







Stanley was number three in the Halliburton hierarchy beneath David Lesar (now chief executive) and Cheney.

These days Cheney's office in the White House is more taciturn about his relationship with Stanley, refusing to comment on "pending litigation". It was only after Britain, France, Nigeria and the US launched investigations into Halliburton's involvement in the corruption syndicate five years ago that the company tried to distance itself from Stanley.

In fact, Stanley's decision to plead guilty on 3 September to offences under the US Foreign Corrupt Practices Act could prove to be very bad news for Halliburton. The US Department of Justice may charge other top Halliburton officials in the coming months. US investigators have already subpoenaed several officials from Halliburton and other companies in the syndicate.

US Justice Department officials have also questioned the willingness of the company

to help the investigation. A Halliburton filing in April this year said: "The government has expressed concern regarding the level of our cooperation."

How vulnerable is Cheney in this painstaking investigation into Halliburton's corrupt operations in Nigeria? The US's rigorous anti-corruption laws cover cases where senior managers and directors of a company knew that bribes had been paid to individuals, or "it is reasonable to suppose" that they should have known. If convicted, companies face heavy fines and a bar on bidding for government contracts. Their senior executives risk substantial terms in jail.

No one has produced evidence showing that Cheney played an active role in running the corruption syndicate; that, according to US prosecutors, was Stanley's role. However, given that Halliburton's contract to build Nigeria's gas plant was one of its biggest globally, the US prosecutors could argue that it was 'reasonable to suppose' that Cheney should have been aware of the huge bribes being paid and the company's links to a complex system of fraudulent financing and tax evasion schemes. "It looks bad if Cheney knew and didn't act, it could be worse if he didn't know," according to one Washington lawyer.

For example, Cheney was chairman of Halliburton when the construction consortium it led paid \$37.5m on 18 March 1999 to British lawyer Jeffrey Tesler for 'consultancy services' on the Nigeria gas plant. Along with Stanley, Tesler was a central figure in the corruption syndicate on the Nigerian project.

It was Tesler who set up much of the international payments system, from his run-down office in London's Seven Sisters suburb. Setting up front companies in Madeira and bank accounts in Switzerland, Luxembourg and Monaco, Tesler moved money from New

**DICK CHENEY**  
The Vice-President's links to Halliburton have been criticised by campaigners since 2003 when it emerged the company had overcharged the US military in Iraq



York to Amsterdam with much of it ending up in payments to Nigerian officials and a Nigerian political party, according to Stanley.

The US prosecutors said the bribe payments started in 1995 and continued until 2004. Nigeria's former oil minister Don Etiebet told *The Africa Report* about "commercial foul play" in the award of the initial \$3.6bn construction contract for Nigeria's LNG project in September 1994. That initial award was critical: it was almost inevitable that the successful consortium would win the subsequent contracts worth over \$6bn to expand the project.

Although the LNG project was under Etiebet's authority as minister at the time of this contract award, he says he was "shunted out" of the decision-making process after he had raised concerns about bidding procedures. Etiebet was sacked five months later by Nigeria's military ruler, General Sani Abacha who, he claimed, then targeted him "for elimination".

The successful construction consortium led by Halliburton and its subsidiary KBR includ-

ed France's Technip, Italy's Snamprogetti and the Japanese Gas Corporation forming an entity known as TSKJ. Their rivals for the contract were led by another US corporation Bechtel, in conjunction with Japan's Chiyoda, France's Spie Batignolles and Italy's Ansaldo.

#### PLAYING FAVOURITES

In a letter to Muhammadu Dikko Yusufu, chairman of NLNG, dated 22 September 1994, Etiebet wrote that the NLNG board had "seriously tinkered with the integrity of the pending contract award". The state-owned Nigerian National Petroleum Corporation (NNPC) has a 49% stake in NLNG, while foreign Royal Dutch/Shell, France's Total and Italy's ENI collectively hold 51%.

After a meeting with representatives of the rival consortium led by Bechtel in London in September 1994, Etiebet said he had concluded that there had been breaches of commercial confidentiality, which may have benefited the TSKJ consortium. Notes of meetings attended by the Halliburton-led consortium indicate they had the full politi-

cal support of Gen. Abacha's military regime. In another letter at the time, Etiebet said the board had been told from "certain quarters" which group was the "preferred contractor".

Shortly after the contract was awarded to TSKJ, Etiebet says he had a call from a consultant claiming to work for the winning consortium who wanted to set up "an arrangement" for him. He told Etiebet his code name was "London weather". "I told him I would never trust London weather!" Etiebet says.

