

Report Says \$750M Missing in Angola-Russia Deal

By [The Moscow Times](#)

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A young girl selling fresh fish from a dish on her head in Luanda, Angola. **Obed Zilwa**

JOHANNESBURG — Some \$750 million is missing from Angola's treasury from a deal with Russia facilitated by a Swiss bank and a shell company registered in Britain's Isle of Man, a report by a corruption watchdog group said.

Russian and French arms dealers got away with \$263 million, Angola's president reportedly stashed away more than \$36 million, and three Angolan officials and a former Russian legislator got away with smaller amount. Another \$400 million is unaccounted for, according to Corruption Watch UK and Angola's Clean Hands, or Maos Livres association of human rights lawyers.

The Angolan expose is the latest of a slew of reports on corruption, its cost to development and how it is aided by bankers and shell companies that keep secret the identities of owners.

Angola has long been accused of siphoning off payments from its massive oil production, worth some \$40 billion in 2011 according to Revenue Watch. They enrich a small coterie surrounding President Eduardo dos Santos while nearly half the population lives below the poverty line. Dos Santos has ruled Angola for 33 years.

The report on Angola comes as the European Union, the United States and the United Kingdom are working on stricter legislation to try to halt the flow of dirty and tax-dodging dollars.

"The thing that really shocked me is the complicity of the financial system, of what became Switzerland's biggest bank," said former South African legislator and whistleblower Andrew Feinstein, lead author of the Angolan report, "Deception in High Places."

Angolan presidential spokesman Jose Mena Abrantes could not be reached for comment despite several calls to his office. The Open Society Initiative for Southern Africa called dos Santos' lack of response "a deafening silence."

The \$750 million that disappeared from Angola was supposed to repay a \$1.5 billion debt to Russia for help in its 27-year civil war. Angola paid with promissory notes on future oil shipments, but those notes went through shell companies that milked much of the money, the report said.

Feinstein said the \$36.25 million that he tracked down to Angola's president was paid to front companies, first in Switzerland and then moved to one created in Panama. He said he was able to establish dos Santos' ownership only because a French court previously had identified the Angolan leader as the true owner of a Swiss company called Intersul.

Russian and French arms dealers took most of the money owed to Russia, the report said. European Union legislator Ana Maria Gomes presented the report on the corrupt Angola-Russia deal at a public session of the EU Parliament in Lisbon at the end of May.

"This report is very important in showing the methodology used to divert money to international criminals that should have been put to the use of the Angolan and Russian people," Gomes said.

She said EU legislators are calling for "very stringent regulations." But Feinstein said the proposed EU regulations still would allow the company created to divert the Angolan funds to escape scrutiny.

"Really the most important thing that could come out of this report is if the international financial regulators and national governments are prepared to show real political will in closing once and for all these absurd loopholes," he said.

The Swiss bank named in the expose has not responded to requests for comment. Swiss prosecutors have studied a complaint from Clean Hands asking for prosecution of several people, including three Swiss bankers, but they have so far not opened a criminal case, said Jeanette Balmer, the spokeswoman for the Swiss federal prosecutor's office in Bern.

The illegal transfer of capital from Africa has surpassed \$50 billion a year, former West African Development Bank president Abdoulaye Bio Tchane told a recent regional seminar

in Ivory Coast.

Developing countries are losing three times as much money to tax havens as they receive in aid, said the Paris-based Organization for Economic Cooperation and Development.

Prime Minister David Cameron of the United Kingdom — the country responsible for the highest number of tax havens, one in five globally — has pledged to make tax avoidance a priority at the G8 summit he is to lead in June.

In a report for the Africa Progress Panel, former U.N. Secretary-General Kofi Annan warned that while tax avoidance loses revenue for Western government, "in Africa, it has a direct impact on the lives of mothers and children."

The report says booming revenue from Africa's natural resources, which should be a bounty in the fight against high unemployment and poverty, instead is widening the chasm between rich and poor.

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