

Corruption in Liquid Gases Maheshkhali Floating LNG Terminal

Obaidullah Rony, Samakal, 10 April 2022

Sharifa Begum is a resident of Mohrakata in Maheshkhali Upazila, Cox's Bazar. Like every day on 14 February, she was returning home with a pack of wooden sticks on her head. With this wooden stick rice and curry will be cooked. For a long period of time this is how the life of the women of Mohrakata's sea coast has been going. But five years ago, suddenly one day, a wave of new hope hit them - gas is coming to their yard. Cooking can be done on the gas stove. Near home, close to the sea a floating LNG terminal is being set.

This is the country's first floating LNG terminal. The project began in 2017, at that time daily gas demand in the country was 350 crore cubic feet. But the production was 270 million cubic feet. To overcome the deficit the Ministry of Energy and Mineral Resources took step to build this terminal. Natural gas will be purchased from abroad in liquid form and transported by ship and poured into the terminal; there the liquid gas will again be transformed into liquid and will be taken to the national grid and supplied to factories and homes. For rapid execution of the project without tender the responsibility was given to the US-based foreign company 'Excelerate Energy'. The agreement was they will bear all the expenses and build the terminal and set the equipment; and government will buy LNG from abroad with people's money, hire a ship to bring it to the country, then deliver it to the floating terminal, and when converted to gas through a pipeline it will be taken to the national grid and supplied to the country. And Excelerate energy will be paid a money at a fixed rate on monthly basis. Also, they will get special benefits and discounts in VAT-tax-income tax. However, Samakal investigation has revealed a suppressed story of the maintaining secrecy in this floating terminal. The authority of the terminal under the cover of gas are plotting complicated scheme to loot the money of the country and smuggle it abroad. In this development project of national importance, at least two manipulations against the interest of the country have been clearly found in the investigation. One. In the name of importing terminal equipment money laundering. LC for the purchasing equipment amounting 2 crore 65 lac dollars, but equipment arrived amounting 1 crore 45 lac 31 thousand dollars; whereabouts of the remaining 1 crore 19 lakh dollars or 103 crore taka was not found. Two, the foreign company's investment came as shareholder loans at unprecedented high interest rates.

The foreign loan interest rate is 18 percent, which is not found in Bangladesh as well as nowhere in the world. An official of Bangladesh Bank said that by showing high interest rate, someone may be legalizing undisclosed money in the United States. Besides, foreign currency is being smuggled out of the country through apparently legal channels. For this, from the very beginning, the masterminds behind the scenes remain in the dark and out of reach.

Sharifa Begum does not understand such complicated calculations. They simply understood that even if they can't keep the land of their forefathers, husband and father-in-law's business, they can at least cook and eat in the gas stove every day.

Did they get that happiness? Standing at the place of Mohrakata the question came to mind, in that place 'Custody Transfer Metering Station' has been set. Just opposite to that is house of Sharifa Begum. Beside that next to the roadside tea stall Nurul Islam and Abdul Halim was sitting. The local men of the area were remembering the past sitting the tea stall; movement to protect forefathers' property and assets. Later surrendering to the 'national importance' and lastly losing hope of getting gas at home was discussed. The women cook on the wood stove as before and stare at the metering station with smoke-stained eyes.

Born with cleverness: Because of priority and national without any competitive tender the work of LNG terminal was given to the US based company 'Excelerate Energy'. Their investment was not made easily, it came in an indirect way. According to the analysis of stored information of Bangladesh Investment Development Authority (BIDA) it is found that the identity of the owners in the state of Delaware, USA was kept confidential. In a controversial manner in the name of investing on the two companies registered, Excelerate Energy Bangladesh Limited (EEBL)" was established. Two companies that were registered are 'Excelerate Energy Bangladesh, LLC' and 'Excelerate Energy Bangladesh Holdings, LLC'. According to the data found from the registered online database company of USA, Open Corporates, first company was opened on the 25 June 2014 while the second on 8 June 2015. In the state of Delaware, 'The Corporation Trust' was appointed as agent and the registration of the two companies was taken from the Delaware Division of Corporations. Both the companies address was given as the address of Corporation Trust Company's address at 1209, Orange Street, Wilmington, New Castle Corporation Trust Centre. By hiding the information of the owner and create scope for the citizens of various country to invest black money, US trust company has established a fame. Regarding the controversial investment system of the US state of Delaware, the leading British newspaper The Guardian published an investigative report on April 25, 2016 with a title "Trump and Clinton Share Delaware Tax 'Loophole' addresses with 285,000 Farms". The report mentioned, the Corporation Trust Company, used the address - 1209 Orange Street, Wilmington, New Castle, for registering 285,000 companies of many countries around the world. This two-storied building is a storehouse for tax evasion.

