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US prosecutors show their hand in Guinea corruption probe

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Simandou: the coveted iron ore deposit in Guinea

In a Florida court on Tuesday, a judge granted a request by US prosecutors to seize an ice cream cooler, a walk-in freezer, dozens of other pieces of catering equipment and three properties belonging to a woman called Mamadie Touré. It was just one of a ceaseless stream of such requests, through which the authorities seek forfeiture of what they say are ill-gotten assets.

But this was no ordinary woman and no ordinary case. Ms Touré is the widow of Lansana Conté, a dictator who ruled the resource-rich but dirt poor west African state of Guinea for 24 years before his death in 2008. And US prosecutors' interest in Ms Touré runs to much more than a few refrigerators and some Jacksonville real estate. Their court filing in the forfeiture request spells out the details of a two-year US investigation into one of the most wide-ranging cases of alleged corruption in recent years.

Prosecutors alleged in that filing, lodged last week and seen by the Financial Times, that Ms Touré received bribes totalling \$5.3m to help a mining company win iron-ore rights in Guinea. The rights in question were to exploit the northern half of a hillside called Simandou, considered the planet's richest virgin deposit of iron ore.

The company involved is not named in the filing. But references to documents published in a Guinean inquiry, to the timing of the award of the mining rights and to a separate criminal case make it obvious that the company is BSG Resources, the mining arm of Israeli billionaire Beny Steinmetz's family conglomerate.

BSGR is registered in Guernsey and its representatives say Mr Steinmetz is formally only an adviser to the company. The scion of an Israeli diamond family whose stones adorn Formula One cars, Mr Steinmetz is the main beneficial owner of BSGR through a series of trusts. Both he and BSGR have consistently denied wrongdoing since the Guinean government inquiry first levelled allegations of corruption in 2012.

In April this year, that inquiry, which BSGR denounced as an illicit attempt to seize its valuable assets, concluded that the company had won its Simandou rights corruptly. Guinea's government cancelled BSGR's rights, which were held jointly with Vale. In 2010, the Brazilian mining group paid \$500m for a stake in BSGR's Guinean assets and promised \$2bn more if targets were met.

BSGR has launched an arbitration claim against Guinea and said on Wednesday that the tribunal would "finally separate fact from fiction". "The tribunal will prove that the current government of Guinea is the real perpetrator of corruption and that these allegations are being used to justify an illegal expropriation of BSGR's assets in Guinea," it added.



The seizure of Ms Touré's assets, some of which she had used to set up a restaurant in Jacksonville, marks an advance in the US criminal investigation into whether BSGR's efforts to win rights to Simandou broke US laws against bribing foreign officials and laundering the proceeds of corruption into the US.

In a sworn statement that was published by the Guinean inquiry and which is cited in the US forfeiture claim against her, Ms Touré claims she received money from representatives of BSGR in exchange for assisting their efforts to persuade her husband to grant the company rights to Simandou. He did so days before his death in December 2008, months after his government had stripped the rights to half the prospect from Anglo-Australian miner Rio Tinto.



The widowed Ms Touré moved first to Sierra Leone then to Florida. According to the forfeiture filing, US prosecutors apparently believe that BSGR “continued to fulfil its promise to pay Touré and continued its corrupt scheme after her husband’s death”. She used money from the alleged payments to buy her Florida properties, the filing alleges.

US prosecutors opened a grand jury investigation into BSGR’s activities in Guinea in early 2013 and Ms Touré soon became a co-operating witness. In April that year, she wore a wire that allowed FBI agents to listen in to her meetings at Jacksonville airport with Frederic Cilins, a French businessman who had worked as an intermediary for BSGR in Guinea.

Cilins was recorded offering her millions of dollars if she agreed to lie to prosecutors and destroy contracts that purported to lay out the bribery scheme. BSGR claims the contracts are fakes and accuses Ms Touré of trying to extort money from the company.

Cilins pleaded guilty to obstruction of justice and was jailed in July for two years, including time served. He is due to be released in January, when prosecutors will have to decide whether to bring charges related to the alleged bribery and money-laundering. So far, no one has been charged in relation to those alleged offences, either in the US or in a parallel investigation in Switzerland, where Mr Steinmetz and some BSGR directors are based.

The Department of Justice declined to answer questions about whether the asset forfeiture was part of a plea deal with Ms Touré. Ms Touré did not respond to an email sent to her company’s address seeking comment.

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