



Jacob M. SCHIMBERG

Request to Trace Assets

**Prepared for
THULE Drilling ASA**

17th February 2009

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PREFACE

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1. INTRODUCTION

- 1.1. Reference is made to your instruction dated 26th January 2009 to update an investigation we undertook during the summer of 2008 to attempt to identify any and all assets of the following named US National: -



Jacob Mayer SCHIMBERG

- 1.2. Mr. SCHIMBERG was previously employed by QGM GROUP LLC - a Dubai registered Limited Liability Corporation - as Chief Executive Officer of the Company's shipyard located within the Hamriyah Free Zone, Sharjah UNITED ARB EMIRATES. His primary responsibility as CEO was the overall day to day management of the shipyard.
- 1.3. He commenced employment with the company on January 6th 2006. For reasons we can only surmise, we identified a document dated April 25th 2007 and authored by Mr. Anthony BROMHAM - the Technical Director of QGM - in which Mr. SCHIMBERG's employment was terminated - (*see Appendix page 1*). However, subsequent events showed clearly Mr. SCHIMBERG remained in employment until his later resignation in mid November 2007.
- 1.4. Thereafter, Mr. SCHIMBERG took up employment with MILLENNIUM OFFSHORE SERVICES Management Company FZE of PO Box 40045, Office 401, 4th Floor, Building C1, Ajman Free Zone, Ajman UAE as Managing Director. His employment continues to this day.

- 1.4. As part of an overarching investigation into activities focusing on fraud; corruption; and unethical practices within the shipyard - primarily by means of invoice manipulation and diverted commissions - we have amassed a considerable amount of documentation related to the administrative and financial affairs of QGM GROUP LLC. This discloses Mr. SCHIMBERG was in receipt of a monthly salary with benefits of approximately \$14,000 US Dollars.
- 1.5. This investigation - promulgated by significant financial losses incurred by the shipyard during the tenure of Mr. SCHIMBERG and certain other members of the QGM Senior Management Team - has disclosed widespread criminal activity on a multi-million US Dollar scale, of which Mr. SCHIMBERG appears to have been a major participant.
- 1.6. With the above circumstances in mind, this provided the genesis for THULE Drilling ASA' request to RISC to conduct an investigation focusing on identifying any and all assets under the ownership; possession; or control of Mr. SCHIMBERG with a view to supporting a claim against him. Similar asset tracing investigations are being conducted in other jurisdictions to identify the benefits of the said criminal activities in respect of the other Senior Management Team members.

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2. Profile of Investigator

- 4.1. Cliff KNUCKEY is the Chief Operating Officer of RISC Management Limited and is responsible for the company's operations in their entirety. His expertise is Anti-Money Laundering; Regulatory Compliance and Asset Recovery.
- 4.2. Previously a Detective Inspector with more than 30 years of experience, he set up and led Scotland Yard's highly acclaimed Money Laundering Investigation Team. His radical approach to investigating money laundering with the objective of establishing the illicit provenance of money and assets, the Team achieved considerable success in seizing the proceeds of crime and prosecuting many career criminals and professional business service providers who facilitated money laundering. The investigative strategies developed are now used as a template by law enforcement agencies throughout the UK and parts of Europe.
- 4.3. He has an extensive background of working nationally and internationally on money laundering, terrorist financing and economic crime investigations with law enforcement and Regulators in the financial services sector. Recognised as a leading expert in identifying money laundering patterns and typologies, he has frequently been called upon to assist clients in evaluating client funds and developing strategies to control or mitigate operational, reputational, legal and collateral risks.
- 4.4. He has lectured and trained both nationally and internationally to clients on the implementation and operation of anti-money laundering, counter terrorist financing and anti-fraud systems and controls with much of the training focused upon the practical application of AML systems and controls. He has also trained law enforcement agencies and Regulators, with particular emphasis on how to identify the 'red flags' indicative of money laundering and fraud. He has also been a member of the United Kingdom's Society of Advanced Legal Studies 'Terrorist Financing' Working Group.
- 4.5. Highlights of his work in the past have been: -
 - Retired in November 2003 having served 30 years at New Scotland Yard, primarily investigating international organised crime;

