



Inquiry over Steinmetz Guinea mining deal extends to UK and Guernsey

Serious Fraud Office joins FBI and Channel Islands investigation of BSG Resources after claims of bribery to secure ore rights

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An international investigation into the activities of a company controlled by one of the world's wealthiest men has spread to the UK and Channel Islands, where law enforcement officials have begun examining a multi-billion dollar mining deal struck with the government of an impoverished African nation.

The decision by the Serious Fraud Office, in London, and the Financial Investigation Unit, in Guernsey, to open inquiries into the deal that the company of Beny Steinmetz struck with Guinea, means the billionaire now faces scrutiny in six countries.

Two employees of the company, BSG Resources, have been arrested in Guinea, while an associate of Steinmetz has been arrested and charged with attempting to pervert the course of justice in the US, where the FBI is attempting to establish whether the mining deal involved any breach of the Foreign Corrupt Practices Act and anti-money laundering laws.

Last week 20 Swiss police raided an office of a company associated with Steinmetz following a formal request from the government of Guinea and a further request from the US justice department. In France, police set up a simultaneous raid on the home of a BSGR director.

Adrian Hale, a senior investigation officer from the Financial Investigation Unit, said: "I can confirm that a joint investigation is being conducted with other law enforcement authorities in relation to matters relating to BSG Resources, a Guernsey-registered company."

The SFO declined to discuss its investigation, part of which is understood to have been

outsourced to an accountancy firm. However, it is known that the SFO received requests for assistance from the US justice department and the government of Guinea several months ago. Asked about the London and Guernsey investigations, a spokesman for Steinmetz and his company said: "BSGR is not aware of any such developments."

Steinmetz, 57, is an Israeli whose wealth is estimated at more than \$4bn (£2.6bn). At the heart of the investigations now faced by Steinmetz and BSGR is the allegation that bribes were paid in order to secure the rights to mine in the Simandou mountain range of south-east Guinea, a region with one of the world's largest untapped iron ore deposits.

BSGR secured the Simandou concession in late 2008 after investing \$165m in an exploration programme in the area. The company says it made that investment "with no guarantee of success".

The Simandou region was known to be rich in ore, however, and the value of the concession became clear in April 2010 when BSGR announced it was selling 51% of its stake to Vale, a Brazilian mining firm, for 2.5bn.

Steinmetz and BSGR deny paying bribes and say no evidence has been produced to show that they have been involved in any wrongdoing.

Instead, they say, they are victims of what their spokesman, Ian Middleton, of the London PR firm Powerscourt, describes as a "desperate smear campaign", orchestrated by the president of Guinea, Alpha Condé, to try to divert attention from political problems at home.

Powerscourt and lawyers representing Steinmetz and BSGR at the London law firm Mishcon de Reya have mounted a vigorous defence of their clients, twice responding to questions from the Guardian with threats of legal proceedings. Questions about their client's whereabouts have led to threats of libel action.