

DAY XXII OF THE "HIDDEN DEBTS" SCANDAL TRIAL

Gregório Leão says that it was SISE's responsibility to operationalize the Joint Command decisions and refers all explanations to António Carlos do Rosário

- On the second day of his hearing, the former SISE General Director referred most of his answers to the defendant, António Carlos do Rosário, the SISE Economic Intelligence Director. Even in questions related to documents signed by him, Gregório Leão referred to the name of António Carlos do Rosário as the most suitable person to provide clarification. And when he did not wish to bring up the name of his former subordinate in the secret services, the defendant would reply with silence: "I remain silent".



Gregório José Leão

- Regarding EMATUM and MAM, the defendant said that both companies were of a military nature, as they had a commercial and intelligence component. Asked why the companies' corporate purpose made no reference to military aspects, the defendant said that the idea was exactly to "camouflage" to safeguard security. "The Act that creates SISE allows us to be wherever it's necessary to guarantee security. For this court to be operating as it is operating it is because someone is doing their job. Honourable judge would not be there working at will. There would be disturbances". The session was adjourned at 7pm at the request of defendant Gregório Leão, who claimed to be suffering from dizziness.

Tuesday's session began with the Public Prosecutor resuming questioning on issues relating to the contract for the supply of goods and services concluded between the Privinvest group and ProIndicus. Asked why the choice was for the turnkey type contract (which often does not allow to check prices and, consequently, undermines transparency), Gregório Leão pointed to the former SISE Economic Intelligence Director, as the person in better position to clarify it. To the following questions related to the contract, the defendant referred all answers to António Carlos do Rosário.

On 28 February 2013, after signing the contract for the supply of goods and services with the Privinvest group, ProIndicus signed the initial financing contract with the Credit Suisse bank for USD 372 million. On behalf of ProIndicus, the contract was undersigned by António Carlos do Rosário, as the company director, and Eugénio Henrique Zitha Matlaba, as the Chairman of the Board of Directors of the company (the latter is listed in the case as a declarant). The Public Prosecutor asked whether the former SISE General Director knew if the ProIndicus Chairman (Chairman of Board of Directors) had accompanied the negotiations of the company's financing, but the defendant reacted by saying that the question should be asked to Eugénio Henrique Zitha Matlaba.

To make that contract viable, it was necessary to issue a State guarantee, requested to the Minister of Finance by the defendant Gregório Leão. Questioned as to why he had to be the one to request the issuance of the State guarantee, instead of the ProIndicus representative, he replied as follows: "SISE had the responsibility of operationalizing the decisions taken by the Joint Command. Although it is a private company, ProIndicus was going to operate military resources and, therefore, I think that no bank would accept to sell those resources to a private company, without its Government's approval"

Asked if the ProIndicus representatives could not request the issuance of State guarantees, the defendant explained that it was the Joint Command that decided



that SISE should request the State guarantee from the Minister of Finance. "It could not be the company to request the State guarantee from the Minister of Finance; it should be an institution to do so, namely SISE." To the question whether this decision was documented, the defendant referred the answer to the Joint Command, saying that there must be documents.

Gregório Leão said that ProIndicus' viability study indicated that the company would have the capacity to pay the debt, without the need for State intervention. Asked whether he knew that the guarantee he was requesting from the Minister of Finance was above the limits set out in the 2013 budget law, Leão remained silent. When asked if the fact that the State guarantee that was being requested exceeded the limits of the 2013 budget law had been discussed at the Joint Command level, the defendant again remained silent. If he was aware that Credit Suisse had required, in addition to the State guarantee, the financing contract to be approved by the Administrative Court, the former SISE General Director referred the answer to the ProIndicus Chairman (Chair-

man of the Board of Directors).

To the question about what the response given by the Minister of Finance to his request for the State guarantee in the amount of USD 372 million was, the defendant replied as follows: "There were meetings between António Carlos do Rosário and the National Treasury Director, Maria Isaltina Lucas, and the information that reached me is that the State guarantee had already been issued. I do not have much information about the subsequent steps. António Carlos do Rosário can explain it better." The contract for the supply of goods and services concluded between ProIndicus and Privinvest was amended four (4) times, and the amount increasing from USD 372 million to USD 616 million. On this fact, the defendant only said that he learned that the budget had increased due to operational issues, and referred to António Carlos do Rosário for a more detailed explanation. "He was our Economic Intelligence man and was the one who gave me information."

