

SOURCE OF THE WEALTH OF ISABEL DOS SANTOS A POLITICALLY EXPOSED PERSON (PEP)

From the bar business into the diamond trade

1. Isabel dos Santos - daughter of President of Angola, Mr. José Eduardo dos Santos - had her first business venture as a "fake" partner of the **Miami Beach bar** in Luanda. She was brought into the business in 1997, since *"the owner, Rui Barata, was having issues with health inspectors and taxmen. His solution: bringing in Isabel dos Santos, then 24, as his partner, with the idea, contemporaries say, that her name would keep pesky government regulators at bay. Her initial investment was negligible, according to a source with knowledge of the deal, and the restaurant thrived: Sixteen years later it's still a weekend hot spot."*¹
2. Isabel dos Santos' subsequent venture into the diamonds business is contextualised in the following paragraphs.
3. In 1992 the government in Angola, led by MPLA, hired a group of former South African soldiers, who styled themselves as **Executive Outcomes (EO)**, to at first advise, and later, assume operational command of the military campaign against UNITA during the civil war. At that time, UNITA controlled large territories of Angola's hinterland, including the diamond-rich Lundas region, which was their most important source of financing. MPLA turned to Russian-Israeli arms and diamond dealers to buy weapons and specialised tracking technology to bring an end to the murderous campaign of Jonas Savimbi, the leader of UNITA.² They were, at different times and circumstances, Arkadi Gaydamak, Lev Leviev, Pierre Falcone, Sylvain Goldberg and Ehud Laniado.
4. In the context of the "Angolagate"³ probe in France, it emerged that Gaydamak and Falcone found ways, throughout the 1990s, to circumvent UN arms sanctions against Angola through a company based in Eastern Europe, which they turned into a hub for the shipment of arms and military equipment.⁴ The sale of these arms to the MPLA government was decisive to overturn UNITA's control of territories in Angola. According to the French prosecutors, the MPLA ruling elite received a share of the sale of weapons, which included lavish kickbacks and commissions. President Eduardo dos Santos is said to have been paid through an account in Panama, set up in the name of his daughter Isabel dos Santos.⁵
5. Ehud Laniado and Sylvain Goldberg (owners of **Omega Diamonds**, a major diamond trade outfit formerly based in Belgium) partnered with Isabel dos Santos to access Angolan rough

¹ "Daddy's Girl: How An African 'Princess' Banked \$3 Billion In A Country Living On \$2 A Day" by Kerry Dolan, <http://www.forbes.com/sites/kerryadolan/2013/08/14/how-isabel-dos-santos-took-the-short-route-to-become-africas-richest-woman/2/#2fbf2d794ebd>.

² As explained in the article "Kimberley's Illicit Process" by Khadija Sharife and John Grobler, <http://www.worldpolicy.org/journal/winter2013/kimberleys-illicit-process>.

³ A judicial case in France, which involved arms sales to Angola worth US\$790m in 1993-2000, during that country's civil war, by a French businessman, Pierre Falcone, and his Russian-born associate, Arcady Gaydamak, in which numerous French and Angolan officials allegedly received pay-offs and gifts worth US\$56m. The indictment included charges of illegal arms sales, tax evasion and money laundering (<http://www.economist.com/node/12630028/print>). See <http://www.spiegel.de/international/europe/french-elite-on-trial-the-sordid-tale-of-angolagate-a-584769.html>, <http://www.foxnews.com/world/2011/04/29/3-acquitted-france-angola-arms-traffic-trial.html>.

⁴ The article "The Influence Peddlers", by Yossi Melman and Julio Godoy, attempts at explaining the context: <https://www.publicintegrity.org/2002/11/13/5691/influence-peddlers>

⁵ French Elite on Trial: The Sordid Tale of 'Angolagate', <http://www.spiegel.de/international/europe/french-elite-on-trial-the-sordid-tale-of-angolagate-a-584769.html>

diamonds⁶. They formed **Research and Development Resources (RDR) Ltd** (in 1996 or 1997), which included as shareholders Laniado, Goldberg, Isabel dos Santos and Noe Baltazar. At the time, the mines' exclusive official concession-holder was the state-owned company **Endiama**.⁷ There is no accessible record of any formal concessions granted by the Angolan government for the exploration of diamonds at this point, either to RDR or other companies operating in Angola. There is also no information of any official involvement of the Angolan state, as such, in the control of **RDR** or the legal framework through which **RDR** explored - and sold - Angolan diamonds.

