

AES:HDM/MAM/DF
F. #2016R00695

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
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UNITED STATES OF AMERICA

I N F O R M A T I O N

- against -

Cr. No. 21-521 (WFK)
(T. 18, U.S.C., §§ 981(a)(1)(C), 1349 and
3551 et seq.; T. 21, U.S.C., § 853(p);
T. 28, U.S.C., § 2461(c))

CREDIT SUISSE GROUP AG,

Defendant.

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THE UNITED STATES CHARGES:

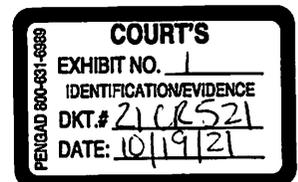
I N T R O D U C T I O N

At all times relevant to this Information, unless otherwise indicated:

I. The Defendant and Relevant Entities and Individuals

1. From in or about and between 2013 and at least March 2017 (the “relevant time period”), the defendant CREDIT SUISSE GROUP AG (together with its wholly-owned subsidiaries and affiliated entities, “Credit Suisse”) was a global investment banking, securities and investment management firm incorporated and headquartered in Zurich, Switzerland. It conducted its activities primarily through various subsidiaries and affiliates, including subsidiaries in London, United Kingdom and New York, New York.

2. Credit Suisse Securities (Europe) Limited (“CSSEL”) was a wholly-owned subsidiary of the defendant CREDIT SUISSE GROUP AG headquartered in London, United Kingdom and acted as a Joint Lead Manager underwriting the issuance of \$500 million in loan participation notes (“LPNs”) to partially finance an \$850 million loan for a tuna fishing project in Mozambique in 2013, and acted as Joint Dealer Manager in the exchange of those



LPNs for a sovereign bond (“EMATUM Exchange”) (collectively, the “EMATUM Securities”) in 2016.

3. Andrew Pearse was a citizen of New Zealand and was, until approximately September 2013, an employee of CSSEL and agent of the defendant CREDIT SUISSE GROUP AG, and also a Managing Director and authorized signatory of CSSEL within the Global Financing Group (“GFG”) based in London.

4. Surjan Singh was a citizen of the United Kingdom and was, until approximately February 2017, an employee of CSSEL and agent of the defendant CREDIT SUISSE GROUP AG, and also a Managing Director and authorized signatory of CSSEL within the GFG.

5. Detelina Subeva was a citizen of Bulgaria and was, until approximately July 2013, an employee of CSSEL and agent of the defendant CREDIT SUISSE GROUP AG, and also a Vice President of CSSEL, within the GFG.

6. ProIndicus S.A. (“ProIndicus”) was a company owned, controlled and overseen by the Government of Mozambique. ProIndicus was created to undertake a project to create a state-owned coastal surveillance and protection plan for Mozambique.

7. Empresa Moçambicana de Atum, S.A. (“EMATUM”) was a company owned, controlled and overseen by the Government of Mozambique. EMATUM was created to undertake a project to create a state-owned tuna fishing company for Mozambique.

8. Mozambique Asset Management (“MAM”) was a company owned, controlled and overseen by the Government of Mozambique. MAM was created to build and maintain shipyards.

9. Privinvest Group was a holding company based in Abu Dhabi, United Arab Emirates (“UAE”) consisting of numerous subsidiaries (collectively, “Privinvest”), including certain Palomar entities (collectively, “Palomar”). Privinvest was engaged in shipbuilding of various types of vessels. The Government of Mozambique retained Privinvest as the sole contractor for the ProIndicus, EMATUM and MAM projects, and Palomar as its adviser on the EMATUM Exchange.

10. Manuel Chang was a citizen of Mozambique and Mozambique’s Minister of Finance.

11. Antonio Do Rosario was a citizen of Mozambique and an official in Mozambique’s governmental state intelligence and security service, known as Servico de Informacoes e Seguranca do Estado, which, together with other Mozambican government agencies, was an owner of ProIndicus and EMATUM. Do Rosario served as the executive director of ProIndicus and the Chief Executive Officer of EMATUM.

12. Teofilo Nhangumele was a citizen of Mozambique acting in an official capacity for and on behalf of the Office of the President of Mozambique.

13. Jean Boustani was a citizen of Lebanon and the lead salesman and negotiator for Privinvest. Boustani also participated in the management of Palomar.

14. Privinvest Co-Conspirator 1¹ was a citizen of Lebanon and France and a senior executive of Privinvest.

¹ The identities of all anonymized individuals and entities are known to the United States and the defendant CREDIT SUISSE GROUP AG.

II. Relevant Terms and Definitions

15. A “loan participation note” or “LPN” was a fixed-income security that provided the holder with a pro-rata interest in the borrower’s payment of interest and repayment of principal on a loan.

16. A “Eurobond” was an international bond sold in a currency other than the currency of the borrower.

17. A “security” was, among other things, any note, stock, bond, debenture, evidence of indebtedness, investment contract or participation in any profit-sharing agreement.

