



## FBI surveillance implicates diamond billionaire in plan to subvert US fraud probe

- US corruption suspect names Beny Steinmetz as ‘Number 1’ in bribery scheme
- Former dictator’s wife says she was bribed with jewellery, cars and bag of cash
- Documents show \$1.4 million in suspicious payments to ease Guinea mine deal

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Beny Steinmetz, one of the world’s biggest diamond traders, directly ordered attempts to destroy corrupt contracts signed between his company and the wife of a West African president, a suspect was taped saying in FBI surveillance transcripts.

The transcripts are among [documents published](#) by a government committee in Guinea investigating the legality of mining contracts signed under past governments. Today the committee recommended cancelling rights to the massive Simandou iron ore concession jointly held by London-headquartered Beny Steinmetz Group Resources and Brazilian mining giant Vale.

The committee said that it has established “with sufficient certainty the existence of corrupt practices” surrounding the granting of mining rights to BSGR. “Such corrupt practices nullify the mining titles,” it said.

The committee also published testimony from Mamadie Touré, widow of Guinea’s former president, who said that BSGR offered her millions of dollars in bribes. That claim is

backed up by [photocopies of cheques](#) from a BSGR representative to Touré for \$150,000.

[BSGR](#) says the evidence, copies of which it received from the committee last year, is “fabricated” and that the review of its titles was illegal. It declined to attend a hearing held by the committee last December. Although [BSGR said today](#) that it had “sought to cooperate with the committee”, [today’s report](#) said the company “systematically refused to participate in constructive dialogue”.

Other evidence obtained separately by Global Witness includes [a copy of Touré’s diplomatic passport](#) that records her official role as the president’s wife—contradicting BSGR’s claim that they were never married. Global Witness has also collected witness testimony that shows BSGR pressured Guinean media to keep quiet about its ties to Touré.

BSGR gained control of Blocks 1 and 2 of Simandou in December 2008, five months after the government took them away from a rival company, Rio Tinto. It got the rights for

nothing and in 2010 resold half of them to a Brazilian miner, Vale, for \$2.5 billion—more than twice Guinea’s national budget that year. (BSGR says it invested \$160 million on Guinea mining projects before the sale and a total of more than [\\$650 million](#) since 2006.)

Full development of Simandou could cost another \$10 billion, BSGR said in a [12 September 2012 statement](#). What it didn’t say is that Vale would stump up the entire sum. Unpublished agreements seen by Global Witness show BSGR as a fully “carried” investor, paying nothing before the mine starts production. BSGR would eventually repay loans from the mining revenue.

“Under no circumstances” will BSGR be required to fund any of the feasibility study for Simandou, says a 30 April 2010 contract with Vale. After the study, the partners are to seek an outside loan. In the meantime, “nothing...shall require any member of the BSGR Guinea Group to incur any material expenditure”. If a lender is found, Vale will “fund BSGR’s share” of the remaining costs, says a separate 19 March 2010 agreement. If not, Vale will lend the money itself.

These arrangements cast doubt on BSGR’s investment claims.

The one thing Vale did want from BSGR was its influence. “BSGR shall ensure the group benefits from its local knowledge and expertise” and its “standing and contacts in relation to government entities”, says a 30 April 2010 shareholders agreement with Vale.

Vale gave evidence at the December hearing and has referred corruption allegations to BSGR. It is “likely” that Vale “did not participate in corrupt practices”, the committee said in today’s report.

The committee’s recommendation is the latest development in a corruption scandal

under investigation in at least four countries, including the United States, Switzerland and Guernsey, where BSGR is registered. In January last year, the US opened a federal grand jury inquiry into BSGR’s Guinea transactions and quickly focused on a Frenchman who had represented BSGR in Guinea, Frédéric Cilins.

Between 25 March and 14 April 2013 Cilins travelled three times to Jacksonville, Florida, where Touré had moved after the death of her husband in 2008. There he repeatedly urged the president’s widow to surrender contracts that offered her millions of dollars in bribes and 5 per cent of BSGR’s Simandou claim in return for her help to win it. He also told her she should flee to Sierra Leone to avoid testifying against the company, and even offered to buy her ticket.

