

Hunt goes on for Gaddafi's missing billions

Muammar Gaddafi was killed and his regime overthrown in 2011. Billions of dollars in assets and funds stashed away over the years have disappeared. The hunt is still on but with Libya in chaos, there is no effective state to push the investigation and repatriate the cash, while commercial crime in country reaches record levels. Paul Cochrane reports.

IN the months before Muammar Gaddafi was killed in October 2011, after he fled from the Libyan capital Tripoli in August, the long-time leader reportedly sold off a fifth of Libya's gold reserves: most of that money is still missing.

Truck-loads of gold bars were also driven across the border into Niger, never to return. This was but the tip of the proverbial iceberg.

When fighting broke out in the North African country during February 2011, some USD19 billion in assets under the control of Gaddafi and his associates was frozen by the United Nations and member states.

Other reports indicate up to USD30 billion in assets, including property, were in the United States, and there are further holdings in Europe, Africa and the Middle East.

Since Gaddafi's fall, the successor governments that have since tried (unsuccessfully) to control Libya have tried to get this money back, offering private partners a cut for scouring the world for cash and assets squirreled abroad.

Where's the money?

"In the seven years leading up to 2011, Libya was generating a huge amount of cash due to high oil prices, creating a large surplus, so essentially there was a spending spree. Now it's about trying to figure out where it went, which is a lucrative business as law firms and private investigators take a percentage of anything they recover," said Cairo-based Alex Warren, director of Libya Monitor, a financial paper published by Frontier, a research and advisory company.

But while investigations are ongoing, impetus has dipped since the

National Transitional Council (NTC) and Government of National Accord (GNA) were trying to gain international legitimacy in the comparatively stable 12 months following Gaddafi's death.

"In the 2011-12 period, American, British and European individuals were promised by the NTC or GNA to find the missing cash for a roughly 15 percent stake. Those arrangements were always suspect and have mostly lapsed," said Jason Pack, executive director of the US-Libya Business Association, in Washington DC.



Legal quagmire

The decline in interest is attributed to the ongoing political chaos in the country, with there being three main centres of power: the Presidential Council, which presides over the GNA, in Tripoli; the rival Government of National Salvation, also based in Tripoli; and the authorities of Tobruk and al-Bayda in the country's west, controlled by General Khalifa Haftar of the Libyan National Army.

"Getting the money back has become very political as there's not a functioning government. There are basically different armed groups that each claim to have legitimacy. It's a massive legal quagmire," said Warren.

The estimated USD65 billion invested outside of the country by the Libyan Investment Authority

(LIA), the country's sovereign wealth fund established in 2006, has more traceability, particularly in the US and Europe, while there have been lawsuits between the LIA and US investment bank Goldman Sachs, and French bank Société Générale (the LIA lost the first case, while Société Générale paid out USD1.05 billion in May 2017).

"That side of things is theoretically easy, as it was audited by one of the Big Four (accounting firms)," said Warren. But today, the "LIA has a contested management and chairman; three people claim to control it, so it's a total mess."

The majority of the funds frozen by the UN have not been returned as a result. "The succession of post-revolution governments want to recover these assets but there have been concerns over corruption and how the recovered money would be used, which is partly why the funds remain frozen," added Warren.

LIA assets invested elsewhere have proven harder to track down while there are numerous lawsuits underway with many African states.

"There's a lot of African assets still theoretically under the umbrella of the LIA. It is harder to trace, as record keeping was poor, and different people ran different funds," said Warren.

Little chance of recovery

Away from the LIA, Gaddafi cronies and family members were provided with large amounts of cash, with the money either invested or held in offshore tax havens and jurisdictions with banking secrecy.

"All figures close to Gaddafi were squirrelling money away overseas.

Continued on page 8/

Corruption

Banker jailed over multi-million dollar bribery scam

A London City banker who abused his position in the European Bank of Reconstruction and Development (EBRD) to conspire to make \$7.92 million in corrupt payments has been sentenced to six years in prison.

Andre Ryjenko, 44 of Sussex Gardens, London, made millions by referring clients of his employer, the EBRD to a complicit financial consultancy in the US.

The managing director of the financial consultants, Dmitrij Harder, 44 of Huntingdon Valley, Pennsylvania, US was indicted as a result of the FBI investigation and pleaded guilty to facilitating corrupt payments.

The two men first met in 1999 when Harder and Ryjenko were both banking employees at two separate firms.

The catalyst for the corruption is believed to have come in September 2007 when Harder informed Ryjenko that his company had been retained by a Russian based oil

company to obtain project financing. Ryjenko identified this as an opportunity to abuse his position and make money corruptly whereby his employer's potential clients would be directed to instruct Harder as a financial consultant - Ryjenko and Harder would then share the consultancy fee.

Over the following two years and five months, five more companies engaged Harder's consultancy company. When two of those projects were finalised, Harder's company received commission payments totalling \$7.92 million of which \$3.542 million was transferred to offshore accounts in Germany and Jersey for the benefit of Ryjenko.

The City of London Police's Overseas Anti-Corruption Unit (OACU) was contacted in 2010 by the Chief Compliance Officer of the EBRD. The EBRD conducted an internal investigation based on invoices provided by the source which corroborated the corrupt arrangement.

Hunt for Gaddafi's billions - from page 7

There's very little chance of those funds getting recovered and we don't see any talk about it locally, even though we track Libya daily," said Warren.

The Panama Papers, leaked in 2015, showed that front companies allegedly owned by Gaddafi cronies were managed by the Panamanian law firm Mossack Fonseca.

'Gaddafi's banker'

Two names in particular are linked to the investigation, Ali Dabaiba, part of Gaddafi's inner circle, and Bashir Saleh Bashir, known in Libya as "Gaddafi's banker".

The Dabaiba family have denied the accusations, and investigations are ongoing.

Pack said that most people assume that Bashir knows the most about where the money is, adding the Libyans were "very sophisticated" in how they placed money abroad.

Indicative of this is that the son of Gaddafi, Saif Al Islam, who was reported to have been released from

prison in Libya this year, still appears able to access assets, according to some Libyan news reports.

Africa is considered a prime location for much of the missing billions, with one country in particular likely holding a lot of the assets.

"It is not a secret, that some of the money is in South Africa, presumably protected by former ANC guys.

There's very little chance of those funds getting recovered." Alex Warren, director of Libya Monitor

There is a connection between (President Jacob) Zuma and the elite Libyan money people around him like Bashir Saleh," said Pack. As for the gold that disappeared, it is suspected of having been melted down. "Libya will never get that gold back," said Warren.

Hotbed of smuggling

While the lawsuits and hunt for Gaddafi's billions continues,

future investigations will hinge on whether a unified Libyan government can be formed to push for reparation of the money.

In the meantime, the country has become a major human trafficking hub, there have been reports of slave auctions, and smuggling is rife across its porous southern border.

"Libya is a hotbed for international smuggling. Apparently, heroin and fake cigarettes are very big, and it is well known you can get false bills of lading. You can smuggle anything in, like African migrants," said Pack.

The power vacuum has also resulted in significant commercial crime and money laundering.

"Money is laundered through letters of credit and subsidies, with goods sold at the black market although paid for at the official rate. This makes for a profit of six- to eight-fold, so access to letters of credit can be used like printing money," added Pack.