III. Overview of the Fraudulent Scheme

18. Credit Suisse and its co-conspirators used U.S. wires and the U.S. financial system to defraud U.S. and international investors in the EMATUM Securities. The co-conspirators used international and interstate wires to, from and through the United States, including wires through the Eastern District of New York, to transmit false and misleading statements to investors in the EMATUM Securities, transfer proceeds obtained from those investors and pay kickbacks to Credit Suisse bankers and bribes to Mozambican government officials.

19. Through a series of financial transactions during the relevant time period, three Mozambican government-owned entities—ProIndicus, EMATUM and MAM—borrowed in excess of \$2 billion through loans to fund three maritime projects guaranteed by the Mozambican government. Credit Suisse was the primary arranger on the ProIndicus and EMATUM loans and sold the loans to investors worldwide. Credit Suisse also arranged the EMATUM Exchange. Another international Bank (“Investment Bank 1”) arranged the MAM financing, which Credit Suisse was aware of but in which it played no role. Credit Suisse,

through its employees and agents, including Pearse, Singh, Subeva and others, among other things, knowingly and willfully conspired with others to defraud investors and potential investors in the EMATUM Securities through numerous material misrepresentations and omissions relating to, among other things: (i) the use of loan proceeds; (ii) kickback payments to Credit Suisse bankers and the risk of bribes to Mozambican officials; and (iii) the existence and maturity dates of debt owed by Mozambique, including the ProIndicus and MAM loans.

20. From the proceeds of the ProIndicus and EMATUM loans, Privinvest paid bribes totaling approximately \$150 million to senior Mozambican government officials, including Chang and Do Rosario, and also paid kickbacks of approximately \$50 million to Pearse and Singh.

IV. Background

21. In or about November 2011, Mozambican government officials agreed to hire Privinvest as the sole contractor for a maritime project—ultimately called ProIndicus—designed to protect, surveil and exploit Mozambique’s long coastline, based on Privinvest’s agreement to pay bribes to Mozambican government officials to secure the project. In numerous email communications, representatives of Privinvest and Mozambique openly discussed the payment of bribes. For example:

a. On or about November 11, 2011, Nhangumele explained to Boustani that to “secure” the approval of the President of Mozambique for the ProIndicus project, a payment had to be agreed upon “well in advance,” which could be “built in the project, and recovered.” In his response to the email on the same day, Boustani praised Nhangumele for “talking openly” and explained that Privinvest did not pay “success fees” before signing the project contract.

b. On or about November 14, 2011, Nhangumele responded that he “agree[d] in principle” and that there would be “other players whose interest[s] will have to be looked after e.g. ministry of defense, ministry of interior, air force, etc.” Nhangumele further wrote that in “democratic governments like ours people come and go, and everyone involved will want to have his/her share of the deal while in office, because once out of the office it will be difficult.”

c. On or about December 28, 2011, Nhangumele and Boustani agreed by email that Privinvest would pay \$50 million in bribes to Mozambican government officials to secure the project. Boustani explained to Nhangumele that he needed “a % or figure” and that the proposal for the project would be addressed to the President of Mozambique after the figures were agreed upon. Nhangumele replied, “Fine brother. I have consulted and please put 50 million chickens.”

d. On or about the same day, December 28, 2011, Boustani forwarded Nhangumele’s email to Privinvest associates and confirmed “50M for them and 12M for [Privinvest consultant] (5%)=>total of 62M on top.”

22. In or about and between December 2011 and January 2012, Boustani met with Nhangumele and other co-conspirators at Privinvest’s offices in the UAE to finalize the bribes and move forward with the ProIndicus project. Nhangumele made clear to Boustani that Mozambique would need to obtain financing for the ProIndicus project.

23. In or about February 2012, Privinvest approached two Credit Suisse coverage bankers (“Credit Suisse Managing Director 1” and “Credit Suisse Director 1”), about arranging financing for the ProIndicus project. Over the course of several meetings with Privinvest and Mozambican government officials, Credit Suisse Managing Director 1, Credit

Suisse Director 1 and Pearse advised that Credit Suisse could arrange a loan only if the Government of Mozambique was either the debtor or guaranteed the loan. The parties agreed that Mozambique would guarantee the loan, but Credit Suisse would pay the proceeds of the loan directly to Privinvest.

