



DAY 35 OF THE "HIDDEN DEBT" SCANDAL TRIAL

António Carlos do Rosário says he is proud of his work and only regrets not having been able to stop the entry of Kroll “spies”

- After a week’s interruption, the trial resumed yesterday with the Bar Association (OAM), assistant in the case, and the defence questioning the defendant. The session was marked by tense moments when António Carlos do Rosário demanded that the court, in the same way that it removed his lawyer Alexandre Chivale for being a SISE collaborator, should also remove Flávio Menete (lawyer for the OAM) because he is a member of the Defense and Security Forces (FDS).

- The judge did not like the confrontation and terminated the questioning of the defendant, claiming contempt of court. The defence lawyers called on the judge to reconsider his decision under penalty of smearing the trial, as preventing the defendant from being questioned by his legal representative was likely to be seen as an attempt by the court to curtail Antonio Carlos do Rosario's right to defence. After the break, the defendant apologised, the judge accepted and reversed his decision to stop the questioning.

António Carlos do Rosário said yesterday that the then President of the Republic, Armando Guebuza, only knew of EMATUM's existence after it was created and launched on the market. The defendant justified that the creation of operational cover companies does not need to be reported to the President of the Republic, as Commander-in-Chief of the Defence and Security Forces (FDS). He said that when Armando Guebuza was informed of the existence of EMATUM, the company had already signed financing and equipment supply contracts.

Responding to a question from the Bar Association of Mozambique (OAM), an assistant in the case, the defendant said that one of the striking aspects of the Project to Protect Mozambique's Exclusive Economic Zone was the performance of the Privinvest group, supplier of the three companies, namely ProIndicus, EMATUM and MAM. "Privinvest exceeded our expectations and provided everything we needed. The problems were created here in Mozambique. And the most traumatising aspect was the Kroll phenomenon. To this day I have not resigned myself." Asked what problems ProIndicus faced with the company contracted (Privinvest) to implement the project, António Carlos do Rosário said he could not remember. "I have been illegally imprisoned for two years and eight months and I have no contact with documents".

In the middle of questioning, the defendant rebelled with Flávio Menete, when he confronted him with Imran Adam Issa statements according to which the company Informática Mania – IM used to lend money in cash to SISE. António Carlos do Rosário said that the company was an operating vehicle of SISE and the money that its manager would hand over was for paying for urgent and unpostponable operational matters. "Imran was kidnapped by PIC agents on the day he went to withdraw 50 million meticaís from BCI (bank). He was detained for about 24 hours and was only released after the intervention of the former General Commander of Police (Jorge Khalau) and the former Minister of the Interior (Basílio Monteiro), who were meeting in the Presidency of the Republic. And about half of the amount disappeared".

When Flávio Menete insisted asking if it was normal for a private company to finance



SISE operations, António Carlos do Rosário became angry and indicted the OAM representative of taking advantage of his position as a member of the Defence and Security Forces to ask questions related to operational issues. "What you did with Doctor Chivale do it with Doctor Menete. He is also a member of the FDS (Defence and Security Forces). Doctor Menete was Director of the Criminal Investigation Police and he knows that there are certain operations that because of their nature do not have to follow the rules of operation of the institution. I ask you to remove Doctor Menete from here in the same way you removed Doctor Chivale."

When the court tried to impose order in the room, appealing for calm, the defendant again got worked up this time against the judge: "Honourable, you are an arbitrator and you cannot get carried away with these things. Honourable, I am asking you not to defend PIC (Criminal Investigation Police). The Honourable judge is here today, but I don't know if you will be here tomorrow". And the judge's reaction was quick: "I am not afraid of the consequences of what I do. I am not usually afraid of anything or anyone.

Those who know me know that very well. If I live to be 70, 45 or 41, I have no problem with that. I'm only concerned about doing my job. When you are asked a question, you cannot think that Doctor Menete wants to know about your operations in SISE".

Judge Efigénio Baptista ran out of patience and called the questioning over, claiming that António Carlos do Rosário had disrespected the court, after several warnings. "The questioning of the defendant António Carlos do Rosário is closed. We will now take a 15-minute break." Even before the break, almost all the defence lawyers called on the judge to reconsider his decision and give the defendant a chance to defend himself. The lawyers warned that the court's decision risks smearing the trial as it is likely to be seen as an attempt to curtail the defendant's right to defend himself. Other lawyers asked the court to take into consideration Antonio Carlos do Rosario's situation, namely the deprivation of liberty, and to overlook some excesses for the sake of his defence.