Over a chicken sandwich at Jacksonville airport, Cilins offered Touré \$1 million to destroy her bribe contracts with BSGR. What he didn’t know was that Touré had become a cooperating witness in a US investigation and that every word was being taped by the FBI.

Cilins’ final meeting with Touré [ended with his arrest](#). He was charged with obstructing an investigation, witness tampering and [attempting to destroy evidence](#). On 10 March, he [pleaded guilty](#) to obstructing a federal investigation, for which he could be jailed for up to 47 months. He could still be charged with other offences as the US inquiry into the Simandou deal continues.

### **Beny Steinmetz: ‘Number 1’—just don’t mention his name**

Today the Guinean mining committee published full transcriptions of the FBI’s recordings from Jacksonville.

The [FBI transcripts](#) show Cilins explaining that he was acting under direct instruction from

Beny Steinmetz. Cilins describes Steinmetz as the “number 1” in BSGR. (Steinmetz claims that he is only an “adviser” and “consultant” to the company that bears his name.)

The transcripts of the 11 April meeting show Cilins telling Touré how Steinmetz personally approved paying her as much as \$11 million to ensure her continued cooperation. He promises her an up-front payment of \$1 million for destroying the evidence—split into two payments of \$200,000 and \$800,000—with \$5 million later. Then as much as \$5 million on top of that if BSGR retains Simandou:

Cilins: There will be the 5 [million dollars] and there will be the 800 [thousand dollars]. That will make 6 for you overall... And depending on how it ends for him, if they don't cut of too much here and there, I don't know, there'll be even more. I don't know how much – 3, 4, 5 [million] more. I don't know – but there'll be even more. That's the message I've received directly from the Number 1, I don't even want to mention his name...

Touré: The Number 1? Michael?

Cilins: No, no... [whispers] Beny.

“Everything that I am telling you comes directly from Beny. The other day...I went to see him directly, to talk face-to-face,” Cilins says. “He told me, ‘listen... I want you to tell me, Frédéric, I want you to tell me that you have destroyed those papers.’”

### **‘Of course you have to lie’**

Three days later, Cilins and Touré met again and he repeated the offer. In mid-conversation, he was arrested. He had \$20,000 in his pocket—money he had only minutes earlier offered Touré as “just a bit extra to help”, as she waited for the \$1 million pay-off for handing over the contracts that implicated him and BSGR.

BSGR and Cilins say the contracts with Touré are forgeries. Before his guilty plea, Cilins had argued in his defence that he went to Florida to destroy fake documents that Touré was using to blackmail the company.

The FBI transcripts show a different story—a last-ditch attempt to cover up corrupt deals by destroying the evidence. Over four meetings with Touré lasting more than six hours in total, Cilins repeatedly urged her to mislead the grand jury probing BSGR's Guinea deals.

“But of course you have to lie,” he says. “If you tell them you received anything, from anyone... you have a big problem.”

It's also clear that Cilins knows the contracts—which he will later say are phoney—are illegal.

“The risk is very serious for you and for everyone,” he tells Touré. “But you personally have a problem. Because if they authenticate these documents, you'll be the first... Because it's forbidden to do that. Do you understand?”

But what if investigators subpoena the contracts for the grand jury, asks Touré.

“You have to destroy everything, urgently, urgently, urgently,” says Cilins.

### **What BSGR didn't say about Frédéric Cilins**

BSGR has downplayed its relationship with Cilins, now awaiting sentencing for obstructing justice in the US.

In a 26 December 2012 letter to Guinea's mining committee, BSGR acknowledged that Cilins “helped or represented” BSGR during meetings with the mining minister and that he also helped set the company up in Guinea. But it went on to state:

“BSGR never signed any accord with Mr Cilins, formal or informal, such as a

commission contract under which he would receive a success bonus if BSGR obtained the mining rights to the Simandou deposit.”