- Recognised nationally and internationally as the UK expert on Money Laundering investigative techniques;
- Led an investigative unit of 30 Detectives which recovered annually on average £80 million directly representing the proceeds of crime;
- As Senior Investigating Officer, led complex, sensitive and 'high profile' international investigations, often in partnership with foreign law enforcement agencies and regulators;
- Worked with the UK Home Office on drafting and implementing Part 7 (Money Laundering) and Part 8 (Investigative Powers) of the Proceeds of Crime Act 2002;
- Part of the UK Police Working Group responsible for influencing UK Government's response to the EU Anti-Money Laundering Directives;
- Developed a National Course to train UK law enforcement officers in the investigation of Money Laundering, together with training assignments in Chile, Israel, Russia, United States and several European Union and Accession Countries,
- Lectured nationally and internationally on Money Laundering and Economic Crime methodologies to a diverse range of financial service sector professionals and law enforcement;
- Regularly called upon by financial institutions to conduct audits of anti-money laundering compliance systems prior to visits by UK Regulators;
- Worked in partnership with multi-national corporations to put in place anti-money laundering compliance systems to counter laundering through trade related activities;
- Major contributor to the 2003 KPMG review of the National Criminal Intelligence Service and the UK 'Suspicious Activity Reporting' regime;
- Member of the UK 'Society of Advanced Legal Studies' Working Group focusing on Terrorist Financing post 9/11, to advise the UK Government on strategies and tactics for combating the same; and
- Written numerous published articles on Anti-Money Laundering and used by BBC and Sky News on Money Laundering topics.

3. Jacob SCHIMBERG - US Social Security Numbers

- 3.1. As part of our investigation, we caused US Credit databases to be searched against the name of Mr. SCHIMBERG.
- 3.2. When a US Credit report is obtained for unofficial purposes, the last four digits of a US Social Security number are replaced by XXXX, primarily with the objective of preventing unrelated third parties using the SSN's for the purposes of 'identity theft' and/or 'identity fraud' - (see Appendix page 2 - 3).
- 3.3. However, through the use of sources we have managed to obtain a US Credit report - (see Appendix page 4) -in which an organisation has clearly managed to link Mr. SCHIMBERG with two (2) separate US Social Security numbers as follows: -
 - Jacob M. SCHIMBERG 340-36-AAAA; and
 - Jacob Maye(r) SCHIMBERG 340-36-BBBB.
- 3.4. It appears when he uses the Jacob M. SCHIMBERG name he uses the AAAA variant SSN and when using Jacob Maye(r) SCHIMBERG he uses the BBBB variant SSN.
- 3.5. We believe at some point Mr. SCHIMBERG has applied for credit with a local chain of stores - possibly a jewelers or some other retail outlet - who issue their own credit cards. Somehow, Mr. SCHIMBERG used the second SSN on his application and for reasons unknown, it was accepted.
- 3.6. We cannot tell if the second SSN belongs to someone else or if it was fabricated to conceal something. If nothing else, the US credit issuer appears to have become an unwitting participant. Additionally, we would be entirely surprised, based on our previous experience of working US financial institutions, if such an institution had not linked the two SCHIMBERG SSNs and filed a Suspicious Activity Report (SAR) to FINCEN.

4. ORCAS ISLAND

4.1. Our investigation has identified Mr. SCHIMBERG has purchased and acquired at least two (2) plots of land on Orcas Island in the State of Washington US and has further acquired, or is in the process of negotiating a third adjacent plot of land. The position of the lots is highlighted on a satellite image taken from GOOGLE Earth and a map of the immediate area on Orcas Island - (see Appendix pages 5 - 7).