6. According to journalists Khadija Sharife and John Grobber, " *it emerged* [in the Angolagate investigation] *that Gaydamak—vying with Goldberg and Leviev for control of Angola's prolific diamond production—hit on a method that not only circumvented UN arms sanctions, but also contributed greatly to undermining the very foundations of the Kimberley Process.*"⁸ According to the same journalists, the development of the diamond business was the way found by MPLA to pay off Gaydamak for the arms deals in defiance of UN sanctions.
7. Thus, as from 1999, allegedly upon advice from Aarkadi Gaydamak and Lev Leviev⁹, President José Eduardo dos Santos initiated the process of exporting Angolan rough diamonds by creating **ASCorp - the Angolan Diamond Selling Corporation** -, a state monopoly through a venture with private investors, thereby progressively excluding the exploration made until then by the monopoly of **De Beers**. This initiative coincides with the beginning of the negotiations towards the Kimberley Process, the international diamond certification scheme created to trace diamonds originating from conflict areas and prevent their sale in international markets. By setting this state monopoly and levying tax on exports, the President formally ensured a certification scheme of Angolan diamonds under the control of his government which met the international criteria [see ANNEX 1].
8. **ASCorp** was created (probably in 2000) as a company controlled by the Angolan state to ensure the legalisation of the Angolan diamond trade, since it formally met the traceability requirements of the Kimberley Process (negotiated between 2000 and 2003).
9. **ASCorp** had the following official shareholders:
 - 51% - **SODIAM** (Angolan State - Sociedade de Comercialização de Diamantes de Angola (Shareholders: **Endiama** detained 99% and State Investment Body detained 1%))
 - 24.5% - **WELOX** Ltd (shareholders were Gaydamak/ Levaiev¹⁰ and **Omega Diamonds'** Laniado and Golberg who owned 12.5%)
 - 24.5% - **TAIS** Ltd (Trans Africa Investment Services - shareholders were Isabel dos Santos and her mother Tatiana Koukanova Regan - 75% Isabel dos Santos / 25% Tatiana Koukanova Regan) [See ANNEX 2].

⁶ Research Development Resources (RDR), <https://star.worldbank.org/corruption-cases/node/18828>

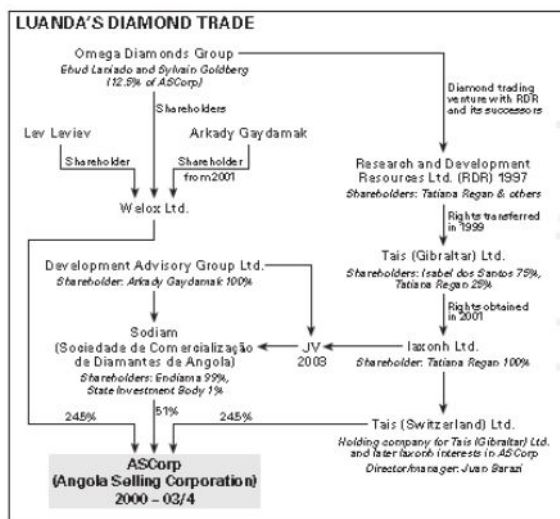
⁷ See footnote 1.

⁸ See footnote 2.

⁹ See footnote 4.

¹⁰ "Known as the "King of Diamonds," Lev Leviev owns a diamond outfit that operates in places like Angola, South Africa and Botswana. Leviev was born in Uzbekistan. His Lubavitcher Jewish family fled to Israel in 1971. He made his name undercutting the De Beers diamond cartel, striking his own deals with diamond-producing countries like Russia and Angola. He owns high-end diamond jewelry boutiques in New York, London, Dubai and Singapore." <http://www.forbes.com/profile/lev-leviev/>

