

JUSTICE NEWS

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Mozambique's Former Finance Minister Indicted Alongside Other Former Mozambican Officials, Business Executives, and Investment Bankers in Alleged \$2 Billion Fraud and Money Laundering Scheme that Victimized U.S. Investors**More Than \$200 Million in Alleged Bribes and Kickbacks Paid to Mozambican Government Officials and Investment Bankers in Corrupt Maritime Loans for Mozambique**

A four-count indictment was returned on Dec. 19, 2018, by a grand jury in the Eastern District of New York, charging two executives of a shipbuilding company, three former senior Mozambican government officials, and three former London-based investment bankers for their roles in a \$2 billion fraud and money laundering scheme that victimized investors from the United States and elsewhere.

Assistant Attorney General Brian A. Benczkowski of the Justice Department's Criminal Division, U.S. Attorney Richard P. Donoghue of the Eastern District of New York, and Assistant Director in Charge William F. Sweeney Jr. of the FBI's New York Field Office made the announcement.

"The indictment unsealed today alleges a brazen international criminal scheme in which corrupt Mozambique government officials, corporate executives, and investment bankers stole approximately \$200 million in loan proceeds that were meant to benefit the people of Mozambique," said Assistant Attorney General Benczkowski. "The Department of Justice and our law enforcement partners are dedicated to using all tools at our disposal to prosecute those who engage in money laundering, financial fraud and corruption at the expense of U.S. investors, wherever those individuals may be located."

"As charged in the indictment, the defendants orchestrated an immense fraud and bribery scheme that took advantage of the U.S. financial system, defrauded its investors and adversely impacted the economy of Mozambique, in order to line their own pockets with hundreds of millions of dollars," said U.S. Attorney Donoghue. "This indictment underscores the Department of Justice's continuing efforts to end such fraudulent and corrupt practices and to hold those responsible to account for their crimes."

"Today's indictment proves that no matter who you are, or what position of power you're in, you're not immune from prosecution," said FBI Assistant Director in Charge Sweeney. "The FBI will continue to use all resources at our disposal to uncover crimes of this nature and expose them for what they really are."

Jean Boustani, 40, a citizen of Lebanon who worked for the Privinvest Group, a United Arab Emirates-based shipbuilding company, was arrested at John F. Kennedy Airport in New York on Jan. 2, 2019 and arraigned later that day in the Eastern District of New York on charges that he conspired with others to commit one count of wire fraud, one count of securities fraud, and one count of money laundering in connection with \$200 million in bribe and kickback payments he

helped organize relating to three loans totaling more than \$2 billion that were marketed and sold to U.S. victim investors. Boustani has pleaded not guilty to the charges; a trial date has not yet been set. Alongside Boustani, Privinvest's chief financial officer Najib Allam, 58, a citizen of Lebanon, was charged with the same counts. Allam is alleged to have worked with Boustani to make the bribe and kickback payments. Allam is not currently in U.S. custody.

Manuel Chang, 63, the former Mozambican minister of finance who is a citizen and resident of Mozambique, was charged with the same counts as Boustani, namely one count of conspiracy to commit wire fraud, one count of conspiracy to commit securities fraud, and one count of conspiracy to commit money laundering. Chang was arrested at the request of the United States by South African authorities on Dec. 29, 2018. The United States is seeking Chang's extradition.

Antonio do Rosario, 44, a citizen and resident of Mozambique, was an official with Mozambique's State Information and Security Service and a director and officer of each of the three Mozambican entities that obtained the maritime loans. Do Rosario was charged with one count of conspiracy to commit wire fraud, one count of conspiracy to commit securities fraud, and one count of conspiracy to commit money laundering in connection with his receipt of bribe payments relating to the loans. Do Rosario is not currently in U.S. custody.

Teofilo Nhangumele, 50, a citizen and resident of Mozambique, acted on behalf of the Office of the President of Mozambique. Nhangumele was charged with one count of conspiracy to commit wire fraud and one count of conspiracy to commit money laundering in connection with his negotiation and receipt of bribe payments relating to the loans. Nhangumele is not currently in U.S. custody.

