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# BP Millions Promised to Offshore Firm Run by Angolan Tycoon Accused of Corruption

By Simon Bowers and Martin Bright



British oil major BP paid \$100 million to cancel a shipyard construction project in Angola only for a third of the money to be promised to a Panamanian company run by a powerful and allegedly corrupt Angolan official, according to whistle-blower documents seen by Finance Uncovered.

The documents shine new light on the enormous influence of oil executives at the top of Angola's state-owned oil company Sonangol, who have for decades acted as gatekeepers to Sub-Saharan Africa's second largest hydrocarbon reserves.

After cancelling an order for floating oil platforms from the Paenal shipyard in Angola, BP wired its cancellation fee in November 2011 to SBM Offshore N.V., a specialist construction company that had been developing the yard and preparing to lead the build.

Two months later, SBM signed a contract agreeing that, after deducting certain costs, the remaining \$70.3 million would be shared, on an equal basis, between it and a secretive Panamanian company called Sonangol International Inc (SII).

There is no suggestion this agreement was reached with BP's knowledge or consent.

The 50-50 split had been verbally requested by Baptista Sumbe, who was then a top executive at

Sonangol, according to SBM documents. Sumbe was also president, chief executive, secretary and treasurer of SII, as well as being the sole signatory for at least one of its bank accounts, according to filings on the Panama corporate register.

More concerning still — and initially unbeknown to SBM’s newly promoted chief executive Bruno Chabas — SBM had been quietly paying millions of dollars in “commissions” to a second Panamanian company run by Sumbe, called Mardrill Inc, without anything in return. This shocking revelation, which later featured in multiple court cases, was discovered by SBM’s lawyers conducting an internal investigation in early 2012 following an unrelated tip off.

This history of bribes to Mardrill had for years been kept a closely held secret, known only to former SBM chief executives and few, if any, others inside SBM, papers in a Swiss court case would later explain. In January 2012, Chabas (left) did not know about it when he signed the agreement to pay \$35 million to SII — though he found out days later.

At that point, having learned that Sumbe was suspected of corruption, the SBM boss could have halted the payment and torn up the contract with SII.

Finance Uncovered asked SBM whether, despite its concerning discoveries, it still went ahead and paid \$35 million to SII in 2012. The company declined to answer.

In a statement, SBM said Finance Uncovered was asking about “dated issues... the company has long put behind it”. It added: “[Our] legacy issues have been widely reported on for years and have been resolved with multiple authorities around the globe. In 2012 a complete new management team took over.”

The trail of money and promises, leading from BP to Panama, was unearthed in a collaborative investigation involving: Finance Uncovered, De Telegraaf in the Netherlands, Expresso in Portugal and The Telegraph in the United Kingdom.

The investigation was based on hundreds of pages of confidential files provided by Jonathan Taylor, a former SBM lawyer turned whistle-blower. The documents include emails, contracts, legal advice and corporate intelligence reports. Journalists also had access to hours of secret audio recordings of SBM crisis meetings.

Taylor has separately passed documents to the Serious Fraud Office and has said he is willing to share the same files with prosecutors in other countries.

Together, these files provide a front-row view of SBM’s tortuous deliberations as it was forced, on the one hand, to face up to a past built on bribes, while, on the other hand, seeking to remain in favour with some of the most corrupt regimes in the world.

Sumbe’s request that SBM share half the money received from BP sounded simple enough, but it sent the \$3.3 billion construction company, listed on the Amsterdam stock exchange, into a spin. Without a written contract that entitled Sonangol or SII to those funds, Chabas and the SBM legal team feared such a payment could look like a bribe.

## **Justifying the payment**

SBM decided it needed to come up with a justification before handing over the funds — a rationale that could be set out in a formal contract.

Whistleblower documents reveal executives explored multiple proposals, consulting with three law firms and hiring corporate intelligence firm Kroll to carry out background checks. Finally, a summary of the planned payment was sent to non-executives on SBM's audit committee for sign off.

The result was a January 2012 contract, signed by Sumbe and Chabas, which, at first glance, appeared to be one of the most polished and scrutinised agreements SBM had contemplated in years.

But investigations by Finance Uncovered and its media partners have cast the agreement in a different light.

One of the main justifications SBM put forward for its decision to pay SII was that the Panamanian company was being reimbursed for money wasted on developing the Paenal yard in preparation for BP's oil platform order. But whistleblower documents show SII did not incur any meaningful expenses at the shipyard; much of the costs were instead financed by a loan from SBM.

SBM also argued that the money from BP ought to be evenly shared with SII because the Dutch construction firm had regularly split joint venture income with Sonangol companies in this manner since the 1990s. However, the Paenal yard was not a 50-50 joint venture. SBM and SII each had only one-third stakes in the holding company that controlled Paenal. The remaining one-third was owned by Korean company Daewoo Shipbuilding and Marine Engineering Co.