With company officials ushered into meetings by Lebanese businessmen Ely Calil (who as Technip's agent had long promoted the LNG project in Nigeria) and Abacha's financial advisor Gilbert Chagoury at London's Dorchester Hotel, Etiebet paints a picture of extravagant confusion among the rival consortia and their associates.

#### BRIBERY JUNCTION

*The Africa Report* spoke to Etiebet shortly after we obtained details of more than \$180m of payments made by Tesler's Gibraltar-based Tri-Star. The central allegation is that the TSKJ consortium set up companies in Madeira, Portugal – LNG Servicos, TSKJ I, TSKJ II – to divert commissions to Tesler's Tri-Star, which he passed to Western and Nigerian businessmen and politicians. Tesler's lawyer in Paris, Thierry Marembert, says that the French investigation into TSKJ and the Nigerian LNG project was "sparked by KBR's corporate rivals and fuelled by anti-American sentiment in French political circles".

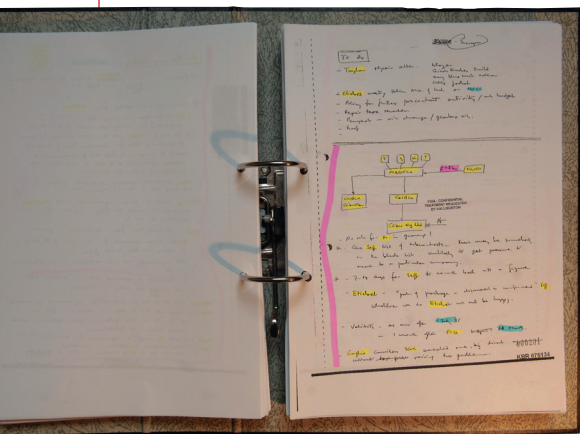
The reality is more prosaic. The French investigations, which prompted the US Justice Department to investigate the role of multinational companies in the project, date back to what one Paris lawyer in the trial of Georges Krammer, a former director general of Technip, called a "crossroads of cor-

DON ETIEBET SAID THE NLNG BOARD HAD "SERIOUSLY TINKERED" WITH THE CONTRACT AWARD

## Halliburton's notes on a scandal

**A**lbert Jackson Stanley, who has confessed to organising the payment of more than \$180m of bribes and kickbacks to Nigerian and Western officials, must be ruining the efficiency of his Halliburton colleague, Wojciech Chodan, whose copious notes provided the investigators with a vital tool to understand how the bribes were paid. *The Africa Report* has obtained copies of the notes, running from mid-1993 to early 1999. In just one example, at a meeting on 2 November 1994, Chodan noted British lawyer Jeffrey Tesler had drawn up plans to distribute the first \$60m of payments: the late General Sani Abacha was to receive \$40m and a further \$20m would go to Tesler for distribution to lower ranking officials. ●

PATRICK SMITH



ruption". French investigators probing the operations of the Elf-Aquitaine oil company had accused Krammer of paying 3m euros in illegal commissions in Africa and Asia. Krammer responded that the commissions weren't illegal but were company policy and openly declared as such.

However, Technip's management said Krammer wasn't supposed to make such payments and left him to face charges of misappropriating the money.