To cover the expenses arising from the amendments made to the goods supply contract, the financing contract between

Credit Suisse and ProIndicus was also revised upwards by USD 250 million on 14 June 2013, from USD 372 million to USD 622 million. Asked whether He was the one who had asked the Minister of Finance to issue the State guarantee to make the USD 250 million loan possible, the defendant remained silent. However, the records in the case show that it was Gregório Leão who requested the State guarantee from the Minister of Finance, through a letter dated 10 May 2013.

Through the letter of 13 November 2014, the former SISE General Director requested

the issuance of a further guarantee for USD 278 million to add to the USD 622 million, bringing the total amount to USD 900 million for ProIndicus. Asked for what purpose the issuance of the USD 278 million guarantee was requested, the defendant replied as follows: "There were operational issues that had to be taken care of and I refer the explanation again to António Carlos do Rosário. He was in charge of the process and he interacted with the Ministry of Finance".

When asked why the USD 278 million guarantee was issued in favour of Palomar

Capital Advisors, a company owned by the Privinvest group and Andrew Pearse, a former Credit Suisse employee, the defendant again referred the answer to António Carlos do Rosário. "I never interacted with anyone from Palomar. The person who should answer on that is our Economic Intelligence Director." The USD 278 million loan was not made effective by Credit Suisse, so ProIndicus' debt remained at USD 622 million. Whether the supply and financing contracts, including their amendments, had been discussed at the Joint Command, Gregório Leão said he could not recall.

Former SISE General Director denies that the boats had problems and says he ate tuna caught by EMATUM

About EMATUM, the Public Prosecutor asked where and when the company's creation was decided. "I don't remember the dates and I don't have details," this was the reply from the defendant. The judge asked if it was not at the Operational Command, but the defendant insisted saying that he did not remember. On the motivation for the creation of EMATUM, Gregório Leão explained that SISE needed to develop commercial activities, namely tuna fishing, to be able to pay off the debt contracted with the Credit Suisse bank. "ProIndicus had a commercial component, through the protection of the oil companies in the Rovuma Basin. It also had the operational and intelligence part offshore. That was its mission. EMATUM also had the intelligence component that consisted in developing fishing surveillance activities, and the commercial component, namely tuna fishing."

At the Public Prosecutor's insistence, the defendant said he would not go into detail about intelligence activity. "The Act that creates SISE allows us to be wherever it is necessary to guarantee security. For this institution, the court, to be functioning as it is functioning it is because someone is doing their job. Honourable judge would not be there working at will. There would be disturbances. The Prosecutor may not understand SISE's job, but I won't go into details." The judge also took up the question by the Public Prosecutor, stating that ProIndicus had the means that justified the creation of EMATUM, the company that had a USD 800 million loan guaranteed by State.

Asked about what military resources were bought with the 500 million dollars of EMATUM's debt, the defendant, once



EMATUM boats

again, referred the explanation to António Carlos do Rosário. However, the judge reminded him that the Ministry of National Defence did not confirm the receipt of the alleged military equipment bought with the USD 500 million. "The Minister of National Defence, Atanásio Mtumuke said that you (plural) went to him and asked him to sign the delivery record of military equipment. But the Minister refused because he had not received military equipment valued at USD500 million." The Public Prosecutor resumed the issue of the USD 500 million and questioned the defendant whether it was the Privinvest group Abu Dhabi Mar company contracted by EMATUM that supplied military equipment to the Ministry of Na-

tional Defense. Gregório Leão referred the answer to António Carlos do Rosário.

The former SISE General Director did not answer the question about who decided the composition of EMATUM's shareholder structure. Bearing in mind that EMATUM's corporate purpose was tuna fishing, the Public Prosecutor asked how it can be understood that the company was linked to security, and the defendant said that he had already answered the question and would not give details on intelligence matters. Whether there was any decision by a body determining the creation of EMATUM, the defendant replied that, "If there is no hurry, António Carlos do Rosário will come and explain that".

