

# Steinmetz Declines to Answer Questions From Prosecutor

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Beny Steinmetz, Israel's richest person, declined to answer questions when interviewed by a Swiss prosecutor as part of an international probe into how his mining company won control of a Guinean iron-ore project, his lawyer said.

Steinmetz met with prosecutor Claudio Mascotto for about 1 1/2 hours in Geneva on Oct. 18, lawyer Marc Bonnant said in an interview yesterday. Steinmetz gave Mascotto no information, beyond denying any wrongdoing or any role in alleged bribery related to his company, BSG Resources Ltd., and how it gained its stake in Simandou, one of the world's richest iron-ore deposits.

The billionaire declined to answer questions as he objects to the involvement of Guinean authorities in the investigation, Bonnant said. Steinmetz has filed an appeal with a Swiss court to have Guinea excluded from participating in or receiving any information from the Swiss criminal probe, initiated at the West African country's request.

"Mr. Steinmetz made no statements," Bonnant said. "He took the position to say 'as long as the problem of the presence of the Guineans is not totally resolved,' I am not talking."

The Swiss investigation, centered in Geneva, is the latest legal challenge facing Steinmetz and BSGR. In April, a U.S. grand jury investigation began looking into claims that a man linked to BSGR paid bribes to the wife of a former president of Guinea in return for mining concessions in the country.

## Voluntary Meeting

The meeting between Steinmetz and the Swiss prosecutor was voluntary and not an interrogation, Bonnant has said.

A Swiss judge is expected to rule on the appeal to have Guinea excluded from the proceedings within one month, Bonnant said. Henri Della Casa, a spokesman for the Geneva prosecutor's office, declined to comment.

Swiss police searched Steinmetz's home in Geneva and a private jet in September. They also raided the offices of Onyx Financial Advisors, whose chief executive officer, Dag Cramer, is a director of BSGR. Onyx says it is separate and independent of BSGR and provides management services to the mining company, among other clients.

Bonnant said Steinmetz, worth about \$7.8 billion according to the Bloomberg Billionaires Index, is willing to answer questions from Swiss authorities if officials from Guinea are not involved. Bonnant said Guinea has "no rule of law" or separation between its courts and political power.

## Balda Foundation

Steinmetz "will cooperate with the Swiss Justice, he will cooperate with the American Justice, but certainly not with Guinea," Bonnant said.

Sandra Merloni-Horemans, a director of BSGR, also declined to answer questions during a separate interview for the same reason, the lawyer said.

Bonnant is a director of the Balda Foundation, a Vaduz, Liechtenstein-registered entity that is at the center of a complicated web of companies related to Steinmetz. Bonnant said Beny Steinmetz is "one of the beneficiaries" of The Balda Foundation.

BSGR owns a 49 percent stake in a Guinea iron ore mining venture with Brazil's Vale SA that controls half of the giant Simandou deposit. The venture had been studying a \$10 billion project in the country before Guinea said in March it was preparing to strip it of rights to the ground.

A Guinean hearing into ownership of the concessions, which started last October, is set to resume by December, a person close to the country's review committee said, asking not to be identified as the process is confidential.

## Simandou Deposit

The review has been on hold as the committee awaits the return of evidence from prosecutors in the U.S. probe, the person said. A decision on whether the Vale-BSGR venture is allowed to retain the licenses is expected to be made by early next year, the person said.

Simandou is split into four blocks. Steinmetz's company gained control of blocks 1 and 2 after the government ordered London-based Rio Tinto Group, the world's second-biggest mining company, to hand them over in 2008. BSGR spent more than \$160 million on the

two blocks between 2006 and April 2010, according to the company's website.

In April 2010, Vale agreed to pay BSGR as much as \$2.5 billion for a 51 percent stake in deposits in the country including Rio's confiscated blocks. The two blocks were legally stripped from Rio because the company failed to proceed with development, BSGR said last month.

Bonnant said that if Guinea decides to expropriate the Simandou blocks from BSGR and Vale, the matter would likely end up being contested in arbitration for years. The only other possible outcome would be an "amicable settlement," Bonnant said. The lawyer cautioned that there have been no settlement talks.