10. The Angolan Council of Ministers approved the **ASCorp** deal without any sort of scrutiny. It is not clear how Gaydamak benefitted, officially or unofficially from the **ASCorp** scheme, but it is alleged that his pay off was a position as secret shareholder of **WELOX**. In 2012 over a court battle in the United Kingdom between Gaydamak and Leviev, Gaydamak declared that he was "instrumental in setting up **ASCorp**, the Angolan Diamond Selling Corporation, which had sole purchasing rights to Angolan diamonds. He said he had tried to make Leviev, a renowned diamond trader, a front man for his activities because of a French inquiry into illegal arms supplies."¹¹
11. Lev Leviev, already present in the diamond business, had the cash flow to support the creation of **ASCorp**, but lacked infrastructure and expertise of the informal diamond market in Angola. That is why he partnered with **Omega Diamonds**, which were already operating in Angola with Isabel dos Santos under **RDR**. **Omega Diamonds** becomes, therefore, the main operational structure for the export of diamonds to Belgium and Israel.
12. **TAIS** was set up in 1997 in Gibraltar, with Isabel dos Santos and Tatiana Koukanova Regan as shareholders (75% and 25% respectively - See ANNEX 2). In 2000, when much attention was given to the issue of blood diamonds, Isabel dos Santos allegedly dropped her position and the company became **Iaxonh Ltd**, owned 100% by Tatiana Koukanova Regan (Isabel dos Santos is her sole heir).¹² The holding was established in Switzerland, who became a shareholder in **ASCorp** (24.5%). Tatiana Regan was connected to two numbered accounts at **HSBC** that contained as much as \$4.5 million sometime in 2006/2007.
13. AfricaIntelligence site reports the following structure for **ASCorp**:



14. There is no explanation or official documentation published about any sums paid by Isabel dos Santos, her mother, or any other intervenient in the **ASCorp** scheme to the Angolan State to benefit from a concession to explore and trade Angolan diamonds. Even if a formal concession agreement was made, it has been shielded in secrecy, does not abide by international standards

¹¹ "Leviev wins London court battle over Angola diamonds", <http://www.reuters.com/article/us-diamonds-court-idUSBRE85S0OR20120629>; see ANNEX 1.

¹² See footnote 1 and ANNEX 2.

and would represent, in any case, a decision taken by the President of Angola acting in blatant conflict of interest.

15. In 2007, the **World Bank (WB)** issued a **country study on Angola**¹³. Addressing the Diamond Sector ("A Potential Underexploited"¹⁴), the **WB** declared that "*the diamond sector in Angola has been notoriously opaque undermining the full potential of the industry*"¹⁵. The Bank considered that "*there is little competition and a large element of discretion involved in the concession of mining rights in Angola*" and that "*the legal structure is not very clear about the roles of operator and regulating agencies*"¹⁶. The **WB** further criticised the role of **Endiama** as both an operator and a regulator in the diamond industry: "*the overlapping of several functions inside Endiama - grantor of concessions, direct producer (both directly and indirectly, through its joints ventures), and exclusive marketer—imposes constraints to transparency, accountability, and impairs planning.*"¹⁷ Finally, "*similarly to the case of the national oil company, discussed in the previous Chapter, there is a clear potential conflict of interest in the exercise of Endiama's operations as negotiator of every concession agreement, shareholder in every project, producer on its own account, and purchaser of all production from the country.*"¹⁸
16. In 2006, the **Omega Diamonds** judicial investigation started in Belgium, concerning allegations of fraud, tax evasion and money laundering in the trade of diamonds by **Omega Diamonds** between Angola and Antwerp.
17. In short, the scheme arranged for **ASCorp** was the following:
- **Omega Diamonds** would purchase the diamonds for a price much lower than the corresponding one in the Antwerp list for rough diamonds.
 - They would follow to Luanda, to the HQ of **ASCorp**, which handled all the Angola diamond operations and ensured, with the connivance of the government and through bribes to mid-low officials, that the diamonds were under-evaluated. On that agreed value, a 12% tax was levied and a certificate of compliance with the Kimberley certification scheme is issued.
 - **Omega Diamonds** created two companies in Dubai (**Tulip Dubai** and **Orchid Dubai**) which would receive the shipment of diamonds from Luanda and simulate a purchase of the diamonds in Dubai, where there is tax exemption for the first 50 years of trading.
 - In Dubai, the diamonds were put in a new envelope and a new Kimberley certificate would be issued that said their country of origin was Dubai. Only their price would be "updated" and they were shipped and sold in Antwerp by **Omega Diamonds** Antwerp according to the Antwerp price list.
 - While making it seem that **Omega Diamonds** only has a profit of 0-2%, this under-invoicing scheme generated a profit of 35%, financing the bank accounts of the owners and the corrupt leaders and middlemen involved in the scheme. "*ASCorp was a cash cow, yielding millions of dollars in dividends per month, according to British court documents*".¹⁹

¹³ "Angola - Oil, Broad-based Growth, and Equity", http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/08/14/000020953_20070814113141/Rendered/PDF/405310AO00i0g101OFFICIAL0USE0ONLY1.pdf

¹⁴ See footnote 13, page 69.

¹⁵ See footnote 13, page 73.

¹⁶ See footnote 13, both quotes in page 69.

¹⁷ See footnote 13, page 73.

