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The ship tycoon, the con men and a €100m scam

When fraudsters embarked on an elaborate sting, they made one big miscalculation: their victim

John Gapper JUNE 28 2018

Just after noon on a sunny day in June, a 51-year-old former car dealer called Paul Sultana stood in court number four at Southwark Crown Court in London to be sentenced for his part in one of the strangest crimes ever tried there. He was first arrested seven years ago for conspiring to defraud the owner of the world's biggest ship of €100m, and the marathon proceedings had taken their toll.

Sultana's trial was not only the largest private prosecution known in the UK, but his second: he was originally tried last year but that jury could not agree on a verdict. He gave evidence in the first trial, donning glasses to examine documents as he swept back his brown hair. This time, he did not enter the witness box and looked exhausted as he [was jailed](#) for eight years after a six-week hearing. His victim, Edward Heerema, a 71-year-old Dutch shipbuilding tycoon, had finally broken him.

Sultana might have escaped jail, despite being described by the judge in a civil trial in 2014 as "a patently dishonest individual", who was a "willing participant" in a fraud that spanned three continents. Frauds are notoriously hard and expensive to prosecute and the Crown Prosecution Service (CPS) did not bring criminal charges against him. He was only tried because Heerema was wealthy and relentless enough to pursue the loose-knit ring of fraudsters himself.

Today's fraudsters are often distant associates who come across each other on the internet. Their crimes are not only complex but each criminal has a ready defence — he or she was deceived, just like the victim. They draw in advisers, such as accountants and bankers, who do not realise that it is a fraud and may be bankrupted by innocently taking money, as some were in this case. Finding out the truth, and then getting any jury to understand it and to convict, is a huge task.



Pioneering Spirit, the largest ship in the world by volume © Charlie Bibby

An estimated £193bn was lost to fraud in the UK in 2016 but, according to the accountancy firm KPMG, only 220 cases worth £1.1bn in total got to court. Heerema's pursuit is a spectacular example of a trend towards privately funded justice — more banks and other victims are prosecuting because it is their only hope. "Jail is the most potent form of sanction against a white-collar offender," says Mark Button, a professor at Portsmouth University. "If you are upset, it is a way to get retribution."

But the private prosecution was only one of the remarkable aspects of the crime. There was the ship itself — [Pioneering Spirit](#), the largest in the world by volume, a €2.7bn twin-hulled vessel the size of two super tankers joined at the stern. It is as long as the Empire State Building is high. There was also the fact that Heerema caused outrage by originally naming it after his father [Pieter Schelte Heerema](#), a brilliant shipbuilding engineer who became a Waffen-SS officer in the Nazi-occupied Netherlands.



"You always hear that about fraudsters, don't you? They are charming people who know how to talk [others] into things. Later you say, 'My God, how could I have?'" Edward Heerema on the deck of Pioneer Spirit in Rotterdam © Charlie Bibby

I first encountered the case more than three years ago, talking to a victim of Marek Rejniak, a 63-year-old Polish-Canadian who was the alleged ringleader of the Heerema fraud, and has still not been arrested. Steadily, like those caught in the crime, I became drawn into the story by its sheer improbability. I could not write much about it because of the criminal trials but I came to know many of those involved — not only the victims and lawyers, but the fraudsters themselves.

Sultana and I chatted casually during his first trial and he gave a friendly wave at the start of the second. Luis Nobre, a flamboyant Portuguese confidence trickster who was part of the ring, talked to me for two hours, and I wondered whether he was conning me too. “When I come to know you a little better, I will start to tell you some things and disclose details,” he promised. He did not get the chance: he was prosecuted in 2016 by the CPS and jailed for 14 years for money laundering.

Then came Edward Heerema, a cool, controlled man with a shy manner who gets more animated when talking about his ships. As construction of Pioneering Spirit started in 2011, he was lured by Sultana, Rejniak and others to hand over €100m that he had raised for the ship in a get-rich-quick investment scheme. He thought he was being granted access to a secret trading opportunity offered to high net worth individuals by the US Federal Reserve central bank, supposedly supported by the Vatican bank and the UN. He ended up having €12m stolen.



