



global witness

Exxon purchase of Liberia's corruption-tainted Block 13 likely enriched former Liberian officials

The Liberian Government should investigate Exxon's US\$120 million oil deal and ensure the independence of the Liberia Extractive Industries Transparency Initiative.

Read the entire report [here](#).

March 29, 2018, Washington, DC – A new [Global Witness investigation](#) released today shows Exxon's 2013 purchase of Liberia's Block 13 oil license likely enriched former government officials who may have illegally owned the block. The state oil agency NOCAL also made unusual, large payments to senior government officials who authorized the 2013 deal.

Global Witness calls on the Liberian Government to investigate those involved in Exxon's 2013 oil deal for corruption or wrongdoing.

Block 13 was originally awarded by NOCAL in 2005 to Liberian-Anglo company Broadway Consolidated/Peppercoast (BCP). In 2007, the block was ratified by the Liberian legislature through bribery.

But Global Witness' evidence shows that the company was likely part-owned by former Mining Minister Jonathan Mason and former Deputy Minister Mulbah Willie. Mason and Willie are suspected of granting the oil block to a company in which they held interests while they were also ministers in 2005, which was illegal under Liberian law.

Exxon knew that Block 13 was originally awarded through bribery and that its purchase of the oil block could enrich former officials who might have been behind BCP.

In a PowerPoint presentation obtained by Global Witness, Exxon wrote that it was interested in purchasing the oil block despite its "concern over issues regarding US anti-corruption laws."

Undeterred by the corruption red flags, Exxon went ahead with the deal anyway. Global Witness' evidence shows that it structured the transaction in a way to skirt US anti-corruption laws by using a Canadian company – Canadian Overseas Petroleum Limited (COPL) – as a go-between to buy the block.

"It's appalling that an oil giant like Exxon would buy up an oil block they knew was tainted by corruption," said Jonathan Gant, Senior Campaigner at Global Witness. "This kind of morally dubious corporate behavior is particularly shocking in a country like Liberia where endemic corruption continues to rob people of opportunities."

If Mason did own BCP shares when Exxon bought Block 13, he would have received a share of the US\$68.5 million Exxon paid BCP. Willie died in 2012, so any money he was owned would likely have gone to his estate.

There is also evidence that Adolph Lawrence, who became a Representative in 2012, held a BCP ownership interest in 2011. If Lawrence continued to hold this interest when Exxon bought 2013, he also would have broken the law and may have received part of the money Exxon paid BCP.

Exxon has not responded to Global Witness' request for comment. COPL has, saying its due diligence showed that there were no legal problems with the deal, that Mason did not hold shares in BCP, shareholders certified they held no interest for others, and that it received legal advice on its anti-corruption and anti-money laundering obligations. The company stated that Lawrence resigned from a job he held with BCP in 2011 and that any money he received was reported to the Liberian Government.

"Liberia's attempts to stop corruption have failed – most notably the Sable Mining bribery debacle," said Gant. "It is time for President George Weah to show that he is a reformer and task the Ministry of Justice and Anti-Corruption Commission to investigate immediately."

Unusual and large payments to Liberian officials in 2013

Global Witness has also seen evidence that shortly following the authorization of the 2013 Exxon deal senior Liberian officials were paid "*bonuses*" of US\$35,000 by NOCAL – more than doubling their annual salaries. These officials, and the positions they held at the time, were:

- NOCAL CEO Randolph McClain
- National Investment Chairman Natty Davis
- Finance Minister Amara Konneh
- Mining Minister Patrick Sendolo
- NOCAL Board Chair Robert Sirleaf, who is the son of then-President Ellen Johnson Sirleaf
- Justice Minister Christiana Tah

Robert Sirleaf was reportedly working pro-bono at the time. However, he too received a payment of US\$35,000.

The evidence shows that these payments were associated with the Exxon deal. The payments were probably made from the same bank account into which Exxon had recently deposited part of its bonus to NOCAL, although there is no evidence that Exxon knew about them.

All officials have denied that these payments were bribes, stating that they were authorized by NOCAL's Board of Directors as bonuses for negotiating a good deal with Exxon.

Global Witness' Exxon investigation was made possible by information published by the Liberian Extractive Industries Transparency Initiative (LEITI), an independent agency that publishes annual reports of payments made by companies to the government. Without this information, Global Witness would not have started researching Exxon's 2013 deal.

"Our investigation shows not only that Liberia's oil sector was corrupt, but also how important LEITI is for the country," said Gant. "The latest news that President Weah has illegally fired LEITI Secretariat Head Konah Karmo is alarming and may show a weakening of political will to tackle corruption."

Global Witness calls on the Liberian Government to immediately reinstate Karmo as Head of the LEITI Secretariat and ensure LEITI's independence is preserved. Liberian authorities should also investigate Exxon's 2013 deal to see if Exxon or any Liberians broke the law.

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Notes to editors:

- 1) When Block 13 was sold in 2013, Exxon obtained 83 percent of the block. Canadian Overseas Petroleum obtained 17 percent of the block. The transfer of Block 13 was structured in a way that 100 percent of the block was first transferred from BCP to COPL, and then COPL transferred Exxon its share. Exxon stated in a PowerPoint presentation obtained by Global Witness that it wanted to structure the transaction this way "due to" its US anti-corruption concerns.
- 2) Of the US\$120 million Exxon paid for Block 13, US\$68.5 million went to BCP. Global Witness estimates that Mason and the estate of Willie likely received a share of US\$3.3 million. If Lawrence still held a BCP interest when Exxon purchased Block 13, Global Witness estimates he would have received US\$15,000.
- 3) Exxon, BCP, Mason, Lawrence, Konneh, and Sendolo did not respond to Global Witness' inquiries regarding the Block 13 deal. COPL's response stated that the company was "aware of the allegations concerning Peppercoast's minority shareholders." However, the company's due diligence "found credible evidence that the allegations of impropriety were entirely false," including that former Liberian officials held Peppercoast shares, and took steps to ensure only the company's named shareholders received payments. Additionally, COPL stated that the Block 13 deal was structured as a two-step process because the Liberian Government wanted to sign a new oil license with Exxon and COPL rather than amending the license originally awarded to Peppercoast. Three of the officials who received payments from NOCAL in 2013 also responded to Global Witness: National Investment Commission Chairman Natty Davis, Justice Minister Christiana Tah, and NOCAL Board Chair Robert Sirleaf. All three stated that the payments they received were bonuses authorized by NOCAL's Board of Directors for the work they had put into negotiating the Exxon deal. Tah and Sirleaf also stated that all other oil agency staff had received bonuses.