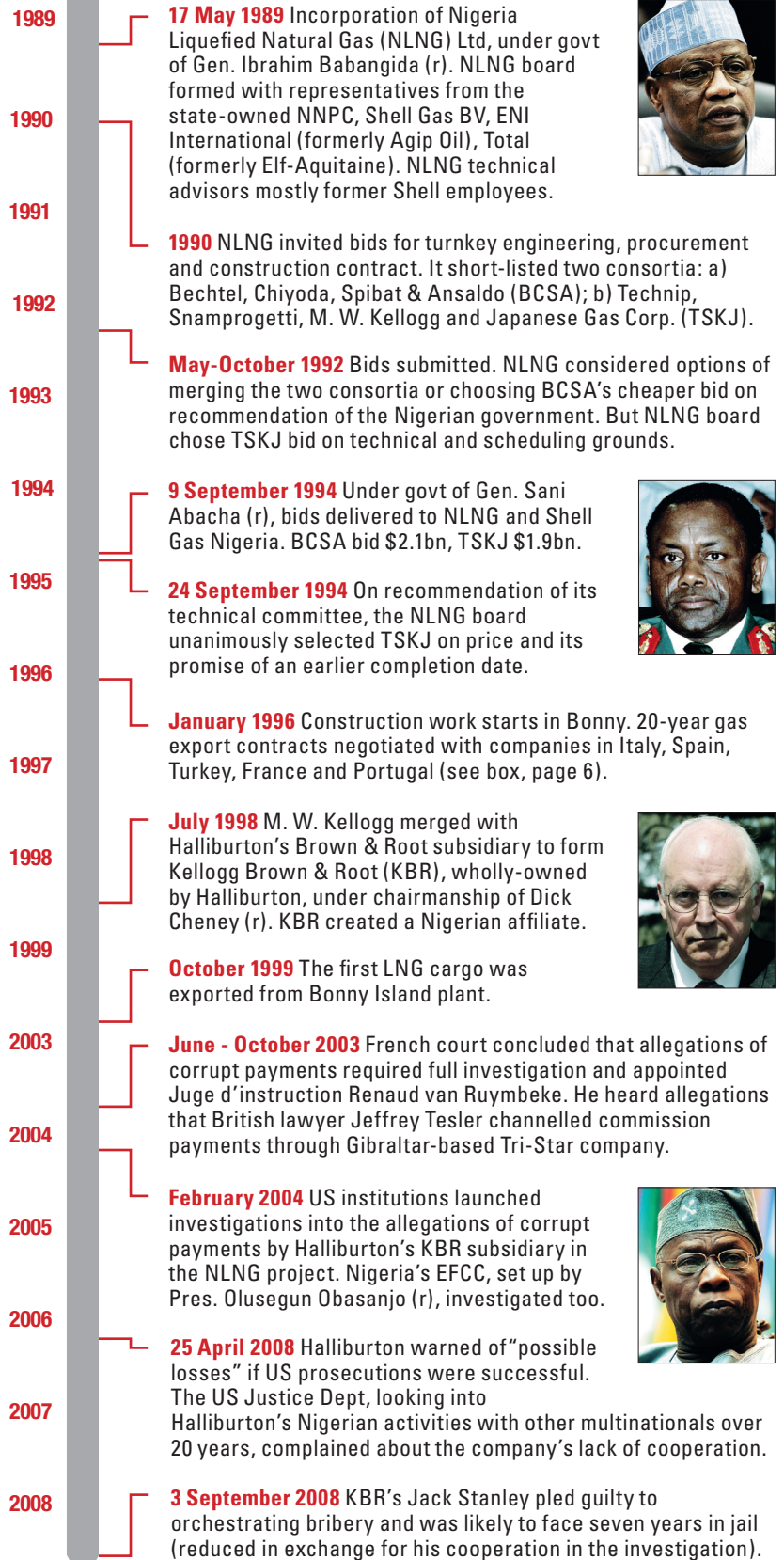
Krammer's detailed explanation of the payments system and the political and commercial beneficiaries suggested an international conspiracy. French judge Renaud Van Ruymbeke, who was already investigating a complex case involving another former Nigerian oil minister, Dan Etete, and the ownership of an oil block, was selected to lead the investigation into the LNG project.

In the early months of the investigation in 2003, Van Ruymbeke's team led the way, interviewing Tesler at length, obtaining payment details from banks in Switzerland, Monaco and Luxembourg and receiving information from Nigerian officials. It was Van Ruymbeke's discoveries that prompted the US Department of Justice to open its investigation into the affair in 2004; and Van Ruymbeke has had several meetings with top US investigator Mark Mendelsohn. At the same time Nigeria's Independent Corrupt Practices Commission and the National Assembly launched their own investigations into the gas project.