BSGR Director Dag Cramer wrote to Global Witness in December last year to distance the company still further from Cilins:

“It has been alleged that Mr Cilins was BSGR’s agent, or had some kind of personal contractual relationship with BSGR. This was not the case,” Cramer wrote. “BSGR did not at any stage have a contractual relationship with Mr Cilins personally, nor did it have any agreement with Mr Cilins himself to pay fees or commissions to him.”

Newly revealed evidence shows BSGR’s statements on Cilins are misleading and that the collaboration went further than previously known. As well as working for BSGR in Guinea, Cilins was also engaged by the company in three other countries over several years.

“As well as Guinea, I have collaborated with BSGR in Liberia, Mali and Sierra Leone on projects which did not always come to fruition,” Cilins wrote in a [signed affidavit](#) retrieved from his briefcase by the FBI and now published by the mining committee.

“There has never been any question of me hiding my cooperation with BSGR. Of course I have always specified that I was not a collaborator of BSGR but rather was independent. But the essential component of my work consisted of representing the company and promoting its firepower.”

#### **What BSGR didn’t say about Pentler**

In August 2013, [a Global Witness investigation](#) revealed how Pentler Holdings, an offshore company used to channel Simandou payments to Touré, was set up by BSGR officials. BSGR transferred part of its

Simandou holdings to Pentler, which in turn promised her some of the shares as bribes.

BSGR has denied any connection with Pentler. It says the firm was established by Onyx Financial Advisors on behalf of Cilins and his partners. Onyx is [“fully independent of BSGR,”](#) BSGR said on 14 August 2013—apparently ignoring the fact that both Onyx’s directors are senior BSGR officials and that the two companies share a London address.

New evidence makes the link between BSGR and Pentler still clearer. A document seen by Global Witness—and not part of the evidence published by the Guinean committee—sheds light on how BSGR used Pentler to parcel out stakes in Simandou.

The document is a contract between Pentler and a Malian national, Ismaila Daou, dated 20 February 2006. It promises Daou a cut of Simandou and makes clear that Pentler is an intermediary used by BSGR to distribute shares.

“BSGR proposed to the Guinean government...the integration of Mr Ismaila Daou as a local partner [in Simandou],” the contract says. “In order to integrate Mr Daou, BSGR Guinea will transfer 17.65 per cent of its holding to Pentler, of which 13.32 per cent of will be attributable to Mr Daou.”

It is unclear what Daou did to earn his share.

The same day, Pentler signed another [contract with Mamadie Touré](#). She was promised slightly more than Daou—her stake in Pentler worked out at 5 per cent of BSGR’s Simandou concessions, his at 2 per cent. Global Witness revealed the existence of Touré’s contract with Pentler [in April 2013](#), citing other documents that made clear her stake was awarded as a bribe.

Touré and Daou weren't the only ones to benefit from Pentler's largesse. On 18 March this year, the newsletter Africa Mining Intelligence published another Pentler contract (also shown to Global Witness by another source)—this time with Touré's half-brother Ibrahima Sory Touré and another businessman, Aboubacar Bah. Also dated 20 February 2006, it promises Ibrahima Sory Touré and Bah more than \$15 million for their "assistance in developing the Simandou exploration and exploitation iron deposit...currently held by Rio Tinto".

The contract said the money would be disbursed in instalments as BSGR's Simandou project advances: the first payments would be triggered on obtaining the Simandou exploration permits, with more to follow as the mine enters production.

Between them, the various contracts show how Pentler was integral to BSGR's plans for Simandou.

#### **'A million dollars laid out on the bed'**

Cilins first arrived in Guinea in 2006 with an open offer of millions of dollars for anyone willing to help BSGR acquire mines, according to Touré, who gave written evidence. Her testimony, now published by the mining committee, is an [insider account](#) that claims BSGR's representatives used bribes to influence the confiscation of blocks 1 and 2 of Simandou from Rio Tinto and secure them for themselves.

