Bribery Arrest May Expose African Mining Rights Scandal Tied to Och-Ziff

By ALEXANDRA STEVENSON  AUG. 16, 2016

The arrest of a Gabonese man on charges of bribing African officials may help pull back the curtain on a long-running foreign corruption scandal that has ensnared the giant hedge fund founded by Daniel Och.

United States authorities on Tuesday arrested Samuel Mebiame, a consultant who worked for a joint venture involving Och-Ziff Capital Management Group, on charges that he paid bribes to foreign officials to secure mineral concessions in at least three African countries.

Prosecutors described Mr. Mebiame, the son of a former prime minister of Gabon, as a “fixer” who routinely paid bribes to officials in Niger, Guinea and Chad, according to a criminal complaint filed in the Federal District Court in Brooklyn.

Mr. Mebiame, 43, was arrested by F.B.I. agents in Brooklyn.

Och-Ziff, which manages more than $39 billion in assets, was not identified by name in the complaint, which instead refers to a “U.S.-based hedge fund.”

But two people briefed on the matter, who were not authorized to discuss it publicly, confirmed that the hedge fund was Och-Ziff.
The hedge fund has previously disclosed that it is the focus of a foreign bribery investigation by the Justice Department and the Securities and Exchange Commission over whether it paid bribes in Zimbabwe, Congo and Libya. Earlier this month, Och-Ziff said it “believes that the government will pursue civil and criminal sanctions.”

The case against Mr. Mebiame turns on similar bribery allegations that are in violation of the Foreign Corrupt Practices Act, a 1977 federal law that makes it a crime for United States companies to give “anything of value” to foreign officials to obtain “an improper advantage” in winning business.

Any enforcement action against Och-Ziff would be the most prominent in the hedge fund industry, a traditionally secretive corner of the financial world. Och-Ziff has told investors that it is nearing a settlement with the government and that it has set aside more than $400 million toward a resolution. Such a settlement could come within the next few months, according to one of the people briefed on the matter.

Any settlement between the government and Och-Ziff would be a step toward putting the long-running investigation — which has rattled investors — behind the hedge fund. Founded in 1994 by Mr. Och, a former Goldman Sachs executive, the firm was one of the first hedge funds to publicly list itself in 2007. It manages money for large pension funds and other institutional investors.

In a regulatory filing on Aug. 2, Och-Ziff said that its partners were in discussions to inject up to $500 million into the firm to help cover the shortfall from the $400 million provisioned for any fine.

Mr. Mebiame’s alleged scheme to pay off government officials sheds light on a murky side of business dealings in Africa. In the complaint, prosecutors portrayed a world where officials leveraged their positions of power and control over natural resources for personal gain, taking bribery payments in exchange for concessions.

Over the course of the investigation, authorities said they relied on records from Och-Ziff, banks and even two interviews with Mr. Mebiame himself in which he described making cash payments directly to foreign officials.
Mr. Mebiame worked as a consultant for a joint venture between Och-Ziff and an incorporated company in the Turks and Caicos Islands, often using the offshore company as the conduit for paying officials. In Niger, Mr. Mebiame arranged for the unidentified Turks and Caicos company to make payments of more than $1.3 million to a company owned by two Niger officials. In interviews with United States officials, he said that sometimes his bribes included payments for “nice cars” and payments of legal fees.

In Guinea, Mr. Mebiame and others were involved in rewriting the Guinean mining code on official letterhead that would be used to notify existing owners of legal issues with their mining permits, according to the complaint.

And in Chad, Mr. Mebiame told federal agents that he was “a one-man show,” single-handedly securing uranium concessions for Och-Ziff and its partners.

Mr. Mebiame’s lawyer, Benjamin B. Tymann, declined to comment.

Joe Snodgrass, a spokesman for Och-Ziff, also declined to comment.

Mr. Mebiame’s case could open the door to more action by the government. Indeed, the complaint made reference to a number of unidentified co-conspirators, suggesting more charges could come. The Justice Department has pledged to crack down on foreign bribery cases.

The government’s complaint is bolstered by business records obtained from Och-Ziff, emails obtained through search warrants and corporate records, bank and travel records, as well as statements from witnesses.

At times, Mr. Mebiame was brazen in making sure he got his cut of the deals he undertook on behalf of Och-Ziff and the Turks and Caicos company, once threatening to go to the news media over “illegal procedures to secure assets in Africa.” He added that he would “let the world know what kind of international crooks you are.”

**Correction: September 29, 2016**
Because of an editing error, an article on Aug. 17 about an arrest by Brooklyn officials of a Gabonese man in a foreign bribery case referred incorrectly to the role played by African officials. They are said to have been the intended recipients of the bribes;
they did not offer a view of the significance of the arrest. This correction was delayed because the error was brought to the attention of editors only recently. Matthew Goldstein and Julie Creswell contributed reporting.

A version of this article appears in print on August 17, 2016, on Page B3 of the New York edition with the headline: Adviser for Giant Fund Faces Bribery Charges Over Pursuit of Mining Rights in Africa.

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