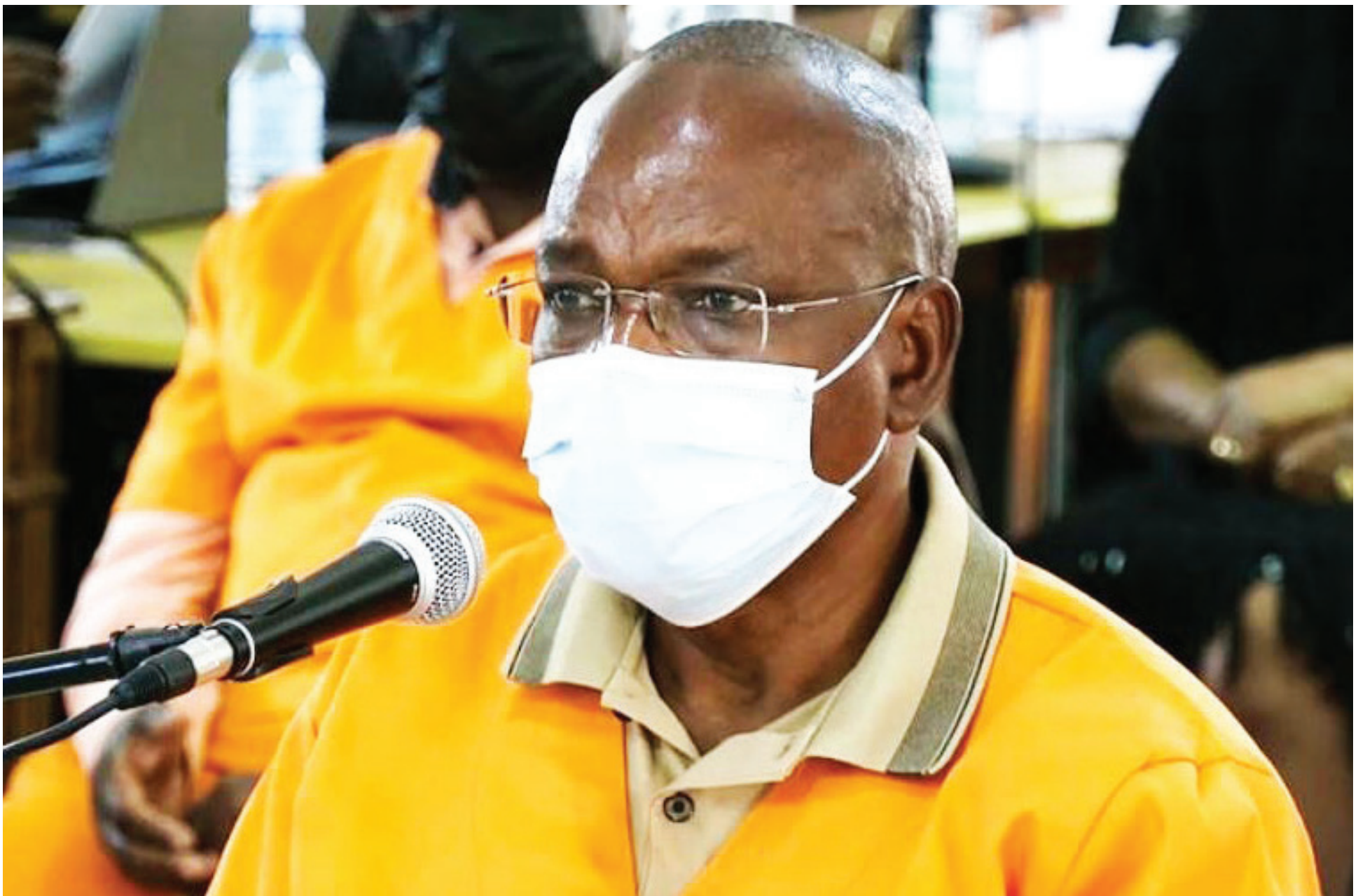


DAY XXI OF THE "HIDDEN DEBT" SCANDAL TRIAL

Former SISE General Director invokes state secrecy in order not to answer many questions about the project that culminated in the "hidden debts"