24. Credit Suisse undertook an enhanced due diligence process, conferring internally and using a diligence firm (“Firm 1”) to review Privinvest and the proposed directors of ProIndicus. That due diligence process brought to light significant corruption and bribery concerns related to Privinvest, including that Privinvest Co-Conspirator 1 was “heavily involved in corrupt practices” and “viewed kickbacks as an acceptable part of his everyday business strategy.” For example:

a. On or about March 12, 2012, Credit Suisse Managing Director 1 sent an email to Singh and Credit Suisse Director 1 and advised them that Credit Suisse had previously designated Privinvest Co-Conspirator 1 an “undesirable client,” though he was no longer designated as such in March 2012.

b. On or about November 19, 2012, Pearse sent an email to Singh and Credit Suisse Managing Director 1 and Credit Suisse Director 1 and advised them that a Credit Suisse senior executive “said no” to the combination of Privinvest Co-Conspirator 1 and Mozambique. Given these concerns, Pearse proposed that Credit Suisse would need to “structure” Privinvest Co-Conspirator 1 “out of the picture.”

c. On or about March 20, 2013, Firm 1 provided Credit Suisse with an extensive due diligence report on Privinvest and Privinvest Co-Conspirator 1 (the “Firm 1 Report”). The Firm 1 Report, which was reviewed by multiple executives at Credit Suisse

including compliance, risk and other functions, described Privinvest Co-Conspirator 1 as a “master of kickbacks” and included other findings, such as:

i. “All sources we spoke to about [Privinvest Co-Conspirator 1] were confident of his past and continued involvement in offering and receiving bribes and kickbacks” and “without exception ... have raised concerns about the integrity of [Privinvest Co-Conspirator 1’s] business practices,” and that “[Privinvest Co-Conspirator 1] was heavily involved in corrupt practices.”

ii. “A senior banking source close to a Lebanese commercial bank that previously dealt with [Privinvest Co-Conspirator 1] and the Privinvest Group of companies told [Firm 1]: ‘[Privinvest Co-Conspirator 1] is a first-class deal maker and an expert in kickbacks, bribery and corruption.’” According to the senior banking source, the commercial bank eventually terminated its relationship with Privinvest.

iii. Another source said Privinvest Co-Conspirator 1 was someone who “ethically, ... really doesn’t care and will do whatever is necessary to win a contract. Ethics are at the bottom of his list!” “[T]rusted sources in Lebanon and the UAE” who knew Privinvest Co-Conspirator 1 and had dealt with Privinvest directly stated that Privinvest Co-Conspirator 1 was “alleged to be heavily involved in corrupt practices[,]” with one source describing Privinvest Co-Conspirator 1 as a “dangerous man” who would “stop at nothing to secure a contract.”

iv. “Since the creation of [Privinvest subsidiary] in Abu Dhabi, [Privinvest Co-Conspirator 1] appears to be conducting his business in a much more classical way, more in compliance with the rules of ethics.” The source confirmed that the UAE authorities were aware of the negative reporting around [Privinvest Co-Conspirator 1]’s alleged

involvement in corruption, but were confident that “this is not the case at [Privinvest subsidiary].”

25. Credit Suisse moved forward with the ProIndicus financing. In or about February 2013, Pearse met with Boustani in Mozambique to finalize the ProIndicus transaction, during which time they secretly agreed that Privinvest would pay Pearse a kickback of \$5.5 million in exchange for Pearse’s efforts to reduce the fees payable to Credit Suisse in connection with securing the ProIndicus financing.

26. In or about March 2013, following review by Credit Suisse’s compliance and risk management control functions, Credit Suisse finalized its agreement to arrange a \$372 million syndicated loan to ProIndicus, guaranteed by the Government of Mozambique. Singh signed the loan agreement on behalf of Credit Suisse, Do Rosario co-signed the loan agreement in his capacity as executive director on behalf of ProIndicus, and Chang signed the government guarantee in his capacity as Minister of Finance on behalf of Mozambique. ProIndicus was a private loan that was not disclosed publicly.

V. The EMATUM Loan

27. Within months of finalizing the ProIndicus loan, Credit Suisse agreed to raise \$500 million—Investment Bank 1 later raised an additional \$350 million—in financing for EMATUM to establish a tuna fishing company. EMATUM had hired Privinvest as sole contractor to supply the tuna fishing boats, an operations center and related training for the project. Credit Suisse agreed to send the proceeds it raised from investors directly to Privinvest, as distribution of funds directly into Mozambique was considered a higher corruption risk than Privinvest.

The Co-Conspirators “Maximize” the EMATUM Loan

28. Credit Suisse, through its employees and agents, and together with Privinvest, increased the size of the EMATUM loan from an originally planned \$250 million to \$850 million. In or about March 2013, when Boustani and Pearse first discussed the EMATUM project, Boustani suggested to Pearse that Credit Suisse raise \$250 million for the project. By approximately July 2013, however, Boustani and Pearse and other co-conspirators substantially increased the EMATUM loan amount by inflating the size of the project and the price of Privinvest’s goods and services. This allowed Privinvest to pay larger kickbacks to Pearse and Singh and larger bribes to Mozambican officials and others. The larger loan also benefitted the bank by increasing the fees Credit Suisse ultimately earned arranging the transaction. EMATUM, Privinvest and Credit Suisse agreed on an LPN structure and marketed the LPN to the international bond market, including to investors in the United States.