Start of journey with snub! According to the agreement with the government, to set up a floating LNG terminal in the deep sea off the coast of Maheshkhali with a capacity of 50 crore cubic feet per day on 18 July 2016, the Department of Energy and Mineral Resources signed an 'Implementation Agreement' with Excelerate Energy Bangladesh Limited-EEBL. On the same day another terminal usage agreement was signed with Petrobangla. Next year for the infrastructural purpose EEBL signed three agreements with France-based company Geosan, they were signed on March 16, May 26 and July 14, 2017. Considering the agreement, for the import of terminal 'fixed infrastructure-related products' between March 2017 and February 2018, EEBL advanced \$264,699,500 to Geosan in several instalments. Before sending money through Standard Chartered Bank, the company showed reluctance from the start to give necessary documents in Bangladesh Bank's no-objection process. Thus, Bangladesh Bank rejected to give no objection.

Despite of that how did they get no objection, at a stage of investigation a source of Bangladesh bank with a condition of staying anonymous said to Samakal that this project is a priority of government. For allowing no objection several calls were made by influential people and gave strict orders. Later for not retaining to their position Bangladesh Bank provided a conditional no objection. The source

mentioned the name of that influential person. However, the name was requested not to reveal, it is implied in the report.

Fear of money laundering: Bangladesh Bank's no-objection letter has a condition that within 120 days of sending the money, the customs certified bill of entry must be submitted for the full amount. If for any reason the product cannot be delivered, the provision of refund and reporting shall be followed. But till the writing of this report EEBL has not fulfilled those conditions. Finally, on December 7, the Central Bank issued a show cause notice asking why legal action will not be taken against the company.

According to the notice, in view of the application of Excelerate Energy Bangladesh Limited through Standard Chartered Bank, no objection was given to send 2 crore 64 lakh 69 thousand 950 dollars for the import of fixed infrastructure-related goods. Excelerate Energy has submitted a bill of entry of 1 crore 45 lakh 31 thousand 465 dollars. Even after 40 months of sending the money, the bill of entry of 1 crore 19 lakh 38 thousand 485 dollars has not been paid till now. The proof of importation of the goods was not filed despite instructions given by the bank at various times in this regard, which is a clear violation of Section 4(3) of the Foreign Exchange Regulation Act and an offense punishable under Section 23(1).

Section 4(3) of the said Act states that the foreign currency cannot be spent on other activities other than the purpose for which permission has been taken. If for some reason you can't spend on certain activities, you must bring it back through the bank. And Section 23(1) provides seven years imprisonment and fine for violation of law.

Bangladesh Bank was initially given time till December 31, 2021, to respond to the notice. Later the time was extended till January 31, 2022, in view of EEBL's application. Finally, they responded in two rounds of letters on January 20 and 30. The first letter attempted to avoid a reply. The second letter, signed by Excelerate Energy country manager Habibur Rahman Bhuiyan, said the advance money was sent to Geosan as a 'milestone payment (lumpsum)'. The money that was sent in such way can be used to pay for goods, services or both goods and services. As a result, a bill of entry for the import of goods worth one crore 45 lakh 31 thousand 465 dollars has been submitted. The remaining portion was spent abroad on equipment additions, consultancy fees and services. Four years later Excelerate Energy's foreign auditors and lawyers attached letters in its favour.

In this regard, a representative and executive director of Bangladesh Bank Sirajul Islam's statement was taken on March 1. After 2 days on March 3, he said Samakal that Excelerate Energy gave some information in support of their statement. However, whether their statements will be accepted is under review. Another staff of the central bank, requesting his identity to be anonymous, informed Samakal that there is an opportunity to separately send money for expenses in the service sector. Companies operating in the international arena should know this. They could have obtained permission for remittances for the service sector in the same way they obtained permission for buying goods.

