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U.S. DISTRICT COURT E.D.N.Y.

IRIZARRY, CH.J.

★ DEC 19 2018 ★

JMK:MSA/MEB/MAM/SOD/DF  
F. #2016R00695

PROCKMANN OFFICE

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

TISCIONE, M.J.

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UNITED STATES OF AMERICA

INDICTMENT

- against -

**CR. 18 681**

(T. 18, U.S.C., §§ 371, 981(a)(1)(C),  
982(a)(1), 982(a)(2), 982(b)(1), 1349,  
1956(h) and 3551 et seq.; T. 21, U.S.C.,  
§ 853(p); T. 28, U.S.C., § 2461(c))

JEAN BOUSTANI,  
    also known as "Jean Boustany,"  
NAJIB ALLAM,  
    also known as "Naji Allam,"  
MANUEL CHANG,  
ANTONIO DO ROSARIO,  
TEOFILO NHANGUMELE,  
ANDREW PEARSE,  
SURJAN SINGH and  
DETELINA SUBEVA,

Defendants.

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless otherwise indicated:

I. The Defendants and Relevant Entities and Individuals

1. The Republic of Mozambique was a sub-Saharan African nation.
2. Proindicus S.A. ("Proindicus"), Empresa Moçambicana de Atum, S.A.

("EMATUM") and Mozambique Asset Management ("MAM") were companies owned, controlled and overseen by the Government of Mozambique that performed functions that the Government of Mozambique treated as its own, and were thus "instrumentalities" of a foreign government within the meaning of the Foreign Corrupt Practices Act ("FCPA"), Title

15, United States Code, Section 78dd-1(f)(1)(A). The companies were created to undertake three maritime projects in Mozambique for and on behalf of Mozambique. Proindicus was to perform coastal surveillance, EMATUM was to engage in tuna fishing and MAM was to build and maintain shipyards.

3. The defendant MANUEL CHANG was a citizen of Mozambique and Mozambique's Minister of Finance. CHANG was thus a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

4. The defendant ANTONIO DO ROSARIO was a citizen of Mozambique and an official in Mozambique's governmental state intelligence and security service, known as Servico de Informacoes e Seguranca do Estado ("SISE"), which, together with other Mozambican government agencies, was an owner of Proindicus, EMATUM and MAM. DO ROSARIO was thus a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

5. The defendant TEOFILO NHANGUMELE was a citizen of Mozambique acting in an official capacity for and on behalf of the Office of the President of Mozambique. NHANGUMELE was thus a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

6. Mozambican Co-Conspirator 1, an individual whose identity is known to the Grand Jury, was involved in obtaining the Mozambican government's approval of the Proindicus project.

7. Mozambican Co-Conspirator 2, an individual whose identity is known to the Grand Jury, was a relative of a senior official of Mozambique.

8. Mozambican Co-Conspirator 3, an individual whose identity is known to the Grand Jury, was a senior official in Mozambique's Ministry of Finance and a director of EMATUM. Mozambican Co-Conspirator 3 was thus a "foreign official" within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(f)(1)(A).

9. Privinvest Group was an Abu Dhabi, United Arab Emirates ("UAE")-based holding company consisting of numerous subsidiaries (collectively, "Privinvest"), including Privinvest Shipbuilding S.A.L., Abu Dhabi MAR ("ADM"), Logistics International and Palomar Capital Advisors and Palomar Holdings Ltd. (collectively, "Palomar"). On its website, Privinvest described itself as "one of the largest global shipbuilding groups for naval vessels, fuel-cell submarines, superyachts, offshore constructions and associated services."

10. The defendant JEAN BOUSTANI, also known as "Jean Boustany," ("BOUSTANI") was a citizen of Lebanon and was the lead salesman and negotiator for Privinvest.

11. The defendant NAJIB ALLAM, also known as "Naji Allam," ("ALLAM") was a citizen of Lebanon and the Chief Financial Officer of Privinvest.

12. Privinvest Co-Conspirator 1, an individual whose identity is known to the Grand Jury, was hired by Privinvest to develop business with African nations through connections with African government officials.

