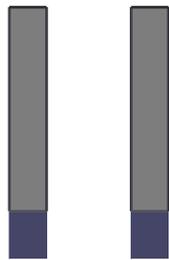
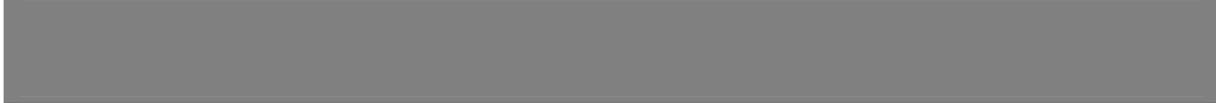


THE SOILED DOVE



A REPORT

MARCH 2002



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I. Why Margaret Thatcher is on the wall at Rules

Rules is the oldest restaurant in continuous operation in London. At the same spot for over two centuries, it was a favorite haunt of Samuel Johnson and Boswell. If one is seated in the proper table today, one notices a mural of Margaret Thatcher painted in a corner on the overhang of the slanted ceiling. She is depicted in shining armor, her stylized hair flowing like a lion's mane, with the white and red banners of St. Stephen billowing behind her. This remarkable woman is at the center of the Al Yamamah story. Her keen insight and single-minded pursuit of the Al Yamamah deal on behalf of her country was never far from her thoughts in 1985 and early 1986.

According to Anthony Harris, who had been seconded to the MOD from the Foreign Office at the time, and who was one of those present at the famous meeting at the Swiss villa where Al Yamamah's "Structure" was hammered out, the British can place the exact time and date of the British victory at 2:00 PM on 22 February 1986. The Prime Minister was at the time visiting President Reagan at the White House. The purpose of the meeting was to discuss the Middle East situation. Upon leaving the Oval Office and exiting onto the South Lawn for the usual confrontation with the press, Mrs. Thatcher was asked what she and the President had talked about. Thatcher's answer was, "We have been discussing the wise advice of King Fahd."

As luck would have it, this event was broadcast live around the world, and none other than the King was watching. Reportedly, upon hearing Mrs. Thatcher's statement, the King said he was giving Al Yamamah to the Brits.

This underscores once again the central role played by the "Iron Lady" in securing Al Yamamah for the UK. Her determination to win the deal from the French and in so doing solidify even further her collaboration with U.S. President Reagan to retain Saudi Arabia as a U.S. – UK "zone of influence" was conveyed clearly to members of her government who were given the task of finalizing the "structure." Our exclusive sources with direct access to "insider" information at BAe have confirmed that the choice of the British over the French was a very close call for the Saudis. While charming stories like the one above have become fond anecdotes for the British, there can be little doubt that from the Prime Minister on down the UK Government was willing to go to considerable lengths to win the deal and, in the process, save one of the crown jewels of the British defense industry – BAe. Key to this was not only the counterintuitive British willingness to accept barter in the form of "Prince's oil" as a means of payment, but also their apparent lack of scruples in acceding to the well-known Saudi penchant for side deals and commissions, i.e. "corruption."

Our sources have now added to and clarified our knowledge of the secret meeting at the Swiss villa, described in the previous report. Our exclusive source, relying on information from a former BAe executive who attended the meeting, tells us that the Thatcher Government gave strict orders that no one of ministerial rank should attend the

meeting. In contrast to our earlier reporting, Foreign Minister Michael Heseltine remained in London. The British delegation was headed by Sir James Blythe (now Lord Blythe), then the head of DESO. Also in attendance was Blythe's deputy, Anthony Harris, who had been seconded to the Ministry of Defense from the Foreign Office. BAe was represented *inter alia* by its chairman and, of course, Richard Evans, then head of the Tornado sales program. In total, there were around a dozen attendees from both sides at this gathering, intended to set the metes and bounds of the "side deals" that surround Al Yamamah.

To add to previous reporting regarding Mark Thatcher's attempt to impose his own presence on the meeting, it was Heseltine in London, warned by Harris, who had the unenviable task of heading off Thatcher. Meeting participants did not want Heseltine to inform the Prime Minister of this problem, but he did so anyway.

This episode actually occurred before arrangements had been made for Wafic Saïd to "reward" Mark Thatcher in response to the Prime Minister's request to Prince Sultan. The Prime Minister's son simply intended to break in on the meeting and see what he could rake off for himself because of his connections.

That the Prime Minister herself was a willing participant in some of the more dubious aspects of Al Yamamah was illustrated in our previous report. The "deferred benefits" of Al Yamamah club membership can be seen today in lucrative post-government employment, such as that of Lord Powell, now heading Sagitta Management for Wafic Saïd, the lifestyle of Mark Thatcher, now living in South Africa, or the luxury apartment occupied by Sir Richard Evans.