Unprecedented interest: From the documents submitted by Bangladesh Investment Development Authority (BIDA), it is found that the investment of EEBL came as loan. Among this, in the name of shareholder loan at 18 percent interest 4 crore 89 lakh 62 thousand 478 dollars were brought. This loan was providing by Excelerate Energy Bangladesh, LLC and Excelerate Energy Bangladesh Holdings, LLC

registered in Delaware, USA. No where in the world there is a policy to bring foreign loans at a high interest rate. But BIDA gave this opportunity to a foreign company.

It is known from BIDA that, Bangladeshi private companies also get charged 2 to maximum 5 percent interest if take foreign loan. For government foreign loan this interest is even lower. But the 18 percent interest-bearing shareholder loan for the LNG terminal project has not only created surprise and suspicion. In this way, but the project cost has also increased a lot. The annual interest expense of this loan is 88 lakh 13 thousand 246 dollars or about 76 crore takas.

Floating terminal is a BOOT (Build on Operate and Transfer) project. In these case fees are calculated by calculating project expenses, Operating expenses, and profit. According to that government every year on average pays 9 crore dollar (778 crore taka) as toll or terminal fees to Excelerated Energy. As per the agreement, after 15 years in 2032, Petro Bangla will have the ownership of terminal. By that time Excelerated Energy is expected to invest a total of 50 crore dollar. And in 15 years they will take at least 135 crore dollars or 11 thousand 610 crore takas.

Excelerated Energy does not have any separate website. But there is a scope to know information and ask questions to various information by filling particular forms on the website of US-based Excelerate Energy. The media 'relations department' was contacted on April 3 with the reporter's name, phone and e-mail address. They were asked if Excelerate Energy Bangladesh is fully owned by US-based Excelerate Energy. Besides, questions arise regarding shareholder loans at 18 percent interest and partial non-refund of money sent for import of 'fixed infrastructure-related goods'. After a week of sending question no responses were found.

When asked about Bangladesh Bank's objection, Habibur Rahman Bhuiyan, country manager of Excelerate Energy, told Samakal on the telephone yesterday, "I am not aware of such a matter of Bangladesh Bank." You are not informed - after asking such questions, he said, 'We have routine work with Bangladesh Bank. All solution issues. There is nothing pending.'

A bidder official who is related with sanction of foreign loan said Samakal on April 3 that usually foreign loans are not sanctioned at an interest rate of more than 2 to 3 percent for competitive sectors. In few cases, loan waivers are provided at up to 5 percent interest. But as per the context of the country, the floating terminal project totally new. Apart from that, they will take their money as a result no objection was raised about 18 percent interest.

After hearing the officer's logic, he was reminded that he will not only take money but also get a large fee from Bangladesh government every year. In 15 years for investing 15 crore dollars, they will get 135 crore dollars. And then, when questioned if 'this huge interest is growing the cost of the entire project and the dollar of the country is going out', the official, who refused to disclose his name said, 'It is precise to produce pressure in the foreign exchange market while taking dollars with high interest. However, considering the importance and the situation of the project there was no option without objection.

An organization that works on consumer rights Consumers Association of Bangladesh (CAB), Energy advisor Professor M Shamsul Alam told Samakal, "It is just a deceitful change of name to present the expenditure in a different name by not spending it in the person's name who sent the money." The analysis of presenting expenditure in the service sector is not appropriate. He added, 'Is there

anywhere in the whole world with 18 percent interest investment or loan? We allow loans with flexible terms for foreign investment. When it is a commercial loan, the interest rate does not exceed than 3 to 6 percent. There is blackmail here. These activities are against public interest. Nothing can be said to them except that it is a waste of public resources.'