¹⁸ See footnote 13, page 76.

¹⁹ See footnote 1.

18. To avoid trial, a **plea deal** was agreed between the **Antwerp Prosecutor's Office**, the **Special Tax Inspection Office** and the ten suspects in the case - founders of **Omega Diamonds**, and experts and managers from the companies in Dubai and Geneva. Under the plea deal, the allegations of fraud, tax evasion and money laundering were dropped upon payment of 160 million euros. This decision was confirmed by the The Grand Jury in December 2015 and appealed against by the whistleblower David Renous.²⁰

Laundering diamond income via telecommunications, banking, oil and cement ventures

19. In 1999 President Eduardo dos Santos issued a decree granting **UNITEL** the right to be the first private mobile telephony operator in Angola, acting under a decree which gave him authorisation to do so as long as the operator would have participated in a joint venture with the State. This gave him powers to approve the project and to decide on the shareholding structure of the company. The state-owned oil company **SONANGOL** got a 25% stake, and his daughter Isabel emerged with her own 25% stake. A spokesman for Isabel dos Santos said she contributed capital for her **Unitel** stake but declined to specify how much. A year later, **Portugal Telecom** paid \$12.6 million for another 25% stake.²¹ Again, this scheme fell short of any transparency, ministerial or parliamentary scrutiny in Angola or elsewhere.

20. As told by journalists Kerry Dolan and Rafael Marques de Morais' article in **Forbes Magazine**²², Isabel dos Santos expanded her investments into banking in 2005, in partnership with Portuguese billionaire Américo Amorim and Fernando Teles. They opened **Banco Internacional de Crédito (BIC)** in Angola following authorisation from President dos Santos for that foreign investment operation. The bank was very successful, in part because of a deal to lend money to the Angolan government.

21. In 2007, Isabel dos Santos, Américo Amorim and Fernando Teles secured a license to establish a bank in Portugal: **BIC Portugal** started activity in 2008²³ and in 2012 bought bankrupted and nationalised **BPN** (Banco Português de Negócios)²⁴. In September 2014 full control of **BIC Portugal** was ensured by Isabel dos Santos (42,5%) and Fernando Teles (37,5%), after they bought participations of other shareholders.²⁵ According to recent press reports²⁶, Isabel dos Santos, Fernando Teles and Jaime Pereira (**BIC's** executives close to her), have recently been denied "fit and proper" certification for banking activity by Banco de Portugal, the supervisory authority, allegedly for **BIC's** trading links with drug, human trafficking and money laundering criminal organisations "**MoneyOne**" and "**Transfex**". Banco de Portugal has still to clarify the basis for this speculation.

²⁰ "Omega Diamonds: the whistle blower appeals against the plea deal", <http://www.brusselstimes.com/belgium/1876/omega-diamonds-the-whistle-blower-appeals-against-the-plea-deal>.

²¹ See footnote 1.

²² See footnote 1.

²³ "O perfil da milionária Isabel dos Santos", <http://executiva.pt/isabel-dos-santos-a-empresaria-que-veio-de-angola/>

²⁴ "BIC e BPN concluíram fusão", <http://www.tsf.pt/economia/interior/bic-e-bpn-concluíram-fusao-2938983.html>

²⁵ See footnote 23.

²⁶ See "Chumbo à idoneidade aos administradores angolanos no BIC ditou o fim do acordo no BPI", http://economico.sapo.pt/noticias/chumbo-a-idoneidade-aos-administradores-angolanos-no-bic-ditou-o-fim-do-acordo-no-bpi_247392.html; "Continuam as dúvidas sobre idoneidade de Isabel dos Santos", <http://www.dw.com/pt/continuam-as-d%C3%BAvidas-sobre-idoneidade-de-isabel-dos-santos/a-19221929>; "Caso "Money One" trava registo de idoneidade de administradores do BIC", http://economico.sapo.pt/noticias/caso-money-one-trava-registo-de-idoneidade-de-administradores-do-bic_247432.html