With very few exceptions, the details of the Al Yamamah "structure" remain hermetically sealed within No. 10 Downing Street and Whitehall. The incentive for successive UK governments, both Conservative and Labour, to keep the secrets is without doubt the continuing robust state of BAe. The centerpiece of the British defense industry was all but prostrate in 1985. Today it is the third largest aircraft manufacturer after Boeing and Lockheed Martin and thus clearly dominates Europe. BAe ranks fifth among all Pentagon contractors. The wonder drug that roused BAe from its doldrums was Al Yamamah. Thanks to this arrangement Britain sold more arms to Saudi Arabia during the period 1973 – 1997 than did the United States in terms of total sales and current dollars.

Chart 1

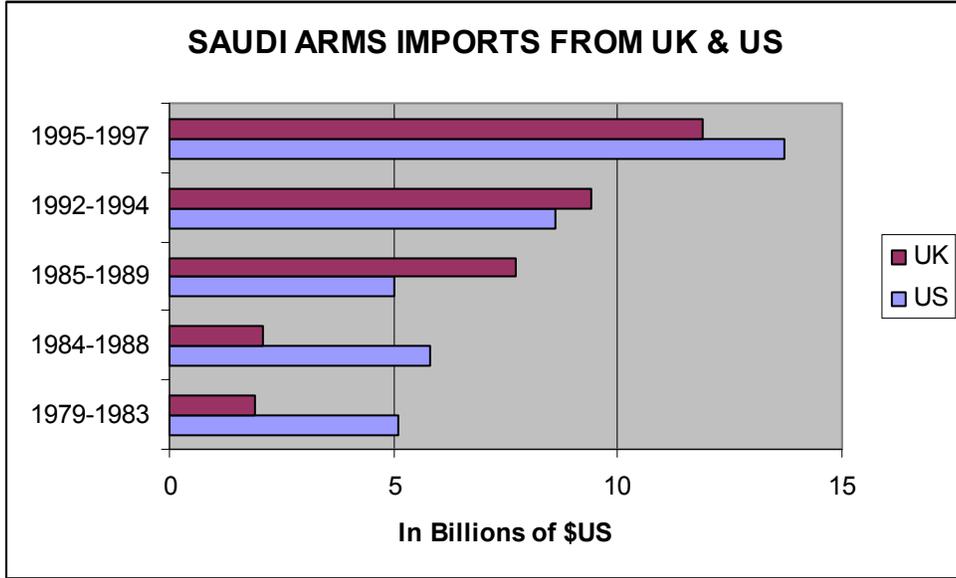
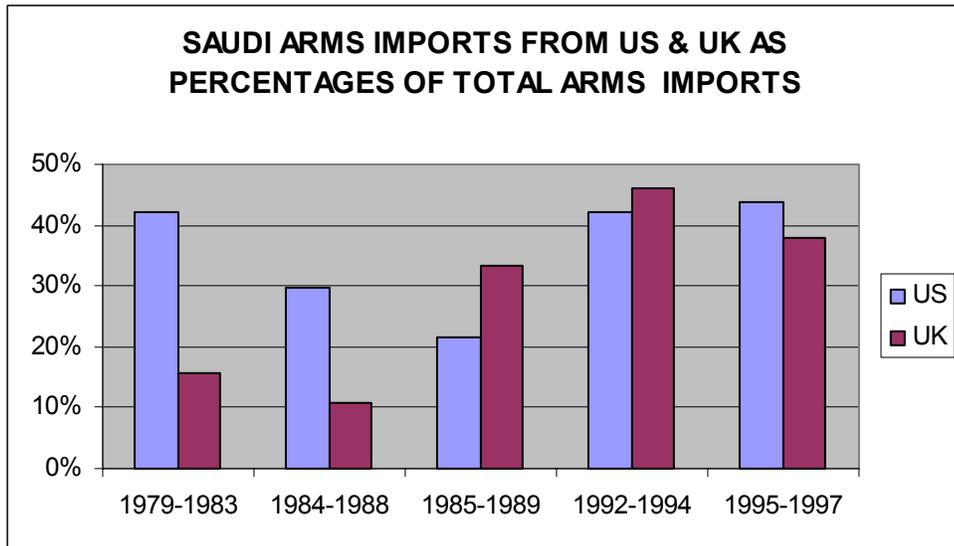


Chart 2



II. AL YAMAMAH - Where the Money Went

There is abundant information illustrating the way wealthy Saudis profited under the table from the Al Yamamah deal. Across the globe, from London to Riyadh, from Wafic Said to Prince Sultan, the money circulated, pooled, and circulated again. Round and round it goes and where it stops nobody knows. It appears incontestable that a large percentage of Al Yamamah money poured into Saudi coffers, and it would be



Saudi businessmen (L-R) Abdullah Kamel, Wafic Said, Saad al-Hariri, and Saleh Bin Laden (©Reuters July 2000) during contract signing ceremony for holding company that would invest \$100 million in tourism, industry, and real estate in Syria.

fair to ask in the wake of the terrorist attacks on the United States of September 11, 2001, whether any of this money eventually found its way into the funding mechanisms used by Islamic terrorist networks. That these events occurred well before even the Gulf War makes finding the answer to this question very difficult.

