



DRUGS



WHERE DID THE PROBLEM HAPPEN?
MEXICO & USA

WHERE WAS THE COMPANY INCORPORATED?
OKLAHOMA, USA¹

WHAT WAS THE COMPANY CALLED?
ZULE FARMS LLC²

Photo: Mike Curran, Associated Press.



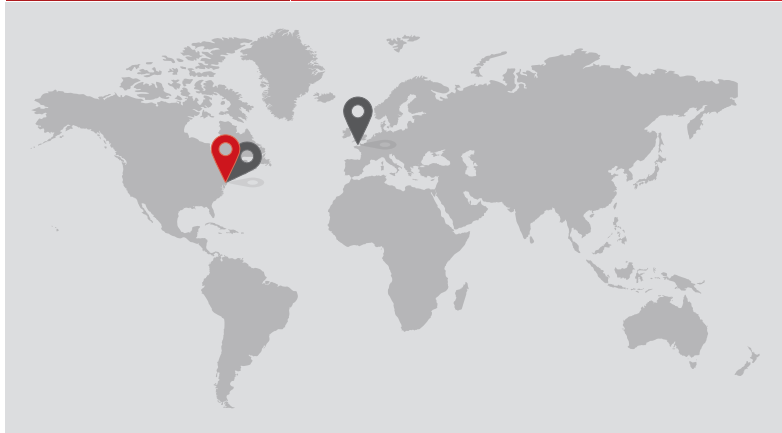
**MEXICO'S BIGGEST
DRUG CARTEL**

*US law enforcement take away a horse alleged
to have belonged to the Los Zetas cartel*

Mexico's biggest drug cartel, the Los Zetas cartel, used an anonymous Oklahoma company as part of a scheme to launder millions of dollars of drug money in the United States. The money was laundered through the purchase of race horses, some of whom were given names such as 'Number One Cartel' and 'Morning Cartel'. The horses were incredibly successful and said to win the cartel several million dollars. The ownership of the company was hidden behind frontmen.³ Fourteen people, including Miguel Ángel Treviño, one of the world's most wanted drug traffickers known for dismembering his victims while still alive, were indicted on money laundering charges by the US in 2012.⁴ Treviño was captured in Mexico in July 2013.⁵



SANCTIONS BUSTING



WHERE DID THE PROBLEM HAPPEN?
NEW YORK, USA

WHERE WAS THE COMPANY INCORPORATED?
NEW YORK, USA & JERSEY

WHAT WAS THE COMPANY CALLED?
ASSA CORP (NY) & ASSA CO LTD (JERSEY)

Photo: Seth Wenig, Associated Press.



**IRANIAN GOVERNMENT
EVADED US SANCTIONS**

650 Fifth Avenue was part-owned by a front for the Iranian government

A 36-story Manhattan skyscraper on 5th Avenue, which housed the Juicy Couture flagship store, was for many years part-owned by a front for the Iranian government. This happened despite US sanctions which made it illegal. The building was ‘secretly owned and controlled’ by the Iranian government using New York and Jersey companies. In 2013, the US was set to seize control of the building in what the Department of Justice called the largest ever terrorism-related forfeiture. The case is due to be appealed.¹



SECRET DEAL



WHERE DID THE PROBLEM HAPPEN? NIGERIA

WHERE WAS THE COMPANY INCORPORATED? NIGERIA

WHAT WAS THE COMPANY CALLED? MALABU OIL AND GAS



Photo: Heinz-Peter Bader, Reuters.

NIGERIAN OIL MINISTER AWARDED OIL CONTRACT TO HIMSELF

Dan Etete awarded oil contract to himself

A mix of anonymous companies and secrecy in the oil sector led to hundreds of millions of dollars being diverted away from Nigeria's people and into the hands of a convicted money-lauderer. In 2012 Global Witness exposed how Nigerian subsidiaries of Royal Dutch Shell and Italian oil giant Eni agreed to pay US\$1.092 billion for one of Nigeria's most lucrative oil blocks, OPL245. The payment was made by Shell and Eni to the Nigerian government who had a separate agreement to pay the same amount to Malabu Oil and Gas, a company widely believed at the time to be controlled by convicted money-lauderer¹ and former oil minister Chief Dan Etete. In 2013, a British High Court ruled² that Etete was a hidden owner of Malabu. As Etete had awarded the block to Malabu whilst oil minister under the corrupt dictator Abacha, he had effectively given himself one of the most lucrative oil blocks in Nigeria.³ He was able to do this by keeping his ownership of Malabu secret.