Who laughs behind the scene? Who has the first floating LNG terminal in Bangladesh? What is meant by owner or authorizer, who is/are that person? While searching the answer to this natural question, Samakal got confused with the unusual activities. The name of the keyperson of the United States Delaware Division of Corporations or Directorate of Joint Venture Companies and Firms (RJSC) is not mentioned in the documents. The state of Delaware is renowned as 'tax haven' and as for raising their income, lots of things are kept hidden by law and give permission to perform business and trade with locals and foreigners. Although such type of law is not there Bangladesh. Therefore, loopholes in the law have been used. There are also the influential who violates the laws and the dishonest circles. Continuing to this, Excelerate Energy Bangladesh Limited in RJSC, was not registered by any person's name; it was done in the name of Excelerate Energy Bangladesh Holdings, LLC and Excelerate Energy Bangladesh, LLC.

Searching the files of the documents submitted to the RJSC it was seen that Excelerate Energy Bangladesh Limited was registered on April 24, 2016, bearing number C-130464. It is located at the Petro centre, level 11, karwan Bazar, Dhaka. For the registration, the two companies of the United States were considered as representatives. As a result, the name for 'designated directors' of Excelerate Energy Bangladesh Holdings, LLC were given to British citizen Nicholas Stewart James Bedford and American citizen Ramon Karma Wangdi. As the nominated director Excelerated Energy Bangladesh LCC, has the name of Stephen Matthew Cobos. These 3 are linked with US- based Excelerated Energy. According to RJSC data, the residential address of the Bedford and Kobos is Level-6 of 2445 Technology Forest Building in Woodland. According to the website information of Excelerate Energy it is their headquarter. Same email address b.chowdhury@fma.com.bd have been after both of their name. At the end of the email fma.com.bd is used it is the web address of a legal services firm in Bangladesh, FM Associates. Regarding the matter of E-mail addresses, contact was made with the hotline number provided on the FM Associates website. A person whose name is Abdur Rahman told this reporter yesterday that the e-mail number belongs to AHM Belal Chowdhury of FM Associates. When asked about their relationship with Excelerate Energy, they said, Excelerate is their customer.

Remaining behind the scenes, Samakal has not stopped seeking to figure out who is looting the benefits of these irregularities. Excelerate Energy last filed its financial report with the US Securities and Exchange Commission on January 7. Even after reviewing it, some people are hiding under the name of law. Excelerate Energy Bangladesh, LLC is mentioned as subsidiary in the report. Despite Excelerate Energy Bangladesh Limited is mentioned, still nothing is mentioned about Excelerate Energy Bangladesh Holdings, LLC. Although it is mentioned in the report that, Excelerated Energy Bangladesh, LLC contains a third-party capital investment. In exchange of this investment the third party will get 20 percent on total revenue. However, there is no mention of who the third party is.

This reporter on April 2 spoke with Lutful Hadi who is the chief executive officer of Hadi Lutful & Co., an external auditor working on financial report audits, at the ICAB office. After viewing the report, he said Samakal that from the report of the Excelerated it can be assumed that there is a secret

investment of the third party. Although there are opportunities for such secret investment in other countries, Bangladesh does not.

Quiet-sneaking at Mohrakata: Liquefied natural gas is first gasified at this floating terminal located in the deep sea at Mohrakata in Maheshkhali. From there, the gas is brought to the Custody Transfer Metering Station (CTMS) at Mohrakata through a pipeline through the seabed. From there, the gas is deposited in Chittagong's Anwara through a 91 km long pipeline. This pipeline has been established up to Maheshkhali-Anwara with the money of Bangladesh government. On February 14, it was not possible to go to Maheshkhali and reach the floating terminal installed in the sea. However, coming from the terminal to the station where the liquefied gas is being purified, a caretaker and a security guard were seen. It is a Custody Transfer Metering Station (CTMS) established at Mohrakata in Maheshkhali. When asked about the project, the caretaker went to the south-west corner office inside the boundary wall of the project. When he came back from there, he said that no one would talk because there was no project manager.

There is nothing to do but try to explain them as much as possible. Two stations are placed side by side within a boundary wall, surrounded by an iron net fence. Many large pipes are installed there. This CTMS of Mohrakata is basically running under the management of GTCL, a company controlled by Petrobangla.

From here, the LNG is automatically purified and connected to the national grid through underground pipes. Mainline Valve Station-1 has been installed at North Nalbila of Maheshkhali to control gas line problems due to any reason. There he met a security guard. However, none of them agreed to give a formal statement.