Asked whether the representatives of the companies (IGEPE and EMOPESCA) that signed the constitutive act of EMATUM knew that this company was linked to defense and security, Gregório Leão remained silent. On the same date that EMATUM was created, on 2 August 2013, was held a general meeting to elect the directors board members and to deliberate on the financing contracting. Asked who the appointed people to EMATUM's governing bodies were and whether they ever negotiated the supply contract (also signed on the day EMATUM was created, on 2 August 2013), he referred the answer to the Economic Intelligence Director, António Carlos do Rosário. He was again silent when asked who carried out the EMATUM feasibility study, what that study said about the source of revenue and whether it foreseen that the company was linked to defense and security.

When asked if EMATUM had signed a concession contract with the Government,

as happened with ProIndicus, he remained silent. If he followed the negotiations of the contract to supply goods to EMATUM, Gregório Leão said that he was never present at the meetings, but he had feedback from António Carlos do Rosário. The defendant again fell silent when asked whether the contract for the supply of goods to EMATUM was, like the ProIndicus one, of the turnkey type; and whether he knew the rationale for the USD 51 million increase in that contract price, which rose to USD 836.4 million, on 26 September 2013.

Although he was the one who requested the issue of a State guarantee to the Minister of Finance Manuel Chang, on 16 August 2013, of USD 850 million loan on behalf of EMATUM, the defendant avoided answering many questions related to this matter, always referring the explanation to António Carlos do Rosário. The EMATUM supply contract was budgeted at USD 784 million, but he requested a State guarantee of USD 850 million, before the USD 51 million in-

crease in the supply contract.

The tuna fishing vessels supplied to EMATUM were flunked by the competent authorities because they were not fit for the purpose of their activity. Asked whether or not the Fisheries Inspectorate, INAMAR, the Ministry of Fisheries and other relevant institutions were involved in defining the vessels characteristics when the order was placed, the defendant referred the answer to António Carlos do Rosário. If he learned that the purchased vessels by EMATUM were considered unsuitable for tuna fishing, Gregório Leão said that the information he had is that there were difficulties in licensing them for fishing, due to bureaucratic issues. "How can it be said that the boats were inadequate, if nine (9) of them were already fishing for tuna? I even ate the tuna from EMATUM in Zambi restaurant (Maputo City). On the revenues, I cannot provide details. I am now hearing from the court that the boats were considered inadequate," said the defendant.

The defendant requested a guarantee issue of USD 750 million for MAM, but the amount of the supply contract was of USD 540 million

In regard to MAM, the third company created by the secret services, which is involved in the "hidden debts", the Public Prosecutor wanted to know where and when it was created, to which Gregório Leão said he could not remember. When asked whether its creation has been discussed in the Joint Command, the indicted also said that he did not remember. On the motivation for the creation of MAM, he said that it was to build shipyards for the maintenance of the means acquired by ProIndicus and EMATUM which, being of a military and intelligence nature, could not be repaired by civilians or outside the national territory. "Another motivation was to assist other vessels that had breakdowns in our territorial waters. Naturally, these services would be paid for."

He does not recall whether there were any other institutions involved in the creation of MAM, but said that SISE felt it necessary to have the company for the previously explained reasons. However, he said that he did not have any documents related to its creation and did not remember there being any such documents. Regarding the composition of MAM's shareholder structure, he referred the answer to António Carlos do Rosário. The Public Prosecutor's Office representative asked for an explanation on how to understand that MAM was a company of a military nature, if this did not



appear in its corporate purpose. "We wanted to camouflage the operational means. That is what I can say. Those who understand intelligence services have already understood", replied Gregório Leão.

Regarding the MAM's shareholders, the people or entities that carried out the feasibility study, and who identified the financing bank, the former General Director of SISE referred the answer to António Carlos

do Rosário. He said he could no longer remember why there was no a memorandum signed between the leaders of the Defense and Security sector determining the creation of MAM, as they did with ProIndicus. When asked who negotiated the MAM supply contract and whether it was a turnkey type contract, he referred the answer to António Carlos do Rosário. He did the same when asked who represented MAM in ne-

gotiating the 540 million financing contract with the Russian bank VTB. The defendant also said that he did not participate directly in the negotiation, but received reports from António Carlos do Rosário.

