

5 JANUARY 2019  
**BUDGET MONITORING FORUM (FMO)**  
MEDIA STATEMENT ON THE RECENT ARRESTS OF THE FORMER MINISTER OF FINANCE OF MOZAMBIQUE, MR  
MANUEL CHANG IN JOHANNESBURG AND THREE FORMER CREDIT SUISSE BANKERS IN LONDON IN CONNECTION  
WITH THE \$2.3 BILLION *ILLEGAL* MOZAMBIKAN DEBT

The Budget Monitoring Forum (FMO) - a coalition of Mozambican civil society organisations working on public finance transparency and accountability – has noted reports of arrest, at the request of US authorities, of former Minister Manuel Chang in Johannesburg on 29 December 2018. We further have recorded the arrests of three former Credit Suisse bankers in London on the 3 January 2018.

FMO believes that the US initiated process is an opportunity for Mozambicans to get full disclosure on the *illegal* debts and recover all costs incurred by the Mozambican fiscus as a result of *illegal and immoral* conduct by international bankers, contractors, public officials, their relatives and collaborators in Mozambique. FMO also expects that this is a beginning of a global process, which will culminate in holding - all responsible parties accountable for their respective roles in this crisis. We fully endorse the proposed criminal sanctions, as they will serve as a deterrent for corrupt activities in Mozambique and beyond.

Recent developments confirm our long standing position that the \$2,3 Billion debt was *illegal* as it did violated the Mozambican legislation. We have further argued that the entire process around the *illegal* debt - including the relationships between international bankers, various contractors and beneficiaries was intended to conceal criminal activity including money laundering.

FMO has long concluded that the criminal sovereign debt project, masterminded in concert with international banks, deliberately sought to divert much needed resources from the Mozambican people. As such we will continue to campaign against any debt restructuring proposals that do not consider the criminal nature of these transactions. Mozambican people should not bear the burden for collusive and *illegal* behaviour between the Government of Mozambique, and the international bankers.

Mozambicans have been paying a heavy price as resources are diverted for illicit purposes depriving our nation of crucial resources needed for sustainable economic growth and development. The beneficiaries of proceeds from *illegal* debt (politicians, contractors, international banks) should absorb all costs associated with the Mozambican debt crisis - in addition to facing criminal sanctions being pursued by the US authorities.

The nature of charges also reinforces our view that the Mozambican *illegal* debt crisis is a consequence of criminal activity spanning various jurisdictions including the UK, Norway, Netherlands, Switzerland and the UAE.

Recent arrests validate our position as outlined in the statement (18 November 2018) that the UK's Financial Conduct Authority (FCA) should pursue criminal sanctions against Credit Suisse for the role played by the UK regulated Bank in Mozambique's *illegal* debt crisis. We remain dismayed by the approach adopted by the UK authorities and lawmakers in holding Credit Suisse accountable for its actions.

The arrest of three Credit Suisse bankers should embarrass the FCA, as it shows that the FCA decision failed to fulfill the organization's basic statutory standards, and suggests that UK regulators did not apply the necessary due care in handling the Mozambican debt case. We expect the FCA to reconsider

their decision and continue to pursue action against UK regulated entities implicated in this scandal. FMO representatives are willing to make themselves available to assist FCA to augment internal constraints which might affect their ability to take appropriate action against Credit Suisse, and other implicated parties in the *illegal* debt project.

FMO rejects Credit Suisse's attempts to distance itself from its former employees. As we have previously stated the failure of Credit Suisse to lay criminal charges against its former banker – Andrew Pearse, responsible for the sovereign debt deals who joined the contractors benefitting from the illegal Ematum loans—suggests that illegal, immoral and negligent conduct was not by a rogue banker, but rather part of systemic Credit Suisse culture. FMO is relieved that our views around Mr Pearse and others have found expression in the legal action led by US authorities.

While FMO is encouraged by recent action to hold various parties accountable for *illegal* debt, we will continue with our global campaign, as announced in November to encourage other regulators and governments to take appropriate corrective action against implicated parties. We call on other jurisdictions and implicated countries to follow the US lead and pursue charges against institutions and individuals who were party to the grand corruption project, the *illegal* debt project. FMO demands that:

- Mozambican people should not be expected to repay *illegal* debts, especially as there is concrete evidence of criminality.
- Any claims arising out of *illegal* debts must be brought against the International Banks, contractors, and any other beneficiary of proceeds from the *illegal* debt

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