- After the hearing of many defendants who had no decision power about the "hidden debts", the hearing of Gregório Leão, 63 years old, was awaited with enormous expectations, for obvious reasons. The defendant was SISE General Director from 2005 to 2017 and in that capacity he participated in meetings where matters related to the "hidden debts" were discussed. But Gregório Leão was not a man of great revelations. To escape many questions from the Public Prosecutor, the defendant claimed that the information produced by the secret services is classified, thus a State secret. "I am not allowed to talk about it. I took a flag oath and I cannot disclose classified information," the defendant said several times



Gregório José Leão

● In addition to invoking State secrecy to avoid answering questions from the Public Prosecutor, he referred many answers to the defendant António Carlos do Rosário, in his capacity as former Economic Intelligence Director. The questioning was not peaceful and the judge had to intervene several times to calm tempers. At a question from the Public Prosecutor, the defendant became angry and demanded to be treated with respect. "I have never been treated like this. I won't accept it. Although I am a defendant, I will not accept you to raise your voice on me. The questioning was adjourned at 8pm and the judge recorded the defendant's answers in the minutes. The hearing of the former SISE General Director will resume today



Ana Sheila Marrengula

According to the indictment, M Moçambique Construções, the company of defendant Fabião Mabunda, received USD 8,999,916.00, in seven (7) instalments, between 28 August 2013 and 3 June 2014 from the Privinvest group, in the interest of the Gregório Leão and his wife Ângela Leão. It also received over € 2.6 million through Txopela Investments, money that the Public Prosecution believes that was transferred by the Privinvest group in the interest of the Leãos. Gregório Leão is indicted of committing the crime of association to commit crime and the one of embezzlement.

The first transfer to M Moçambique Construções occurred two weeks after the Privinvest group received USD 32 million from Credit Suisse as part of the contract amendment between ProIndicus and Privinvest, on 14 August 2013. The second one occurred on 5 September 2013, the same date that Credit Suisse transferred USD 500 million to the Privinvest group under the contract with EMATUM. The third payment to M Moçambique Construções, dated 30 April 2014, occurred a week after the Russian bank VTB transferred USD 435 million under the contract with MAM.

The entire morning was taken up with the reading of the indictment by the Public Prosecutor, Ana Sheila Marrengula, and the indictment order by Judge Efigénio Baptista. It was made clear that Gregório Leão was indicted by the High Court with the crimes of association to commit a crime and the one of embezzlement. The in-

terrogation began at 1.20pm. To the questions by the Public Prosecutor, Leão explained that as General Director he reported to the Commander in Chief of the Defense and Security Forces, Armando Guebuza at the time. When asked what SISE attributions were, the defendant replied that they are provided for by the law and he did not have them in mind. He asked the court to allow his lawyer to read SISE's attributions, but the judge did not agree.

To a question on when and under what circumstances he met former Finance Minister Manuel Chang, the defendant replied that it was in Portugal when he was serving as Mozambique's Ambassador to Portugal. "Manuel Chang was Deputy Finance Minister and he paid a visit to Portugal." But later he was asked if he had any family relationship with the former Finance Minister, and he said that Manuel Chang was his wife Ângela Leão's Godfather.

Asked whether he had business interests with the defendant Cipriano Mutota, he explained that a SISE official cannot run other functions whether public or private ones. "If a SISE official wants to have business interests, he must have an authorisation from the General Director and the latter, in turn, can only be authorised by the President of the Republic to set up a company. Cipriano Mutota asked for authorisation to set up a company and he proposed me to be his partner, but I told him that I could not do that. I authorised him to open the company and he went into partnership with my wife, Ângela

Leão. Before she married me, she was already an entrepreneur. When I was nominated to run SISE, I told her that I would not interfere in her business and that she should also not interfere in my work. That was the decision we made. I don't know how to do business, all I know how to do is state security."

