Son of Equatorial Guinea’s dictator plans one of world’s most expensive yachts

28th February 2011

For over a decade, Global Witness has targeted policy-makers, international organisations, regulators and the banks themselves in an effort to make it harder for corrupt politicians to stash loot in foreign bank accounts. If such checks had been in place and properly enforced, the stolen assets now being seized across the world would not have been in our banks in the first place.

The events unfolding in the Middle East show that we must act now. Unless we tackle corruption on this scale, development will not happen and billions of people will continue to live in poverty. We can persuade the financial sector to clean up its act, but we need your help. Please click here to donate. Thank you.

Note: the image attached to this press release shows Roman Abramovich’s Pelorus – understood to have been used as a blueprint for the planned Obiang yacht.

Global Witness has learned that Teodorin Obiang, the notorious son of Equatorial Guinea’s long-ruling dictator, commissioned plans to build a superyacht worth $380 million – almost three times more than his energy-rich country spends annually on health and education programs combined [1]. This news comes amid an increasingly heated debate about how Middle Eastern dictators and their family members have enjoyed luxury lifestyles, as well as stashing their assets in foreign countries.

Teodordin (full name Teodoro Nguema Obiang Mangue) asked Germany’s Kusch Yachts to draw up a basic design for the secret project, which is codenamed “Zen.” Last year, Global Witness revealed details from a U.S. Justice Department investigation into Teodorin which mentioned plans to build a yacht. After discovering that it was to be built at Kusch’s shipyard in northern Germany, a Global Witness investigator visited the company and obtained key details about the project, confirming the identity of the client, and the yacht’s price tag. The vessel’s basic design was completed by Kusch in December 2009 for €250,000 ($342,000) with an original delivery date set for late 2012. However, construction has not yet started.

The Obiang regime has a long track record of looting money that belongs in Equatorial Guinea’s treasury. Global Witness has previously revealed Teodorin’s profligate lifestyle in the US and elsewhere with a $35 million dollar Malibu mansion, a fleet of luxury cars and a private jet, while earning a ministerial salary of $6,799 per month [2]. It would take him some 4,600 years to pay for Project Zen on his reported official salary.
“Evidence points to corruption by Teodorin on a scale that would not be possible or attractive if countries like Germany and the U.S. were not safe havens, in terms of free passage for him and for his questionable private wealth,” said Gavin Hayman, Director of Campaigns at Global Witness. “$380m is a staggering sum – that a President’s son from such a poor country has ordered this yacht is outrageous extravagance on his part.”

Teodorin’s father, Teodoro Obiang Nguema Mbasogo, took power in 1979 following a bloody coup and presides over a repressive government almost entirely dependent on energy revenues generated by ExxonMobil, Marathon and other multinational giants and has one of the worst human rights reputations in the world [3]. Obiang came eighth on a 2006 list by Forbes of the world’s richest leaders with a fortune estimated at $600 million, whilst the majority of Equatorial Guinea’s people live in poverty [4]. Incredibly, since oil was discovered in the mid-1990s, poverty levels have actually worsened. Equatorial Guinea enjoys a per capita income of about $37,900, one of the highest in the world. Yet 77 percent of the population falls below the poverty line, 35 percent die before the age of 40, and 58 percent lack access to safe water [5].

Forty-one-year old Teodorin is the Minister of Agriculture and Forestry and vice president of the ruling party, and is apparently being groomed to succeed his father. A US embassy cable from March 2009 posted by Wikileaks describes how Teodorin was given a significant tract of pristine jungle to log, leaving him with a “large windfall”. The author of the cable paints a picture of a nepotistic state where choice natural resource concessions are handed out to the President’s family and close associates. Responding to corruption allegations, Teodorin told the US official: “I’ve been very lucky in business [...] and I like to live well” [6].

According to the Justice Department investigation Teodorin funneled roughly $75 million into the United States between 2005 and 2007 through three European banks — Banque de France, Natixis and Fortis — and then on to the U.S. through Wachovia (later bought by Wells Fargo), Union Bank of California, and Bank of America [7]. Global Witness questioned what checks these banks had done on Teodorin’s funds; they could not comment on this.

 “[I]t is suspected that a large portion of Teodoro Nguema OBIANG’s assets have originated from extortion, theft of public funds, or other corrupt conduct,” says a Justice Department document dated 4 September 2007. The document relates to a preliminary investigation; as yet no charges have been filed [8].

Kusch employees who spoke with Global Witness’ investigator said that Teodorin’s yacht will be 118.5 meters (387 feet), housing a cinema, restaurant, bar, swimming pool and a $1.3 million security system complete with floor motion sensors, photoelectric barriers and fingerprint door openers. Teodorin reportedly met a representative of Kusch at a hotel in Switzerland to discuss the design.

