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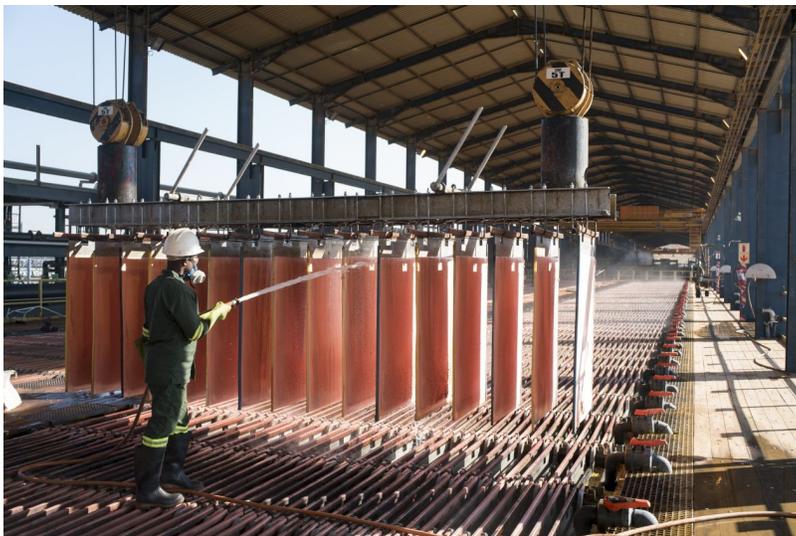
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BUSINESS

Glencore Gave Loans to Businesses Linked to Suspect Congo Dealings

Documents show mining giant provided nearly \$1 billion in loans and advances to aid investments by accused businessman Dan Gertler



A Glencore copper operation in the Democratic Republic of Congo. PHOTO: DIANA ZEYNEB ALHINDAWI FOR THE WALL STREET JOURNAL

By Scott Patterson and Rob Barry

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Swiss mining giant Glencore [GLNCY -0.86% ▼](#) PLC provided nearly \$1 billion in loans and advances to companies associated with an Israeli businessman accused of having corrupt ties to government officials in the Democratic Republic of Congo, according to documents reviewed by The Wall Street Journal.

The loans, made over a roughly 10-year period starting in 2007, were designed in part to help finance investments by the businessman, Dan Gertler, in copper-mining operations in Congo alongside Glencore, the documents show.

The amount of the loans—more than previously reported—highlights the financial ties between Glencore and Mr. Gertler during their decadelong partnership in Congo. The relationship has

been a focus of U.S. and Canadian authorities, who have been investigating the company's Congo operations and ties to Mr. Gertler.

Glencore, the globe-spanning mining behemoth and trading house run by Chief Executive Ivan Glasenberg, for years has pushed back against complaints about its ties to Mr. Gertler. Mr. Gertler and his main company in Congo, Fleurette Group, have denied wrongdoing.

Analysts say mounting concerns about Glencore's Congo operations have contributed to a decline in the Swiss company's share price.

The details about the loans are contained in the Paradise Papers, a trove of documents from a Bermudan law firm obtained by the International Consortium of Investigative Journalists and the German newspaper Süddeutsche Zeitung, and shared with The Wall Street Journal. The papers first surfaced in late 2017.

Glencore has disclosed some of the lending to Mr. Gertler in broad strokes. A 2017 deal to buy out Mr. Gertler's stakes in two Congo mines, for instance, folded in \$556 million in debt—including \$120 million in interest—that Mr. Gertler owed Glencore, the company said at the time. The cash payment in the deal was about \$534 million.

The documents, though, detail a series of specific transactions in which Glencore helped to finance Mr. Gertler's business interests in Congo. Glencore's chief financial officer frequently signed off on documents associated with the loans.

The overall value of the loans and many of their details haven't previously been reported.

A spokesman for Glencore declined to comment on the specifics of the loan agreements. In response to a 2014 report by London-based corruption watchdog Global Witness about Glencore's mining deals in Congo with Mr. Gertler, Glencore said all transactions with the Israeli businessman's companies "have been conducted on arm's-length terms, and all public disclosure requirements applicable to us have been complied with."

A spokesman for Fleurette Group said, "Loans made to Fleurette and its related companies were negotiated on arms-length commercial terms." Any implication that the loans were improper is wrong, the spokesman said. "Fleurette has operated transparently and in line with all applicable laws during its interactions with Glencore," he said, adding that all loans were used for legitimate purposes and were repaid.

Documents reviewed by the Journal show that in 2011 a company controlled by Mr. Gertler owed \$300 million to a Bermuda affiliate of Glencore, Limajo International Inc., a previously undisclosed debt.

By the end of 2014, Mr. Gertler's company owed Limajo \$510 million, the documents show.

Glencore's ties to Mr. Gertler date to the mid-2000s, when both invested in Nikanor PLC, a London-listed Congolese copper operator. In 2007, Glencore lent about \$250 million to a company controlled by Mr. Gertler, and that company used the funds to purchase a stake in Nikanor, according to the documents.

Mr. Gertler later used about \$61 million in Glencore funds to amass shares in another Congo mine operator, Katanga Mining Ltd. , after it merged with Nikanor, the documents show. Glencore invested in Katanga alongside Mr. Gertler and eventually came to control it.

In total, Glencore provided nearly \$900 million in loans and advances to Mr. Gertler's companies, according to the documents. Some of that amount likely included accrued interest on some of the loans, the documents show.

Glencore's Katanga Mining, in addition, made about \$80 million in advances to a company controlled by Mr. Gertler from royalties he was entitled to receive, according to Katanga's public filings. Glencore purchased Mr. Gertler's stake in Katanga in 2017.

The U.S. Treasury Department in December 2017 sanctioned Mr. Gertler, accusing him of trading on a friendship with Congo President Joseph Kabila to amass a fortune through "opaque and corrupt" deals on behalf of multinational companies seeking to do business in Congo. Mr. Gertler has declined to comment on the specifics of the allegations.

Last month, Canada's main stock-market regulator said Katanga Mining hid from investors the risks associated with its reliance on Mr. Gertler. The Ontario Securities Commission said Katanga, which trades in Toronto, paid associates of Mr. Gertler "to maintain relations" with the Congolese government.

The Fleurette spokesman said last month the company "has always acted appropriately and with integrity in the DRC. Nothing has ever been proven against the company or its executives in a court of law."

Glencore in July said it had received a subpoena from the Justice Department for records related to its compliance with U.S. antibribery and money-laundering laws in Congo, Nigeria and Venezuela. Glencore has declined to comment more broadly on the subpoena.

The Journal later reported that ties between Glencore and Mr. Gertler are a focus of the investigation.

Write to Scott Patterson at scott.patterson@wsj.com and Rob Barry at rob.barry@wsj.com

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