

BUSINESS

Second Suspect Arrested in Guinea Bribery Case

Unnamed individual to appear in Tel Aviv court, more arrests likely say police

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Israeli police arrested a second suspect in an international investigation into bribery and money-laundering allegations involving billionaire diamond magnate Beny Steinmetz and a coveted iron-ore deposit in the West African nation of Guinea.

The suspect, Asher Avidan, was Mr. Steinmetz's longtime business partner who for a time led the Guinea operations. An Israeli court ordered Mr. Avidan under house arrest after he paid 1 million shekels (\$259,000) and turned in his Israeli and French passports.

Israeli police said there would likely be more arrests as part of a years' long probe involving law-enforcement agencies in the U.S., Switzerland, Guinea and Israel.

The arrest Tuesday comes a day after Mr. Steinmetz was detained on what Israeli police said was suspicion of paying bribes to government officials in Guinea to win access in 2008 to mining rights in the country's remote Simandou mountain range. The 60-year-old Mr. Steinmetz is also under house arrest as the sprawling investigation continues.

A spokesman for BSG Resources Ltd., the mining arm of Mr. Steinmetz's family-controlled conglomerate, said Tuesday that the allegations against Messrs. Steinmetz and Avidan "remain baseless." The spokesman said the arrests are "clearly a publicity stunt" by Israeli authorities.

The arrests are the latest chapter in the saga over Simandou, considered to have some of the world's largest and highest-quality iron ore—a key ingredient for making steel.

BSGR won the rights to mine Simandou in 2008, after the Guinea government, then led by President Lansana Conte, stripped British-Australian mining giant Rio Tinto PLC of the development rights. BSGR then struck a \$2.5 billion deal with Brazil's state mining behemoth, Vale SA, to split the Simandou development.

But in 2014, the Guinea government stripped BSGR of its rights to Simandou and accused people connected to the company of paying bribes to a previous regime. It was a setback for Mr. Steinmetz as he tried to expand beyond his main business—selling African diamonds, including to his biggest client, Tiffany & Co.

Rio Tinto, which eventually won back the Simandou rights, is undergoing its own upheaval related to allegations of wrongdoing in Guinea. The company last month dismissed two executives and turned over evidence to law-enforcement authorities

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after emails became public detailing a \$10.5 million payment it had made to a man with close ties to Guinea's government helping it lobby for access to Simandou.

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