Luis Nobre, who was jailed for 14 years for money laundering © Getty

The story was ridiculous, differing only in its scale and exotic nature from countless others that offer “privileged” victims fabulous rewards. “It was bizarre, but it was brought to us in an extremely smart way. We were defrauded by very clever people,” Heerema told me at the main engineering office of his company Allseas in Delft, near Rotterdam, which is lined with photos and memorabilia of his late father and their ships. “You always hear that about fraudsters, don’t you? They are charming people who know how to talk [others] into things. Later you say, ‘My God, how could I have?’”

He was not alone in being made to look stupid. The judge in the civil case he brought against Sultana called two Allseas executives who dealt with the fraudsters “unbelievably inept and naive”. Yet Heerema defied humiliation and set out to get his money back and to trap those who fooled him. He spent millions on an array of accountants and lawyers to uncover the scam: Allseas’ estimated costs for one of the two civil cases it brought were £5.1m, although it is likely to get the majority back.

One defence lawyer describes the private prosecutions as an abuse of the law courts for “revenge” but Heerema insists he is not bitter and simply wanted to stop others being hurt in the same way. “You tell nobody and you feel ashamed and you keep it silent,” he says of others in his position. “We decided to fight from a strong sense of justice . . . Other people were defrauded of smaller amounts and have terrible stories. I thought, ‘If we don’t expose this, it will go on and on and on.’”



Paul Sultana said that Allseas would be “brought into a wonderful, privileged position”. He was given an 8-year-term after being found guilty of fraud

The fraudsters knew that he was a rich man who was not a sophisticated financier; they did not realise quite how tenacious he would be. “He wasn’t loud, he was a bit on the shy side, as they say of me,” Edward Heerema recalls of his father. “He was very determined. When he had a clear view of what he wanted, he put all his energy into it.” The son also went into battle without wavering; in all that time, he has only retreated once.

Rotterdam is 80km south-west of Amsterdam along the North Sea coast and on a fine day the open sky is difficult to delineate from the great stretch of ocean. The old city centre was destroyed and 900 people died in a bombing raid on May 14 1940, an act that led to the Netherlands' surrender to the Nazis. Since the war, Rotterdam has expanded into Europe's largest port, and has steadily thrust outwards from the Hook of Holland.

Maasvlakte 2, a 2,000ha extension of the port on reclaimed land behind a 4km dike, opened in 2015. It is highly automated, with rows of robotic cranes. Beyond them sits Pioneering Spirit, in a berth specially dug to accommodate the vessel. As I rode out to the ship in a tender boat two years ago, its vast bulk was visible against the skyline. The words Pioneering Spirit were painted in white on each hull, below its still-visible, over-painted original name: Pieter Schelte.

It was built for a unique purpose: carrying oil and gas rigs in one piece. As Sultana's first trial ended, it lifted Royal Dutch Shell's 24,200 tonne Delta rig in the Brent oilfield 186km north-east of Shetland with [eight huge pairs of hydraulic arms](#) fitted on the bows. With North Sea fields shrinking as reserves expire, the four Brent rigs are among more than 100 due to be removed. The ship has since lifted one other rig and laid 1,100km of pipeline in the Black Sea.

Heerema recalls the moment he realised that, despite having resisted the protests for several years, he could not name his greatest ship after his father. It was February 2015, after it had sailed to Rotterdam from its yard in South Korea, and [stories appeared](#) about the name in newspapers, including the Financial Times. He had talked to Shell executives about the outcry all week and by the Friday the clamour overwhelmed him.