In addition, the judge reacted by saying that the defendant has a very strong personality and that the court has been very patient with



him. "Several times he has reacting against the court, he has lacked respect for the court, he has lacked respect for the prosecutor, but the judge has not made this decision because he knows he is in a difficult situation. The court called for his attention and asked that he should behave properly. Moreover, he behaved well, but today he got worked up again. We will no longer hear words like 'Honourable, get Doctor Menete out of here like you got Doctor Chivale out. And he does this with gestures. It is up to the judge to enforce discipline in this hearing. It is not in the court's interest to limit the defendant's right of defense. If the court had no interest in letting him speak, he would have said so the first day he showed disrespect.

After the break, António Carlos do Rosário asked for the floor to express his regret: "I sincerely apologize to the judge, as a person and as president of this court. I am a human being, and there are issues that transcend me, so I would like to apologize to the judge, to all the intervening parties, and to the Mozambican people. At the break I had the opportunity to apologize to Dr. Menete. There are things that when they are brought up create emotions that lead us to irrationality. I take back the insulting words that I said during my hearing. I wanted the court to take that note."

The judge accepted the apology and, for the first time since the trial began, backed down from his decision. "I don't like to be in this situation. However, during the break Doctor Menete came to me saying that he did not feel offended. Nevertheless, the issue is not Doctor Menete. He did not offend me personally. The tone and gestures you used against Dr. Menete are not allowed in court. In addition, as

a judge, I have to make a decision. He just did not behave well towards the court. The court will consider it and we will continue."

Moreover, the session continued with Flávio Menete asking the defendant if he was regretted for everything he did in the context of the project for the protection and monitoring of the Exclusive Economic Zone of Mozambique. António Carlos do Rosário said that he was not regretted, but is proud: "I am proud for everything I did in the project. The solution was problematized through actions of systematic sabotage to the implementation of the three companies. EMATUM worked, fished tuna, but was forced to stop in 2016. We worked and went for partnerships to relaunch EMATUM as TUNAMAR, but I was arrested. The current problems are not the responsibility of the team that worked on the project. I do not regret working on the project. I regret that I was not able to stop Kroll from coming in. My team and I were not able to do so because we were small. I regret that I didn't have the power and ability to put aside the members of the Government who sabotaged the companies."

Answering to questions from his lawyer, the defendant was confronted with the allegations of overbilling for boats supplied to ProIndicus and EMATUM by Privinvest. In response, António Carlos do Rosário said that it is not possible to talk about overbilling in a turnkey contract in which there are intangible assets, such as the transfer of technology. "The transfer of technology exceeds the entire amount of the contract of the three companies. It was Kroll that came up with the overbilling story. They were asking questions outside the scope of the audit. At the Pemba

Naval Base, they asked our people if we had naval assets from North Korea. That is when the war started. When we went to Mavalane Air Base, where the ProIndicus planes are, they started photographing the Migs planes.

In relation to the sharing of information about the debts contracting of the three companies with other institutions, António Carlos do Rosário said that "all those who by law should know were informed. About the foreign institutions, he reiterated that they all took notice, including the International Monetary Fund (IMF). "Today it is not possible to move one cent of a dollar in the banking system anywhere in the world without it being tracked from the U.S. Central Bank. It is curious that it is actors from European and American markets who say that they were not aware of operations involving investors, banks, and service providers from their countries. This discourse is part of the narrative that they wanted to construct. We are talking about millions of dollars that we went to European financial markets to get, so it is not possible that the IMF was not aware of it.

According to António Carlos do Rosário's explanation, an IMF delegation went to the EMATUM office in 2015 to suggest that the defense component be separated from the commercial one and that the money used to buy defense equipment be entered in the General State Account. "I told them that they should do these instructions in writing. Moreover, I said that we had a bad experience with the IMF. They went around here giving advice on the cashew nut industry as part of the economic readjustment policies, and today our industry is as it is. And they don't take responsibility.



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