22. In **BPI** - Banco Português de Investimento - Ms. Isabel dos Santos still controls a 18,6% stake, co-owning (via **UNITEL**) with **BPI** (49,9%) the Angolan Banco de Fomento Angola (**BFA**).²⁷ She is resisting in negotiations to yield her shares to allow **BPI** to comply with new European bank supervision rules (which also force **BPI** to get rid of Angolan **BFA**). Portuguese press reports²⁸ that Isabel dos Santos eyed exchanging her **BPI** participation for a share in **BCP** (Banco Comercial Português) - another Portuguese Bank which is controlled by Angolan capitals, majority owned by state company **SONANGOL** (20%). Portuguese media also speculate²⁹ that Ms. Isabel dos Santos retaliates the denial (or the threat to be denied license to become **BIC** or **BCP** administrator) by refusing to negotiate her shares in Portuguese bank **BPI** and in facilitating this bank disinvestment from Angolan **BFA**.
23. Isabel dos Santos' stakes include another partnership in the oil sector with Américo Amorim, who set up **Amorim Energia** that Amorim controlled with a 55% share, the remaining 45% going to **Sonangol** via a Netherlands holding company called **Esperaza Holding B.V.** Then, **Amorim Energia** bought 33.3% of **Galp Energia**, a major Portuguese oil company with investments in Angola. According to *Global Witness*³⁰, 40% of **Sonangol's** stake in **Esperaza** ended up with a Swiss company called **Exem Holding**. Isabel dos Santos is the beneficial owner of **Exem Holding**.³¹
24. Isabel dos Santos also owns important stakes in the Angolan cement industry through **Ciminvest**, a company incorporated in Angola, initially by Amorim (who later dropped its shares) and Isabel do Santos, to be the sole beneficiary of the \$74 million-worth purchase by the Angolan State of **Cimpor's** stake in **Nova Cimangol**, the company partially controlled by the State.³²
25. The financial, economic and trade interrelations with Portugal serve strategic objectives of the Angolan elite and of President José Eduardo dos Santos and his family in particular, namely his eldest child, Ms. Isabel dos Santos. With the participation in banks in Angola they got/get access to credit, and with financial circuits via Portuguese/European banks they move around, launder, invest and stash away the money.

Back to Diamonds

26. In 2014, **Forbes Magazine** reported³³ that Isabel dos Santos acquired 75% of **De Grisogono**, a Swiss jeweler based in Geneva, through another partnership with the Angolan state, in this case **SODIAM**. The company **Victoria Limited**, incorporated in Malta, acquired 75% of **De Grisogono** for more than \$100 million. The same day, a company called **Victoria Holding Limited** acquired 17.2 percent of **Grisogono Holding S.A.**, in exchange for a 20.87 percent shareholding in its

²⁷ "Isabel dos Santos vira-se para o BCP", <http://expresso.sapo.pt/economia/2016-03-19-Isabel-dos-Santos-vira-se-para-o-BCP>

²⁸ See footnote 27.

²⁹ See footnote 26.

³⁰ <https://www.globalwitness.org/en/archive/link-between-angolan-presidents-son-law-and-state-oil-company-raises-questions-about/>

³¹ "Isabel dos Santos and husband", by Rafael Marques, http://www.makaangola.org/index.php?option=com_content&view=article&id=11089:os-diamantes-e-o-marido-de-abel-dos-santos&catid=2:paginas&lang=en

³² "Américo Amorim é sócio de empresa maioritária na Nova Cimangola", <http://www.jornaldenegocios.pt/empresas/detalhe/americo-amorim-e-socio-de-empresa-maioritaria-na-nova-cimangola.html>

³³ "Diamonds For Daddy's Girl: How Angola's Isabel Dos Santos Snared A Swiss Jeweler", by Kerry Dolan, <http://www.forbes.com/sites/kerryadolan/2014/01/22/diamonds-for-daddys-girl-how-angolas-isabel-dos-santos-snared-a-swiss-jeweler/#64551ab4287e>

subsidiary, **Victoria Limited**, granted to Fawaz Gruosi, who at the time was **De Grisogono's** major shareholder and president [See ANNEX 3].³⁴