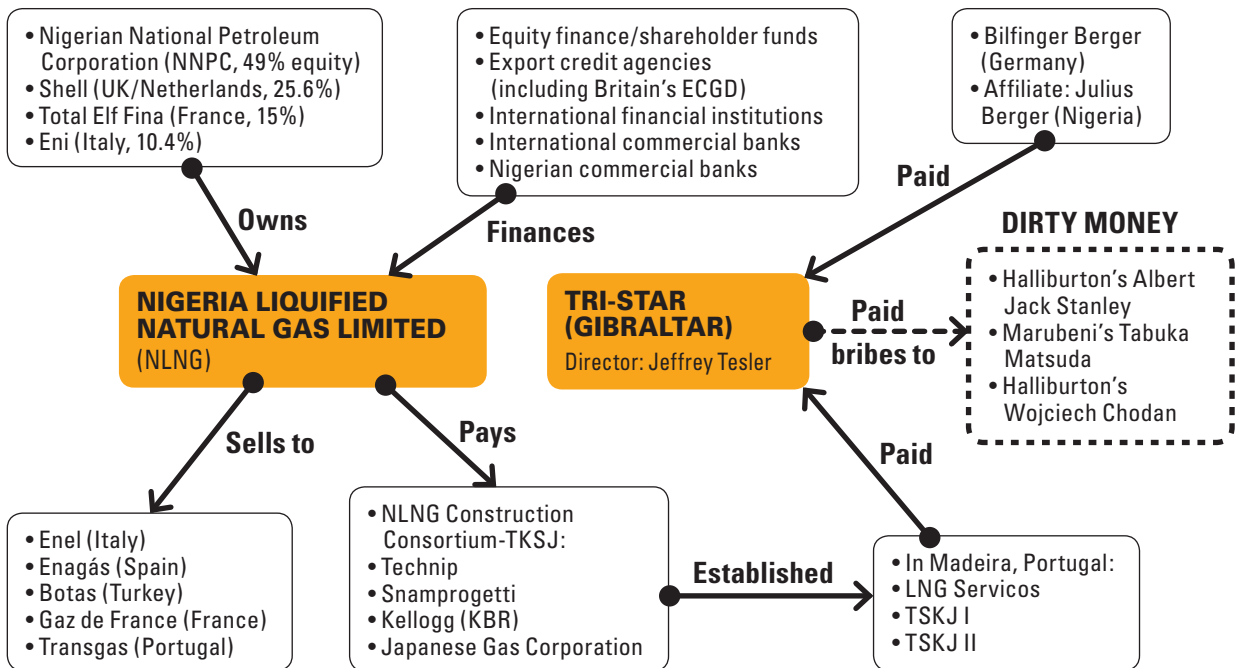
#### GROUNDING CAPITAL FLIGHT

A division of labour has emerged in which French investigators target Technip, the US investigators target Halliburton, Britain's Serious Fraud Office go for London-based Tesler and Nigerian investigators are looking at their nationals who received bribes, especially the family and business associates of Abacha, who is reckoned by

## Drilling down to the truth



## HOW THE DIRTY MONEY WAS SIPHONED OFF



Nigerian government lawyers to have stolen some \$4bn from the Nigerian treasury between assuming power in November 1993 and his sudden death in June 1998. Bribes and other payments linked to the gas project made a substantial contribution to the Abacha fortune, investigators say.

The Swiss authorities extradited Abacha's son, Abba, from Germany in 2005 and have charged him with money laundering and fraud amounting to several hundred million dollars, again some of the funds are linked to payments on the gas project. Swiss investigating judge Daniel Dumartheray said that his country had already returned \$450m, which had been stolen by the Abacha family, to the Nigerian treasury. Some of those funds were also laundered through Kenya's 'political banks' (so called because they were under the control of former President Daniel arap Moi's regime) on behalf of the Abacha family.

Since 2004, US investigators have broadened their remit to cover Halliburton's opera-

tions in Nigeria over the past 20 years, and its relations with other multinational companies such as Shell. As a sign of how bad things could get for Halliburton, the company now says it is no longer able to estimate "a range of its possible losses" from a successful prosecution by the US authorities and subsequent claims against it by third parties.

The US and other investigations could result in third-party claims against Halliburton, the company admits, for "special, indirect, derivative or consequential damages". Halliburton's filing with the the New York-based Securities & Exchange Commission confirms that the Nigerian government has given notice that it has entered a civil claim as an injured party to the French investigation into the bribes surrounding the gas plant.

This opens up the possibility that Nigeria could reclaim some \$180m from the slush fund linked to the gas project and pursue broader claims for damages against the contractors, if the companies were found

**Kickbacks and bribes made their way into the pockets of Halliburton's executives and others via a circuitous backroute through Portugal and Gibraltar**

guilty of criminality in US and French courts. This would be a rare example of an African government taking action against multinational companies running corrupt operations with previous regimes. After years of legal wrangling and conferring with the World Bank, Lesotho has successfully prosecuted and fined Acres International for corruption linked to the Highland Water Project and the World Bank has put the company on its prohibited contractors list.

If Nigeria's own case against Halliburton is successful, it would be a huge disincentive for multinational companies to organise corruption schemes in Africa, no matter how compliant the incumbent government may be. A successor government may see benefit in holding the deal up to scrutiny and going to law. With the required political will in Abuja and Washington, the prosecution of Africa's biggest corruption scandal may just become a critical turning point in the continent's battle against graft and capital flight. ●