A spokesperson for DSME told Finance Uncovered she was unable to find evidence that the Korean company knew of the \$100 million from BP, or SBM's plans to split it with SII.

As well as putting forward seemingly misleading justifications for the planned £35m payments to SII, SBM appeared not to have heeded warnings contained in early legal advice. For example, lawyers from Berwin Leighton Paisner, now part of Bryan Cave Leighton Paisner, recommended SBM should take steps to ensure funds not reach Sonangol or its executives.

One BLP lawyer wrote: "From the materials we have reviewed, it is not clear what (if any) financial or other risk Sonangol itself has taken in connection with Paenal Yard which would justify its receipt of any portion of the [BP cancellation fee]."

He added: "Absent a clear, contractual entitlement to these funds, any payment made to Sonangol itself would risk being perceived (at best) as an unjustified 'windfall' and (at worst) as a payment which may have some corrupt intent given the recipient, the power it wields in Angola and the risk that these 'windfall' funds could be paid onwards to government officials."

## **Confronting the past**

Days after Chabas signed the agreement to pay SII, SBM received news that plunged the company into crisis. One of its customers, the U.S. gas company Noble Energy, had found emails on a laptop suggesting that a former SBM sales executive, who had left years earlier to set up a consultancy firm, knew about suspicious gifts which could amount to bribes — and could be linked to SBM.

Worse still, discreet investigations by SBM's legal department, codenamed "Project Pandora", quickly found that concerns raised by Noble were the tip of an iceberg. Bribery at SBM was

widespread. And one of the hotspots was Angola, where the inquiries suggested SBM had channeled millions of dollars in bribes to Mardrill, one of the Panamanian companies run by Sumbe.

Despite these revelations, however, Chabas appeared to see no reason to tear up SBM's contract with SII and break its promise to pay \$35 million.

Secret audio recordings reveal how he pressed SBM's general counsel and head of compliance Jay Printz to ensure the money was swiftly wired to SII. During the fractious meeting, Chabas said: "I thought this [the agreed payment to SII] was signed off ... We need to progress. I'm concerned about the relationship with Sonangol, so that's something we need to progress quickly."

Printz, who taped the meeting, would quit SBM the following month.

On the recording, he is heard telling his boss: "I'm worried, you know, to be blunt, that ... you're going to have a hard time doing the right thing, which could involve shutting down a lot of business in Angola.

"I mean, these guys are going to have to stop being paid bribes, and they're not going to like that," he said. In a later U.S. settlement with prosecutors, SBM would later admit it had bribed at least nine Sonangol executives. Printz added: "And I know perfectly well what's going to unfold here."

Three weeks later, the troubled lawyer drafted a resignation letter to Chabas in which he complained of the "inappropriate resistance" he had encountered while leading Project Pandora. "SBM is unlikely to comprehensively remediate its widespread bribery practices," he wrote. "I remain concerned that further offences are likely to be committed."

Finance Uncovered was unable to reach Printz or confirm that the draft resignation letter was sent. After he left SBM, Chabas asked another member of the legal team, Jonathan Taylor, to take over Project Pandora. Taylor also grew concerned and resigned two months after Printz.

SBM's payments to Mardrill would later feature in the settlement of criminal cases in the United States and the Netherlands, which together cost the company \$478 million. They were also used as key evidence in the Swiss prosecution of Didier Keller, one of Chabas's predecessors as SBM chief executive.

By contrast, Chabas's decision to authorise a \$35 million SBM payment to SII has never featured in a criminal case. In fact, prosecutors have mostly praised Chabas for his cooperation and for the steps he took to clean up SBM's culture of corruption.

SBM would later boast that remedial measures taken by the company in 2012 left it "the white swan in a pitch-black pond."

When asked a series of questions about SBM's dealings with Sumbe, and about payments to the Panamanian companies he operated, Mardrill and SII, the Dutch construction company declined to give specific answers.

Finance Uncovered and its media partners identified several similarities between SII and Mardrill that might have given SBM cause for concern: both were registered to the same address in Panama, though neither had operations in the country; both used accounts at a bank in Portugal where Sonangol was the largest shareholder; and the two companies had two directors in common.

Another warning sign that might have troubled SBM was the fact that the exact ownership of both Mardrill and SII was shrouded in mystery. Though both companies presented as part of the

Sonangol empire, neither were named on a list of subsidiaries companies published in Sonangol's 2012 annual report. Meanwhile, filings at the Panama corporate registry showed both were set up in the late 1990s with "bearer shares".