4.2. The following represents an entry from the San Juan County property records:

Property Information

State: WA

County: SAN JUAN

Parcel Number: 171750061000

**Owner: SCHIMBERG JACOB M
SCHIMBERG HOLLIE B**

**Site Address: 1331 DAY LAKE LK
LAKE RD, WA**

Mailing Address: 66 N COCHRANS GREEN CIR
THE WOODLANDS, TX 77381-6209

Phone: (936) 321-0641

Land Use: VACANT

Assessed Value: \$205,640

Tax Amount: 1171

Lot Size: 409899

Baths: 0

Census Tract: 9603.00

Lot: 61

**Legal Description: BUCK MOUNTAIN TRACTS - MODIFIED LOT 61
(TGW WLY PR LOT 60)**

Sale Date: 03/24/2005

Sale Document Number: 000000324001

Sales Price: \$145,000

Document Type: RESALE

Deed Type: GRANT DEED

Title Company: SAN JUAN TITLE INS

Sale

Recorded: 03/24/2005

Document Number: 000000324001

Document Type: RESALE

Sales Price: \$145,000

Buyer: SCHIMBERG JACOB M & HOLLIE B

Relation Type: HUSBAND/WIFE

Seller: MACDONALD SHEILA

Deed Type: GRANT DEED

Title Company: SAN JUAN TITLE INS

- 4.3. The plots of land already acquired - on or about 24th March 2005 - are referred to as Lots 60 and 61, which are located at 1331, Day Lake Road, Orcas Island, San Juan County, Washington State US. This address is located toward the north east side of the Orcas Island. During the summer of 2008, Mr. SCHIMBERG had either acquired or was negotiating the purchase of Lot 62.
- 4.4. Further documents evidencing ownership and title by Jacob and Holly SCHIMBERG can be found referenced as follows: - (*see Appendix pages 5 - 11*).
- 4.5. Discreet enquiries on Orcas Island disclose the three above mentioned plots of land are to be developed by the owners - Mr & Mrs SCHIMBERG - as follows:
- Lot 60: Guest House;
 - Lot 61: Main Residential House; and
 - Lot 62: Bed & Breakfast Facility.
- 4.6. We are led to believe the main residential house to be constructed on Lot 61 is to be, or has been designed by an Architect and will become a construction project valued at \$2 million US Dollars.
- 4.7. The lots are a private development located down a gravel road which is wholly remote from other properties. The addresses listed for Lot 61 are the primary address of 1331 Day Lake Road and 1235 Day Lake Road.
- 4.8. 1331 has a driveway with several painted signs indicating the address. There are two areas cleared of timber and it was noted there was electric and water supplies to the property. Approximately two acres of woodland have been cleared of timber, rendering the properties to be constructed thereon with commanding views of other surrounding islands and the shipping lanes.



Signposting



Electrical Supply



Cleared 2 acre area

- 4.9. There is a smaller cleared area nearby - believed to be Lot 60 - upon which the two storey guest house with loft has been under construction for nearly 12 months. Photographs below depict the guesthouse in February 2009.



Guest House - Lot 60



Guest House - Lot 60

- 4.10. 1235 Day Lake Road is not marked from the gravel road, but is cleared of timber and has a separate driveway.. This Lot too has had electrical and water supply installed and during our visit in early February 2009 appears to being readied for construction.
- 4.11. During our discreet visit to the Lots has disclosed they are obviously adjacent to each other and all have spectacular views. Enquiries have disclosed that work on the Lots commenced during the winter of 2008 and has continued uninterrupted ever since and based on the limited development of the island as a whole, the project is interpreted as a major development.
- 4.12. Our enquiries have disclosed no expense is being spared in relation to the development of the site. We have discovered the electrical conduits being used on the site are steel immersed in molten zinc, which can be considered at the 'high end' of construction and therefore very expensive.
- 4.13. Enquiries with people in the locale disclose Mr. SCHIMBERG makes two visits per year to the area and they believe him to be a Doctor or in some way connected to the medical profession in the Middle East.

