C., made "in his capacity as employee", also demonstrate that these practices were part and parcel of Gunvor's business model. That is how Gunvor shareholders were able to pocket such considerable profit.

## A STRATEGY OF LIES

Questioned in 2012, Gunvor did not think it appropriate to acknowledge its mistakes or to learn any lessons. On the contrary, the trader adopted a communication strategy – coupled with a judicial strategy – that consisted in denying responsibility, instead incriminating a "crooked employee" who acted as a "free agent" to its detriment and without its knowledge. When faced with our questions, Gunvor maintained this defence, claiming that it had taken steps to prevent such practices from ever happening again. However, it failed to present any tangible proof. But how can we take Gunvor's representatives at their word? How are we supposed to be reassured when the trader says the case "dates back from five years ago"? In the light of evidence gathered for this report, we don't trust Gunvor.

The facts are unrelenting. In July 2012, this story broke in the press and Gunvor discredited "its very own Kerviel", just weeks after they had dismissed him. Gunvor then approached the son of the man suspected of channelling commissions to Congolese officials. More worryingly, video footage now in the

hands of the Federal Prosecutor shows that two years later Gunvor was still ready to do whatever it took to regain a share of the Congolese market. Pascal C.'s successor even attempted to bribe someone. Filmed without his knowledge, Bertrand G. outlined a scheme for sending commissions to the "intended beneficiary", a scheme that was both ingenious and discreet. It was geared towards dodging the law, even though proceedings had already been launched for similar exploits.

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The damning footage from a hidden camera also demonstrated Gunvor's complete and utter hypocrisy.

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This strategy of lies and deceit seems to have been well established within Gunvor. While the company was systematically threatening any journalist who connected any success to its powerful Russian links, Gunvor representatives were using the same argument behind the scenes to obtain Congolese oil. What can we infer from this? In many respects, our investigation shows the gap between Gunvor's words and actions. And yet Swiss authorities still bet on such companies to fix on a voluntary basis the problems inherent in commodity trading.

## MERE MOVERS?

This report offers us another lesson. Gunvor made significant profit by acting as a banker to the Congolese government and as a door opener to companies that wished to secure large public contracts in Congo. But these two activities are far from the way that traders describe their activities and purpose to external audiences. When lobbying in Switzerland, industry representatives claim they are mere "movers", transporting goods

from seller to buyer. In fact, their role, influence, and responsibilities extend far beyond that.

For Swiss authorities and others opposed to regulation, the Swiss commodities sector is already indirectly regulated by anti-money laundering standards imposed on banks. Here's what the Swiss Bankers Association says: *"Contrary to popular belief, the commodities sector is not exempt from regulation. On the contrary, it is subject to many laws and rules, in addition to many internal and external guidelines. As in all transactions, banks have the advantage of being able to check and know who their counterparty is. They do not support or finance unlawful or illegal acts or behaviour, and measures are applied systematically in this respect."*<sup>129</sup>

This argument stands up neither to analysis nor to the facts. Gunvor made two prefinancing deals with the Congolese state, in which it used its own funds without any bank involvement. Moreover, even where financial institutions were able to check Gunvor's Congo business dealings, none of them saw fit to report any suspicions to authorities as required under the Money Laundering Act. BNP Paribas lent Gunvor the necessary funds for four of the six Congolese prefinancing deals, but apparently started to ask questions only when the Office of the Attorney General of Switzerland began its investigation.<sup>130</sup> For its part also, Clariden Leu was either very naïve or very lazy. It asked no hard questions, and contented itself with vague answers, when exorbitant commissions were paid into the accounts of Gunvor's door openers. And it authorised payments to some really dodgy characters. Nor did Swiss banks seem to have taken any action when they received payments in connection with the award of public contracts to Asperbras. Following Gunvor's lead, which used intermediaries to protect itself from "risks", Clariden Leu also relied on a third party to distance itself from suspicious activities.<sup>131</sup> The bank did not hesitate to entrust the management of tens of millions of US dollars to a small just-created trust company. In the eyes of Swiss prosecution authorities, these were all suspicious funds.