The company in question is called MULEPE and the Public Prosecutor says that Gregório Leão was represented in that company by his brother-in-law, named Benjamim Buque Gonçalves. But the defendant denied this, insisting that it was his wife who was the businesswoman and he does not know who she chose to represent her interests at MULEPE. Asked if he knew of MULEPE's directors, the defendant asked the Public Prosecutor to be more direct and questioned what she was getting at with the questions related to business interests.

"You are not in a position to ask me questions, it is the Public Prosecutor who knows which questions are relevant for the collection of evidence," the Prosecutor responded. And the defendant asked for the floor and said: "About this issue I will not answer any more questions because I don't know. I am asking you not to insist on questions about business interests, because I am not involved in it. I am in prison because of ProIndicus, MAM and EMATUM debts. I followed the reading of the indictment and I want to talk about the debts. I am here and I cannot see the people who were with me in the contracting of

the hidden debts.”

The judge had to intervene to calm things down, explaining to Gregório Leão what the trial was about. “We are talking about debts, because MULEPE is involved in the issue of debts. We are here to confirm all the circumstantial evidence, so it is normal for you to be asked the same questions you were asked in the instruction. If you do not want to answer a question say you do not want to answer or stay silent. You should not tell the Prosecution whether or not to ask you a question. You mustn’t do that because it would be disrespectful to the court”.

The Prosecutor resumed his questioning, asking if Gregório Leão knew the company Leão Investments South Africa. “What company is that? What I know is that my wife used the surname Leão as a brand name for the companies. I don’t know if that company is also part of it,” the defendant replied. The Public Prosecutor used the Leão family property lease contract located at Ponta D’Ouro beach in which the company Leão Investments South Africa is listed as the beneficiary of the rents. Confronted with the contract, the defendant replied with a question: “Does it have my signature?” He also said that he does not know M Moçambique Construções, defendant Fabião Mabunda’s company that

received about nine (9) million dollars from the Privinvest group and over 2.6 million euros from Txopela Investments, in the interest of Gregório Leão family.

He said he knows Txopela Investments as one of the companies created under the exclusive economic zone protection project. “It was an operating company and I am not going to give more details about that. Under our operations, it is legal not to provide detailed information. I have taken a flag oath that whereby (SISE Members’ Statute) it is legal that I cannot give details on those aspects,” he explained. Asked whether he knew Txopela Investments shareholders, he referred the answer to SISE Economic Intelligence Director (defendant António Carlos do Rosário), claiming that he, as SISE General Director, was not responsible for the management of operational companies”.

And because the defendant claimed that the law obliges SISE officers to keep all knowledge acquired in the performance of their duties in strict secrecy and not to disclose anything to anyone under any circumstances, the judge reacted by saying that should the Public Prosecutor have the understanding that the defendants defended the homeland, they would not be on trial. “Claiming a flag oath when you are indicted of violating the Constitution

of the Republic does not proceed.” When invited to talk about other operating company created under the project to protect the exclusive economic zone, Gregório Leão again referred the answer to António Carlos do Rosário. “I didn’t deal with the life of the companies in my day to day activities; the SISE Economic Intelligence Director did. He is the one who is in a position to answer. But if you can remind me of a name, as you did in relation to Txopela Investments, I will be able to confirm it.”

Asked whether he had a business relationship with Txopela Investments or received money from this company, the defendant answered in the negative. “As part of the implementation of the project, there were several sessions and several studies done on state security. Terrorism was the main threat. But there were others, such as piracy, drug trafficking, uncontrolled migration.” He said he met Teófilo Nhangumele during his school days (Language Institute) and they had a relationship as colleagues. “When I was in Portugal as Ambassador, Teófilo Nhangumele visited and we talked about an issue where he needed support. Then I saw him at a Joint Command session. But I don’t know how he got there, because he was neither a SISE officer nor a member of the Joint Command”.