29. Specifically, on or about July 4, 2013, Boustani confirmed in an email to Pearse on his personal email that Do Rosario, EMATUM’s Chief Executive Officer, would “go ahead in all suggestion[s] needed in order to maximize the funding size” of the EMATUM loan to Mozambique, including the use of the “bond market.” In response, Pearse wrote an email to Boustani, copying Subeva on a personal email account, in which Pearse committed to a plan for “maximising funding” for the EMATUM project.

30. By on or about July 21, 2013, Pearse, Subeva and Boustani created a “package” of 24 fishing boats to justify an EMATUM project price of \$800 million, which was subsequently finalized as 27 fishing boats and related training services and operations for \$850 million.

31. In or about July 2013, Pearse announced he was leaving Credit Suisse. Pearse continued to be employed by Credit Suisse, on gardening leave, until on or about

September 13, 2013. In the interim, Pearse had secretly begun working for Palomar, a Privinvest subsidiary; he continued working at Palomar after leaving Credit Suisse. Credit Suisse placed Subeva on gardening leave on or about July 22, 2013, and terminated her for redundancy on or about August 21, 2013. Subeva had also begun working for Palomar secretly before being placed on gardening leave and terminated from Credit Suisse, and continued working at Palomar after her termination from Credit Suisse.

32. Following Pearse's departure from Credit Suisse, Singh became the lead banker for Credit Suisse on the EMATUM loan. In that role, Singh understood that Privinvest would pay him and Pearse millions of dollars in kickbacks in exchange for facilitating Credit Suisse's approval of the EMATUM loan and LPN financing. Singh remained a managing director at Credit Suisse until on or about March 2017.

Credit Suisse Approves the EMATUM Loan

33. In or about August 2013, Credit Suisse employees in the GFG working together with the Credit Risk Management function, prepared a Credit Risk Management Memorandum to seek internal credit department approval of the EMATUM deal. The memorandum stated that "certain past allegations against" Privinvest Co-Conspirator 1, including a corruption-related indictment in France that was ultimately dismissed, "precipitated Enhanced Due Diligence, which was performed in March 2013 related to a previous CS financing [ProIndicus]."

34. On or about August 30, 2013, Credit Suisse agreed to make up to \$850 million in loans guaranteed by Mozambique to EMATUM to fund EMATUM's tuna fishing project; Credit Suisse acted as the facility agent and arranger of the loan and ultimately only funded \$500 million. In addition to Credit Risk Management, the European Investment Banking Committee, Reputational Risk, and the Compliance and Anti-Money Laundering

functions considered the transaction and agreed to allow the EMATUM transaction to go forward.

35. The EMATUM loan agreement included the following representations and requirements:

a. “Section 3.1: Purpose” represented that “[t]he Borrower [EMATUM] shall apply all amounts borrowed by it under the Facility towards the financing of the Project and the general corporate purposes of the Borrower.” The loan agreement defined the Project as “the purchase of fishing infrastructure, comprising of 27 vessels, an operations centre [sic] and related training.”

b. Section 19.2: Compliance with laws” represented that “[t]he Borrower shall comply in all respects: (a) with all Anti-Corruption Laws and will not engage in any other conduct that would constitute a Corrupt Act (including but not limited to making or accepting, or directing any other person to make or accept, any offer, payment, promise to pay, or authorizing the payment of acceptance of any money or any gift or anything of value, directly or indirectly, to or for the use or benefit of any official or employee of any government or any political party or candidate for political office if any part of such conduct would violate or create liability for it or any person under any applicable law relating to bribes, kickbacks, or similar corrupt practices).” The loan agreement defined a “Corrupt Act” as including but not limited to “payments to improperly influence any person, including government officials, and any other violation of anti-bribery or anti-corruption laws including the U.S. Foreign Corrupt Practices Act.”

c. “Section 26.1: Payments to the Facility Agent” specified that all payments by the borrower or the lenders would be paid to Credit Suisse’s bank account at a bank in New York, New York (“New York Bank 1”).

36. Singh signed the EMATUM loan agreement on behalf of Credit Suisse as Arranger and Facility Agent, and Do Rosario signed on behalf of EMATUM, the borrower. Chang signed the government guarantee on behalf of Mozambique.

37. On or about September 5, 2013, Credit Suisse arranged the sale of \$500 million of EMATUM LPNs to investors. The LPNs were to mature in 2020 and had a 6.305% coupon.

38. Having arranged the sale of the LPNs, on or about September 11, 2013, Credit Suisse loaned approximately \$500 million to EMATUM to finance the EMATUM project, sending the funds less Credit Suisse’s fees directly to a Privinvest subsidiary through Credit Suisse’s account at New York Bank 1. On or about October 5, 2013, Investment Bank 1 arranged the sale of \$350 million of EMATUM LPNs to investors in the United States and elsewhere. On or about October 11, 2013, Investment Bank 1 loaned an additional approximately \$350 million to EMATUM. Credit Suisse, as the Facility Agent, sent the funds raised by Investment Bank 1 directly to a Privinvest subsidiary through Credit Suisse’s account at New York Bank 1.