Its total contract price is approximately 288 million Euros, or $380 million at current exchange rates. This would make it the world’s second most expensive yacht, behind Russian oligarch Roman Abramovich’s $1.2billion Eclipse [9]. England’s Tim Heywood, one of the world’s most renowned yacht designers, produced the drawings for Project Zen. Heywood’s previous designs include the 377-foot Pelorus, which served as the blueprint for Project Zen and is also owned by Abramovich.

BLUEPRINT: THE YACHT OF RUSSIAN OLIGARCH ROMAN ABRAMOVICH, OWNER OF BRITISH PREMIER LEAGUE SIDE CHELSEA FOOTBALL CLUB
“Kusch’s motto is, ‘we don’t just build yachts that you use, we create a dream that you live’. But this sounds more like a nightmare for Equatorial Guinea’s oppressed and brutalized citizens, whose money may once again be put to Teodorin’s benefit rather than theirs,” said Hayman. “The yacht company involved should refuse his cash and repudiate any involvement in the project. In addition, this order should raise loud alarm bells for whichever bank handles this transaction.”

Kusch confirmed to Global Witness that Teodorin was a client, but would not give further details “for reasons of confidentiality”. Tim Heywood declined to comment.

The Information and Press Bureau of the Government of Equatorial Guinea confirmed that Teodorin had ordered the design, while adding that he “then dismissed the idea of buying it”. The spokesperson claimed that if the order had gone ahead Teodorin “would have bought it with income from his private business activities and he would not in any case have bought it with funds derived from sources of illegal financing or corruption”. She clarified that in Equatorial Guinea “there are no legal restrictions prohibiting public figures from taking part in private lucrative activities” [10].

Some countries, such as the U.K., require luxury goods dealers including yacht builders to abide by anti-money laundering rules. Like banks, they have to monitor their customers for suspicious activity and report doubts about dirty money to the authorities. Global Witness is calling on Germany to implement similar regulations. In addition, Germany should work with EU member countries to produce mandatory revenue payment disclosure laws for extractive companies, such as those required by the Dodd-Frank Wall Street Finance Reform Act. The Extractive Industries Transparency Initiative (EITI) conference hosted by President Sarkozy in Paris next week would be a good place to start this process.

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Notes:
We mostly stick to small-fry targets like West Hollywood politicians who green-light towering concrete atrocities and Los Angeles mayors who green-light six-foot walls around their mansions, but because 41-year-old Teodorin Obiang happens to be a resident of L.A. County’s very own Malibu community and because third-world dictators are so damn hot right now, we’re going to aim a little higher today. Obiang’s family heads the small African nation of Equatorial Guinea (it’s a technical democracy — like, the way Egypt was a democracy), and has a pretty bad rap around those parts. According to the UK Guardian, his father “has ruled for more than 30 years and been accused of grave human rights violations. Forbes magazine estimated his wealth at around $600m.”

Might as well pile on a $380 million yacht, right?

That was the younger Obiang’s thinking a couple years back, when he allegedly filed plans for a 387-foot private boat with a movie theater, restaurant, bar, swimming pool and security system worthy of James Bond (think photoelectric barriers and fingerprint door openers).

According to Global Witness, the watchdog group that broke the news this morning, “the vessel’s basic design was completed by [German company Kusch Yachts] in December 2009 for $342,000 with an original delivery date set for late 2012. However, construction has not yet started.”

“A very lucky in business ... and I like to live well.” — Teodorin Obiang

A little more on Obiang Sr., from the Global Watch report:

Teodorin’s father, Teodoro Obiang Nguema Mbasogo, took power in 1979 following a bloody coup and presides over a repressive government almost entirely dependent on energy revenues generated by ExxonMobil, Marathon and other multinational giants and has one of the worst human rights reputations in the world. … Equatorial Guinea enjoys a per capita income of about $37,900, one of the
highest in the world. Yet 77 percent of the population falls below the poverty line, 35 percent die before the age of 40, and 58 percent lack access to safe water.

How did we know Big Oil had something to do with this?

Back in 2007, California’s own upper crust found a new neighbor in Obiang when he bought a $35 million mansion in Malibu. The LA Weekly ran a story, titled “Malibu Bad Neighbor,” on the mysterious silence of high-profile activists who live in the area. Only one man spoke up:

Robert E. Williams, associate professor of political science at Pepperdine [Ed note: The university is located just a few miles from Obiang’s property], tried to alert Malibu papers, but never heard back from reporters. “My guess is that the small local papers don’t want to explore this story, as a big part of their revenue comes from real estate advertising,” Williams says.