Gregório Leão points out António Carlos do Rosário as the person who can best talk about the project to protect the exclusive economic zone

When Asked about the studies carried out to identify problems, which were taken to the consideration of the Defense and Security Force Joint Command, he replied that there were several. “Some were commissioned from individuals, institutions and others were carried out by SISE itself in the information gathering process.” On the dates, place and people who carried out the studies, he said he could not give the names because of legal reasons. “I cannot answer who the people were because I am barred by virtue of the law.” The defendant explained that the studies had already been initiated before his appointment as SISE General Director. “I followed up on the process and appointed António Carlos do Rosário to lead the studies because he was very involved in the matter. SISE’s information is classified and I cannot provide that to the court. The findings of the studies were presented at the Operational Command sessions, which was headed by the then

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Asked if there were more studies after the recommendations made by the Joint Command to search for solutions to the identified threats, the defendant replied that there were more studies to assess the level of dangerousness of the threats. The coordination of the work was done by the Economic Intelligence Directorate, headed by António Carlos do Rosário. The former SISE General Director explained that at first, the focus was on the protection of Mozambique’s exclusive economic zone, but then there was an understanding that it was important to also include land borders, so the Integrated Monitoring and Protection System (SIMP) was created.

He said that it was at SISE offices where he received the project for the protection of Mozambique’s exclusive economic zone, from the hands of António Carlos do Rosário, but he does not remember the date. Confronted with the statements by

the defendant Cipriano Mutota according to which it was Gregório Leão who indicated him to participate in a presentation of the Privinvest group held at the Ministry of Science and Technology in 2011, he said that he did not remember that fact. Moreover, because Cipriano Mutota said that after that meeting he presented his General Director with a brochure on the Privinvest group project, Gregório Leão replied that he did not remember receiving the mentioned document, stating that the first time he heard about Privinvest was from António Carlos do Rosário, but he could not remember the dates.

Asked whether he had taken information about the Privinvest group to the President of the Republic, he said that before taking information to the Commander-in-Chief of the Defense and Security Forces, the matter was discussed at the Operational Command. "Then the matters are taken for discussion at the Joint Command, where the Commander-in-Chief participates. The Joint Command appreciated the document from the Privinvest group and the Commander-in-Chief gave guidance so that we could improve the proposal and involve other sectors, such as Fisheries, Transport and Communications and Finance. This is how ministers from these sectors were invited to participate in the expanded Joint Command sessions.

When asked whether the President of the Republic had ever told him that he had already received the proposal from the Privinvest group, the defendant said that it never happened. On the trip to Germany by Armando Ndambi Guebuza, Bruno Langa, Teófilo Nhangumele and António Carlos do Rosário, in 2011 under the project, he said that he did not know about the members of the delegation. "The General Director of SISE authorizes the trips, but who decides on its delegation is the Director of the area. I only knew that António Carlos do Rosário would travel with staff from the institution. As the General Director I authorized the mission, but the composition of the delegation is decided by the Director of the area". To a question if the Germany trip's report, which contains the members of the delegation names, was submitted to him, the defendant said that it did not reach him. Asked whether Antonio Carlos do Rosario gave him a report on the visit to Germany, he replied positively. "It was a verbal report. He said: 'accomplished mission, I am already back'. He was happy with what he saw and I trust him."

Asked if he was aware that MULEPE was involved as an implementation vehicle of the project to protect Mozambique's exclusive economic zone, the defendant said no and that there was no way it cou-



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ld be involved. "As far as I know MULEPE was a road and mine construction company. How could it be involved? If António Carlos do Rosário exchanged emails about it, he never told me. I am hearing it here and for the first time that MULEPE was in front of the project to protect Mozambique's exclusive economic zone". Regarding the sealed envelope that the defendant Ângela Leão said that had received from Cipriano Mutota to hand it to her husband Gregório Leão, who told her to stay out of his work's matters, he gave the following explanation: "She should not meddle in my work. Neither with me nor with any third party. She brought me the envelope and I told her to not meddle in this matters anymore. If they are my subordinates, they have a way of getting to my person." The defendant denied that the information contained in the envelope was related to the project to protect Mozambique's exclusive economic zone.