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In many respects, our investigation shows the gap between Gunvor's words and actions.

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From the Congolese point of view, this case also showed that the conditions under which commodities are marketed are not the only means of depriving the population of a resource-rich country. The way in which these revenues are used is also problematic and can lead to misappropriation. In 2014, the Secretary General of the Swiss Trading and Shipping Association (STSA) flat-out attributed the "resource curse" to *"problems... which in some countries are predominantly to do with governance, local trafficking or internal conflicts"*.<sup>132</sup> But as it turns out, this report shows how traders are one of the main culprits in the "resource curse". The commercial alliance between Gunvor

and Asperbras helped the Brazilian company win public contracts under suspicious circumstances. It represents a scathing refutation of the position of the chief lobbyist of the Swiss commodities trading sector. Congo's poor management of its oil revenues directly benefited Gunvor, which had no problems with straying from the clauses of its own contracts.

## AN EMBLEMATIC CASE

Nor is there anything exceptional about the case described in this report. In the past ten years and more, many other cases have demonstrated the nature of Swiss commodity traders and their business practices. International organisations now acknowledge that trading is highly prone to corruption. The OECD even ranks extractives as the sector most at-risk of corruption, more even than the arms trade or public works.<sup>133</sup> Analysing 131 bribery cases in the extractive sector, they found that one case in five took place during the marketing of these resources, that is to say at the very heart of the Swiss companies' business model.<sup>134</sup>

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Switzerland, the world's leading hub for the commodities trade, must ensure that Swiss-based companies do not contribute to the misappropriation of revenues from producer countries.

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Switzerland, the world's leading hub for the commodities trade, must ensure that Swiss-based companies do not contribute to the misappropriation of revenues from producer countries. This responsibility becomes even greater, when we consider that these companies dominate the markets countries that embody the resource curse, such as the Republic of Congo<sup>135</sup> and that they work with state-owned companies that are particularly exposed to corruption risks.<sup>136</sup> Corruption in these cases has dramatic consequences. Of the more than one billion people who live in extreme poverty today, some 69% of them come from commodity-dependent developing countries. These countries account for half of the world's known reserves of minerals, oil and gas. If this wealth were used wisely, by 2030 it would halve the number of people in poverty.<sup>137</sup>

And yet the reality is quite different. People in these producer countries pay the heaviest price for the exploitation of their subsoil. In most cases, they benefit little from the associated revenues. Even the Swiss Federal Council acknowledged this when it said in June 2014: *"the funds paid to the governments of these countries (taxes, royalties and other large transfers) to allow extraction and trading can vanish due to poor management, corruption or tax evasion, or in order to finance a conflict. As a result, the people of the country benefit little from these economic effects and remain poverty-stricken."*<sup>138</sup>



## A COMPLACENT ATTITUDE

For Public Eye, tackling this “resource curse” requires that this high-risk sector be subject to legally binding rules. Such rules should prevent unscrupulous business practices, penalise the companies that use them, and protect those that act responsibly from unfair competition. In 2014, we envisaged the regulation that might come with the creation of a Swiss Commodity Supervisory Authority (ROHMA). This (fictional) authority would have the mandate to regulate and oversee the activities of any traders registered in Switzerland.<sup>139</sup>

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Tackling this “resource curse” requires that this high-risk sector be subject to legally binding rules.

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But even though the Swiss Federal Council says it accepts “responsibility”<sup>140</sup> for the more than 500 companies who actively trade commodities from their base in Switzerland, it has done nothing credible so far to regulate their activities. In an attempt to protect Switzerland’s economic competitiveness, Swiss federal authorities have been applying a wait-and-see approach. Essentially, they rely on “(...) all companies operating in or out of Switzerland to conduct themselves responsibly, and with integrity”.<sup>141</sup> Facing companies whose business models are so unprincipled, the position of the Swiss federal authorities is complacent. It borders on collusion.