13. Privinvest Co-Conspirator 2, an individual whose identity is known to the Grand Jury, was a principal executive of Privinvest.

14. Investment Bank 1, the identity of which is known to the Grand Jury, was a global investment banking, securities and investment management firm incorporated

and headquartered in Europe. It conducted its activities primarily through various subsidiaries and affiliates (collectively, “Investment Bank 1”). Investment Bank 1 had a class of securities registered pursuant to Section 12 of the Securities and Exchange Act of 1934 (Title 15, United States Code, Section 78) (the “Exchange Act”) and was required to file reports with the U.S. Securities and Exchange Commission (“SEC”) under Section 15(d) of the Exchange Act (Title 15, United States Code, Section 78o(d)). As such, Investment Bank 1 was an “issuer” as that term is used in the FCPA, Title 15, United States Code, Sections 78dd-1(a) and 78m(b).

15. The defendant ANDREW PEARSE was a citizen of New Zealand and was, until approximately September 13, 2013, a managing director of Investment Bank 1 and the head of Investment Bank 1’s Global Financing Group. While employed by Investment Bank 1, PEARSE was an “employee” and “agent” of an “issuer” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a). In or about April 2013, PEARSE also began working for the benefit of Privinvest.

16. The defendant SURJAN SINGH was a citizen of the United Kingdom and was, until approximately February 16, 2017, a managing director in Investment Bank 1’s Global Financing Group. While employed by Investment Bank 1, SINGH was an “employee” and “agent” of an “issuer” within the meaning of the FCPA, Title 15, United States Code, Section 78dd-1(a).

17. The defendant DETELINA SUBEVA was a citizen of Bulgaria and was, until approximately August 21, 2013, a vice president in Investment Bank 1’s Global Financing Group. While employed by Investment Bank 1, SUBEVA was an “employee” and “agent” of an “issuer” within the meaning of the FCPA, Title 15, United States Code,

Section 78dd-1(a). In or about April 2013, SUBEVA also began working for the benefit of Prinvest.

18. Investment Bank 2, the identity of which is known to the Grand Jury, was an international investment bank owned by a foreign government, and had offices in New York, London and elsewhere.

19. The International Monetary Fund (“IMF”) was an inter-governmental institution that, until in or about March 2016, provided financial assistance and advice to Mozambique. To receive such assistance, Mozambique agreed, among other things, to limit its borrowing from private lenders.

## II. Terms and Definitions

20. A “security” was, among other things, any note, stock, bond, debenture, evidence of indebtedness, investment contract or participation in any profit-sharing agreement.

21. A “syndicated loan” was a loan arranged by one or more banks on behalf of a group of lenders, referred to as a syndicate, who work together to provide funds for a single borrower.

22. A “loan participation note” or “LPN” was a fixed-income security that provided the holder with a pro-rata interest in the borrower’s payment of interest and principal.

23. A “Eurobond” was an international bond sold in a currency other than the currency of the borrower.

### III. The Fraudulent Scheme

#### A. Overview

24. Through a series of financial transactions between approximately 2013 and 2016, Proindicus, EMATUM and MAM borrowed in excess of \$2 billion through loans guaranteed by the Mozambican government. The loans were arranged by Investment Bank 1 and Investment Bank 2 and sold to investors worldwide, including in the United States. Over the course of the transactions, the co-conspirators, among other things, conspired to defraud investors and potential investors in the Proindicus, EMATUM and MAM financings through numerous material misrepresentations and omissions relating to, among other things: (i) the use of loan proceeds, (ii) bribe and kickback payments to Mozambican government officials and bankers, (iii) the amount and maturity dates of debt owed by Mozambique, and (iv) Mozambique's ability and intention to pay back the investors.

25. Each of the companies entered into contracts with Privinvest to provide equipment and services to complete the maritime projects. The loan proceeds were supposed to be used exclusively for the maritime projects, and nearly all of the borrowed money was paid directly to Privinvest, the sole contractor for the projects, to benefit Mozambique and its people. In reality, the defendants JEAN BOUSTANI, NAJIB ALLAM, MANUEL CHANG, ANTONIO DO ROSARIO, TEOFILO NHANGUMELE, ANDREW PEARSE, SURJAN SINGH and DETELINA SUBEVA, together with others, created the maritime projects as fronts to raise money to enrich themselves and intentionally diverted portions of the loan proceeds to pay at least \$200 million in bribes and kickbacks to themselves, Mozambican government officials and others.

