

# THE BAE BRIBES FUNDED COVERT OPS

Man, this is one big paragraph. Makes you want to, um, breathe.

But here's the key point of the paragraph—the description of how BAE bribes to Bandar bin Sultan and others were laundered through some offshore accounts and then used to fund covert ops.

Remember, that the real story behind the BAE "Al Yamamah" scandal is that, under the arms-for-oil barter deal, the British accumulated well-over \$100 billion, in off-the-books, offshore funds, that have been used to finance covert operations, for the past 23 years (the deal was first signed in 1985, and has been regularly updated ever since).

After which said long breathless paragraph goes onto insinuate that the BAE bribes might be tied to 9/11.

The other nagging matter around the BAE case is that Prince Bandar "inadvertently" helped finance the 9/11 attacks, through funds provided by him and his wife to two Saudi intelligence operative in California, who, in turn, bankrolled two of the hijackers.

Now, before we focus too closely on the 9/11 insinuation, first let's consider a few other details. 1985, when these funds were set up, was actually before BCCI, the Pakistani bank that both the CIA and the Saudis used to launder money for covert ops, folded. I'm curious whether any of the "usual hedge funds, etc. in places like the Cayman Islands, BVI" in which the Saudis dumped their bribe receipts were BCCI accounts? And did they move from there to Riggs Bank, where the Saudis and General Pinochet were

subsequently laundering their money?

Also, I'd sure like to know which covert ops these bribes funded. I've got one surefire guess though: the March 2004 coup attempt in Equatorial Guinea. After all, Mark Thatcher (Maggie's kid) was involved in both: He was convicted for investing the plane the South African mercenaries used in their coup attempt (though he was given the favor of claiming it was just a big oversight). And he was cohabitating with the front companies involved in some of the bribery.

Early on, it was evident that BAE was discretely funneling money back into the kingdom by paying inflated rates for military construction projects to local contractors connected to members of the royal family. In addition, under the the Al-Yamamah offset arrangements, BAE was obliged to invest a percentage of its profits in Saudi Arabia, which was done through joint ventures with similarly well-connected local companies. Two key beneficiaries of these deals were Wafic Said, a Syrian-born businessman close to Sultan,[3] and Muhammad Safadi, a Lebanese businessman close to Sultan's son-in-law, Prince Turki bin Nasser. Both became billionaires as a result.

While BAE steadfastly denied rumors that it had paid bribes in connection with Al-Yamamah, during the 1990s a number of smaller British arms companies acknowledged paying commissions to Saudi middlemen in order to win subcontracts. However, with the notable exception of a \$98 million payment by the arms company BMARC,[4] most were small-scale and all were technically legal, as British anti-corruption legislation explicitly forbidding bribery of overseas officials did not come into force until 2002. More controversial was evidence that Saudi money was finding its way back to

defense industry executives and British political figures. For example, Mark Thatcher (son of the former prime minister) and then-BAE chief Richard Evans were found to be living in luxurious residences owned by front companies registered at the same address (49 Park Lane) as Said's offices in London.[5]

Here's a post I did last year speculating that all this would come together.

The whole **BAE thing** blew up again last week while I was visiting. The short version is that Bandar Bush bin Sultan got caught with his hand in a very large cookie jar—to the tune of billions. But you'll recall that I **suggested** we'd be hearing more about this scandal back back in December. Today, Isikoff and Hosenball **reveal** that this may relate to the Riggs Bank scandal from a few years back (though keep in mind—it's Isikoff, so all the usual caveats about misleading half-truths apply).

Hundreds of pages of confidential U.S. bank records may be the missing link in illuminating new allegations that a major British arms contractor funneled up to \$2 billion in questionable payments to Saudi Prince Bandar bin Sultan. The BBC and Guardian newspaper reported last week that BAE Systems made "secret" payments to a Washington, D.C., bank account controlled by Bandar, the longtime Saudi ambassador to the United States who is now the kingdom's national-security adviser. The payments are alleged to be part of an \$80 billion military-aircraft deal between London and

Riyadh. Last week British Prime Minister Tony Blair acknowledged that his government shut down an investigation into the payments, in part because it could have led to the "complete wreckage" of Britain's "vital strategic relationship" with Saudi Arabia. Before the U.K. closed the inquiry, British investigators contacted the U.S. Justice Department seeking access to records related to the Saudi bank accounts.