# Endnotes

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- 24 Read on this subject his right to reply to the following article: [Financial Times, "On the offensive: How Gunvor rose to the top of Russian oil trading"](#), 14/05/2008.
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- 62 Extractive Industries Transparency Initiative, Republic of the Congo, Rapport de réconciliation des paiements et des recettes extractives au titre de l'exercice 2011, October 2012. The Extractive Industries Transparency Initiative is an international standard that requires governments of resource-rich countries to publish independent reports that detail all government revenues and payments from companies generated by exploitation of these resources.
- 63 *Le Temps*, "Comment le Congo a fait chuter un prince du pétrole genevois", 20/10/2012.
- 64 *Bilan*, "Droit de réponse de Gunvor International BV et de Guennadi Timtchenko", 30/07/2008.
- 65 *Le Monde*, "L'affaire Gunvor ou l'anatomie d'un scandale pétrolier russo-congolais", 03/06/2013.
- 66 LIBOR is the benchmark interest rate for interbank loans. In 2011, LIBOR in US dollars averaged 0.83%. In 2012, it averaged 1.013%.
- 67 Extractive Industries Transparency Initiative (EITI), Republic of the Congo, 2013 EITI Report, December 2014, p. 31.
- 68 The Djeno crude contracts provide for 920,000 barrels with a margin of error of +/- 5%.
- 69 Above, we have provided an explanation as to why there is no real market price for the Djeno crude.
- 70 According to our information, one of the cargo ships was lifted at the end of 2010, but accounted for in 2011.
- 71 According to our estimate, the average discount under Brent crude was USD 4 for the whole of 2011.
- 72 Paris Club, Traitement de la dette – Congo, 18/03/2010.
- 73 International Monetary Fund, République du Congo: Lettre d'intention complémentaire et Protocole d'accord technique, 14/07/2011.
- 74 Interview, *Futebol Total*, 13.07.2013, retrieved 26.06.17.
- 75 [www.grandstravaux.org/Nouvel-accord-Bresil-Congo\\_a70.html](http://www.grandstravaux.org/Nouvel-accord-Bresil-Congo_a70.html); consulted on 17/11/2016.
- 76 [www.panapress.com/Le-Congo-et-le-Bresil-signent-quatre-accords-de-cooperation--13-652292-69-lang4-index.html](http://www.panapress.com/Le-Congo-et-le-Bresil-signent-quatre-accords-de-cooperation--13-652292-69-lang4-index.html); consulted on 17/11/2016.
- 77 [www.asperbras.com/fr/](http://www.asperbras.com/fr/); consulted on 15/11/2016.
- 78 *Globo*, "Na Rota do Atlântico"; 16/02/2016.
- 79 This report, dated 15 November 2005, can be accessed on the Brazilian *Senate's* website; consulted on 15/11/2016.
- 80 *Globo*, "Polícia Federal prende Antonio Palocci na 35ª fase da operação Lava Jato", 26/09/2016. Palocci's discretion came to an end with the operation known as "Lava Jato", named after this huge procedure opened in Brazil in connection with suspected corruption during the office terms of Lula and Dilma Rouseff. Antonio Palocci was suspected by the court of having received bribes from Odebrecht, the Brazilian public works giant.
- 81 This man and his activities in Congo have already attracted the attention of Public Eye. In 2015, we investigated the privileged relations of trading company Philia with Denis Christel Sassou Nguesso, the man in charge of Congolese oil sales. Public Eye, "Philia's refined ventures in Brazzaville. How Swiss traders misappropriate Congolese oil rents", February 2015. We found that Veiga was on the board of directors of a Benin bank, the African Bank for Industry and Commerce, alongside the sole shareholder of Philia and Yaya Moussa, a former IMF envoy that later diversified into Congolese oil.