About the trip to Abu Dhabi, in January 2012, composed by António Carlos do Rosário with Teófilo Nhangumele, Armando Ndambi Guebuza and Bruno Langa, Gregório Leão said he had no knowledge of that trip with those delegation members. "He made many trips, many. He was the Economic Intelligence Director at SISE and in that capacity he made many trips. I was not interested in seeing the reports, I wanted to hear the findings of the studies of the mission. They kept the reports. After returning from the Abu Dhabi trip, António Carlos do Rosário gave me a verbal report in which he said that he was happy with the visit findings. "We spoke verbally; I did not have time to read reports.

The information gathered on the trips was presented at the Joint Command ses-

sions by António Carlos do Rosário, as the person responsible for the project in SISE. "I have no permission to speak about information discussed at the Joint Command. This body had a hierarchy, we had a coordinator and he is the one who should answer. That's why I said earlier that there should be other people here who were involved in the debts." When asked why it was SISE paying travel expenses to Abu Dhabi, to people outside the institution, namely Teófilo Nhangumele, Bruno Langa and Armando Ndambi Guebuza, Gregório Leão insisted that he authorized the missions, but never sought to know who were the delegation members. "Who travelled was the Economic Intelligence Director. I did not have to know whom he was going to travel with, I was interested in the mission findings. I could even travel with people who are not SISE officers, but collaborators."

"I have no permission to speak about information discussed at the Joint Command. This body had a hierarchy, we had a coordinator and he is the one who should answer. That's why I said earlier that there should be other people here who were involved in the debts."

In light of his answers, the Public Prosecutor read the reaction made to the indictment order the defendant with the crime of embezzlement for having authorized travel expenses to people outside SISE, in which his lawyer Abdul Gani wrote that the said expenses had been duly reasoned and justified. Abdul Gani, the Lawyer, protested against the fact that the prosecutor being confronting defendants with challenges made by their lawyers, claiming that this undermines the relationship between them and their proxies. But the court reacted saying that it is not illegal to confront the defendant with the challenge made by his lawyer, precisely because it was made in his interest. The Public Prosecutor's Office returned to the question of why Leão was making different statements from those one in his defense to the indictment, but he chose not to answer.

The General Director of SISE did not know who had invited Nhangumele to make presentations on the project at the Joint Command

Asked on the role played by Teófilo Nhangumele in the exclusive economic zone protection project, he said he had no answer and did not even know who had invited him to that. "I asked António Carlos do Rosário in what capacity Teófilo was making a presentation at the Joint Command. He said he did not know and I insisted, asking him how he didn't know if he was responsible for the project at SISE level. I asked the Head of Operational Command if he knew Teófilo Nhangumele, whether he was a Defense official or from the Monte Binga company, which belongs to the Ministry of National Defense.

He also said that he did not know him, but promised to investigate. Days later the Head of Operational Command said that the investigation found that Teófilo was not a Defense official. Later I learned that he had been invited by Cipriano Mutota. I asked Mutota how he had invited Teófilo to the Joint Command meetings, knowing that he is neither a SISE officer nor a member of the National Defense staff. Nothing prevents SISE from seeking out any individual with knowledge of the matter, but inviting the person to participate in the Joint Command meetings was a big mistake.

Teófilo Nhangumele made two presentations on the exclusive economic zone protection project at the Joint Command meetings, but was removed when it beca-

me clear that he was neither a SISE officer nor a Defense Official. "He was asked to step aside. I remember it was the Operational Command Chief who informed him at one of the meetings". When asked whether he knew that Teófilo Nhangumele acted as an intermediate between the Mozambican side and the Privinvest group, he said that he was never aware of this fact. The Prosecutor asked why he refused to answer these questions in the conversation with the Kroll auditors, the company that did the forensic audit of the "hidden debts", to which the defendant replied in the following terms: "Kroll was a strange object in SISE. We were being questioned by foreigners. Why would I give classified information to Kroll? The Prosecutor Alberto Paulo came to SISE with the Kroll team, but he left, leaving me alone with the Kroll. I have never seen in any state a General Director of the secret service being questioned by foreigners. I am not authorized to give out classified information. It is a risk I take as General Director of SISE, but I will not provide classified information."

