# I. Galp Energia, SGPS, S.A.

## A. Allegations

The Letters collectively allege that: (1) Exem Energy BV ("Exem"), a Dutch special purpose investment vehicle, acquired 40% of Esperaza Holdings ("Esperaza"), a company owned by Sonangol E.P. ("Sonangol"), the Angolan state-owned oil company, that held a "significant stake" in Galp Energia, SGPS, S.A. ("Galp"), a Portuguese energy conglomerate; (2) Exem acquired its investment stake without a public tender at a "theoretical" price of $75 million; and (3) Exem financed 85% of its $75 million acquisition through a loan from Sonangol that was repayable only if Exem received dividend payments from Esperaza and on which Exem is currently in default.

## B. Response

The facts are as follows:

1. In 2005, Mr. Dokolo and Américo Amorim, at the time one of Portugal's most successful businessmen and investors, identified, pursued and negotiated an opportunity to acquire 33.34% of Galp through a joint investor consortium.

2. Mr. Dokolo held discussions with Sonangol in late 2005 to explore Sonangol's interest in joining the investor consortium and acquiring an indirect stake in Galp.

3. After an internal review, Sonangol decided to invest in Galp with Exem as part of the consortium. Sonangol business ventures, investments and partnerships do not require a public tender under Angolan law. Public tenders are limited to procurement and supply contracts.

4. Sonangol and Exem then entered into a joint venture through Esperaza in December 2006 with Sonangol holding 60% and Exem holding 40%. Esperaza in turn acquired 45% of Amorim Energia, which was the investor consortium formed to acquire 33.34% of Galp.

5. The total equity investment amount for Amorim Energia's 33.34% stake was EUR 420 million. Esperaza's 45% investment in Amorim Energia was therefore EUR 189 million, with Exem committing to investing EUR 75 million (40% of EUR 189

million) as the appropriate amount corresponding to its 40% ownership interest in Esperaza.

6. Exem paid 15% of its investment upfront and the remaining 85% through a fully collateralized interest-bearing loan. The loan terms specified (a) full repayment of the loan by 31 December 2017; and (b) use of dividends by Exem to repay the loan before its maturity date to Sonangol.

7. In the summer of 2017, we are instructed that Sonangol was experiencing a liquidity crisis and asked Exem if it could repay the loan early, accepting local Angolan currency kwanza ("Kwanza") as payment.

8. Exem agreed to the condition that the repayment would be in Kwanza instead of Euro, which Sonangol and Exem memorialized through a written agreement co-executed by the CEO of Sonangol.

9. Exem repaid the loan in full, including interest, on 13 October 2017.

10. Exem did not receive any dividend payments from Esperaza before its repayment of the loan.

11. We are instructed that for several years, Esperaza, with the approval of its Board and at Sonangol's request, had refrained from making any dividend payments to Sonangol and Exem because that would have triggered a significant withholding tax liability for Sonangol in Angola, as there are no double taxation agreements in place.

12. Esperaza's Board comprised two appointees from Sonangol and one appointee from Exem.

## II. De Grisogono

### A. Allegations

The Letters collectively allege that: (1) Mr. Dokolo, through his indirect ownership of Melbourne Holdings, formed Victoria Holding Limited and Victoria Limited, two Maltese companies, as a joint venture with Sodiam E.P. ("Sodiam"), the Angolan National Diamond Trading Company, to acquire De Grisogono, a Swiss luxury jeweller; (2) Sodiam financed its shareholding acquisition through a $150 million loan from Banco BIC, an

Angolan bank partially owned by Ms. dos Santos, at an excessive interest rate of 9%; (3) Mr. Dokolo's contribution to the investment was limited to $4 million financed through an "inexplicable" success fee paid to Mr. Dokolo through his company Almerk International ("Almerk"); (4) Mr. Dokolo and Ms. dos Santos used De Grisogono for "lavish" celebrity parties at the Cannes Film Festival while De Grisogono made losses; (5) with interest, Sodiam's loan liability has grown to $200 million; and (6) as part of the De Grisogono investment and as a result of Ms. dos Santos's relationship with her father, Sodiam allocated 45% of Angola's rough diamond output to Mr. Dokolo's company Nemesis International DMCC ("Nemesis"), which could generate up to $950 million in profits.