CORRUPTION



WHERE DID THE PROBLEM HAPPEN? SARAWAK, MALAYSIA

WHERE WAS IT SUGGESTED THAT THE COMPANY BE INCORPORATED? SINGAPORE

Photo: Global Witness.



SINGAPORE: THE 'JURISDICTION OF CHOICE' FOR SARAWAK'S CORRUPT

The lawyer to members of the ruling Taib family told us how we could evade Malaysian law

Global Witness carried out an undercover investigation into the corruption fuelling deforestation in Sarawak, Malaysia. We posed as an investor wanting to purchase land, cut down the forest and plant palm oil. Malaysian law requires companies to be majority owned by Malaysian nationals. The lawyer to members of the ruling Taib family, Alvin Chong, told us how we could evade this law by creating a complex arrangement “locked up offshore” in Singapore with Malaysian frontmen as the directors and shareholders. When probed as to where such frontmen could be found, Chong said he normally finds villagers from remote communities who will “not be distracted by clever advisers” and who “wouldn’t know how to find a lawyer”. The film also reveals how the members of the ruling family cream off huge profits at the expense of indigenous people, skirt Malaysia’s taxes and hide their dirty money in Singapore. The film can be viewed here: www.globalwitness.org/insideshadowstate



SECRET DEAL



WHERE DID THE PROBLEM HAPPEN?
DEMOCRATIC REPUBLIC OF CONGO

**WHERE WERE THE COMPANIES
INCORPORATED? BRITISH VIRGIN ISLANDS**

Photo: Gwenn Dubourthoumieu



**SALE OF CONGOLESE MINES
LOSES CITIZENS \$1.3 BILLION**

*The Kolwezi copper mine in DR Congo
was sold much more cheaply than its
commercial valuation*

The Democratic Republic of Congo is fabulously wealthy in natural resources but its people are some of the poorest in the world. The government sold stakes in state-owned mines at significantly below commercial valuations to a series of British Virgin Islands companies whose full list of owners are secret, but which are associated with a diamond billionaire who is a close friend of the Congolese president. The mines were then sold to major international mining companies. Who pocketed the difference? We do not know because company ownership is secret in the British Virgin Islands. It certainly wasn't the Congolese people, who have a right to know and who we calculate lost out on at least \$1.3 billion from these sales – that's twice the country's health and education budget combined.¹



CORRUPTION



WHERE DID THE PROBLEM HAPPEN?
EQUATORIAL GUINEA, UNITED STATES

WHERE WERE THE COMPANIES INCORPORATED?
BRITISH VIRGIN ISLANDS,
CALIFORNIA, UNITED STATES

WHAT WERE THE COMPANIES CALLED?
BEAUTIFUL VISION INC, UNLIMITED HORIZON INC,
SWEET PINK INC, SWEETWATER MANAGEMENT
INC, EBONY SHINE INTERNATIONAL (BVI)



Photo: CelebrityVibe.com

**LUXURY GOODS BOUGHT WITH
EQUATORIAL GUINEA CITIZENS' MONEY**

*The son of the president. The US DOJ says
he bought sports cars using the proceeds
of corruption*

Equatorial Guinea is rich in natural resources but its people are some of the poorest in the world. Where's all the money gone? It appears, in part, to have gone into the pockets of the president's son. The US Department of Justice says that he spent more than \$300 million on luxury goods, sports cars and houses, and that he bought these using the proceeds of corruption.¹ The assets included a \$30 million mansion in Malibu, California and a \$38 million private jet. Anonymous companies incorporated in California were used to open bank accounts in the US while keeping the real owner of the money secret.²

The president's son is facing court cases in France and the US. There's an arrest warrant out for him in France and some of his assets have been seized.



CORRUPTION



WHERE DID THE PROBLEM HAPPEN? UKRAINE

WHERE WERE THE COMPANIES INCORPORATED? DELAWARE AND CALIFORNIA, UNITED STATES

WHAT WERE THE COMPANIES CALLED? DUGSBERY INTERNATIONAL (CA), ABS TRADING (CA), ABS ENTERPRISES (DE)



Photo: Google, 2014.