And you remember the Riggs bank scandal, don't you? Where Bush crony Joe Allbritton and uncle Jonathan Bush oversaw a bank that was laundering money for Augusto Pinochet, Equatorial Guinea, and ... the Saudis? Or rather, Bandar Bush bin Sultan? Riggs was a regular old BCCI, it turns out, only no one really bothered to investigate why it was laundering money for some of the biggest creeps in the world.

So let me just throw out a few more datapoints:

- *Riggs leads to Equatorial Guinea, the same place where Margaret Thatcher's son—one of the main beneficiaries of the BAE bribery—sponsored a coup ... now where do you suppose he got the money to sponsor that coup?*
- *Cheney and Bandar have been freelancing on*

*foreign policy of late. Of course, Congress is not paying for that free-lancing.*

Some of the core tactics of the redirection are not public, however. The clandestine operations have been kept secret, in some cases, by leaving the execution or the funding to the Saudis, or by finding other ways to work around the normal congressional appropriations process, current and former officials close to the Administration said.

So where do you think Cheney and Bandar are getting the money?

Okay, I'm getting closer on that funding the Equatorial Guinea coup. So why would the Saudis want to fund a coup against one of the rising new state sources of petroleum? And if they're willing to fund a coup against one country with tons of petroleum, might they fund coups against other countries with tons of petroleum?

I feel some breathless paragraphs coming on.

Okay. Now to 9/11.

Remember the reason why the Poodle spiked the British investigation into BAE's bribery?

Via AmericaBlog, the Guardian reports that Bandar bin Sultan, adoptive member of the Bush family, is alleged to have threatened Tony Blair to convince him to spike the investigation into BAE-related

bribery of Bandar.

Saudi Arabia's rulers threatened to make it easier for terrorists to attack London unless corruption investigations into their arms deals were halted, according to court documents revealed yesterday.

Previously secret files describe how investigators were told they faced "another 7/7" and the loss of "British lives on British streets" if they pressed on with their inquiries and the Saudis carried out their threat to cut off intelligence.

Prince Bandar, the head of the Saudi national security council, and son of the crown prince, was alleged in court to be the man behind the threats to hold back information about suicide bombers and terrorists. He faces accusations that he himself took more than £1bn in secret payments from the arms company BAE.

He was accused in yesterday's high court hearings of flying to London in December 2006 and uttering threats which made the prime minister, Tony Blair, force an end to the Serious Fraud Office investigation into bribery allegations involving Bandar and his family. [my emphasis]

Now, it appears that Bandar threatened to "hold back information about suicide bombers and terrorists" in the UK—I don't think this suggests that Bandar was going to direct terrorists to attack

the UK. Here is what the Poodle said about the meeting:

The critical difficulty presented to the negotiations over the Typhoon contract ... All intelligence cooperation was under threat ... It is in my judgment very clear that the continuation of the SFO investigation into al-Yamamah risks seriously damaging confidence in the UK as a partner ... I am taking the exceptional step of writing to you myself

And here is what the British Ambassador (to Saudi Arabia, I guess?) said to the Serious Fraud Office:

We had been told that 'British lives on British streets' were at risk ... If this caused another 7/7, how could we say that our investigation was more important? ... If further investigation will cause such damage to national and international security, [the head of the SFO] accepted it would not be in the public interest.

I'll leave it at that.

Just one more thing. As you read Tim Shorrocks' book on how much of our intelligence we're outsourcing, take note of how often he talks about BAE. For example, BAE was one of the founding members of INSA, the organization about which one intelligence veteran wondering,

"if INSA has become a way for contractors and intelligence officials to create policy in secret, without

oversight from Congress."

BAE is one of those corporations working with our intelligence agencies to outsource intelligence to companies that largely escape Congress' oversight. Feeling breathless yet?