"They said to me, 'Things are getting very difficult for us and we're not putting you under pressure but we want you to realise how difficult this is.' Those were their words, very polite. I called them back and I said, 'I'll change the name.' It felt like a defeat because I'd been criticised [about it] through the years but I thought, 'It's my business, I do what I want; my father was a great man and that's it.'"

Pieter Schelte Heerema joined the Waffen-SS in the Netherlands in September 1940 after working as an engineer in Venezuela. He was stationed on the Russian front in the SS Wiking division and SS commanders came to his wedding. He took charge of the civil engineering arm of the Dutch East Company, a Nazi venture established to colonise eastern Europe and Ukraine. Then he became disillusioned and defected from the SS, fleeing to Switzerland. He was imprisoned in 1945 for being a member of the SS. He was released in 1946 and Edward was born a year later.

Given this, it seems unthinkable that Heerema could have not only called the vessel after him but persevered despite protests from Jewish civil rights groups. “When he started [in the SS], he did not know a lot of the appalling stories and history,” Heerema says about his father, who was an ardent anti-communist. “My view is that he was quite wrong but it was 70 years ago. He was arrested, was convicted and was a free man . . . He [told me] the Germans were wrong. He said, ‘I made the choice in those days.’”

It is not easy for most people to consign Nazi history to a box and close the lid, but Edward loved his father’s other side, that of the ambitious, creative engineer, who spent his career after the war as an entrepreneur, turning the family firm into a shipbuilding juggernaut. They shared a thirst for engineering innovation, such as the semi-submersible crane vessels with pontoons to keep decks steady that his father pioneered in the North Sea in the 1970s. “We were much the same, very technically minded, so it was easy to work with him.”

After his father’s death in 1981, he and his four brothers oversaw the Heerema family company together for three years, but he fell out with the others and left to form Allseas. It mainly designed and operated ships to lay oil and gas pipelines but within a few years he dreamt of building a much bigger platform removal ship. He faced deep scepticism. “I would go to see clients and at the end of the meeting, they’d say, ‘Tell us how your toy’s getting on.’”

€12m

Amount stolen by fraudsters from ship tycoon Edward Heerema

220

Number of UK fraud cases that made it to trial in 2016

£193bn

Estimated amount lost to fraud in UK in 2016

Perhaps their levity sprung from Heerema’s almost childlike enthusiasm for engineering feats. As he discusses his father’s designs for semi-submersibles, his sober reserve vanishes and he springs to a whiteboard in his office to sketch out the idea. Early on, he had the “romantic” thought of welding two super tankers together to form the ship and he sounds sorry that it proved impractical: “It appeals to the imagination. It’s a very playful thought.”

By 2011, he had secured bank finance to pay for building his ship, along with Allseas' cash reserves. It was decades since he had first had the idea and the market had changed: instead of the ship installing new platforms in the North Sea, it would mostly dismantle them. But that did not matter to Heerema. There was still an opportunity and finally, after years of planning and overcoming obstacles, he was ready.

