

## Big Oil stands by as con man swindles East Timor

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As Bobby Boye surveyed his extensive property portfolio, the 2011 Rolls-Royce Ghost and other luxury vehicles in the garage, he may well have reflected with some satisfaction on a job well done.

The Nigerian national with a penchant for signing off his emails "Bobby W. Boye esq." and wearing suits with waistcoats in the hot tropical weather made his fortune in East Timor, where he was lauded as a hero in the local media.

Boye had been working for the East Timorese government since 2010 in a role pivotal to the fledgling nation's prosperity.

East Timor, still stumbling into nationhood, had just conducted the first tax audit of the oil companies that provide more than 90 per cent of its revenue. Until then, the oil companies essentially self-assessed, and East Timor was worried it was being ripped off.

Boye's job was to issue the formal tax assessments to claw back unpaid revenue. He succeeded brilliantly, forcing the oil companies to cough up more than \$350 million.

But as he was raking in the revenue, Boye was robbing East Timor.

The shocking truth was he was a convicted felon, a charlatan and embezzler who has allegedly scammed \$3.51 million from East Timor's threadbare treasury.

Boye was arrested in June this year after the East Timorese tipped off the FBI in April 2013.

Yet East Timor's government was not the first to know, not by a long shot.

Emails obtained by Fairfax Media, along with interviews with people involved in the saga, attest that at least a dozen people working for the oil and gas industry knew about Boye's chequered past.

In many cases, that knowledge stretched as far back as two years before East Timor's government says it independently realised Boye's malfeasance.

Senior staff at oil and gas giant ConocoPhillips, among others, kept secret their concerns about Boye's credentials even though he was a man they detested, an imposing and arrogant interloper who had cost them a significant amount of money.

For Pierre-Richard Prosper, a partner at international law firm Arent Fox, who is acting for East Timor, the refusal to share the information was "shocking and appalling".

"Clearly, they held this to be used as some kind of leverage; the question is against whom and for what intended gain?"

Oil industry sources and emails obtained by Fairfax Media reveal the oil companies became suspicious about Boye as early as December 2010, when an influential local website, La'o Hamutuk, ran a story about oil companies "robbing" East Timor of taxation.

The figures about the adverse tax assessments were uncannily accurate – prompting concerns that Boye had leaked the information.

Several industry sources said they tried to formally protest to the head of East Timor's customs and revenue service, Cancio de Jesus Oliveira, but he allegedly fobbed them off.

Emails show ConocoPhillips decided not to pursue the matter with East Timorese authorities any further.

But the oil industry made further inquiries, using investigators and lawyers to do due diligence on Boye. What they found out about him was far more disturbing than the unauthorised leaking of information

Emails sent in June 2011, one bearing the subject heading "A Nigerian con artist in our midst?", outlined how Boye's claims to have studied at Cambridge University and worked at energy giant Chevron and the international law firm Clifford Chance were fake.

As the email noted: "I imagine the Timor government would be most embarrassed."

The email was circulated to a number of ConocoPhillips Australia executives.

Research was not that difficult; the irregularities could be easily detected by perusing documents on the public record.

The investigations uncovered further evidence of Boye's unsavoury past. Boye had served three years in prison in California for embezzlement in 2007 and had been banned for life by the New York Stock Exchange after defrauding clients of their stocks in 2004.

By mid-2012, oil company staff were also aware of serious problems with Opus & Best, a company that was awarded a lucrative contract to provide tax advice to the East Timorese government.

According to emails obtained by Fairfax Media, ConocoPhillips deduced that the company was registered four days after it was awarded the contract.

Moreover, the Opus & Best contracts were unusually buried on the transparency portal of the Ministry of Finance. The company's website looked like a cut and paste job.

Inquiries to Opus & Best's office in New York for a contact elicited Bobby Boye's personal email address.

Opus & Best was secretly owned by Boye, who used the sham company – it later emerged – to siphon off \$3.5 million from East Timor's threadbare treasury into bank accounts established in New York.

Boye wrote Opus & Best's bid document and was on the committee that awarded the contract. The FBI states that Boye used his stature to dictate the winner.

According to the FBI, Boye used the proceeds of his fraud to purchase the Rolls-Royce, a Bentley Continental and a Range Rover, along with \$US20,000 in watches and a portfolio of four homes in New Jersey.

If ConocoPhillips had informed the East Timorese government, it would have saved the impoverished nation at least \$2 million. By mid-2012, only \$1.5 million had been wired to Boye's fraudulent account.

One industry source said the companies went as far as to track the payments made to the company, and realised the accounts were linked to Boye.

"Everyone knew. Nobody did anything," said one oil industry source, who was among those aware of Boye's past.

"They kept it in their back pocket."

Apparently unaware the FBI was investigating the case or that East Timor had independently come across Boye's mischief, it was not until November last year that Conoco told East Timor about its concerns about Boye, and then only in a two-minute "heads up" at the end of a teleconference between lawyers.

It took until January 2014 for the company to disclose everything it had come across – including the fraud involving Opus & Best, says Mr Prosper, East Timor's lawyer in the tax dispute with Conoco, now before arbitration in Singapore.

"You would expect a partner in a major development with Timor Leste and an honest taxpayer to tell you, 'Look, we have a problem here,' " said Mr Prosper, referring to East Timor by its official name.

