

Civil Society Watchdog Clean Romania claims that PM Victor Ponta had a conflict of interest when granting “favors” to energy companies in 2014



As Prime Minister of Romania, Victor Ponta took decisions which favored the economic giants Petrom and Rompetrol in 2014. Such decisions raise serious question marks, given that these are exactly the oil companies which profited the firms owned by the Ponta family in the past.

Ponta's promise in 2012: increasing royalties

Following the signing of the White Charter on Good Governance initiated by the Alliance for Clean Romania in 2012, Victor Ponta [supported](#) the increase in royalties (concession fees) for the exploitation of mineral resources, to match the European average. He took this even further by agreeing to the idea of creating an investment fund inspired by the Norwegian model, through which the income generated from the exploitation of natural resources to be invested in order to finance future projects and pensions.

According to article 136 of the Romanian Constitution, conventional natural energy resources are considered public property. Moreover, Article 135 of the fundamental law asserts the State's obligation to ensure the exploitation of natural resources in line with national interests. Law 238/2004 on Petroleum exploitation states that oil operations can be leased in return for oil royalties paid to the state budget, set at a percentage of the value of the gross extracted product. The current royalty rates had been fixed for a 10 years period and expired in December 2014. Oil and natural gas producing companies currently pay royalties ranging from 3.5% to 13.5% of production, depending on the type of hydrocarbon deposits.

Given these rates, only about one billion New Romanian Lei (RON) is collected to the state budget annually, from petroleum and mining royalties. This represents a very small amount compared to the profit made by these companies. As terms for comparison, in 2013 Petrom registered a net profit of more than one billion Euro. In 2014 such large profits were slightly contained by two newly introduced tolls, the excessive profit tax and the fixed assets tax. Nevertheless, Petrom still generated 50% of the total profit of the parent company, OMV Austria. Despite this situation and the political promises, at the end of 2014 politicians decided to postpone the renegotiation of royalties for another year, so companies saved additional money.

In 2014 the President of the National Agency for Mineral Resources (ANRM), George Duțu declared that the level of royalties charged for oil and gas production [will not increase dramatically](#),

once new regulations are adopted, but that the rates will differ according to the type of deposits from which the hydrocarbons are extracted.

Romanian Prime Ministers always seem to enjoy Petrom/OMV favors

Petrom's economic strategy must have been brilliant, given the company's skyrocketing profit. But, whatever it was, the OMV Petrom group made sure to consolidate its economic ties with the families of at least three promising politicians, past or potentially future prime ministers of Romania:

* **Nicolae Văcăroiu** (Prime Minister between 1992 and 1996. His son Mihai obtained the monopoly of distributing chewing gum, cigarettes, sweets and other consumables through Petrom's gas station network (see [here](#)).

* **Mihai Răzvan Ungureanu** (Minister of Foreign Affairs from December 2004 to March 2007, Director of the Foreign Intelligence Service later in 2007 and Prime Minister between February and May 2012 – see [here](#)). His wife, as journalists from the RISE PROJECT have shown, has received nearly one hundred thousand Euro for being part of an advisory board of Petrom, while Mr. Ungureanu was Head of the Foreign Intelligence Service. No other member of that council has received such compensation and there is no information on the content of Mrs. Ungureanu's work with the company. (She was also working full-time at the Fundeni hospital that same year)

* **Victor Ponta** (current Prime Minister, since May 2012)

Will be shown below.

A company owned by Ponta's brother-in-law makes profitable business with Petrom

Victor Ponta's relationship with Petrom is longstanding.

He was associate and administrator of SIECO SRL, a company which ran several contracts with PETROM. He had to leave SIECO SRL in 2002, when he was appointed Head of the Năstase Government's Control Corps. Up to then, Victor Ponta was concurrently prosecutor and company manager between 1998 and 2002 (in the Prosecution of the Supreme Court of Justice, Department of Anticorruption, Criminal Investigation and Forensics, then as coordinator of the Bureau for Combating Money Laundering, or Head of Prime-minister Năstase's Control Corps – appointed April 4th 2001). But the premier's family's accounting firm, EXFIN 2000 SRL, whose shareholders include Vistor Ponta's mother (Cornelia Naum) and Victor Ponta's sister (Alexandra Herțanu), and where Victor Ponta's former wife (Roxana Ponta) works, established its work point right inside of SIECO SRL.

The relationship continued through a company that is close to the party, where Victor Ponta's brother-in-law became shareholder. The company is Grossmann Engineering Group, where the majority shareholder until a few months ago (May 2014) was Herțanu Iulian, Victor Ponta's brother-in-law, and which ran several contracts with Petrom over time. Iulian Herțanu is married to one of Victor Ponta's sisters, Alexandra. He became a Grossmann Engineering Group shareholder on May

24th 2006, when he bought 60% of the firm. Karl Reinhold Grossmann, the German citizen who was sole owner of Grossmann Engineering Group SRL from 2000 to 2006, was already a service provider to Petrom and inside the close circles of the Social-Democrat Party (PSD - currently the ruling party, since 2012). His local proxy was Drăgan Ilie Florin, shareholder in other firms, along with Victor Ponta's brother-in-law in Cardinal Proiect SRL, alongside Aida Petronela Catană (a subordinate of Liviu Dragnea from the county council of Teleorman, later propelled to the office of personal counselor to the Minister of the Environment, Constantin Nemirschi- PSD) and former PSD deputy Mircea Drăghic (former Argeş Social-Democrat Youth president - [here](#)) in SC European Project Consulting SRL, a company which worked closely with Constantin Nicolescu, the baron of PSD Argeş. From this fruitful collaboration resulted a complex criminal case, opened by the National Anticorruption Direction (DNA) – see [here](#).

