

Israeli tycoon pursues Soros over loss of African mines

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George Soros

founded Global Witness, one of the groups at the centre of the conspiracy claims

THE Israeli billionaire Beny Steinmetz will launch a multibillion-pound lawsuit this month against George Soros and Rio Tinto after his rights to the most prized iron ore deposit in Africa were revoked.

The suit, to be filed at the High Court in London, is expected to allege that Rio Tinto formed a conspiracy with Soros and Global Witness, a campaign group funded by him, to force Steinmetz out of the Simandou project in Guinea.

It is the latest legal front to open in what has become a high-stakes battle involving FBI stings, Tony Blair and courts on three continents.

In April, Alpha Conde, the president of Guinea, cancelled Steinmetz's rights to half of Simandou. The 70-mile chain of peaks in the west African jungle contains more iron ore — the raw material for steel — than any other undeveloped deposit in the world. If a mine is built there, it will generate hundreds of billions of dollars in revenue.

Conde took back the licence after an independent panel alleged that Steinmetz had acquired the rights through corruption. Global Witness, meanwhile, carried out a parallel investigation but did not collaborate with the government on its probe, a spokes-man said.

A month ago Rio raised the stakes by filing a racketeering suit in New York, claiming that Vale, the Brazilian mining giant, and Steinmetz's company BSGR had hatched a conspiracy several years ago to oust Rio from the project and take it for themselves.

Conde was elected president in 2010 with a mandate to stamp out corruption. Tony Blair signed up as a personal adviser through his Africa Governance Initiative. He was not the former professor's only high-profile benefactor.

Soros, the 83-year-old investor worth an estimated \$23bn, is known as the man who broke the Bank of England after making \$1bn from betting against the pound in 1992.

He has since recast himself as a philanthropist and corruption-buster and has founded non-government organisations such as the Open Society Foundations.

Global Witness is part-funded by Open Society and the Alexander Soros Foundation, run by Soros's son.

Steinmetz, 58, made his estimated \$3bn fortune in diamonds. In 2008 BSGR was awarded half of Simandou, a gargantuan project that critics said his company was ill-equipped to develop. He was handed the rights just months after the government expropriated licences to the entire range from Rio, the world's second-largest miner.

The FTSE 100 giant paid \$700m to recover half the rights but claimed Steinmetz was not the rightful owner of the rest.

Months later BSGR sold a stake to Vale for \$2.5bn. The Brazilians paid \$500m upfront, with the rest contingent on certain targets being achieved. Rio has been building a legal case ever since.

Last year the FBI recorded Frederic Cilins, an agent claiming to work for Steinmetz, offering millions of dollars to the former wife of the dictator who gave BSGR the rights if she handed over allegedly incriminating documents. The woman, Mamadie Toure, had become an FBI informant.

Simandou could be stuck in the courts for years. Vale is suing BSGR and has declined to pay the outstanding \$2bn from its original deal. Last week BSGR filed a case in the International Centre for Settlement of Investment Disputes in Washington against the government of Guinea.

Also last week, Rio signed a \$20bn commitment to develop its half of Simandou. This includes clearing hundreds of miles of jungle for a railway and building a new port to export iron ore.

A spokesman for Global Witness said: “Any suggestion of a conspiracy is absurd and totally without foundation. This seems an attempt to divert attention from very serious allegations surrounding his company’s acquisition of a valuable mining asset.”

BSGR, Soros and Rio Tinto declined to comment.