26. The co-conspirators applied only a portion of the loan proceeds towards the maritime projects. In furtherance of the scheme, Privinvest charged inflated prices for the equipment and services it provided, which were then used, at least in part, to pay bribes and kickbacks. After conducting little or no business activity, Proindicus, EMATUM and MAM each defaulted on their loans.

B. Relevant Internal Accounting Controls of Investment Bank 1

27. The FCPA, Title 15, United States Code, Sections 78m(b)(2)(B), 78m(b)(4), 78(b)(5) and 78ff(a) required issuers to maintain a system of sufficient internal accounting controls and made it illegal to knowingly and willfully circumvent such controls.

28. Investment Bank 1 had internal accounting controls (“internal controls”) that addressed, among other things, the prevention of bribery of and by Investment Bank 1 employees; the prevention of money laundering and other financial crimes; conflicts of interests; outside employment; and the use of intermediaries in financial transactions. Investment Bank 1’s compliance department exercised primary responsibility for overseeing and enforcing Investment Bank 1’s internal controls.

29. Within Investment Bank 1, the group of investment bankers assigned to a specific transaction was called the “deal team.” The defendants ANDREW PEARSE, SURJAN SINGH and DETELINA SUBEVA were part of the deal team on the Proindicus project and SINGH was a member of the deal team on the EMATUM project. They received regular training on Investment Bank 1’s internal controls and were also aware of those internal controls through their involvement in numerous transactions.

C. The Proindicus Project

30. On or about January 18, 2013, Prinvest entered into a \$366 million contract with Proindicus to supply materials and training to protect Mozambique's territorial waters. On or about February 28, 2013, pursuant to a written loan agreement, Investment Bank 1 agreed to arrange a \$372 million syndicated loan to Proindicus, guaranteed by the Republic of Mozambique (the "Proindicus Loan"). The defendant SURJAN SINGH signed the loan agreement on behalf of Investment Bank 1, the defendant ANTONIO DO ROSARIO co-signed on behalf of Proindicus and the defendant MANUEL CHANG signed the government guarantee for the loan on behalf of Mozambique. Between approximately June and August 2013, Investment Bank 1 increased the Proindicus Loan by approximately \$132 million. On or about November 15, 2013, Investment Bank 2 further increased the Proindicus Loan by \$118 million, bringing the total loaned amount to \$622 million. Proindicus never conducted significant operations or generated significant revenue and defaulted on its loan payment due on or about March 21, 2017.

(1) Bribery of Mozambican Government Officials to Gain Approval for the Proindicus Project

31. Beginning in or about 2011, the defendant JEAN BOUSTANI, through discussions with the defendant TEOFILO NHANGUMELE arranged by Prinvest Co-Conspirator 1, attempted to persuade Mozambican government officials to establish a coastal monitoring system through a contract with Prinvest. Almost immediately, BOUSTANI and NHANGUMELE negotiated the first round of bribe and kickback payments that Prinvest would have to make for the benefit of Mozambican government officials for the



project to be approved. For example, in furtherance of the scheme, BOUSTANI, NHANGUMELE and other co-conspirators had the following discussions:

(a) On or about November 11, 2011, NHANGUMELE wrote to BOUSTANI by email, stating: “To secure that the project is granted a go-ahead by the HoS [Head of State], a payment has to be agreed before we get there, so that we know and agree, well in advance, what ought to be paid and when. Whatever advance payments to be paid before the project, they can be built in the project, and recovered.”

(b) Later on or about the same day, November 11, 2011, BOUSTANI wrote to NHANGUMELE by email, stating: “A very important issue which needs to be clear: we had various negative experiences in Africa. Especially related to the ‘success fees’ payments. Therefore, we have a strict policy in the Group consisting of not disbursing any ‘success fee’ before the signature of the Project Contract.”