- 82 It should be noted that Mr Veiga appealed against his conviction in France, without finding a record of the final verdict. Cf. *Le Parisien*, "Procès PSG: les agents sportifs en experts des circuits offshore", 10/10/2012. More on his conviction in Portugal: Sport.es, "Un tribunal portugais condanna l'ex agente de Luis Figo", 22/11/2016.
- 83 This information comes from the investigation conducted by the Portuguese investigation authorities, to which we will return later.
- 84 The Asperbras-Congo subsidiary is registered in Congo's Official State Gazette of 8 September 2011.
- 85 According to Congo's Ministry of Planning and Works, 16 factories, a cooling plant and four general warehouses for the disposal of industrial production are expected to be built in this area. An electrical substation, a water treatment plant and a large parking space are to be added at a second stage. In February 2014, the authorities announced that four factories had already been completed.
- 86 *Capéco Africa*, "Asperbras: l'ingénierie du Brésil et le savoir-faire français", Issue 2, July/August 2015.
- 87 On its website, Asperbras boasts about its many skills, but from the contracts listed by the Brazilian company it seems that only Congo has been persuaded of this. See [www.asperbras.com/en/our-business](http://www.asperbras.com/en/our-business); consulted on 10/04/2017.
- 88 *Guineetime.com*, "Dossier 100 mégawatts: comment le contrat d'Asperbras a été résilié... (suite)", 15/04/2014.
- 89 Republic of Congo, Ministry of Regional Planning and Public Works, "Lancement du projet de cartographie géologique, prospection minières et géophysique", undated press release.
- 90 *Le Canard enchaîné*, "L'aide française au développement... du pillage", 04/06/2014.
- 91 *Le Monde Afrique*, "Palace à Venise et villa au Portugal: il fait bon être ministre des finances à Brazzaville", 02/12/2016.
- 92 *Agence d'information d'Afrique centrale*, "Eau et assainissement: près de 193 milliards pour la construction de 4000 forges [sic] en zone rurale", 05/08/2013.
- 93 *Le Canard enchaîné*, "L'aide française au développement... du pillage", 04/06/2014.
- 94 Congolese Coalition "Publish What You Pay", "Study on Public Investment in Health, Fiscal Year 2015", December 2016.
- 95 *Libération*, "Biens mal acquis, au tour du Congo", 15/12/2013.
- 96 *Le Monde Afrique*, "Palace à Venise et villa au Portugal: il fait bon être ministre des finances à Brazzaville", 02/12/2016.
- 97 *Ibid.*
- 98 *Observador*, "Como José Veiga conseguiu reunir mais de 60 milhoes de euros em Cabo Verde", 19/02/2016.
- 99 *Sabado*, "A hipotese José Veiga, o homen do Congo", 26/12/2014.
- 100 [www.nta.fr](http://www.nta.fr); consulted on 16/04/2017.
- 101 Officially, the Congolese Civil War began in June 1993 and ended in December 1999, although unrest continued until 2002.
- 102 The company was once run by another person who seems to have played only a marginal role. That is why we have not published his name.
- 103 *Le Temps*, "Inculpée pour avoir empoché l'argent de Gunvor", 14/03/15.
- 104 Maxime Gandzion controlled a total of four accounts opened with Clariden Leu: two accounts (one in euros and the other in US dollars) on behalf of Petrolia E&P SA, and the other two (one in euros and the other in US dollars) on behalf of Fortus International Consulting Ltd.