Companies that issue bearer shares are popular with people looking to hide their control of bank accounts and other assets. Such firms do not keep a register of shareholders, instead granting ownership rights to the person — the "bearer" — in physical possession of share certificates. The use of bearer shares has been restricted or outlawed in many countries in recent years.

SBM said it had carried out additional inquiries into SII's ownership in 2012 and was eventually satisfied that it was owned by Sonangol. It did not respond to questions about the ownership of Mardrill.

Sonangol also told Finance Uncovered that it is the owner of SII. This is confirmed in Sonangol's recent annual reports, where the Panamanian company is now listed as a subsidiary company.

### **BP thrives in Angola**

The trail of evidence running through the whistleblower documents raises questions not just about decisions at SBM, but also about BP's anti-graft efforts in notoriously corrupt Angola, Africa's second largest oil producer.

Finance Uncovered asked BP whether it knew that part of the cancellation fee it paid to SBM was later promised to a secretive Panamanian company run by allegedly corrupt Angolan official Sumbe. BP declined to answer directly, but hinted that it took no interest in what SBM did with the money.

In a statement, it said: "BP paid the contractually required sum to settle the ... liability to SBM under the terms of the contract. It did not have any intention for, or control over, the future use of the [cancellation fee] in the hands of the payee." BP said the cost of paying the fee was shared with co-investors in its Angolan operations.

BP's code of conduct suggests the company is committed to a more pro-active approach to combating corruption. It says: "We do not tolerate bribery and corruption in any of its forms in our business .... [W]e work to ensure our business partners share our commitment." As part of anti-corruption efforts, the code says, BP follows "counterparty due diligence procedures," though what these entail is not specified.

The fingerprint of BP's original contract with SBM contained clauses giving the British oil giant the right to inspect SBM's books and records if it became concerned that payments had been used to fund bribes. Asked if it had exercised these inspection rights, BP declined to answer. It said: "BP completely rejects any suggestion that it acted improperly in the payment of the [cancellation] fee to SBM."

Asked why, in 2011, it chose to abandon plans to build oil platforms at the Paenal yard, BP said it had "encountered various technical and commercial challenges" at three deep water reservoirs in Block 31, many miles out into the Atlantic Ocean, directly westwards of the mouth of the Congo River.

It said the decision was taken collectively, with its consortium partners, and the cost of cancellation was shared. BP said it had wanted to delay construction work at the Paenal yard rather than cancel it, but SBM refused to grant a contract extension.

Not everything went badly for BP's Angolan operations in 2011. In December that year, BP signed a

new deal with Sonangol that dramatically expanded its interests in Angola, providing access to five new deep water exploration and production blocks covering 24,200 square kilometres. Soon after, BP described Angola as one of its four target countries for investment and growth.

Finance Uncovered has seen is no evidence to suggest a connection between BP's \$100 million cancellation fee payment and the oil major's transformative deal with Sonangol a month later. For the avoidance of doubt, BP confirmed in a statement that no such connection existed.

In 2012, BP began pumping oil from other Block 31 reservoirs, using a oil platform built in Singapore by Modec, a competitor to SBM.

### **Sumbe's Texas mansion**

Records disclosed last year as part of the Swiss prosecution of former SBM chief executive Didier Keller show, in detail, what happened to some of the corrupt payments the Dutch oil platform company made to Mardrill.

Prosecutors described how, during a two and a half year period spanning 2006 to mid-2008, \$4.7 million was paid from an SBM bank account in London to an account owned by Mardrill at Banco Comercial Português, now called Millennium BCP, in Lisbon, Portugal.

And during the same period, Mardrill made 45 transfers, totalling \$2.9 million, from its account at Millennium BCP to accounts controlled by Baptista Sumbe and his wife Rosa Sumbe. Prosecutors said the couple made extensive personal use of this money.

Four years later, in May 2012, SBM whistleblower documents show, SII, like Mardrill, requested money be sent to an account at Portuguese bank Millennium BCP.

Sumbe knew this bank especially well. Not only did the two Panamanian companies run by him own accounts there, but Sonangol was the bank's largest shareholder, with a stake of 11 percent at the end of 2011.

In February 2012, Sumbe secured a seat on one of the Portuguese bank's board committees and by the end of the same year Sonangol had increased its stake in Millennium BCP to more than 19 percent — welcome support for a bank struggling in the face of the sovereign debt crisis gripping many European countries at the time.

Millennium BCP told Finance Uncovered it could not comment on specific customers, but added: "In all cases, regardless of the bank's possible relationship with the parties involved in a transaction, Millennium BCP carries out its duties of analysis and reporting of all entities and transactions with the same rigor."

Another Sonangol executive who once sat on a Millennium BCP board committee was Sumbe's boss, Manuel Vicente, who served as president of Sonangol until January 2012. Vicente was also a director of SII until 2014.