(c) On or about November 14, 2011, NHANGUMELE responded by email to BOUSTANI, stating: “Fabulous, I agree with you in principle. Let us agree and look at project in two distinct moments. One moment is to massage the system and get the political will to go ahead with the project. The second moment is the project implementation/execution. I agree with you that any monies can only be paid after the project signing. This has to be treated separately from the project implementation . . . Because for the project implementation there will be other players whose interest will have to be looked after e.g. ministry of defense, ministry of interior, air force, etc. . . . in democratic governments like ours people come and go, and everyone involved will want to have his/her share of the deal while in office, because once out of the office it will be difficult. So, it is

important that the contract signing success fee be agreed and paid in once-off, upon the signing of the contract.”

32. Soon thereafter, during an email exchange on or about December 28, 2011, the defendants JEAN BOUSTANI and TEOFILO NHANGUMELE agreed to \$50 million in bribe and kickback payments to Mozambican government officials and \$12 million in kickbacks for Privinvest co-conspirators. For example:

(a) On or about December 28, 2011, in response to an email from BOUSTANI requesting a bribe and kickback figure, NHANGUMELE wrote: “Fine brother. I have consulted and please put 50 million chickens. Whatever numbers you have on your poultry I will add 50 million of my breed.”

(b) On or about the same day, BOUSTANI forwarded this email to Privinvest personnel, stating, “50M for them and 12M for [Privinvest Co-Conspirator 1] (5%) ==> total of 62M on top.”

33. After more than a year of negotiations, on or about January 18, 2013, Privinvest and Proindicus signed a \$366 million contract for Privinvest to provide a coastal monitoring system to Mozambique. Five days later, on or about January 23, 2013, the defendant JEAN BOUSTANI instructed a bank in the UAE to make payments to the defendant TEOFILO NHANGUMELE and Mozambican Co-Conspirator 1. The instructions ordered the bank, in relevant part: “Upon receipt by Privinvest Shipbuilding of a minimum amount of US\$ 317,000,000 . . . to pay immediately: a. Teofilo Nhangumele the sum of US\$ 5,100,000 . . . and b. [Mozambican Co-Conspirator 1] the sum of US\$ 5,100,000.” The instructions also ordered the bank to pay NHANGUMELE and Mozambican Co-Conspirator 1 an additional approximately \$3.4 million each at later dates.

(2) Bribery to Gain Mozambique's Government Guarantee for the Proindicus Financing

34. At the same time as the defendants JEAN BOUSTANI and TEOFILO NHANGUMELE were negotiating bribe payments to cause Mozambican government officials to approve the Proindicus project, BOUSTANI recruited Investment Bank 1 to arrange financing for the project. During negotiations, bankers at Investment Bank 1 made clear that Investment Bank 1 would only arrange a loan that was at or near market interest rates, with debt that was either directly issued by the Government of Mozambique or guaranteed by the government.

35. To further negotiations on the Proindicus project, on or about September 13, 2012, the defendant ANDREW PEARSE traveled to the UAE to meet with the defendants JEAN BOUSTANI and TEOFILO NHANGUMELE and a close relative of a senior Mozambican government official, among others.

36. To help obtain Mozambique's agreement to Investment Bank 1's terms, including that any loan be at or near market rates and guaranteed by the Mozambican government, the defendants JEAN BOUSTANI and TEOFILO NHANGUMELE enlisted the defendant MANUEL CHANG, Mozambique's Minister of Finance. On or about December 22, 2012, CHANG wrote a letter to Privinvest Co-Conspirator 2, which was forwarded to an employee of Investment Bank 1 ("Investment Bank 1 Employee 1"), an individual whose identity is known to the Grand Jury, explaining that "the financing of this project is still constrained by the IMF imposed limitation on the Government for Mozambique to accept commercial credit for commercial projects. Therefore, we have devised an alternative solution whereby an SPV [Special Purpose Vehicle] . . . will be formed."