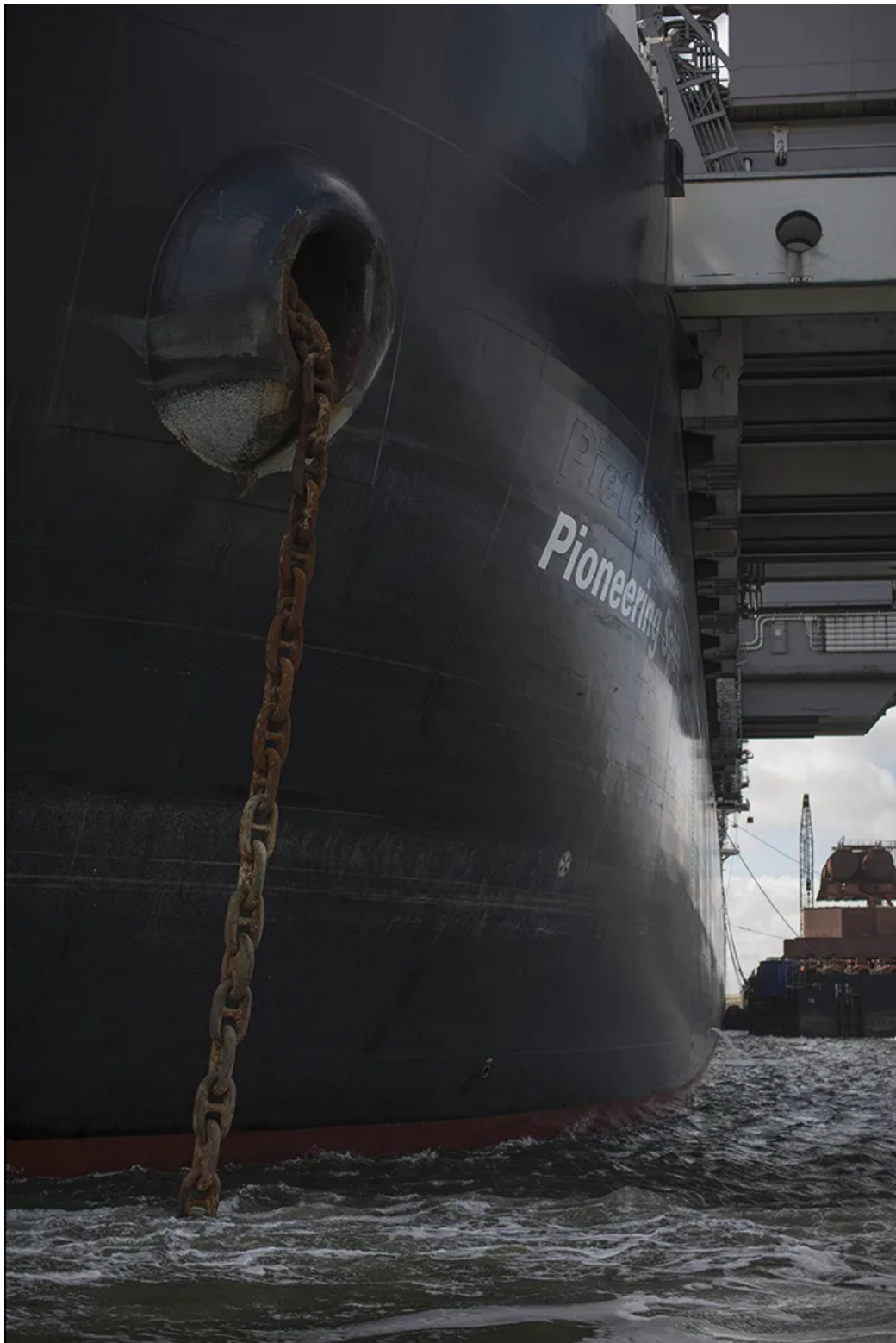
The oil market was not the only one in flux. Interest rates have been very low since the 2008 financial crisis. "We have clients who 10 years ago were earning six-figure sums on capital and they are bleeding money now," says Mark Levy of Berley, an accounting firm that worked on the investigation. "People are hungry for easy returns and they are susceptible." This applies to pensioners with a few thousand in the bank; it also described Heerema.

In April 2011, Fabian Redpath, a former City banker, went with a business partner to meet a mysterious investor who was staying in the Landmark Hotel in Marylebone under the name Mr Augustus. They were shown to the Tower Suite, where they encountered Luis Nobre. He was expensively dressed, with flowing hair in a ponytail that reached to his waist.

Nobre had been living in the Landmark for five months since arriving from Geneva with his British partner, who had just given birth to their baby daughter. He was charming and loquacious, words flowing from him as he explained how he represented rich Chinese and Indian investors. He was looking for opportunities in London in many industries — asset management, property, green technology, even travel services for all the billionaires he knew.