EX PRIME MINISTER STOLE UKRAINIAN CITIZENS' MONEY

The \$7 million house in California that was bought with money that rightfully belonged to the Ukrainian people

The ex-Prime Minister of Ukraine, Pavel Lazarenko, was sent to jail in the United States in 2006 for laundering tens of millions of dollars of money that rightfully belonged to the Ukrainian people.¹ How did he do this? In part by using anonymous companies incorporated in Delaware and California.² One of the companies was used to funnel money into the United States to buy himself a \$7 million house in California.³



CORRUPTION



WHERE DID THE PROBLEM HAPPEN?
UK, SAUDI ARABIA

WHERE WAS THE COMPANY INCORPORATED?
BRITISH VIRGIN ISLANDS

Photo: Andrew Parsons, Associated Press.



UK ARMS COMPANY SCANDAL

BAE funnelled millions of dollars through an anonymous BVI company

The British arms firm BAE Systems admitted making false statements about payments made around the world to help win arms contracts. Investigators from The Guardian say that UK police estimated that as much as £6bn may have been paid in corrupt commissions.¹ BAE made payments to ‘marketing advisors’ through offshore shell companies and encouraged these advisors to establish their own offshore companies to make and receive payments. One of the companies used was incorporated in the British Virgin Islands; BAE made payments of more than £143 million through it, even though it should have been aware that much of this money was likely going to be used as bribes.²



TAX EVASION



WHERE DID THE PROBLEM HAPPEN? SWITZERLAND AND USA

WHERE WERE THE COMPANIES INCORPORATED? HONG KONG, PANAMA AND LIECHTENSTEIN



Photo: Ennio Leanza, dapd.

SWITZERLAND'S OLDEST BANK AIDED TAX EVASION

Wegelin helped US clients evade tax

In January 2013, Wegelin, Switzerland's oldest bank, pleaded guilty to conspiring to help its American clients hide more than a billion dollars from the US tax authorities. How did the bank do this? They used anonymous companies and foundations incorporated in Hong Kong, Panama and Liechtenstein to disguise the ownership of the money. This was the first time that a non-American bank had ever admitted guilt in helping Americans evade tax, and the bank has now shut down.¹

MEXICO'S BIGGEST DRUG CARTEL: REFERENCES

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3. New York Times, A Drug Family in the Winner's Circle, 12 June 2012, http://www.nytimes.com/2012/06/13/us/drug-money-from-mexico-makes-its-way-to-the-racetrack.html?pagewanted=all&_r=0
4. US Department of Justice, Federal grand jury indicts Los Zetas leader in money laundering scheme, 12 June 2012, <http://www.justice.gov/usao/twx/news/2012/Trevino%20LZ%20indictment%20release.pdf>
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NIGERIAN OIL MINISTER AWARDED OIL CONTRACT TO HIMSELF: REFERENCES

1. Etete was convicted of money laundering in France in 2007.
2. Energy Venture Partners Versus Malabu Oil & Gas, Commercial court, Queen's Bench Division, 2011-13. The case was brought by a broker who alleged that Etete failed to pay him for work he had done in obtaining a buyer for OPL245. Shell and Eni were not part of these proceedings.
3. After General Abacha died in 1998, the administration of Nigerian President Obasanjo revoked Malabu's licence and awarded it to Royal Dutch Shell, but after much legal wrangling a Nigerian court re-awarded the licence back to Malabu in 2006.

SALE OF CONGOLESE MINES LOSES CITIZENS \$1.3 BILLION: REFERENCES

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2. SA vs Pavel Ivanovych Lazarenko, second superceding indictment, p 2, available from www.tymoshenkocase.com/wp-content/uploads/2012/07/en32-t1.pdf
3. Stolen Asset Recovery Initiative, database, Pavel I Lazarenko, <https://star.worldbank.org/corruption-cases/node/18662> and Dugsbery, <http://star.worldbank.org/corruption-cases/node/19091>. Further details of how Lazarenko bought a bank to help launder money available from Puppet Masters, Stolen Asset Recovery Initiative, <http://star.worldbank.org/corruption-cases/node/18662>

LUXURY GOODS BOUGHT WITH EQUATORIAL GUINEA CITIZENS' MONEY: REFERENCES

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2. United States District Court for the Central District of California, USA vs one white crystal-studded 'Bad Tour' glove and other Michael Jackson memorabilia; real property located on Sweetwater Mesa Road in Malabu, California; one 2011 Ferrari 599 GTO, page 49, available from <http://www.globalwitness.org/sites/default/files/library/Second%20Amended%20Complaint%206.11.12.pdf>

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SWITZERLAND'S OLDEST BANK AIDED TAX EVASION: REFERENCES

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