Touré said in her testimony that she first encountered Cilins through Guinea's sports minister, Fodé Soumah, describing how at their first meeting Cilins offered cash and sought a meeting with the president.

"Cilins and Soumah said that if BSGR obtained the mining rights, \$12 million would be distributed to Guineans, including ministers

and civil servants and me," she said. "I personally introduced Cilins to the president. I explained that Cilins represented BSGR and that BSGR wanted mines in Guinea."

BSGR says the mining committee relied on "[fabricated evidence](#)" and that the "committee was established to provide a pretext to illegally seize our assets in Guinea". It said Touré's testimony is "a wholly incredible and unsupported version of events related by a witness who has sought to extort money from BSGR in the past" the [Financial Times](#) reported today. Cilins said in written testimony that his only tie to Touré was a joint investment in a food import business.

Touré said Cilins' introduction to President Lansana Conté was a success. It quickly led to BSGR obtaining its first rights in Simandou—two smaller concessions neighbouring Rio Tinto's blocks 1 and 2. Rio's rights remained the bigger prize, however, and by nurturing his relationship with Touré, Cilins was able to fix more meetings with the president—some attended by Beny Steinmetz himself.

Not that business always ran smoothly, Touré recalled, saying that at Steinmetz's first meeting with Conté, Cilins nearly scuppered the deal with a less than discreet request.

"That meeting ended badly after Cilins told the president that BSGR would also like to purchase his personal supply of diamonds," she said.

Despite the hitch, Touré said Steinmetz was pleased with her efforts and after the meeting he visited her in her home town of Dubréka—a couple of miles outside the northern suburbs of the Guinean capital, Conakry. She said she pocketed \$200,000 at the end of the conversation, handed to her by the vice-president of BSGR Guinea—her half-brother Ibrahima.

In February 2006, she said, BSGR asked her to sign an agreement with Pentler—the [protocole d'accord](#) published by the government committee, promising her five per cent of BSGR Guinea, potentially worth billions. “Cilins told me that Pentler Holdings was acting in the name of BSGR,” she said.

In September, she helped organise a party for Guinean and BSGR officials (footage of which was published online by Global Witness in April last year). BSGR Chairman Asher Avidan “invited me to the reception because it would lend BSGR credibility if we were seen together,” she said.

It was not long after that BSGR asked Touré to pressure President Conté to take blocks 1 and 2 of the four-block Simandou concession from Rio Tinto, according to her testimony. She succeeded. By mid-2008—after she had brokered three more meetings between BSGR officials and the president—Rio’s rights to half its massive iron ore concession were cancelled.

BSGR immediately began manoeuvring to replace its competitor. As discussions advanced, the company eased the way by plying her with cash and jewellery, she said, recalling that in 2008 Avidan gave her a necklace and a chain of white gold inset with seven diamonds. She also claims to have received two Toyota Land Cruiser cars, delivered personally by Avidan. Conté told her to keep one and took the other for his children to use on holiday.

Around this time, her statement continues, the BSGR chairman invited Touré to BSGR’s office in Conakry. “Avidan showed me a bed with American money laid out on it,” she said. “He told me there was \$1 million there and that it was for me. Then he put the money in a bag and gave it to me.”

### **Caterpillar tracks**

In December 2008, blocks 1 and 2 were awarded to BSGR. Days later, President Conté succumbed to illness and died after 24 years in power. Touré fled across the border to Sierra Leone.

Even in exile, the company continued to ensure Touré was well provided for, she said, telling the inquiry that early in 2009, a BSGR representative brought \$50,000 in cash and in the summer the firm’s head of security, Issiaga Bangoura, arrived with another contract for her to sign. The new contract promised her \$4 million in four instalments, she said. This contract is not among those published by the Guinean inquiry.

Later that year, she received \$1 million from the account of a Lebanese intermediary, she said. Among the documents published by the mining committee is a 28 August 2009 invoice submitted by Touré’s company, Matinda, requesting payment for a “[Caterpillar track tractor](#)” and “Caterpillar track excavator”—total value \$998,000. Another invoice, dated 20 December, adds \$2,000 for “repair of Caterpillar control circuit” to make a round million.