39. After Credit Suisse transferred the funds raised to finance the EMATUM project to Privinvest, Privinvest secretly paid millions of dollars to three of the signatories on the EMATUM deal—Singh, Do Rosario and Chang.

Credit Suisse Makes False Representations Regarding the EMATUM Loan

40. Credit Suisse approved the EMATUM loan even though its earlier due diligence process had identified significant risks of bribery and the size of the project had

expanded greatly without apparent justification. Credit Suisse, through Pearse, Singh and Subeva, knew that Privinvest had paid kickbacks to Pearse in connection with the ProIndicus transaction, and would pay further kickbacks to Pearse and Singh in connection with the EMATUM loan.

41. Credit Suisse funded its portion of the EMATUM loan by selling LPNs to global investors. By email and other electronic means using wires to, from, and through the United States, Credit Suisse sent potential investors materials that included the EMATUM loan agreement and marketing materials such as the offering circular (the “LPN Investor Documents”). The LPN Investor Documents represented that the loan proceeds would be used exclusively to fund the EMATUM project, and that none of the proceeds would be used to pay bribes or kickbacks.

42. For example, on or about September 3, 2013, Credit Suisse sent a preliminary offering circular (“Preliminary OC”) regarding the EMATUM LPNs from its New York offices to prospective investors using interstate and international wires. The Preliminary OC stated: “The proceeds from the Loan will be used by the Borrower towards the financing of the purchase of fishing infrastructure, comprising of 27 vessels, an operations center and related training and for the general corporate purposes of the Borrower.” The final offering circular sent to prospective investors contained the same representations as the Preliminary OC.

43. When it made these statements, Credit Suisse knew they were false. Credit Suisse issued the EMATUM loan even though Singh and Pearse knew that they had received illegal kickbacks and would receive further kickbacks from the loan proceeds, and Credit Suisse was aware of the risk that funds from the EMATUM loan would be diverted to bribes. For example, (1) Pearse and Singh knew that they would receive millions of dollars in

illegal kickback payments from Privinvest in connection with the EMATUM loan while employed by Credit Suisse; (2) Firm 1 had expressly warned Credit Suisse about Privinvest and Privinvest Co-Conspirator 1's history of "corruption and bribery"; and (3) a senior Credit Suisse executive had previously said "no" to Pearse to the combination of Privinvest Co-Conspirator 1 and Mozambique in November 2012.

44. Investors purchased the EMATUM LPNs in reliance on the representations in the EMATUM loan agreement and LPN offering circulars. Despite projections that EMATUM would generate annual fishing revenue of approximately \$224 million by December 2016, it generated minimal revenue and, as of approximately late 2017, had conducted very little fishing operations. EMATUM defaulted on its financing payment due on or about January 18, 2017.

VI. The EMATUM Exchange

45. In or about 2015, Credit Suisse became aware that EMATUM had encountered problems servicing the \$850 million of EMATUM LPNs, which were set to mature in 2020, raising the risk of default. EMATUM and Mozambique approached Credit Suisse to arrange a transaction that would exchange the EMATUM LPNs for government-issued Eurobonds that would mature approximately three years later, in 2023, and that had a 10.5% coupon, through an exchange process referred to as the EMATUM Exchange. This exchange would delay loan repayment to investors, improve Mozambique's ability to service its debts, and avoid default.

46. Numerous senior Credit Suisse employees worked on the EMATUM Exchange, including Singh, though he did not lead the transaction.

Credit Suisse's Knowledge of Misuse of EMATUM Loan Proceeds

47. After the LPNs were issued, Credit Suisse became aware that the EMATUM project had generated minimal revenue in its first years of operation, making it likely that EMATUM would not be able to meet the repayment schedule provided for in the LPNs. In or about July 2015, EMATUM and Mozambique asked Credit Suisse to arrange the EMATUM Exchange. Credit Suisse agreed to ensure there was no default on the EMATUM loan repayment and to avoid increased scrutiny of Credit Suisse as the arranger of the original EMATUM LPNs.

48. In an email on or about July 31, 2015, portions of which were memorialized in a Credit Suisse internal report, one senior Credit Suisse employee in the United Kingdom who covered reputational risk issues for the Europe, Middle East, and Africa region (“EMEA”) raised concerns regarding “corruption allegations made in the press on the previous transaction (*‘the country’s worst-ever corruption scandal’*)” and asked whether Credit Suisse ever conducted an anti-money laundering review of “the proceeds of the previous CS involvement in financing to EMATUM in 2013 to check that they were spent on the assets they were provided for, given the press allegations of misappropriation and corruption.”

