The Virgin Islands Consortium

# FBI Investigating Top Executives Of WAPA Contractor Vitol For Corruption And Money Laundering

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Top executives of VITOL, the Virgin Islands Water and Power Authority's (W.A.P.A.) propane conversion contractor, have been under investigation by the FBI since 2014. According to Reuters, "Miguel "Mike" Loya, Vitol's U.S. head, and Antonio Maarraoui, the company's head for Latin American and the Caribbean, are under investigation by the U.S. law enforcement agency, the sources told Reuters, speaking on condition of anonymity." The investigation, "Operation Carwash," has been dubbed one of Brazil's biggest corruption scandals.

The FBI is investigating Mr. Loyola and Mr. Maarraoui in connection with the Brazil bribery case involving Petróleo Brasileiro S.A. (Petrobras).

Reuters said that the FBI's targeting of Vitol executives was the second recent sign that U.S. authorities are stepping up their involvement in the trading fraud case, the latest twist in Brazil's sweeping "Car Wash" corruption probe. This increases the dangers for Vitol, the world's largest independent oil trader, and other major trading firms like Trafigura and Glencore, also ensnared in the case.

In response to the investigation, Vitol expressed an intolerance for bribery and corruption. Trafigura and Glencore have declined to comment. All of the companies: Vitol, Trafigura, and Glencore – have been suspended from business dealings with Petrobras since Brazilian prosecutors accused them in December of paying more than $30 million in bribes to its employees, Reuters stated.

Petrobras refused to comment on the FBI involvement, but said in an email that it remains committed to cooperating with investigators.

"[The] news should send alarm bells throughout the oil industry. The world's three biggest commodities traders are being investigated for paying millions in bribes to secure deals with Brazil's national oil company, in one of the biggest corruption scandals of all time. This comes as no surprise to us," said Daniel Balint-Kurti, Head of Investigations at Global Witness." Global Witness is touted as an internationally renowned and reputable "Watchdog" organization.

Brazilian prosecutors previously said that Mr. Loya and Mr. Maarraoui "knowingly and voluntarily" arranged to bribe Petrobras employees using middlemen with whom the pair had direct [contact.] The Brazil federal police investigation includes several emails between Loya, Maarraoui and a group of middlemen, along with personal meetings, which often took place in Houston.

Brazilian prosecutors also said that Mr. Loya and Mr. Maarraoui arranged for middlemen to move illicit funds through U.S., European and offshore bank accounts and money had been funneled to Petrobras employees, who in turn gave Vitol sweetheart deals on massive trades involving petroleum derivatives and fuel storage, they said. However, neither have been charged in Brazil or the United States and it is unclear whether the U.S. Justice Department will bring charges. They both refused to respond to requests for comment via email.

**WAPA's Vitol update**

Recently The Consortium reported that Vitol, the company keeping power on through its supply of propane and system maintenance at the Virgin Islands Water and Power Authority, has been at its wits' end with WAPA. The company, which WAPA owes between $160 million to $200 million, is now demanding that WAPA stay current or face losing its supply of the fuel.

WAPA Executive Director Lawrence Kupfer explained during a WAPA board meeting held late April that the petition to the Public Services Commission (P.S.C ) for a 6 cents rate increase was necessary to garner funding to remain current with Vitol, whose subcontract with WAPA does not only include the supply of fuel, but also propane conversion work. Such a scenario would spell trouble for the beleaguered government-owned entity, and disaster for the U.S. Virgin Islands.

WAPA entered into a contract with Vitol in July 2013 for propane conversation with a budget that jumped from the original $87 million to $150 million in 2016. WAPA had promised lower rates of 30 percent once the conversion was completed, but that promise never materialized, with residents realizing increases over the years in their utility bills instead of the promised decreases.

**Switzerland assists Brazil**

Because Vitol, Glencore and Trafigura, all have strong ties to Switzerland, the Swiss authorities assists Brazilian prosecutors in the investigation of the alleged corruption. “The Swiss attorney general's office had received requests between June 2018 and January 2019 for “mutual legal assistance” from Brazilian prosecutors relating to their probe. The requests concerned two of the three companies as well as several individuals. The accused included dozens of politicians including Brazil’s popular former president Lula da Silva, who began serving a 12-year sentence on corruption charges in April.”

By April 2018, Switzerland’s top prosecutor had opened more than 100 criminal proceedings tied to the Car Wash scandal in South America after some Swiss banks were used to funnel bribes from industrial conglomerate Odebrecht SA to officials at Brazil’s state-run oil producer Petrobras, according to Reuters. Cooperation between Swiss, U.S., and Brazilian authorities on Car Wash cases led to the world's largest ever leniency deal after Odebrecht [a Brazilian conglomerate of businesses] agreed to pay US$ 2.6 billion.

**Financial World reports**

According to Financial World, “Nonetheless, the media relations office of [the] Federal Bureau of Investigation had been quoted saying [in] an e-mailed statement that they could neither confirm nor deny the existence of the investigations. Despite Vitol’s kickback scheme in Petrobras, Vitol’s U.S. executives were not charged in Brazil, however, it was yet to be revealed whether they had been charged in the United States.”

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