Grossmann Engineering Group SRL was “construction/designer/supplier” for OMV Petrom SA starting from 27.08.2005, and the respective role of supplier for Petrom was certainly still valid on December 31st 2009. From the same Petrom document we learn that after the company SC OMV Petrom Marketing SRL broke away from OMV Petrom SA, part of Grossmann's activities were to be transferred to OMV group's new firm. In 2011, Grossmann had 1 million Euro contracts with Petrom. Our data shows that one third of the revenue made that year by Ponta's brother-in-law's construction firm came from Petrom.

We mention that, according to Clean Romania sources, contractual relations between Petrom and Grossmann Engineering Group continued even in 2012, when Victor Ponta had become prime-minister of Romania.

Not only did Ponta's family thus have a profitable business partner in Petrom, but Victor Ponta named Răzvan Nicolescu as Delegate Minister of Energy in the Ponta Government (he had been director of Public Affairs and Regulations for OMV Petrom SA between 2008 and 2014 and was paid 253.197 RON in 2013). Clean Romania wrote then that it would follow closely the behavior of the minister from Petrom.

Although a former public affairs officer at Petrom, Răzvan Nicolescu actually alerted the prime-minister and ministries in charge that the value of concessions needs to be renegotiated so as to increase the share received by the Romanian government from royalties and taxes such as the tax on fixed assets and the tax on excessive profits; even with these in place, the share of the Romanian state from its mineral resources' profit remained below the EU average. The [memorandum](#) of Minister Nicolescu was leaked to the press.

On December 4th 2014, the Romanian Government announced the postponement of increasing royalties, after which Nicolescu was also dismissed. What option would have Victor Ponta chosen had he been elected is not known. Then Finance Minister Ioana Petrescu was the official directly in charge. What is known is that an increase would have been unavoidable, so that the prolongation by an year of the old arrangement grossly profited OMV.

The Ponta family's relationship with Rompetrol

Another firm of the premier's family, Hertanu Projects SRL, founded in 2004 by the same brother-in-law of the current prime-minister, Herțanu Iulian (95% ownership) and Ponta's mother, Cornelia Naum (5% ownership), lead for a while by his sister Alexandra Herțanu (according to her public profile on a social network), and headquartered in the apartment in which Victor Ponta grew up (the one near Gara de Nord, on Dinicu Golescu Blvd.) was a business partner of Rompetrol starting with 2007. Rompetrol incited Herțanu Projects SRL publicity contracts, both while Dinu Patriciu was majority shareholder in the company, and later, when Rompetrol was purchased by Kaz Munai Gaz. As evidence, in the Second Semester of 2007, Herțanu Projects received 31.733 lei from Rompetrol, according to the company's financial records (although this is not the only cashing).

Later, in January 2014, in spite of the Romanian Constitutional Court's negative opinion, Victor Ponta erased, with one signature, half of a billion dollars of Rompetrol's debt. He named Gabriel Dumitrașcu as negotiator with Rompetrol on the issue of erasing the debt. Dumitrașcu's name appears in the early 2000's in the Roșia Montană affair, being among the leadership of RMGC between 2001 and 2005.

Royalties and the link to Roșia Montană

Clean Romania has repeatedly requested a point of view from Petrom and premier Victor Ponta concerning the business conducted by the firm largely owned by Iulian Herțanu, his brother-in-law, with Petrom. The prime-minister has offered no clarification. Petrom has mentioned that they do not comment on contracts with legal entities. We have tried to obtain Iulian Herțanu's phone number from his business partners, to ask for his point of view. The only partner we were able to contact was Cornelia Naum, the premier's mother, who refused to put us in contact with him however. We have numerous recordings of our phone calls to the government, the prime-minister's cabinet and the Ponta family's firms to try and obtain their point of view regarding the abovementioned.

On top of the coincidences presented above, all of which brought profit to the decision-makers and not the public, Victor Ponta's, Gheorghe Duțu's și Mihai Răzvan Ungureanu's resignations have been repeatedly demanded by protesters opposing the Roșia Montană project, where the profit proposed in the company's dream project would also be disproportionately split among the Romanian state and Gabriel Resources. It is very likely that the fate of the royalties was decided by the same people who made Victor Ponta change his stance regarding Roșia Montană in the autumn of 2012, after he came to power. One could ask, in exchange for what?

This article is authored by Daniel Befu, a contributor to Clean Romania platform. Clean Romania (www.romaniacurata.ro) is a project of Romanian Academic Society, the highest audience watchdog and NGO platform in Romania, with over 1.4 million single users in 2014.