**B. Response**

The facts are as follows:

13. The diamond investment opportunity was based on a deep and longstanding experience in the diamond trading business, originating with Mr. Dokolo's family's Congolese diamond business in the early 1980s.

14. We are instructed that after Angola became a participant in the Kimberley Process in 2003, Sodiam sought to stabilize and grow the sale of Angolan rough diamonds and improve the reputation of Angolan diamonds in global markets.

15. We are instructed that in or around 2005, Sodiam implemented a "sightholders" system to sell diamonds produced by mines in Angola and began to sell Angolan rough diamonds to a group of pre-selected buyers called "Preferential Buyers". The benchmark used was policy in South Africa, Russia, Namibia, Botswana and other diamond-producing countries that had implemented "sightholders" agreements. De Beers – as a private company and one the world's largest diamond producers – had already for many decades used "sightholders" contracts awarded by the Diamond Trading Company.

16. We are instructed that Preferential Buyers, who need to have financial capacity, contractually commit to buying the rough diamond output from specific mines in Angola for an independently set price negotiated with the mine owners for a one or two-year renewable period.

17. We are instructed that in 2009, an advisor to an investment bank presented Mr. Dokolo with a potential acquisition opportunity of De Grisogono, and negotiations ensued, which lasted until 2012 and included external consultants.

18. The strategic vision for the acquisition of De Grisogono, envisaged by Mr. Dokolo, was to achieve a vertical integration of Angola's diamond industry and to create a value-added business along the entire value chain from mining to polishing to retail sales.

19. Sodiam recognised potential benefits in Mr. Dokolo's vision, which led to the formation of the joint venture between Mr. Dokolo and Sodiam to acquire De Grisogono in 2012 as equal partners and to rebrand De Grisogono as a brand for pure fine diamonds.

20. Sodiam financed its shares in the acquisition, through an arrangement of a credit facility of Kwanza 11.4 billion (then approximately $120 million in value) at a market-standard interest rate of 9%. Mr. Dokolo invested his own funds.

21. We are instructed that for the successful complex negotiations and structuring of the acquisition of De Grisogono, which included buying back the company's bank debts in Switzerland at a significant discount resulting from a payment of only CHF 25.7 million of the CHF 63.5 million outstanding, Mr. Dokolo, through his company Almerk, received a remuneration fee of $5 million.

22. We are instructed that since the acquisition and until Sodiam's unilateral withdrawal from the joint venture in 2018, Mr. Dokolo invested about $115 million in equity into De Grisogono – verified through an independent audit by a leading global professional services firm and presented to both shareholders. Similarly, Sodiam invested $115 million in equity in De Grisogono. Both partners invested the same amounts into the company.

23. We are instructed that, in part to ensure a sufficient supply of high-quality diamonds for De Grisogono, the company Relactant became a Preferential Buyer to purchase rough diamonds and Relactant agreed to pay an above-market rate of an additional 5% as goodwill for Sodiam.

24. We are instructed that, from 2012 to the end of 2017, through an extensive business turnaround process, De Grisogono's performance steadily improved as its clients and the market began to recognise the brand's transformation.

25. We are instructed that De Grisogono had a long-standing marketing and sales campaign during the Cannes Film Festival season, which Mr. Dokolo and Ms. dos Santos attended as guests only. This marketing initiative began, and was part of the company's sale strategy, well before the company's acquisition in 2012. These marketing and sales events were calendarized and fully approved by the company's management. They mirrored other luxury brands such as Jacob and Co., Chopard and IWC (among others), which held similar marketing and sales events at the same time and place consistent with industry standard practice.