37. On or about December 26, 2012, the defendant JEAN BOUSTANI sent an email to the defendant TEOFILO NHANGUMELE in preparation for a meeting in Mozambique between employees of Investment Bank 1, Privinvest and Proindicus to negotiate the terms of the transaction. In the email, BOUSTANI emphasized: “But the only imperative matter for [Investment Bank 1] bro is [the defendant MANUEL CHANG’s] signature of the guarantee for the loan.”

38. On or about February 28, 2013, the defendant MANUEL CHANG signed the guarantee for the Proindicus Loan. In or about and between October 2013 and December 2013, the defendants JEAN BOUSTANI and NAJIB ALLAM, along with others, paid at least \$5 million in bribe and kickback payments for the benefit of CHANG from a bank account in the UAE, through the United States, to a bank account in Spain.

(3) Conspiracy to Circumvent Investment Bank 1’s Internal Controls and Win Business for Investment Bank 1 in Connection with the Proindicus Project, Including Paying Bribes to Mozambican Government Officials

39. While negotiations over the Proindicus financings proceeded in 2012 and early 2013, the defendants ANDREW PEARSE, SURJAN SINGH and DETELINA SUBEVA, together with others, conspired to circumvent Investment Bank 1’s internal controls to enrich themselves and win the Proindicus business for Investment Bank 1, including through the payment of bribes to Mozambican government officials. At the time, PEARSE, SINGH and SUBEVA were agents acting within the scope of their employment on behalf of Investment Bank 1, with the intent, at least in part, to benefit Investment Bank 1.

40. Investment Bank 1’s internal controls required employees, including the compliance department and the deal team, to evaluate the potential for corruption related to the Proindicus project and the Mozambican government officials who would be involved

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

CRIMINAL FORFEITURE ALLEGATION  
AS TO COUNT FOUR

108. The United States hereby gives notice to the defendants charged in Count Four that, upon their conviction of such offense, the government will seek forfeiture in accordance with Title 18, United States Code, Section 982(a)(1), which requires any person convicted of such offense to forfeit any property, real or personal, involved in such offense, or any property traceable to such property.

109. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:


- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;


it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1), to seek forfeiture of any other property of the defendants up to the value of the forfeitable property described in this forfeiture allegation.


(Title 18, United States Code, Sections 982(a)(1) and 982(b)(1); Title 21, United States Code, Section 853(p))

A TRUE BILL

  
FOREPERSON

  
RICHARD P. DONOGHUE  
UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK

  
DEBORAH L. CONNOR  
CHIEF, MONEY LAUNDERING AND  
ASSET RECOVERY SECTION,  
CRIMINAL DIVISION,  
U.S. DEPARTMENT OF JUSTICE

  
DANIEL S. KAHN  
CHIEF, FCPA UNIT,  
FRAUD SECTION,  
CRIMINAL DIVISION,  
U.S. DEPARTMENT OF JUSTICE

F. #2016R00695  
FORM DBD-34  
JUN. 85

No.

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**UNITED STATES DISTRICT COURT**  
EASTERN *District of* NEW YORK  
CRIMINAL DIVISION

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THE UNITED STATES OF AMERICA

vs.

*JEAN BOUSTANI, NAJIB ALLAM, MANUEL CHANG, ANTONIO DO ROSARIO, TEOFILO  
NHANGUMELE, ANDREW PEARSE, SURJAN SINGH and DETELINA SUBEVA,*  
Defendants.

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**INDICTMENT**

(T. 18, U.S.C., §§ 371, 981(a)(1)(C), 982(a)(1), 982(a)(2)(B), 982(b)(1), 1343, 1349, 1956(h) and 3551 et  
seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c).)

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*A true*  *Foreperson*

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*Filed in open court this* \_\_\_\_\_ *day of* \_\_\_\_\_  
*A.D. 20* \_\_\_\_\_

\_\_\_\_\_  
*Clerk*

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*Bail, \$* \_\_\_\_\_

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*Matthew S. Amatruda and Mark E. Bini, Assistant U.S. Attorneys (718)  
254-7012, Margaret A. Moeser, Sean O'Donnell, David Fuhr, U.S.  
Department of Justice Trial Attorneys, (202) 353-2467*