27. **Victoria Holding Limited** is incorporated in Malta³⁵ and its beneficial owners are **SODIAM** (which is still, in part, owned by **TAIS** and Isabel dos Santos' mother) and **Melbourne Investments**, a company based in The Netherlands who is controlled by the **Exem Holding A.G.**, based in Switzerland [See ANNEX 3]. The beneficial owner of **Exem** is, as previously stated, Isabel dos Santos. **Exem Holding** also controls 50% of **Esperaza Holding**, which owns 45% of **Amorim Energia BV**, the main shareholder of **Galp**.
28. According to **Malta Today**³⁶, Isabel dos Santos' company interests are managed in Malta by Noel Buttigieg Scicluna, a former Nationalist MP and diplomat, who is listed as a director on several firms: **Victoria Holding**, **Victoria Limited**, **Finisantoro Holding**, **Kento Holding**, **Piccadilly Holdings**, **Soho Global Management Solutions**, **Wise Intelligence Solutions Holding**, and **Athol Limited**. Most of them hold interests elsewhere: **Kento**, owned by Isabel dos Santos and husband Sindika Dokolo, is the vehicle for her investment in telecommunications. **Finisantoro** holds her investment in Portugal's **Bank BPI**. Others, like **Athol Limited**, are fully owned by Dokolo, used for the purchase of a Monaco property currently under construction: the promise-of-sale deposit alone is of €7.5 million.
29. **De Grisogono** has many stores in the United States, namely in New York City. **De Grisogono** has a partnership with **Cora International LLC**, a very exclusive diamond retailer in New York, specialized in color diamonds, providing **De Grisogono** with big sized, coloured diamonds. According to the Swiss Newspaper **Le Temps**, **Cora International LLC** is controlled by Ehud Laniado (former business partner of Isabel dos Santos) and Robert Lilling (both former shareholders of **Omega Diamonds**, who now control a Geneva-based company, **Jaydiam**, specialized on the trade of rough diamonds).³⁷
30. Currently, a rough diamond trading company called **Nemesis International** (created in 2015 and based in Dubai Multi Commodities Center, with a London branch) is allegedly controlled by Sindika Dokolo, husband of Isabel dos Santos. On the other hand, Sindika Dokolo was allegedly behind the **De Grisogono** purchase, with the ambition to create a value chain from the Angolan mines the great jewelers from Europe, Asia and America. The current liaison (if any) between Laniado, his company **Jaydiam** in Geneva and Isabel dos Santos is unclear; however Laniado remains "active" in the diamond business in Angola.
31. In 2015, under the leadership of Portuguese ex vice-minister for Tax Affairs Paulo Nuncio, Portugal adhered to the Kimberley Process Certification Scheme and is now able to issue diamond certificates.³⁸ Such move might mean that Isabel dos Santos and husband may establish their diamond trading activities in Portugal, benefitting from her powerful influence over Portuguese banking, other large sectors of the economy and on the political spectrum.

³⁴ See footnotes 31 and 33.

³⁵ "Africa's top billionaire uses Malta shell companies to hold diamonds 'conflict'", http://www.maltatoday.com.mt/news/national/49645/africas_top_billionaire_uses_malta_shell_companies_to_hold_diamonds_conflict#.VxdNiE1f2Un

³⁶ See footnote 35.

³⁷ "Traqués par le fisc, les rois du diamant brut se réfugient en Suisse", http://www.lemonde.fr/economie/article/2013/11/08/traques-par-le-fisc-les-rois-du-diamant-brut-se-refugient-en-suisse_3510183_3234.html

³⁸ <http://www.idexonline.com/FullArticle?id=41053>

32. On October 2015, Ms. dos Santos finalised the purchase of 65% of **Efacec Power Solutions**, a Portuguese company, in partnership with the **National Electricity Distribution Company (ENDE)**, a company owned exclusively by the Angolan State. The purchase was made again through a Maltese corporate entity, **Winterfell Industries**, whose two shareholders are **ENDE** and **Niara Holding SGPS LDA**, a company registered in the Free Zone (Zona Franca) of Madeira, Portugal. **Niara Holdings** is a limited company owned personally by Ms. Isabel dos Santos and **Carana Management LTD**, a company registered in Cyprus since 2010, whose beneficial ownership is unknown.³⁹
33. On May 30th 2016 journalist Rafael Marques reported that a large proportion of Ms. dos Santos' wealth correspond to stocks in the Portuguese oil and gas company, **Galp**, which were acquired by **Sonangol** using state funds for her personal benefit. As previously stated, Ms. dos Santos' **Galp** interests are held through the offshore **Esperaza Holding BV** which owns 45% of **Amorim Energia**, the largest shareholder in **Galp** with 38.4% of its stock. According to Marques, *"In 2005, when Esperaza Holding bought into Galp, it was registered by the Dutch Chamber of Commerce (Handelsregisterhistorie) as being a company wholly-owned by Sonangol and this was again the case the following year. However, documents obtained by Maka Angola show that on January 25, 2006, Sonangol signed a contract with an offshore company named Exem Africa Limited, registered in the British Virgin Islands, to create Esperaza Holding as a vehicle for investment. The contract - in English - specifies that Sonangol is the sole source of funds that will be invested in Galp in the name of both parties. This is the 'smoking gun' - an undeniable paper trail that shows Angolan public money was put into Esperaza and in turn into its holding in Galp. With the formalities for the creation of Exem Africa Limited complete, Sonangol transferred 40% of its stake in Galp to Exem. According to a document obtained by Maka Angola, Isabel dos Santos formally reported to the Portuguese Competition Authority [Autoridade da Concorrência] that she is the beneficial owner of the Exem's shares in Esperaza. In short, Angola's state oil giant was using a front company in which Isabel dos Santos is the ultimate beneficial owner to channel public money into overseas investments, and without Exem having to put up a single cent, by a stroke of the pen the company found itself the owner of 40% of Sonangol's investment in Galp."*⁴⁰
34. Marques continues *"So far as **Maka Angola** has been able to establish, there is no evidence whatsoever that Isabel (or her front companies) ever paid Sonangol the agreed sums. No official record seems to exist to show even that first payment (11.2 million Euros) changing hands."*
35. On the 2nd of June 2016, President José Eduardo dos Santos appointed his daughter Isabel dos Santos as chief executive of **SONANGOL**.⁴¹
36. His son, Filomeno José dos Santos, had already been appointed head of the Angolan's Sovereign Wealth Fund in 2013, which manages around 5 billion US dollars.⁴² On the 16th of June 2016, journalist Rafael Marques asked the Angolan Attorney General to launch a criminal investigation for violation of the Angolan Probity Law concerning the authorisation by President José Eduardo dos Santos of the purchase, by the Angolan State, of the "Imob Business Tower" building in Luanda. At the time of the Presidential decree, the building belonged to **IMOB**