49. In an email on or about August 3, 2015, a senior executive in EMEA Investment Banking stated to a senior colleague in EMEA Reputational Risk that if Credit Suisse “let another bank do the deal, we face a not insignificant risk that [Credit Suisse’s] original transaction is positioned poorly and that it gives firepower to the opposition to say another bank has been brought in to clean up the trade.” The senior executive opined that Credit Suisse was “in a much better place to control the situation and explain the positives of the action if we are leading the restructuring.”

50. Credit Suisse also identified sensitivities related to the fact that former employees Pearse and Subeva were advising the Government of Mozambique on the EMATUM Exchange in their roles at Palomar. In an email on or about September 7, 2015 that was also memorialized in an internal Credit Suisse report to the Reputational Risk Committee, a Credit Suisse Director (“Credit Suisse Director 2”) identified a third government-guaranteed loan of \$540 million to MAM, an entity controlled by the Government of Mozambique, and expressly mentioned that Palomar was staffed with “former CS employees,” noting that the involvement of the former employees was “unlikely to be disclosed in detail” because the loan to MAM was private but “should the specific details ever need to be publically [sic] disclosed ... there may be sensitivity.”

51. After arranging the EMATUM LPN financing, Credit Suisse employees raised concerns about potential misuse of EMATUM loan proceeds. On or about October 30, 2015, employees reviewing the use of proceeds discussed by email that there were “too many significant disparities” related to the use of the EMATUM loan proceeds and as such “further investigation / explanation [was] required” before proceeding with the EMATUM Exchange. On or about November 2, 2015, a Credit Suisse executive in Reputational Risk EMEA explained in an email to the same employees that Reputational Risk approval for the EMATUM Exchange was contingent on “BACC [Bribery and Anti-Corruption Compliance] comfort on the UoP [use of proceeds].”

52. To address the use of proceeds concerns in light of the risk that the LPN proceeds had been improperly diverted, Credit Suisse also engaged two independent industry experts to conduct valuations of the 27 boats and other items Privinvest sold to EMATUM.

53. By early 2016, Credit Suisse knew that the expert valuations revealed a shortfall between the funds raised for the EMATUM loan and the assessed market value of the boats and accompanying infrastructure and training Privinvest sold to EMATUM.

54. On or about February 10, 2016, a Credit Suisse employee (“Credit Suisse Employee 1”) emailed Credit Suisse Director 2 and others and explained that the employees involved in coordinating the EMATUM Exchange “need[ed] to take a position/view on the valuation reports ... and provide a narrative to back this view up.” Credit Suisse Employee 1 went on to explain that “where gaps in the use of proceeds” were identified, Credit Suisse would need to “form an opinion of what has happened to those missing elements” before “any Rep[utational] Risk meeting took place” to approve the EMATUM Exchange. Credit Suisse Employee 1 specifically noted that Credit Suisse “would also need to consider whether there is a duty to disclose any of the findings” to investors.

55. On or about February 11, 2016, Credit Suisse Director 2 sent an email to multiple Credit Suisse employees regarding the status of the EMATUM Exchange approval. Credit Suisse Employee 1 indicated that issues that needed to be resolved included the results of the valuation reports—which were not “satisfactory” and raised “questions in terms of valuation shortfall”—and Mozambique’s reluctance to disclose the ProIndicus loan in the offering circular for the EMATUM Exchange.

56. On or about February 19, 2016, Credit Suisse Director 2 sent Singh and several Credit Suisse executives and senior employees an email attaching the two independent valuation reports and a chart summarizing the shortfall. The independent valuation expert reports found that the fair market value of the 27 boats that Privinvest sold EMATUM was between \$265 million and \$394 million less than the EMATUM loan value. Credit Suisse

Employee 1 explained that the expert valuations included “the maximum value of all features of the contract including a value for IP/Technology Transfer” and that there was a “significant shortfall” between the value of the equipment and the funds Credit Suisse sent for the project, which was primarily to purchase the 27 boats.

57. During calls on recorded phone lines maintained by Credit Suisse, Singh and Credit Suisse Director 2 discussed their concern that BACC would “close us down” and “prevent us [from] doing the bond [exchange].” Credit Suisse Director 2 raised concerns with Singh that Credit Suisse might “cut ties” on the EMATUM Exchange based on the valuation because the “committee is going to demand we get more info as part of [due diligence]” and because, “no one” could “qualify” the value of certain aspects of the EMATUM deal such as the “transfer of technology.” Credit Suisse Director 2 concluded that the EMATUM Exchange was “going to be ugly” and explained that the “EMATUM transaction was going to be f**king s**t.”