- 105 One source claimed that these payments actually reached USD 8 million, but because we are unable to cross-check this information, we have included the lower sum of USD 4.7 million as mentioned in the Credit Suisse audit report.
- 106 Public Eye was able to take a look at these two proxies, which are also mentioned in an article in *Le Monde*. "L'affaire Gunvor ou l'anatomie d'un scandale pétrolier russo-congolais", 03/06/2013.
- 107 Public Eye, "Philia's refined ventures in Brazzaville. How Swiss traders misappropriate Congolese oil rents", February 2015.
- 108 Global Witness, "Blaise Elenga credit card bill", 27/11/2006.
- 109 Michael Lauber quote, Swiss Federal Prosecutor, to *Reuters*, "Swiss deepen criminal probe into Congo oil contract", 12/03/2013.
- 110 *Le Temps*, "Brouille entre le géant du pétrole Gunvor et BNP Paribas", 28/06/2013. When contacted by Public Eye on this subject, BNP Paribas refused to speak.
- 111 *Le Temps*, "Comment le Congo a fait chuter un prince du pétrole genevois", 19/10/2012.
- 112 RTS, "Gunvor perquisitionné dans le cadre d'une enquête pour blanchiment", 03/07/2012. *Le Matin* Dimanche, "Le Credit Suisse a dénoncé les transactions de Gunvor", 08/07/2012.
- 113 *Le Monde*, "L'affaire Gunvor ou l'anatomie d'un scandale pétrolier russo-congolais", 03/06/2013.
- 114 *Le Temps*, "Inculpée pour avoir empoché l'argent de Gunvor", 13/03/2015.
- 115 *Reuters*, "Swiss deepen criminal probe into Congo oil contract", 12/02/2013.
- 116 *Le Temps*, "Une ex-vedette du pétrole genevois accusée d'escroquerie et de blanchiment", 08/02/2013.
- 117 Public Eye was able to consult the minutes of the hearing.
- 118 [www.ekonomiko.fr](http://www.ekonomiko.fr), "Yoann Gandzion veut développer les 'potentiels de l'Afrique'", 04/01/2016.
- 119 *Le Monde*, "L'affaire Gunvor ou l'anatomie d'un scandale pétrolier russo-congolais", 03/06/2013.
- 120 In September 2013, François Rouge was convicted in France for "money laundering as part of an organised criminal group" for his role in the *Cercle de jeu Concorde* which the French justice system suspected of being a location where organised criminal groups conducted money laundering operations, especially in Corsica.
- 121 *Africa Energy Intelligence*, "Gunvor fait le forcing", Issue 573, 23/01/2008; *Tribune de Genève*, "Banquier genevois emprisonné: y'a-t-il un lien avec Sarkozy?", 19/01/2008. *Le Figaro*, "Quand milieu et barbouzes voulaient le Cercle Concorde", 12/01/2008.
- 122 *Survie*, "L'or d'Ali Bongo", 01/12/2009.
- 123 *Mediapart*, "Le géant pétrolier Gunvor menacé par un scandale de corruption en Côte d'Ivoire", 07/11/2014.
- 124 <https://offshoreleaks.icij.org/nodes/20163881>; It should be noted that Gunvor also used Waterway Petroleum to conduct business in Ecuador in the framework of an oil prefinancing deal entered into with Petrochina and state-owned company Petroecuador. Waterway was the vehicle that paid commissions totalling USD 69 million, benefiting a former Petroecuador executive. Read more about it here: *El Universo*, "Ecuadorianos recibieron por crudo prevendido a Petrochina", 06/06/2016.
- 125 One could argue that in the spring of 2014, Gennady Timchenko resold his shares within Gunvor, only a few hours before the sanctions imposed by the US came into effect, on 20 March. However, at that time, Timchenko had not yet been paid for his shares. It was only at the end of 2015 that Torbjorn Tornqvist received a dividend of about USD 1 billion which allowed him to repay Timchenko without the exact amount ever being disclosed (*Bloomberg*, "Billionaire Gunvor CEO Tornqvist cutting stake in oil trader", 31/05/2016). This means that the latter still holds interests in Gunvor.
- 126 *Le Temps*, "Discret ménage à la tête de Gunvor", 03/02/2015
- 127 *Les Dépêches de Brazzaville*, "Des perspectives économiques au menu de la visite à Brazzaville du vice-ministre russe de l'énergie", 19/04/2016.
- 128 Report of the interdepartmental platform to the Federal Council, Background report: Commodities, 27/03/2013, p. 30.
- 129 SwissBanking, La Suisse, place de négoce de matières premières, 2013, pp. 25–26.
- 130 When contacted by Public Eye, BNP Paribas claimed that "for confidentiality reasons, [it] did not wish to comment", while stating that it acted "in accordance with the legislation of the country in which it operates".
- 131 This method reminds us, for example, of how Lombard Odier delegated to the trust company Favona SA the creation and management of a foundation established to conceal the assets of Luis Barcenas, senator and treasurer of the Spanish Popular Party. See RTS, "L'ex-trésorier du Parti Populaire met à nu ses relations suisses", 18/01/2017. The fact that the Swiss Trust Companies did not carry out adequate checks was noted by the FATF in its latest assessment of the Swiss anti-money laundering standards. FATF (Financial Action Task Force (on Money Laundering)), Mesures de lutte contre le blanchiment de capitaux et le financement du terrorisme. Suisse – Rapport d'évaluation mutuelle, 07/12/2016, in particular pp. 101-3.
- 132 *Le Point Afrique*, "Malédiction des matières premières: comment la stopper?", 08/09/2017
- 133 OECD (Organisation for Economic Co-operation and Development), OECD Foreign Bribery Report. An Analysis of the Crime of Bribery of Foreign Public Officials. Paris: OECD, 2014, pp. 8, 23.
- 134 OECD (Organisation for Economic Co-operation and Development), Corruption in the extractive value chain. Typology of risks, mitigation measures and incentives. Paris: OECD, 2016, p. 6.
- 135 Public Eye, Swissaid, the Natural Resource Governance Institute, "Big Spenders. Swiss trading companies. African oil and the risks of opacity", July 2014.
- 136 Trading in corruption: Evidence and mitigation measures for corruption in the trading of oil and minerals; Bergen: Chr. Michelsen Institute (U4 Issue 6), June 2017, 52 p.
- 137 McKinsey Global Institute, Reverse the curse, pp. 31 – 33.
- 138 Report on Recommendation 8 of the Swiss Federal Council's "Background Report: Commodities" and postulate 13.3365 "More transparency in the commodities sector", 16/05/2014, p. 5.
- 139 [www.rohma.ch](http://www.rohma.ch)
- 140 Report on Recommendation 8 of the Swiss Federal Council's "Background Report: Commodities" and postulate 13.3365 "More transparency in the commodities sector", 16/05/2014, p. 13.
- 141 Report of the interdepartmental platform to the Federal Council, Background report: Commodities, 27/03/2013, p. 2.