Secret race in Dhaka: Bangladesh Bank noticed about the mismanagement long ago. Officials said, considering the importance of foreign investment, it was verbally asked to resolve the issue at the beginning. Because of this, verbal instructions were also given to Standard Chartered Bank and Excelerate Energy in coordination with the bill.

Requesting to keep the identity anonymous, another official of the central bank said that because the verbal instructions did not work, a written explanation was first sought from Standard Chartered Bank on February 15, 2021. They demanded an explanation in writing from Excelerate Energy. About 10 months passed like this. But without getting any response from any party, finally on December 7, a show cause notice was issued asking why legal action will not be taken against Excelerate Energy. Excelerate responded explanations in the letter dated January 30.

On April 7, Standard Chartered Bank was asked by Samakal to know - Excelerate Energy Bangladesh sent about 2 crore 65 lac dollars through them during 2017 to 2018. Goods arrived against partial payment, but goods did not arrive against the rest. Bangladesh Bank has also given some observations in this regard. In response to such questions, a senior official of the bank, who did not want to reveal his name, told Samakal at the beginning, "I don't know, I can't say about that." At that time, he was present at the meeting held at Bangladesh Bank on March 7, when he was reminded, he said, 'The money sent through Standard Chartered has already been reconciled.' There are instructions to submit bill of entry within 120 days of remittance. When asked why the adjustment took place after so many days of sending the money in 2017, he said, 'I can't say.'

According to the documents available at the time, Excelerate Energy started looking for at various government offices to prevent it after receiving the signal of legal action. After receiving the shock, the central bank was contacted several times by a legal aid firm named 'Farooq & Associates'. Since it did not work, on January 13, Excelerate Energy wrote to the Ministry of Power, Energy and Mineral Resources, Converted Natural Gas Company Limited (RPGCL) and Petrobangla, requesting a speedy resolution of the matter. In the letter, it was requested to resolve the objection raised by Bangladesh Bank as soon as possible.

Smell of Conspiracy: In response to Excelerate Energy's request, the Department of Energy and Mineral Resources has written to Bangladesh Bank on January 26, requesting a speedy resolution of the matter. The letter signed by Deputy Secretary of the Department Abul Kalam Azad, with reference to Excelerate Energy's letter, states, "EEBL has imported necessary goods on permanent and temporary basis in due process for proper operation and maintenance of terminal operations. EEBL appointed Geosan of France as Engineering, Procurement and Construction (EPC) contractor for the construction of the project. Geosan imports essential goods from time to time. The contract was between the two organizations relates to 'milestone payment (lumpsum)' i.e., payment of goods or services, or both."

The Deputy Secretary's letter also said, Floating Storage Regasification Unit (FSRU) is an important national facility to play an effective role in meeting the growing gas demand of the country. For the sake of smooth operations of the terminal, it is requested to settle the matter as per the rules.

No doubt the letter sent from the Ministry was in support of the Excelerate. Not only that, but Bangladesh Bank has also softened its tone. There are now indications of compromise after moving away from the initiative of the legal system. According to a source, a tripartite meeting was held between Bangladesh Bank, Excelerate Energy and Standard Chartered Bank on Monday, March 7. In that meeting, it was decided to show the bill of entry for Excelerate Energy's unreturned money. If the bill of entry is accepted, then there will be no more 'mismatch' in the database of Bangladesh Bank. There will be no more questions about money laundering using banking channels in the future.

Additional Secretary Nazmul Ahsan joined as Chairman of Petrobangla, Bangladesh Oil, Gas and Mineral Resources Corporation last December. He told Samakal last Thursday that he was not aware of Excelerate Energy's non-delivery of products or high interest investment against the amount it had sent. Rather, there is a proposal to further enhance their capabilities. At present they have a daily capacity of 500 million cubic feet. If we want, they can add another 160 million to 660 million cubic feet. However, he does not know anything about the irregularities in this project.

Deputy Secretary Abul Kalam Azad, who signed the letter, was recently transferred from the Department of Energy and Mineral Resources to the Ministry of Fisheries and Livestock. When asked about the letter, he told Samakal yesterday that he has been transferred. Need to know if there is any feedback from Bangladesh Bank. When asked whether the ministry can ask Bangladesh Bank to solve such problems of Excelerate, he said, 'Since they are government clients (customers), we can say this.'