58. Reflecting Credit Suisse’s concern about, among other things, reputational damage if it did not carry out the EMATUM Exchange, on or about March 1, 2016, a Credit Suisse employee sent another Credit Suisse employee a draft document with redline changes requesting approval for the EMATUM Exchange. The document outlined the issues raised by the valuation reports and gave an update on media coverage. On the first page, the memo indicated that the EMATUM Exchange would, among other things, “protect our reputation.” A later section of the memo, titled “Media Reporting,” stated, “The reputational damage would be significant if CS wasn’t involved in restructuring the deal and another bank was brought in instead.” And the “EMATUM transaction has proved problematic from (i) a media perspective . . . and use of proceeds.”

59. On or about March 3, 2016, Credit Suisse Director 2 forwarded notes of a discussion he had had with Do Rosario to other Credit Suisse executives and senior employees, several of whom were in the Reputational Risk function, as well as to Singh. The notes reflected that Credit Suisse Director 2 shared the results of Credit Suisse's expert valuations with Do Rosario, including the shortfall of hundreds of millions of dollars, after which Do Rosario asked the executive if Credit Suisse's due diligence "had focused on whether funds had been diverted by [Privinvest]." Credit Suisse Director 2 "explained that [Credit Suisse's] due diligence had focused on the Use of Proceeds." Credit Suisse Director 2 stated that Do Rosario explained that "he does not feel that [Privinvest] has taken advantage of EMATUM & that [Privinvest] has provided value overall."

60. On or about March 3, 2016, multiple Credit Suisse executives and senior employees participated in a Reputational Risk meeting regarding the EMATUM Exchange. The Reputational Risk approver raised concerns about the valuation shortfall, noting that a shortfall of \$250 million was "difficult to understand." A compliance executive explained that Credit Suisse had been reviewing the valuation reports from a regulatory perspective and stated that Credit Suisse had "an obligation to report if there [was] a reasonable suspicion of financial crime" which could lead to "potential issues" and a "formal referral under the [U.K.] Proceeds of Crime Act," but that compliance executive was also "reassured by the reaction from EMATUM." Credit Suisse Director 2 said Do Rosario had stated he was "concerned but not alarmed" regarding the external valuations. The same compliance executive advised that the corruption risk, which another employee noted Credit Suisse had reviewed in 2013, "did not appear to have crystallised" and so "on balance [the valuation shortfall] did not appear to pose a reasonable suspicion [of] financial crime that would require a filing."

61. Relying on the “rationale presented by the business [team],” the Compliance Department’s “confirmation of no objection,” the condition that no new funds would be raised, and that assisting with the restructuring was economically the best outcome for current investors and Mozambique, the Reputational Risk approver approved the EMATUM Exchange.

62. On or about March 8, 2016, Credit Suisse circulated a Global Investment Banking Committee (“GIBC”) memorandum internally for approval of the EMATUM Exchange. The GIBC memorandum explained that one risk of the EMATUM Exchange was that Credit Suisse’s independent valuation of the EMATUM vessels “was lower than expected from amount raised by EMATUM” and noted that Credit Suisse sent the EMATUM loan proceeds directly to Privinvest.

63. Despite the use of proceeds concerns raised by the significant valuation shortfall and other previously identified red flags, which underscored the risk that the EMATUM proceeds had been used for corruption and bribery, Credit Suisse approved the EMATUM Exchange.

Credit Suisse’s False Statements to EMATUM Securities Investors

64. On or about March 9, 2016, Credit Suisse and Investment Bank 1 publicly announced the EMATUM Exchange. To convince investors to exchange their EMATUM LPNs for Mozambique-issued bonds, Credit Suisse and Investment Bank 1 prepared documents about the EMATUM Exchange (the “Exchange Investor Documents”) that were sent to investors, including in the United States, using interstate and international wires.

65. These Exchange Investor Documents included false and misleading statements regarding the use of proceeds of the original EMATUM loan. Even though Credit Suisse, through Singh, was aware that Credit Suisse bankers had received kickbacks from the

EMATUM loan proceeds, this was not disclosed to investors. Moreover, Credit Suisse did not disclose evidence of the risk that EMATUM LPN proceeds had been misappropriated, which it learned from, among other things, the due diligence processes at the time of the ProIndicus and EMATUM loan transactions and subsequent boat valuations. Credit Suisse did disclose that it had been “widely reported in the press that the proceeds of the [LPNs] had been used in part to purchase defense equipment,” and that “subsequent press reports [had] also called into question whether all of the proceeds of the [LPNs]” were used for authorized or appropriate purposes. Credit Suisse, however, did not disclose any of the information Credit Suisse had about the significant shortfall between the price Privinvest charged EMATUM for the 27 boats and the fair market value of those boats.