³⁹ "European Commission questions Portugal on Isabel dos Santos' investments", <http://www.anagomes.eu/en-GB/news.aspx?newsid=e26d757c-e386-448b-9cbc-5c745829979b>

⁴⁰ "Isabel dos Santos: Africa's Richest Woman and the Lie of Her Assets", http://www.makaangola.org/index.php?option=com_content&view=article&id=11983:africa-s-wealthiest-woman-and-the-lie-of-her-assets&catid=26&Itemid=230&lang=en

⁴¹ "Angolan president appoints daughter as head of state oil firm", <http://www.reuters.com/article/us-angola-sonangol-ceo-idUSKCN0YO2QB>

⁴² "Acção para impugnar nomeação de Isabel dos Santos chega a tribunal", <https://www.publico.pt/economia/noticia/accao-para-impugnar-nomeacao-de-isabel-dos-santos-chega-a-tribunal-1734760>

ANGOLA - Empreendimentos, Lda., which had amongst shareholders (45%) Insugi Mayra Campos Costa dos Santos, wife of Filomeno José dos Santos.⁴³

37. Following her appointment as head of **SONANGOL**, Ms. dos Santos announced that she will no longer hold executive functions in Portuguese companies **NOS**, **BIC Portugal** and **EFACEC**, even though her influence is kept through proxies.⁴⁴
38. On 9 June, a group of lawyers led by David Mendes and Luis Nascimento from Association Mãos Livres challenged the manner of her appointment, saying it went against public probity laws. The lawyers also presented their concerns to the Supreme Court.⁴⁵ Journalist Rafael Marques also asked the country's attorney general to revoke the appointment of Ms. dos Santos as head of **SONANGOL**, on the grounds that such act is unconstitutional.⁴⁶

CONCLUSION

39. The dividends of the initial business ventures in the Angolan diamond industry allowed Isabel dos Santos to build sufficient wealth to invest outside Angola, namely in Portugal, where, according to the Portuguese press, she has invested 3 billion EUR⁴⁷ - in oil and energy (**Galp Energia**, from 2005), banking (**BIC Portugal** and **BPI**), telecommunications and media (starting in 2009 with a participation in **ZON Multimedia**, now **NOS**⁴⁸) and, in 2015, in **EFACEC**, an engineering and electricity company.⁴⁹
40. In the context of the *Panama Papers* scandal, Portuguese wealth manager at Luxembourg International Bank, Jorge Humberto Cunha Ferreira, revealed to Portuguese media that a representative of Ms. Isabel dos Santos tried to open an *offshore* account in the bank on her behalf, but that such operation was refused by the compliance department of the bank. He further added that the Luxembourg International Bank had an account on behalf of the President of Angola, which "had to be closed" due to pressures" linked to money laundering.⁵⁰
41. In 2015, Angola ranked 162 in the *Transparency International's Corruption Perception Index*, among 168 countries observed.⁵¹ The country's level of budget openness is considered "minimal", and its judicial independence ranked 129 in 142 countries observed in 2011-2012.⁵² *Freedom House* ranks Angola as "Not Free" in its 2015 assessment, adding that the "*Media in Angola operate in a restrictive environment. Conditions remained poor in 2014, which was marked by defamation cases against journalists and the closure of one of the country's last remaining independent newspapers*".⁵³