Nobre was a generous tipper, sometimes handing staff at the hotel hundreds of pounds. He employed a security consultant to guard him, and his hotel and travel bills, which later came to more than £400,000, were handled by a concierge company he had hired for his London stay. He also hired a legal firm, Notable Services in Marylebone, which advised him when he said he wanted to buy the hotel group that owned Claridge's and a £37m mansion in Highgate.

Redpath thought Nobre was eccentric but no less plausible than some of the wealthy who flock to London from countries such as Brazil and Russia. Nobre expressed interest in investing in the financial firm for which Redpath and his partner wanted to attract investors and he asked them to come up with other deals. "Nobre was quite credible in saying, 'I am wealthy, and I know people with lots of money,'" Redpath says.



Pioneering Spirit, with its original name still visible © Charlie Bibby

A month later, Edward Heerema walked into the Hilton hotel by Lake Geneva to meet Paul Sultana, another member of the fraud ring. Sultana was dressed “in an expensive shirt with nice cuffs”, Heerema later told a court. “Sultana said, ‘My uncle was the secretary to the Pope and so I know these things. I have access to the Fed in Washington.’ He was constantly impressing on me how important he was.” Heerema tried to show Sultana that he could keep a secret – “that I am not the guy in the country club who would brag about his dealings”.

The pressure to prove himself, although he was the one with the €100m, is typical of investment frauds. As Justice Peter Smith, the judge in the civil case against Sultana, wrote in his ruling, victims are told that “they have the honour of being invited to invest in a secret scheme, which is operated in secret and produces fabulous returns. It is only available to special people and that is why it is unheard of . . . Secrecy is essential and any attempt to challenge the scheme or raise questions invokes instant rejection.”

Allseas had been approached six months before by two former executives who knew that it needed money to build the ship. They introduced Cees Kooger, Allseas’ general counsel, and Johan Visser, its treasurer, to a consultant in London who in turn took them to Sultana. Sultana’s idea was for Allseas to put €100m in an account without losing control. It would be used as collateral for rapid trading, with US authorities offering bonds at a 20 per cent discount. They were, Sultana promised, being “brought into a wonderful, privileged position”.

Sultana holds both UK and Maltese citizenship because his father is Maltese, and he has lived on the Mediterranean archipelago. He told Allseas that it would be best to invest the money through Malta, and Kooger and Visser flew out to make the arrangements with him. In July, they returned for nine days to be introduced to the “US officials” running the “investment scheme”.

At the Hilton hotel near Valletta, they met Marek Rejniak, who was introduced as one of only six Federal Reserve agents able to authorise secret trading. He told Kooger over dinner he had been a member of the independent trade union Solidarity and had been close to Karol Jozef Wojtyla, the former Pope John Paul II. He was with two other men, said to be officials of the UN. For days, the group shared meals and outings, discussing “the House of Aragon”, which Rejniak described as a Vatican trading platform.

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Fraud victim Edward Heerema

“We are dealing with exceptional people,” Kooger emailed Heerema during the stay, adding two days later: “Johan and I now know the men well and we are confident that they are good guys who do this type of deal day in, day out.” After a delay in August, they came back to Malta in October to meet another man who was supposed to do the trading. Then came another delay

and their impatience grew. Finally, on another trip to Malta in mid-October, Rejniak suggested an alternative, to employ a “tier one” trader in London with “the highest authorisation” whose name was Luis Nobre. Nobre had emailed Rejniak excitedly in September: “After all this long years . . . we meet at last!” There was, Rejniak told them, one hurdle remaining: he needed to have joint authority with Kooger to move the €100m. This was the sting, the culmination of months of gentle persuasion.

Heerema and Kooger fell guilelessly into the trap. After failed attempts by Rejniak to wire the money to accounts held by Nobre’s company in Switzerland and Andorra, Heerema signed a notarised letter on November 2 2011, authorising its transfer to a Barclays bank account in London. It was Nobre’s client account at Notable Services, the law firm that had advised him on property. Suddenly, the fantasist who had assured everyone he was wealthy had €100m in his hands.