- 4.14. The only other tangible asset we can locate in the US for Mr. SCHIMBERG is the residential property at 66 N. Cochran's Green Circle, The Woodlands Houston TX77381. We have established the current resident of this property is an elderly lady by the name of Mariah SMOLESKI.

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5. MONIES SOURCING THE ORCAS DEVELOPMENT

- 5.1. From documents recovered from the QGM Shipyard in Dubai, we have identified payroll Excel spreadsheets clearing showing approximately 1,500,000 UAE Dirhams - (\$400,000 US Dollars) - per calendar month was being shown as cash payments to shipyard staff, notwithstanding the shipyard staff operated bank accounts opened for them by QGM.
- 5.2. The Excel spreadsheets further show the afore-mentioned monies were being withdrawn from QGM's bankers in the United Arab Emirates on presentation of a numbered cheque by members of the QGM Senior Management Team.
- 5.3. Information from sources available to us in Sharjah where the shipyard was located and in Dubai state unequivocally that the above shipyard workers never existed and were in fact 'ghost workers' created by the Senior Management Team.
- 5.4. THULE Drilling ASA were the only client of QGM and were being invoiced for the refurbishment of one oil rig and the construction of two new oil rigs, which included overheads; the legitimate shipyard staff working in support of the three oil rigs; **AND** the 'ghost workers' who never existed. As a result, QGM was defrauding THULE Drilling.
- 5.5. The information concerning the creation of 'ghost workers' is supported by the fact that nowhere in the accounts information for QGM Group LLC are there names of workers who have been in receipt of cash payments; how much they were paid; what their roles were; which departments they worked in; or indeed any copy receipts bearing the signatures of such workers who were allegedly paid in cash.
- 5.6. At the time the cash was withdrawn from the bank by a member of the QGM Senior Management Team, the monies thereafter became the 'proceeds of crime' and anybody involved in dissipating those funds would be guilty of Money Laundering.

- 5.7. Our information is Mr. SCHIMBERG was benefitting substantially from the above funds and was in receipt of the bulk of the fraudulent monies due to the fact he was responsible for administrative oversight of all operational matters at the QGM Shipyard and in particular the Human Resources and Finance Teams, who were used to facilitate the fraudulent creation of the 'ghost workers'.
- 5.8. Further information disclosed to us indicates Mr. SCHIMBERG was transferring his proceeds of the fraud to a Medical company based in Dubai titled MASHRIQ MADAR MEDICAL SUPPLIES. This company would pay the cash into their account held with BANK TADAWAL in Dubai.
- 5.9. Thereafter, the monies would be transferred as US Dollars to the United States from BANK TADAWAL upon the instruction of Mr. SCHIMBERG and would be credited to an account held at WASHINGTON MUTUAL Bank - possibly for the benefit of a Medical company in Idaho Falls for later dissipation to Mr. SCHIMBERG's order - or to KEYBANK in Washington State, where our sources in Dubai indicate Mr. SCHIMBERG holds an account.
- 5.10. Our UAE based sources further indicate the bulk of the monies channelled through MASHRIQ MEDICAL have been used to reconcile the fees levied by contractors involved in Mr. SCHIMBERG's Orcas Island development.
- 5.11. The method of laundering the proceeds of the THULE Drilling fraud by Mr. SCHIMBERG is corroborated by the fact that Mr. SCHIMBERG himself has perpetuated the image that he is connected to the Medical profession to people on Orcas Island.
- 5.12. We contend not only is Mr. SCHIMBERG involved in Money Laundering, but the US INTERNAL REVENUE SERVICE (IRS) treats the 'proceeds of crime' as a 'benefit' and is therefore taxable income. He is therefore also guilty of criminal Tax Evasion. The method being used by Mr. SCHIMBERG is one of the most viable; effective; and virtually undetectable methods for transferring the proceeds of crime and avoiding taxable liabilities using a foreign based company as part of the 'layering' process in Money Laundering transactions.