Touré then moved to Florida, where she says she received another million dollars by wire transfer. She says she understood all the payments to be from BSGR.

When the flow of money suddenly dried up, Touré turned to Guinea’s newly installed junta for help. She travelled to Freetown in Sierra Leone and from there spoke with the Guinean army chief of staff. Not long after, two BSGR representatives—Patrick Saada and Michael Noy—came to meet her bearing yet another contract, according to her testimony. The cash started flowing again.

Bank statements published by the committee show Cilins [wrote her cheques](#) for a total of \$150,000 in July and August 2010. She got

another \$250,000 from one of Cilins' partners in Pentler, Avraham Lev Ran. He wired the money straight to Touré from an account in Israel, according to bank records cited by prosecutors in Cilins' New York court case.

In Freetown she signed a [new contract with Pentler](#) confirming receipt of \$2.4 million—the sum of the \$1 million “tractor” payments, the \$1 million wire transfer and the \$400,000 from Cilins and Lev Ran (there seems to have been no need to keep a record of the cars, jewellery and hard cash). The same contract promised her \$3.1 million more.

Later, Noy returned twice more with updated contracts “because Beny Steinmetz wanted one thing or another” in the text, Touré said. Then, on 3 August 2010, she signed a final deal to replace all the previous ones: \$5 million in two payments over four years.

Eight of Touré's BSGR contracts have now been published by the Guinean inquiry. It was these that Cilins travelled to Florida to destroy.

#### How much did Mamadie Touré get paid?

Mamadie Touré signed at least eight contracts with BSGR and its representatives over more than five years, now published by the Guinean inquiry into the deals.

So what did she actually receive in return for helping the company get Simandou?

1. In 2010 (the document is undated) Touré signed a [contract confirming receipt of \\$2.4 million](#).
2. Of this, **\$1.4 million is documented**: [bank records](#) show \$1 million paid to Touré's company Matinda, ostensibly for a tractor and digger, and a further \$400,000 from BSGR associates Frédéric Cilins and Avraham Lev Ran. That still leaves \$1 million unaccounted for: Touré told the mining committee she received this by wire transfer to her Florida account.
3. In her [testimony to the mining committee](#), Touré describes previous **hard-cash payments totalling \$1.25 million**: \$1m in a bag from BSGR Chairman Asher Avidan; \$200,000 from her half-brother, BSGR official Ibrahima Sory Touré; and \$50,000 brought to her in Sierra Leone by a representative of Avidan.
4. She also says she received more wire transfers after signing her [final contract with BSGR](#) on 3 August 2010. That document promised her \$5 million; it isn't clear how much of this she received.

#### Promises, promises

1. A [20 February 2006 contract](#) promises Touré 5 per cent of BSGR's Guinea business.
2. Touré told the inquiry that a 2009 contract promised her \$4 million in four instalments. This contract is not among those published by the committee.
3. The undated 2010 contract, in which Touré confirms receipt of \$2.4 million, promises her another \$3.1 million.

4. The final contract, signed on 3 August 2010, promises her \$5 million in two instalments. Touré said in her testimony that the money was a replacement for the 5 per cent stake promised earlier.

5. FBI transcripts from April 2013 show Cilins promising Touré \$1 million—\$200,000 up front and \$800,000 later— to destroy the contracts, and a further \$5 million later still. He also promises additional payments of up to \$5 million, depending on the success of BSGR’s Guinea investment. It could be “**\$11 million all in all**,” Cilins says.

### **Just a friend of the president’s family**

BSGR not only denies having had any business dealings over Simandou with Touré, but also argues—somewhat strangely—that Touré was never married to President Conté.

“Touré...was not the wife of President Conte,” BSGR wrote to Guinea’s mining committee in its 26 December 2012 letter. “BSGR has no knowledge of any influence she could have had over the president.” The point was emphasised three times in that document. It was also reiterated several times by Cilins’ defence in court.