The Defendant Cipriano Mutota said in his hearing at the trial that Teófilo Nhangumele attended Joint Command meetings at his invitation and with the General Director of SISE agreement, but Gregório Leão did not confirm the information.

Questioned on the Privinvest role in the preparation of the feasibility study on the exclusive economic zone protection project, he referred the answer to the Economic Intelligence Director and said that he could not remember the date on which he became aware of the said study. The former General Director of SISE said that when the feasibility study was prepared, the bank that would finance the project was not yet known.

In the letter of 3 December 2012 made by the founder of the Privinvest group, Iskandar Safa, to the President of the Republic Armando Guebuza, it was already defined that Credit Suisse would be the financing bank for the exclusive economic zone protection project. Leão said he was not aware of the letter and that all issues were discussed in the Joint Command. In the said letter classified as "strictly private & confidential", Iskandar Safa reminded the President of the Republic that an offer letter from Credit Suisse had been sent to his Office on 27 February 2012, expressing the willingness of that bank to finance the project.

When asked if he could speak of the project's budget, he referred the answer back to António Carlos do Rosário. The Prosecutor reminded that the initial budget was of 302 million dollars, the amount defined before identifying the company

that would implement the project. Then he asked the defendant to explain why the budget rose to 622 million dollars, to which he said that the increase was aimed at attending to operational issues. "And on operational issues I'm not going to talk, it's a state secret," he declared. On the increase of USD 50 million, coded as 50 million chickens, supposedly to meet other expenses, such as the construction of a higher institute for training SISE staff, he said he was not aware of these facts.

The former SISE General Director explained that the decision to create ProIndicus as the project implementing company was taken by the Operative Command, which later took the matter to the Joint Command. The Prosecutor asked if there was a decision by the Joint Command on the need to adopt a deliberation taken by GIPS, a SISE company, authorizing the signing of the constitutive act of ProIndicus, to which the indicted said that he could not explain. He also said that he did not recall the General Director of GIPS giving instructions for the signing of the constitutive act of ProIndicus. To a question on the appointment of leaders of the governing bodies of ProIndicus, he replied that it was the Operational Command which decided that each Defense and Security sector should appoint their staff. "I immediately nominated António Carlos do Rosário as at SISE level he was the person working on the process in his capacity as Economic Intelligence Director. I do not remember the staff names nominated by the Ministries of National Defense and Interior to the governing bodies of ProIndicus."

On the goods, including their specific

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cations, supplied to ProIndicus, the defendant referred the answers to the company's managers. "the ProIndicus was organised, there were a CEO and managers. Depending on the question and the time when the facts occurred, you can con-

tact the responsible managers". Asked whether he followed on the negotiations of ProIndicus' contract for the supply of goods and services, Gregório Leão said that António Carlos do Rosário used to share this information.

When the Public Prosecutor's representative said that the defendant should respond with "yes or no to her questioning, he became exalted. "I demand for respect, you cannot ask me questions and demand that I answer with yes or no. I have never been treated like that. I do not accept that. Although I am a defendant I do not accept that raise you voice on me." Judge Efigénio Baptista had to intervene to calm the former General Director of SISE: "Do not raise your voice to the court. Nobody is disrespecting you, neither the Public Prosecutor nor the court. You are not used to being in the position of a defendant and the court understands that. You were Ambassador, you were General Director of SISE and other positions which we don't know about, so you think you should be treated differently. Thus, you should answer questions from the Public Prosecutor's Office because you are a defendant, you also should answer those from the court, the assistant to the case and the defense. Gregório Leão did not like the words of the judge and reacted: "I am not demanding for special treatment because I was Ambassador and General Director of SISE. That is the judge's understanding. I was nominated for those positions and I did not ask for it. The judge had to apologize and interrupted the questioning of the Public Prosecutor's Office to record the defendant's replies in the minutes. It was already 8pm.



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