Allseas’ cash immediately started to pour out of Barclays. In three days, Nobre made 40 transfers totalling €16m. He paid £555,000 to his own account at Metro Bank, €246,000 to his girlfriend for covering his bills, £405,000 to his “chief of staff”, £150,000 to a travel and security consultant, and \$500,000 to Marek Rejniak. But Nobre was careless. The rapid outflow of money triggered an alert to Barclays’ money laundering arm, which froze the account and notified the Metropolitan Police.

At first, Heerema backed Nobre. “Neither Allseas nor I believe we have been victims of crime,” he wrote to the police. Finally, three days before Christmas, the police produced Nobre’s list of payments and the truth dawned. “My fears had come true . . .” Kooger said later. “I now knew we had been tricked.”

Mike Stubbs does not look like a City lawyer. He has tousled ginger hair, going grey, and is rarely seen in a tie. He carries two phones, constantly buzzing with voicemails and texts. His burly figure is often found outside Mishcon de Reya’s gleaming headquarters on Kingsway, smoking a cigarette.



"My job is to find a way through the maze [and] if money has been nicked, or hidden, or buried, you have to get out the shovel" - Mike Stubbs, partner at Mishcon de Reya © Charlie Bibby

If he resembles a bouncer more than a solicitor, it is not wholly misleading: he spent his early twenties after graduating from the nearby London School of Economics in 1978 as a rock promoter, putting on gigs by bands such as Mud and Manfred Mann. Only when lying on a beach in Koh Samui, Thailand, at the age of 24, did he decide it was time to knuckle down.

Even then, he did not choose a straightforward route. After qualifying as a solicitor, he specialised in insolvency, then an obscure and unglamorous aspect of law, because he became intrigued by the aftermath of corporate failure. “I’m a problem solver. Most of what I do is a bit left or right of centre,” he says of his role at Mishcon. “My job is to find a way through the maze [and] if money has been nicked, or hidden, or buried, you have to get out the shovel.”

Stubbs found Heerema by chance: he was originally hired by Nobre to get the €100m released from the frozen Barclays account, with Allseas as a joint client. But after he realised there had been a fraud, he fired Nobre as a client and devoted his energies to recovering Allseas’ money and pursuing the culprits. It turned out to be well judged: not only was he suited to the task, but Heerema was deep-pocketed.

Jail is the most potent form of sanction against a white-collar offender

University professor Mark Button

Mishcon is not the average City firm. Founded by Victor Mishcon in 1937, it has many clients who are entrepreneurs, financiers and even oligarchs. “It’s business. But it’s personal,” is a Mishcon motto and it specialises not in preparing legal documents but disputes — fighting for clients in anything from libel and divorce cases to employment battles and frauds. It represented Gina Miller in her Article 50

challenge to the UK government over Brexit.

The firm quickly unleashed a barrage of retaliation against the fraudsters. Stubbs started off with one of his well-worn tactics: putting Nobre’s own company Larn into administration. Larn owed Allseas €12m — the money spent by Nobre and not recovered — giving Allseas a right to appoint Mark Levy of the accounting firm Berley as administrator, and later its liquidator. It sounds mundane but administrators have draconian powers under the Insolvency Act: they can search files and summon witnesses to uncover assets.

Levy and Stubbs, now representing Larn as well as Allseas, used these powers to the full. They took 350,000 documents from Nobre’s laptop, filling 87 lever arch files. Some of it was fantasy — projects Nobre had dreamt up, such as setting up his own airline staffed by women — but there was a trove of material about the fraud. “Even after 25 years in this business, that computer made my hair curl,” Stubbs says.

With Nobre refusing to co-operate, they took him to court nine times to make him answer questions before a judge and he was sent to Wandsworth prison for contempt over one bank holiday weekend. “It is a very unusual case because most [victims] will evaluate and say, ‘How much is it going to cost me and what will I get back?’” Levy says. “But that wasn’t [Allseas’] *raison d’être*: it was to make sure these people never do it again.”