The FBI surveillance lays bare the reasoning behind the denial. During their 11 April meeting, Cilins warns Touré about the danger of identifying herself as the wife of the president.

“This is very important. If you are officially married, you’re getting into a category that is very, shall we say, dangerous, exposed.”

The US Foreign Corrupt Practices Act makes it “unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business”, [says the Department of Justice](#). It’s clear from the transcripts that Cilins knew Touré’s marriage made any dealings with her all the more sensitive.

“If you’re considered a spouse, you take on an extra risk... you have an extra responsibility not to get involved in business,” Cilins warns.

“This is even more risky and dangerous as a wife, than if you’re not a wife. You know what I’m saying? Because as a non-spouse, you have the right to conduct business. As a spouse it gets more complicated...you have to prove you didn’t profit from your marriage.”

Instead, Cilins suggests she might tell investigators she was “just a friend of the president’s family”.

That argument may be aimed at shielding Cilins and BSGR from corruption law. But it doesn’t fit the evidence. Global Witness has seen a scan of [Touré’s diplomatic passport](#). It’s marked “*épouse PRG*”—spouse, President of the Republic of Guinea.

### **‘I was indiscrete’**

BSGR was aware from the outset that its relationship with Touré was sensitive—so much so that Guinean media were told to keep quiet about it.

In April 2013, Global Witness published [a video of a September 2006 meeting](#) at which BSGR outlined its mining plans around Simandou, where Touré was the guest of honour. There she was publicly introduced to senior BSGR executives, with Cilins translating.

Journalists at the event were told “not to quote the President’s wife but to say instead that it was Minister Souaré who presided over the event,” wrote Guinean journalist Sarata Souadou in an article after deciding to ignore the instructions.

One Guinean journalist who spoke to Global Witness on condition of anonymity described being told not to mention Mamadie Touré in connection with BSGR. When he did, he found his relationship with the company abruptly cut off. “I was indiscrete,” he said.

BSGR has not replied to questions from Global Witness on this matter.

### **Covering up a scandal?**

The mining committee’s ruling isn’t quite the end of the road for BSGR in Simandou. While its recommendation has already—according to a government official—been endorsed by a higher committee made up of ministers and senior government advisers, the final decision rests with Alpha Condé, the current president. As Guinea prepares to rule on the concession, evidence of a campaign by BSGR to keep corruption under wraps is mounting.

BSGR representative Frédéric Cilins travelled thousands of miles to bribe Mamadie Touré to destroy illegal contracts. When they met, he offered her bribes, encouraged her to lie to a grand jury and tried to induce her to flee to Sierra Leone to avoid testifying. The press was warned to steer clear and as criminal inquiries across three continents unfolded, BSGR sought to mislead investigators and the public with false claims about Cilins, Touré and a shadowy intermediary, Pentler Holdings.

BSGR says it “acquired its exploration and mining rights in Guinea after a fully transparent and legal process”. If that’s the case, why does it all look so much like a cover-up?

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### **Notes to editors:**

1. Global Witness has been publishing articles on BSGR’s Guinea deal since November 2012 (they can all be seen [here](#)). In what we believe is a reaction to our reporting on the scandal, four BSGR officials – including Beny Steinmetz - issued a claim in the UK’s High Court in December 2013, demanding that Global Witness hand over all “personal data” that it holds on them and pay compensation. The claim argues that information about BSGR or any Beny Steinmetz Group companies should be considered as Beny Steinmetz’s personal data, and that Global Witness should be barred from using this information. Global Witness regards this as an attempt to stifle its public-interest reporting and uncover its confidential sources. To read more about the case, [click here](#).
2. BSGR has alleged that Global Witness is part of a conspiracy against the company. For our response to these allegations, [click here](#).
3. Apart from Global Witness, several news organisations and campaign groups have published on BSGR’s Guinea deal, including: [the New Yorker](#); Switzerland’s [Berne Declaration](#); [Channel 4 News](#); the [Guardian](#); and the [Financial Times](#).