⁴³ "Rafael Marques apresenta participação contra presidente angolano", http://24.sapo.pt/article/lusa-sapo-pt_2016_06_16_1654225971_rafael-marques-apresenta-participacao-contra-presidente-angolano

⁴⁴ "As ligações de Isabel dos Santos com a Sonangol", <https://www.publico.pt/economia/noticia/as-ligacoes-de-isabel-dos-santos-com-a-sonangol-1734793>

⁴⁵ "Africa's richest woman under pressure to step down from Angolan energy firm", <https://www.theguardian.com/world/2016/jun/19/angolan-activist-rafael-marques-president-daughter-isabel-dos-santos-axed-from-energy-firm>

⁴⁶ See footnote 45.

⁴⁷ "Isabel dos Santos tem três mil milhões investidos em Portugal", http://economico.sapo.pt/noticias/isabel-dos-santos-tem-tres-mil-milhoes-investidos-em-portugal_216146.html

⁴⁸ See footnote 23.

⁴⁹ "Isabel dos Santos e Estado angolano asseguram 65% da Efacec", <https://www.publico.pt/economia/noticia/isabel-dos-santos-assegura-65-da-efacec-1697942>

⁵⁰ "Como surge o nome de Isabel dos Santos", <http://observador.pt/2016/04/09/surge-nome-isabel-dos-santos/>

⁵¹ Transparency International, <https://www.transparency.org/country/#AGO>

⁵² See footnote 51.

⁵³ <https://freedomhouse.org/report/freedom-world/2015/angola>

42. In 2010, **HSBC Bank USA** in the United States cut ties with some Angolan banks after a U.S. Senate investigation criticised it for lax oversight of accounts held by Angolans, including a former central bank governor.⁵⁴ **Reuters** further adds that "*a February report by the United States Senate permanent subcommittee on investigations said that in 2002, the then-governor of Angola's central bank, Aguinaldo Jaime, attempted to move \$50 million of state funds into a private U.S. account and that HSBC had been slow to recognise potentially suspect transactions. The 325-page report said Jaime first attempted to transfer the money using other banks before turning to Citigroup unit Citibank, and eventually, HSBC. Concern about the attempted transactions prompted Citibank to end its relationships with the Angolan government, the subcommittee said.*"⁵⁵
43. The US SENATE 2010 report examines how "*three Angolan PEP accounts, involving an Angolan arms dealer, an Angolan government official, and a small Angolan private bank that caters to PEP clients, to show how the accountholders gained access to the U.S financial system and attempted to exploit weak U.S. AML and PEP safeguards.*"⁵⁶
44. The U.S. State Department Human Rights Country Report 2015⁵⁷ depicts a realistic and damning portrait of systematic human rights violations, political repression and pervasive corruption in Angola. Section 4 on "*Corruption and Lack of Transparency in Government*" notes, namely: "*Government corruption was widespread and accountability was limited due to a lack of checks and balances, lack of institutional capacity, and a culture of impunity. The judiciary was subject to political influence and conflict of interest*" (...) "*The business environment continued to favor those connected to the government, including members of the president's family*" (...) "*Transparency problems remained in the diamond industry, particularly regarding allocations of exploration, production and purchasing rights*".
45. The origin of PEP Isabel dos Santos' wealth is, as demonstrated, the result of abuse of power, nepotism, corruption and the plundering of Angolan resources for the benefit of a small elite, in a regime where her father, Mr. José Eduardo dos Santos, is the President since 1975, enjoying complete lack of effective ministerial, parliamentary, judicial and free media oversight of his activities as President.

Ana Gomes, Member of the European Parliament
April 2016

Paragraphs 32 to 38 introduced in June 2016

⁵⁴ HSBC shuns Angola banks on corruption fears-source, <http://www.reuters.com/article/hsbc-angola-idUSLDE65L20N20100622>

⁵⁵ See footnote 52.

⁵⁶ "Keeping Foreign Corruption Out Of The United States: Four Case Histories", <http://allafrica.com/download/resource/main/main/idatcs/00020343:59959be61f1969bf1b4ad3f025725ecf.pdf>

⁵⁷ "Country Reports on Human Rights Practices for 2015 - Angola", <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm?year=2015&dld=252649#wrapper>