On 24 April 2014, Gregório Leão requested the issuance of a guarantee in the amount of USD 750 million relating to the contract signed between MAM and the VTB bank, but the amount of the supply

contract was of USD 540 million. “Rosario can give better clarification. He said that there was a need to increase the amount to carry out some work, but I do not remember it properly.” The former General Director of SISE asked to be the Minister of Finance who would ask the Bank of Mozambique to authorize the contracting of the MAM loan, but for the ProIndicus and EMATUM it was their companies represen-

tatives who requested authorization from the Central Bank. In response, Gregório Leão referred the answer to António Carlos do Rosário. “I am not refusing that I signed it, I am saying that he will remind me of what will have happened.” The judge found it strange that Gregório Leão referred answers on documents he himself signed to the Economic Intelligence Director, António Carlos do Rosário.

“The person who took the proposal to create SIMP to the Council of Ministers was the former Minister of National Defense, Filipe Nyusi”

The Integrated Monitoring and Protection System (SIMP) was created by Decree 91/2013, of 31 December, and the contract for its concession and exploitation by ProIndicus was signed on 12 March 2014, with the Administrative Court’s visa of 12 November 2014. The Public Prosecutor’s Office questioned why SISE presented the implementation of the exclusive economic zone protection project as grounds for the request to issue the first State guarantees when at that time, the contract for the concession and exploitation of SIMP to ProIndicus had not yet been concluded. Once again, the defendant referred the answer to the Economic Intelligence Director of SISE.

To the question of why ProIndicus did not conclude contracts for the security and protection of maritime infrastructure of the companies prospecting and researching hydrocarbons in the Rovuma Basin, the defendant explained: “I was informed by António Carlos do Rosário that there were contacts in those companies, but I do not know why they were not concluded. The best person to explain is António Carlos do Rosário”. When questioned whether SIMP was not created only to accommodate an existing situation, he said that the one who should give this answer is the former Minister of National Defense, Filipe Jacinto Nyusi, in his capacity as coordinator of the Operational Command. “He was the one who took the SIMP creation proposal to the Council of Ministers.”



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Gregório Leão denies having benefited from the “hidden debts” money and says that he has no knowledge of houses bought by his wife

According to the indictment, the company M Mozambique Construções, of the defendant Fabião Mabunda, received from the Prinvest group, in the interest of the Leão's, the amount of USD 8,999,916.00, in seven (7) instalments, between 28 August 2013 and 3 June 2014. She also received over € 2.6 million from through Txopela Investments, money that the Public Prosecutor believes was transferred by the Prinvest group in the interest of the Leão's couple.

In fact, the ruling of the Maputo High Court of Appeal said that the defendant Gregório Leão put his wife Ângela Leão as a “frontman” for all the actions aimed at laundering capital. Invited to answer, Gregório Leão reacted in the following terms: “That statement is so categorical, it must be proven. For me it is not a truth. It is not me who has to prove it. I do not know M Moçambique Construções and I have never worked with it”. Asked if he knew the defendant Sidónio Siteo, the former General Director of SISE said that before the arrest he had heard of him, but could not remember the place and date. At his hearing, Sidónio Siteo said that he was the one who sold houses to the defendant Angela Leão in the Costa do Sol area and at the Ponta D'Ouro beach. Ângela Leão herself confirmed this information.

Regarding the houses, the Public Prosecutor's Office began by questioning whether the defendant knew the three-storey



Gregório José Leão

property located in Costa do Sol area and if he ever lived there. “I think I know the property and we stayed there for about two or three months after I ceased my duties as General Director of SISE. The house was rented by my wife. Asked whether he sought to know who the owner of the property was, he replied in the negative. However, it is stated in the case file that the house whe-

re they lived for a short time was bought in 2013 by his wife Ângela Leão from the defendant Sidónio Siteo, for USD 900,000. “I didn't know she had bought the property, I didn't get into my wife's affairs. She is a businesswoman and I did not meddle in that. I did not question anything at all. We left for our home in Jonasse and I don't know what happened.”

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