66. In addition, the Exchange Investor Documents failed to specifically disclose the ProIndicus or MAM loans or their maturity dates. Rather, the Exchange Investor Documents stated Credit Suisse had “engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and have performed and continue to perform services for the Issuer and its affiliates in the ordinary course of business for which they have received and for which they will in the future receive, fees. ... In particular, an affiliate of [CSSEL] has a lending relationship with a wholly-owned state entity whose obligations have the benefit of a guarantee from Mozambique.” Credit Suisse knew that by agreeing to the EMATUM Exchange, which delayed the EMATUM loan repayment date, EMATUM LPN investors were also agreeing to be paid after any other investors in other Mozambique government loans that matured earlier, such as ProIndicus. Credit Suisse arranged the ProIndicus loan and was also an investor in the ProIndicus loan. As a result, by extending the EMATUM loan repayment date through the EMATUM Exchange, Credit Suisse would be

repaid on its investment in the private ProIndicus loan before EMATUM Securities investors were repaid.

67. Credit Suisse arranged a “road show” in New York and London so that Mozambican government officials, including Do Rosario, and others, including Credit Suisse employees, could meet with investors to convince them to approve the EMATUM Exchange. On or about and between March 14, 2016 and March 15, 2016, Credit Suisse employees and Mozambican government officials, including Do Rosario, traveled to New York and met with at least ten investors regarding the EMATUM Exchange. During this road show, Credit Suisse and Do Rosario did not inform investors of (1) the significant valuation shortfall and risk that loan proceeds were improperly diverted, including to bribes; (2) the existence or maturity dates of the ProIndicus and MAM loans; (3) that Mozambique had not disclosed its true level of debt to the ProIndicus and MAM loans to the International Monetary Fund (“IMF”); and (4) kickbacks paid to Credit Suisse bankers in connection with the EMATUM loan.

68. Ratification of the EMATUM Exchange required approval of 81% of the LPN holders. Around the time of the road show for the EMATUM Exchange, Credit Suisse personnel estimated that 39% of the EMATUM LPNs were held in the United States. By no later than March 16, 2016, Credit Suisse determined that a sufficient number of EMATUM LPN holders had agreed to the EMATUM Exchange. On or about March 17, 2016, an updated EMATUM Exchange announcement was distributed to EMATUM LPN holders by wire indicating, among other things, interest rates for the new securities and an updated early exchange deadline.

69. By on or about March 23, 2016, the early deadline, Credit Suisse

determined that 98% of the EMATUM LPN holders had voted on the EMATUM Exchange, with approximately 86% of EMATUM LPN holders consenting to the EMATUM Exchange based upon the co-conspirators' false and misleading information about the EMATUM Exchange.

70. On or about April 6, 2016, the EMATUM Exchange settled, resulting in the exchange of the EMATUM LPNs for Eurobonds on that same day.

71. Aspects of Credit Suisse's fraudulent conduct were revealed beginning in April 2016, causing the price of the EMATUM Securities to drop and resulting in losses to investors. For example, on or about April 15, 2016, the IMF announced that it was halting aid to Mozambique after discovering that Mozambique had not disclosed debt of \$1 billion related to the ProIndicus and MAM projects. On or about April 29, 2016, Fitch Ratings Ltd. downgraded Mozambique's credit rating from B to CCC after Mozambique's undisclosed debts were revealed.

72. Following the EMATUM Exchange, in or about and between May 2016 and March 2017, ProIndicus and MAM defaulted on their loans, and Mozambique defaulted on the Eurobonds. As result of the scheme, EMATUM investors who subsequently held Eurobonds following the Exchange suffered losses.

CONSPIRACY TO COMMIT WIRE FRAUD

73. The allegations contained in paragraphs one through 72 are realleged and incorporated as if fully set forth in this paragraph.

74. In or about and between 2013 and March 2017, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant CREDIT SUISSE GROUP AG, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud one or more investors and potential investors in the

EMATUM Securities, and to obtain money and property from them by means of one or more materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, to transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

(Title 18, United States Code, Sections 1349 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION

75. The United States hereby gives notice to the defendant that, upon its conviction of the offense charged herein, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offense to forfeit any property, real or personal, constituting, or derived from, proceeds obtained directly or indirectly as a result of such offense.

76. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided

without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to

seek forfeiture of any other property of the defendant up to the value of the forfeitable property described in this forfeiture allegation.

(Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p); Title 28, United States Code, Section 2461(c))

BREON PEACE
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

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F. #2016R00695
FORM DBD-34
JUN. 85

No.

UNITED STATES DISTRICT COURT
EASTERN *District of* NEW YORK
CRIMINAL DIVISION

THE UNITED STATES OF AMERICA

vs.

CREDIT SUISSE SECURITIES (EUROPE) LIMITED,

Defendant.

INFORMATION

(T. 18, U.S.C., §§ 981(a)(1)(C), 1349 and 3551 et seq.; T. 21, U.S.C., § 853(p); T. 28, U.S.C., § 2461(c).)

A true bill.

Foreperson

Filed in open court this _____ day of _____
A.D. 20 _____

Clerk

Bail, \$ _____

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