According to multiple sources, Conoco's planned appeals against the adverse tax assessments from Boye explains why it refused to pass on what it knew about Boye promptly.

It would make for a devastating case if Conoco could reveal that the author of the tax rulings was a convicted felon and con artist.

It is understood that Boye's character was the key to Conoco's case. The fact that it was able to present detailed allegations about Boye before the FBI investigation became public is proof that it had done its own detailed research.

Fairfax Media attempted to contact the ConocoPhillips executives directly but was referred to ConocoPhillip's media department.

Detailed questions were sent on Friday asking the company when its staff started having doubts about Bobby Boye's bona fides, if it was aware of investigations into Boye by oil companies and their proxies, if it had conducted an investigation itself, and if it contacted the East Timorese government about its concerns.

The oil giant declined to answer these specific questions and others, releasing a short statement instead.

"ConocoPhillips is aware that Bobby Boye was a consultant to the Timor-Leste Revenue service and that he was arrested on 19 June 2014," it said.

"Because of his role within the government, we were obligated to engage with Mr Boye over revenue matters. ConocoPhillips is not involved in the case before the US court."

Conoco's joint venture partners in its Timor Gap oil field include Santos, ENI Australia and Japan's Tokyo Timor Sea Resources.

A Santos spokeswoman said the company and its staff did not know about Boye's convict past and alleged criminality in East Timor until his arrest.

Other joint venture partners ENI Australia and Tokyo Gas either failed to return calls or said they could not find anyone to comment.

East Timor is the world's most oil dependent nation. Its oil revenue comes from just two fields in the Timor Sea. Bayu-Undan, where ConocoPhillips is its major shareholder and operator, is by far the larger and has been operational for longer.

Few, if any, nation states have had to rely on one company so much to underwrite their prosperity.

While East Timor has an annual budget of \$US1.5 billion (\$1.6 billion), ConocoPhillips had revenues of \$US57 billion last year. Its market capitalisation is \$US100 billion.

It describes itself as the world's largest independent gas production and exploration company. It is among the top 25 oil producers in the world.

The \$3.5 million that Boye siphoned off East Timor is the equivalent to almost one month of the tiny nation's health budget.

But that amount is dwarfed in comparison with the \$350 million-plus at stake in the tax litigation. ConocoPhillips alone is disputing more than \$200 million in back taxes and penalties Boye forced it to pay.

The ease of Bobby Boye's fraud reflects badly on East Timor, but it was the Norwegian government that hired Boye and sent him to East Timor under its aid program. Its ineptitude in checking his credentials was staggering.

According to Norwegian news reports, Boye listed 3D Systems as a previous employer. This was true. But it was while at 3D Systems that Boye was found guilty of embezzling \$250,000, money laundering and theft, and sentenced to two years in prison.

All of this, again, was on the public record.

One of the world's most fragile states was badly let down by Norway, the country that ranks number one on the UN's human development index.

Conoco's conduct was even more reprehensible, Mr Prosper says. He called for Conoco's head office in Houston to undertake a "full and complete investigation as to why it withheld vital information regarding fraud from both Timor and law enforcement".

Others in East Timor's government are talking about possible prosecutions of Conoco staff.

East Timor's struggle for independence after 24 years of Indonesian occupation was epic. Its efforts to transform into a middle income state are just as challenging.

Frauds like Bobby Boye sadly prey on post-conflict states. Interlopers of his ilk are not uncommon throughout the

developing world.

Emerging states building the infrastructure of government need all the support they can get to protect them. Its concerns about Boye were triggered by unexplained absences and dubious claims to have a life-threatening illness.

It was fortunate it acted. Boye, according to the FBI, was hatching another scheme to defraud East Timor when he was arrested.

### **BOBBY BOYE**

*Investment banker, tax lawyer, fraudster*

**1963** Born in Nigeria. Later becomes US citizen. Other aliases Bobby Ajiboye, Bobby Aji-Boye.

**1998** Employed by Morgan Stanley. Fleeces clients of shares, which he sells for cash. Permanently suspended by New York Stock Exchange.

**2002-2005** Works at 3D Systems, a 3D printing pioneer, as head of tax department.

**2006** Arrested in California.

**2007** Found guilty of defrauding 3D Systems of more than \$250,000. Serves prison term for grand theft, money laundering and perjury.

**2010** Gets limited licence to practise international law in New York, citing a Nigerian legal training.

**July 2010** Starts as a petroleum tax legal adviser to East Timor's government, hired and funded by Norway. Salary and benefits worth \$350,000 a year. Falsified CV to claim he studied at Cambridge University, worked at Chevron and law firm Clifford Chance.

**Mar-Dec 2012** Boye on committee to award contract for external tax advice for East Timor. Contract awarded to a company that he secretly owns, Opus & Best. \$3.51 million is wired from East Timor to an account he set up.

**April 2013** Flees East Timor.

**May 2013** East Timor refers Boye to FBI for investigation.

**June 19, 2014** Arrested at Newark International Airport by the FBI. Released on \$1.5 million bail.

*This story was found at: <http://www.smh.com.au/national/big-oil-stands-by-as-con-man-swindles-east-timor-20140909-10eb13.html>*