

NIGERIA/ITALY: ENI in the cross-hairs, AC Vol 55 No 20, 10th October 2014 www.africa-confidential.com/article-preview/id/5806/ENI_in_the_cross-hairs

NIGERIA

ENI in the cross-hairs

Italian prosecutors want British help in investigating ENI for possible bribery of Nigerian officials

Italian public prosecutors have asked Britain to freeze an account holding US\$85 million in their preliminary investigation into whether top officials in the ENI oil company conspired to bribe Nigerian officials, *Africa Confidential* has learned. We have seen a confidential letter from Milan public prosecutors Fabio de Pasquale and Sergio Spadaro asking the Home Office to seize the money, held in a National Savings and Investment account managed by the City of London branch of Natwest Bank, which is part of the

Royal Bank of Scotland Group, because, they claim, it is the proceeds of a bribe. They say that ENI used the Nigerian government as a conduit for bribes to facilitate the award of Oil Prospecting Licence 245 (OPL 245).

The money is, the letter says, 'part of the money transferred by ENI to Malabu Oil & Gas Ltd, through the escrow account of the Nigerian Government'. Malabu was a shell company set up by President Sani Abacha's Oil Minister, Chief Dan Etete, to hold the ownership

of OPL 245. Etete awarded Malabu OPL 245 – i.e. to himself – in 1998 (AC Vol 55 No 7). The Italian investigation began in September 2013 and four men were charged in November: Gianluca di Nardo and Zubelum Chukwuemeka Obi, respectively Italian and Nigerian middlemen, and ENI executives Roberto Casula and Vincenzo Armanna (AC Vol 55 No 10). ENI and Shell, which jointly bought OPL 245 in 2011, have both claimed that they cannot have been guilty of bribing any Nigerian officials since their contract was with the Nigerian government, not Malabu. An ENI spokesperson contacted by AC said there was no illegal conduct.

Whatever may or may not have happened to the \$1.09 billion they paid Nigeria for the licence is not their affair, they say. Yet the Italian investigators seem convinced that ENI officers knew that the price they were paying for the

Africa Confidential • 10 October 2014 • Vol 55 - N° 20

9

oil licence included an element to cover bribes to Nigerians. The letter to the Home Office says, 'The prosecution believes that a considerable part of that sum (\$1,092,040,000) was destined for the remuneration of Nigerian officials.' The 20-page letter then sets out *prima facie* evidence from their investigation to support the allegation and back their request for Britain to freeze the \$85 mn. The Home Office has refused to confirm or deny the request.

Previously, the Metropolitan Police's Proceeds of Crime Unit had acknowledged to us that it was pursuing enquiries in relation to money-laundering in the context of OPL 245 and confirmed again that inquiries continue but would not discuss the matter further. The UK Serious Fraud Office told us that it could neither confirm nor deny SFO interest, and the Royal Bank of Scotland did not respond to a request for comment.

The Italian prosecutors' interest in OPL 245 was piqued by telephone calls intercepted in the course of their investigation into ENI's oil services

company Sapiem SpA over suspected payments to unnamed members of the government in Algeria and its state oil company Sonatrach. They kept hearing the phrase 'OPL 245' without initially understanding what it was, people close to the Italian investigation told AC.

In a statement to Italian prosecutors included in the letter to the Home Office, Luigi Bisignani, a middleman who worked with Di Nardo on OPL 245, said, 'We expected commissions. In particular, we thought that Obi would have paid us a part of the money he would get from Etete. In any case, Di Nardo and I did some work in the negotiations and so we expected a payment. This payment couldn't come from Eni because Eni didn't pay commissions.'

PRIOR KNOWLEDGE

If the investigation results in charges being laid, the Milan prosecutors' case is likely to rest on attempting to prove that ENI always knew the money it paid would go to Nigerian officials. Italian prosecutors say they have new evidence from non-

public banking records obtained from the Financial Information Unit of the central bank, the *Banca d'Italia*. That squares with what AC reported earlier this year. The letter says that \$215 mn., which was frozen in the course of the dispute between Obi and Etete over Obi's fee as a middleman, was also 'certainly intended for the remuneration of public officials and the payment of kickbacks to ENI SpA managers and the intermediaries.'

The prosecutors believe that their phone taps of Bisignani's calls with various individuals in ENI and with Di Nardo prove a conspiracy to bribe. So that eavesdroppers would not be able to identify who he was talking about, Bisignani had code names for ENI and Nigerian government officials, some of them at the highest level.

The edited transcripts, which the prosecutors provided to the Home Office in the letter, reveal Bisignani's worries that Nigerian officials were circumventing their efforts to strike a deal over OPL 245 and that middlemen were being cut out. ●