Williams criticizes well-known real estate agent Jeff Hyland, who handled the sale, saying, “I don’t think it is too much to ask realtors not to deal with dictators,” and adding, “We need a greater public awareness to put pressure on Washington” so that the federal “antikleptocracy” initiative pushed by the Bush administration and Congress finally does as promised: prevent dictators from using funds drained from poor countries.

As far as we know, Obiang still owns the 3620 Sweetwater Mesa Road property, a 15,000-square-foot monstrosity that overlooks the Malibu pier — along with his $33 million jet and fleet of luxury cars. And we’re sure the yacht, commissioned under the guise “Project Zen” (have thee no shame?), would have sat mighty proud in the nearby Marina Del Rey harbor.

However, in response to the investigation, Obiang’s reps are claiming he was never going to go through with it. A spokeswoman for the Equatorial Guinea government told the Guardian that “the minister did not order that a yacht be built in order to supposedly pay for it. The minister requested a sketch of what building a yacht would entail, and then dismissed the idea of buying it.”

Right. For what it’s worth, L.A. gossip site Bossip printed the following in 2009:

According to sources close to Teodoro Nguema Obiang, he is dropping major stacks on his new girlfriend who people also believe is his cousin. It is said that he regularly spends up to $200,000 a day on frequent LA shopping sprees. The identity of his girlfriend/cousin was revealed to a store assistant, when the two were buying $70,000 in Italian designer clothes and shared the same fitting room.

You all may recall when Obiang rented Microsoft billionaire Paul Allen’s 300-foot yacht, Tatoosh, for somewhere between $400,000 or $700,000. The reason, to take Eve, who he’s been dating on and off again for several years, on a Christmas cruise.

Now that the lid’s off his $380 million plan, we suppose the dictator-to-be will just have to settle for a stagnant life of laying low in the Malibu slums — that is, until Daddy Obiang needs his first-born to take over the evil family regime. Looks rough:

March 3, 2011 7:11 AM EST
African despots’ corruption-funded extravagance: Teodorin Obiang eyes $380-mln yacht

By Jijo Jacob

The irony can’t be missed when the scion of a tiny sub-Saharan country, which has the dubious distinction for having the highest child mortality rate in the world and abysmal public health and education systems, splurges ill-gotten money on a multi-million dollar super-luxury yacht.

Britain’s Mail Online said in a report that Teodorin Obiang, the son of Equatorial Guinea’s dictator, has commissioned a $380 million superyacht, with cinema, restaurant, bar and swimming pool.

The report says the yacht, one of the most expensive in the world, will be modeled after Russian billionaire Roman Abramovich’s yacht, Pelorus. The report says Teodorin is employed as the country’s agriculture minister with a monthly salary of $6,799. So where does the money come from?

The tiny country of half-a-million people is mired in corruption and the president’s family and relatives control most businesses.

This is what Human Rights Watch (HRW) says: “Equatorial Guinea remains mired in corruption, poverty, and repression under the leadership of Teodoro Obiang Nguema Mbasogo, the country’s president for over 30 years. Vast oil revenues fund lavish lifestyles for the small elite surrounding the president, while the majority of the population lives in dire poverty.”

Equatorial Guinea is not a poor country in the sense poverty is generally understood in Africa. The tiny republic has vast oil resources. “Over the last decade it has become one of the biggest producers of oil in Africa and by some measures it has a higher GDP per capita than the UK, France and Germany,” according to corruption watchdog Global Witness.

Though per capita income is the highest in the sub-Saharan Africa and among the highest across the world thanks to huge oil revenues, the wealth has largely been concentrated in a few hands. The socioeconomic situation of most of the country’s more than half a million population is awful. For example, the country has the world’s highest child mortality rate.

“One study published in The Lancet found that the country had the world’s highest child mortality rate, though a second study in the same publication found that the country did see progress in reducing maternal mortality,” according to HRW.

The outrageous extravagance of Teodorin is funded by the illegal siphoning of the country’s wealth. The Human Rights Watch has said that a U.S. Senate investigation showed that Teodorin had bypassed “money-laundering controls and used suspect funds to finance expensive purchases in the US.” “The son’s spending on luxury goods from 2004-2007 was nearly double the Equatoguinean government’s 2005 budget for education.”
According to CIA World Fact Book, the country spends only a meager 0.6 percent of the gross domestic product on education. The GDP, as per official exchange rate, was put at $14.5 billion as of 2010.

“Despite the country’s economic windfall from oil production resulting in a massive increase in government revenue in recent years, there have been few improvements in the population’s living standards,” according to the Fact Book. President Teodoro Obiang has ruled the country since 1979 when he seized power in a coup, it says.

Global Witness has this to say about Teodorin: “Our investigations have exposed how the President’s son and government minister, Teodorin Obiang, has spent millions of dollars on sustaining a playboy lifestyle in Europe and the U.S. while reportedly earning a government salary of only a few thousand dollars a month.”