According to Swiss court documents, Vicente is alleged to have played an early role in encouraging SBM to make payments to Mardrill. According to Keller's evidence to Swiss prosecutors, the SBM boss had initially attempted to resist pressure from Sumbe to start paying Mardrill in 2001. Keller told prosecutors he thought it suspicious that Sumbe wanted "commission" payments wired to a company set up in Panama, so he queried the scheme with Vicente. But Keller's questioning was not well received, according to Swiss court documents, and Vicente criticised him for not trusting

Sumbe, his right-hand man.

After this uncomfortable episode, the Swiss court found, Keller knew the commission payments were very likely bribes but authorised them nonetheless. The judge later gave Keller credit for his admissions of guilt, and for cooperation with ongoing criminal investigations, handing him a fine and a two-year suspended jail sentence.

Finance Uncovered's efforts to contact Sumbe, who no longer works for Sonangol, were unsuccessful. Similarly, Rosa Sumbe could not be reached. For many years, the couple lived with their children at a \$1.3 million mansion within the Royal Oaks Country Club gated community in Houston, Texas. The large house has a swimming pool and views over the 16th hole of the club's golf course. In January this year, Rosa posted a picture on Facebook which appears to show her and her husband at the Houston mansion, suggesting the couple may still live in the area.

Despite the Sumbes and Vicente being named in court proceedings in Switzerland, there is no record of them ever being arrested or charged in relation to Mardrill payments. Nor is there evidence that they personally benefited from funds belonging to SII.

Although the U.S. Justice Department has extensive powers to prosecute companies and individuals responsible for paying bribes, there is currently no specific offence of benefitting from corrupt payments. President Joe Biden's administration is currently looking to strengthen U.S. law in this area.

Vicente stepped down from Sonangol in January 2012 to start a political career, soon after becoming Angola's vice-president, a role he held until 2017. Though he remained a director of SII until 2014, a spokesperson for Vicente said he had nothing to do with activity at the company after moving into politics.

### **Sumbe's controversial boss**

Vicente is no stranger to corruption allegations. In 2010, Angolan anti-corruption campaigner and journalist Rafael de Morais published a report alleging that a U.S. oil exploration company called Cobalt International Energy had gone into partnership with a front company secretly owned by Vicente and two other top Angolan officials. U.S. authorities began investigating the matter in 2011, and the following year Vicente confirmed his involvement to the Financial Times newspaper. Cobalt and Vicente denied wrongdoing but the front company nevertheless ended its partnership with Cobalt. U.S. investigations into the matter petered out.

Vicente was again linked to bribery allegations in 2017, this time in Portugal. The former Sonangol boss was charged with corruption and money laundering after allegedly paying €760,000 (\$810,000) to a prosecutor for dropping an investigation into his dealings in Portugal. After the investigation shut down in 2012, Vicente, who sat on the board of Millennium BCP, allegedly asked a colleague at the Portuguese bank to offer the prosecutor job, which he did.

In 2018, the former prosecutor was convicted of bribery offences and sentenced to six years and eight months in jail. Vicente denied the charges, which were thrown out by an appeal court after the Angolan government successfully intervened in court proceedings and argued that the case against the country's former vice-president should be referred to prosecutors in Luanda.

Anti-corruption campaigners at Transparency International have expressed concern that Angolan prosecutors may never take up the case against Vicente.

Under president João Lourenço, who came to power in 2017, Angola has been aggressively pursuing allegations of past corruption linked to certain former Sonangol executives — most notably Isabel dos Santos, daughter of former president José Eduardo dos Santos. Some media articles allege that Vicente has enjoyed a more favorable relationship with Lourenço, reportedly acting as one of the president’s advisers.

In March this year, Dos Santos filed papers in a London court case alleging Lourenço is pursuing a “personal vendetta” against her. The allegations are based on secret recordings of Angola’s business and political establishment, including Vicente, which were made by Israeli intelligence firm Black Cube, according to the court filing.

Black Cube is well known for deploying undercover private detectives to inveigle their way into the confidences of unsuspecting individuals before secretly taping conversations. Its most famous client was the former Hollywood film producer Harvey Weinstein, who hired Black Cube as part of an unsuccessful effort to fight off accusations that he had used his position to launch multiple sex attacks on women.

### **Taylor in limbo**

Jonathan Taylor, the SBM whistleblower, is currently fighting extradition from Croatia. He had travelled there on what was supposed to be a family holiday 10 months ago, but has been prevented from leaving because of an extradition request from Monaco. He is wanted for questioning over allegations of extortion in Monaco, where SBM’s head office was formerly located. Taylor denies any wrongdoing.

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*\* Written following a research collaboration with Edwin van der Schoot and Micael Pereira*

*This article was first published by [Finance Uncovered](#).*

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