Mishcon obtained freezing injunctions in court against those it was targeting over the fraud, which among other effects forced Sultana to sell his house. It pursued most of those who had been paid by Nobre to get the money back, pushing some into bankruptcy. One of those was Fabian Redpath, who had innocently taken a £105,000 consulting fee from Nobre, and could not repay it. “Little people like me [caught up] in a big affair, up against institutions that can afford to spend their lives in litigation, can get badly hurt,” Redpath says.

This was only the start. Allseas sued Rejniak, Sultana and Nobre in the civil courts. It also sued the other men who participated in the fraud in Malta, the law firm Notable Services, which went into administration last year, and others including Othman Louanjli, a private banker who allegedly vouched for Nobre to Notable. Last October, the judge declared Louanjli’s former bank Liechtenstein Landesbank (Switzerland) vicariously liable for the Allseas loss and Stubbs expects Heerema to recover all of his €12m.



"Government should work with the private sector to bring fraudsters to justice" - Alison Levitt of Mishcon de Reya © Charlie Bibby

Then it brought charges against Sultana. Private prosecutions are still in the minority but businesses, including banks, resort to them when public prosecutors do not take cases to court. More law firms now have criminal departments and one London firm is largely devoted to private prosecution. Mishcon's white-collar crime group, which deals with "the grey area where civil fraud, regulatory obligations and criminal investigation overlap", is headed by Alison Levitt QC, former principal legal adviser to the director of public prosecutions.

“I am a criminal practitioner and my clients are people who believe they have suffered a grave injustice,” says Levitt. She says frauds are expensive to investigate and there is always the risk of the jury not being sure that the defendant was dishonest. The government should work with the private sector to bring fraudsters to justice, she says, arguing that, with safeguards, companies and insurers could share the burden.

Sitting in his Delft office, sipping a glass of tap water, Heerema recounts what he did after realising he could not name his ship after his father, as he had always wanted. The first person he called was Poulien Wolfswinkel, his former wife and mother of two of his seven children. The couple are divorced but remain close.

“I said, ‘Poulien, it’s all going wrong and I have to change the name of the ship.’ She said, ‘I understand.’ It really was a very nice moment.” He chokes up briefly and continues. “She’s very creative, she’s thought of the names of all our ships, and our advertisements, and everything. I travelled to the Netherlands overnight and came home, and she said, ‘I have the new name.’”

At the glittering ceremony to mark the launch of Pioneering Spirit, a photograph of Pieter Schelte Heerema was projected behind a giant model of a heart, welded from steel. “Your soul will sail with this ship,” Edward Heerema declared, turning to the image of his father and bowing his head briefly. The new name has the same initials and, for him, the same meaning.

On the day I visited Pioneering Spirit, the steps to board the ship were out of action and we were swung high over the sea in a capsule hung from a crane and deposited directly on to the deck. From high in the sky, the ship’s vastness was breathtaking. “It is the most comfortable ship I have ever been on,” says Fred Regtop, the ship’s master.

He led me along the main deck, six football pitches in size, and through the decks. We passed canteens capable of serving 2,000 meals daily, and walked into freezers big enough for 50 tonnes of meat. We gazed at huge drums wound with thick steel cable, and descended into the depths, where its engines pulsated. Then, on the lower deck where the pipelines are welded before being passed out of the stern and laid on the ocean bed, we saw a familiar object.

It was the steel heart from the ceremony, taken apart and fixed back together again, deep inside the ship. It felt like a symbol not only of love, but of determination never to give up. “He made no concession on his efforts to achieve a goal,” Heerema recalls of his father. He has plans for an even larger ship than Pioneering Spirit, to be called Amazing Grace. Some of the fraudsters who took his money are still at large. Heerema is not finished yet.

John Gapper is an associate editor and chief business commentator of the FT

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