The three investment bankers, Andrew Pearse, 49; Surjan Singh, 44; and Detelina Subeva, 37, each of whom is a resident of the United Kingdom, were also charged with one count of conspiracy to commit wire fraud, one count of conspiracy to commit securities fraud, and one count of conspiracy to commit money laundering. In addition, each banker was charged with one count of conspiracy to violate the anti-bribery and internal controls provisions of the Foreign Corrupt Practices Act (FCPA) in connection with their roles in facilitating bribe payments to government officials in Mozambique and for circumventing the internal accounting controls of a foreign investment bank that arranged two of the loans. At the time, Pearse and Singh were managing directors of the investment bank, and Subeva was a vice president.

Pearse, Singh and Subeva were arrested on Jan. 3, in the United Kingdom, all pursuant to provisional arrest warrants issued at the request of the United States. The United States is seeking their extradition.

The indictment alleges that between approximately 2013 and 2016, the co-conspirators organized for more than \$2 billion in three loans to be arranged by Investment Bank and another foreign bank. The loans were made to companies owned and controlled by the Mozambican government: Proindicus S.A., Empresa Moçambicana de Atum, S.A. (EMATUM) and Mozambique Asset Management (MAM). The money was purportedly to be used to fund three maritime projects for which the shipbuilder, Privinvest, would provide the equipment and services. Proindicus was to perform coastal surveillance, EMATUM was to engage in tuna fishing, and MAM was to build and maintain shipyards. Chang, in his capacity as minister of finance, signed guarantees on behalf of Mozambique for all three fraudulent loans. Singh signed the agreements on behalf of the investment bank for the two loans on which the bank acted as primary arranger. The investment bank subsequently paid the loans directly to Privinvest.

As further alleged in the indictment, the co-conspirators facilitated Privinvest's criminal diversion of more than \$200 million in loan proceeds, including more than \$150 million in bribe payments to Chang and other Mozambican government officials that Privinvest paid to ensure that Mozambique would enter into the loan arrangements. In addition to the bribe payments, the alleged fraud also included approximately \$50 million in kickback payments to Pearse, Singh, and Subeva, who assisted the conspirators to obtain financing for the loans through their investment bank and a second foreign investment bank. Pearse, Singh, and Subeva, along with the other members of the conspiracy, allegedly subsequently sold the loans to investors worldwide, including in the United States. Moreover, the participants in the scheme allegedly conspired to defraud these investors by misrepresenting how the loan proceeds would be used, the amount and maturity dates of other loans and debt Mozambique was obligated to pay, and the ability of Mozambique or its state-owned entities to repay the loans.

Mozambique and its state-owned entities have thus far allegedly failed to make more than \$700 million of repayments that have become due on the loans.

The charges in the indictment are merely allegations, and the defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

The investigation is being conducted by the FBI's New York Field Office. The government's case is being prosecuted by the Criminal Division's Money Laundering and Asset Recovery Section (MLARS) and Fraud Section, and the Business and Securities Fraud Section of the U.S. Attorney's Office for the Eastern District of New York. MLARS Trial Attorneys Sean W. O'Donnell and Margaret A. Moeser, Fraud Section Trial Attorney David M. Fuhr, and Assistant U.S. Attorneys Matthew S. Amatruda and Mark E. Bini of the Eastern District of New York are prosecuting the case.

The Criminal Division's Office of International Affairs provided critical assistance in this case. The Department appreciates the significant cooperation and assistance provided by the Securities and Exchange Commission. The Department also appreciates the assistance provided by law enforcement authorities in the United Kingdom and in South Africa.

MLARS's Bank Integrity Unit investigates and prosecutes banks and other financial institutions, including their officers, managers, and employees, whose actions threaten the integrity of the individual institution or the wider financial system.

The Criminal Division's Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's FCPA enforcement efforts can be found at www.justice.gov/criminal/fraud/fcpa.

Attachment(s):

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Topic(s):

Financial Fraud
Foreign Corruption

Component(s):

[Criminal Division](#)
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