Diving into the troubled waters of commodity trading, this investigation examines the affairs of Gunvor in the Republic of Congo. This Geneva company, longtime specialist in the sale of Russian oil, tried to diversify its business in the early 2000s by stocking up in Africa. In order to secure itself a place in Congo – a much-coveted yet risky market – the fourth-largest petrol trader in the world had to call on its links to the Kremlin, while at the same time publicly disputing the Russian connection. In 2011, Gunvor struck gold when it obtained a very profitable contract for oil from the Congolese national oil company, meanwhile granting loans to the African state in violation of international commitments entered into by Brazzaville. And the company seemingly has no problem using dubious door openers either: two of them that had been bountifully remunerated then had their Swiss bank accounts frozen by prosecution authorities.

This report documents Gunvor's reaction once the affair had been revealed. In fact, the company tried to scape-goat a former employee, accusing him of having acted without its knowledge and to its detriment. But on the basis of exclusive information, Public Eye can show that the affair continued to be played out long after the company said it had. Emblematic of the role of traders in the perpetuation of the resource curse, this case illustrates perfectly the consequence of having no regulation in this sector. Furthermore, it shows that the arguments used to oppose stricter oversight of trading do not correspond at all to the reality.

PUBLIC EYE (formerly the Berne Declaration) is a non-profit, independent Swiss organisation with around 25,000 members. Public Eye has been campaigning for more equitable relations between Switzerland and underprivileged countries for almost fifty years. Among its most important concerns are the global safeguarding of human rights, the socially and ecologically responsible conduct of business enterprises and the promotion of fair economic relations. [www.publiceye.ch](http://www.publiceye.ch)

Avenue Charles-Dickens 4  
CH-1006 Lausanne  
Phone +41 (0)21 620 03 03  
Fax +41 (0)21 620 03 00  
[contact@publiceye.ch](mailto:contact@publiceye.ch)

Dienerstrasse 12  
Postfach | CH-8021 Zurich  
Phone +41 (0)44 2 777 999  
Fax +41 (0)44 2 777 991  
[kontakt@publiceye.ch](mailto:kontakt@publiceye.ch)