Islamic charities have received much attention in this regard. *The Economist* reported on 8 November 2001 that “many trails from the ‘charities’ that finance terrorist or militant groups, including Mr. Bin Laden’s al-Qaeda, wend their way back to the Saudi kingdom, and even to the extended royal family itself. Until very recently, the Saudi regime supported the Taliban, encouraging its people to visit Afghanistan. And the stern form of Islam that dominates Saudi Arabia is not a million miles from the Taliban’s own religious practices.”

“Saudis pumped more than \$600m into Muslim efforts in Bosnia, \$380m of it from individual donations, the rest from the government. The Saudi government, which stripped bin Laden of his nationality in 1994, is aware that some of its wealthiest citizens still collectively donate an estimated \$1.6m a day to a variety of Islamic causes.”

Moreover, the Saudis have been resistant to requests for assistance and support in investigations into terrorist incidents, such as the Khobar Towers bombing. *The Economist* goes on to emphasize, “The kingdom is indeed as it ever was. But the repressiveness of its laws, its total absence of democracy, its opaqueness, the corruption and venality of some of its myriad princes, are suddenly seen anew ...” in the light of 9/11.

On 14 November 2001, Crown Prince Abdullah warned senior members of the *ulema* to be more cautious and avoid inflammatory remarks. Abdullah “warned senior Muslim

leaders ... to be cautious in their religious rhetoric and called upon them ‘not to be emotional or provoked by others...’” This amounted to a tacit admission that the regime was embarrassed by the strong support for radical Islam from within its own country.

It is not our purpose here to provide a critique of radical Islam, but rather to draw inferences from what we have learned about Al Yamamah and its participants regarding the possibility that money “earned” from Al Yamamah ended up supporting terrorist operations. The implications are enormous and far beyond the scope of this report: sympathetic Saudi support, both private and institutional, of organizations with terrorist connections must be condemned by the civilized world as reprehensible, and a review of the West’s relations with Saudi Arabia is the least action called for. Such reviews are undoubtedly underway in Western capitals and think tanks at this moment. In the context of Al Yamamah, “the biggest business deal ever,” the guilt belongs not only to the Saudis, but also to those principals and middlemen who were complicit in the graft from which those funds originated.

Especially interesting within the context of this report are the known ties between Wafic Saïd and individuals and organizations (some of them “charitable”) known to be associated with the worldwide radical Islamic movement. Most prominent is his continued contact with the Bin Mafouz family, including Khalid Bin Mafouz, and individual allegedly deeply involved in terrorist financing who has been called “The Banker of Terror.” The sister of Khalid Bin Mafouz is married to Osama Bin Laden.

On the other hand, a prominent opponent of the Saudi royal family currently residing in France opines that the personalities on the Saudi side of Al Yamamah would be highly unlikely contributors to Osama Bin Laden or any other opponent of the Al Saud regime. As has been revealed, the Saudis who profited most from Al Yamamah were those aligned with the Defense Minister Prince Sultan, Prince Mohammed Bin Fahd, and Prince Abdulaziz (favorite son of King Fahd). Known for their venality and corruption this group of *Fahd allies* is interested only in self-enrichment and maintaining its position of influence. Wafic Saïd has been allied with this group ever since he befriended the sons of Prince Sultan (Bandar and Khalid) in London when they were young students. Since four years ago, by Royal Act, all charitable donations of Saudi citizens must be cleared by Prince Sultan. According to this source, this demonstrates that Sultan wanted to curb support to extremists. There is no evidence that this worked, however, and the most active funding mechanisms, such as *Dar Al Maal Al Islami* and the International Islamic Relief Organization, already were set up by that time. Additionally, the most prominent Saudis allegedly most involved in supporting international Islamic extremism, such as Prince Mohammed Al Faisal and Khalid Bin Mafouz, are secure in their own power bases.

Wafic Saïd’s longstanding relationship with the Bin Laden family, known to have supported Osama financially for many years is undeniable, as is illustrated by his partnership with Saleh Bin Laden in the Arab Investment Holding Corporation (see below). In his recently published book, Ben Laden La Vérité Interdite, Jean-Charles

Brisard reports that according to Osama's younger brother Abdullah Mohammed, "the Bin Laden family donates large amounts every year to the Islamic mutual aid organization Oxford Islamic Trust ... (an organization) ... with its headquarters at the same London address as the International Islamic Relief Organization, reputed to be one of the principal centers of recruitment for the terrorist networks of Osama Bin Laden."

"The use by charities of legitimately raised funds for military purposes was by then well established. In 1988, Mohammad Jafal Khalifa, (Osama) bin Laden's brother-in-law, flew from Jeddah to Manila, the Philippines' capital, to establish a branch of the Saudi-based International Islamic Relief Organization (IIRO).

"Khalifa has since returned to Saudi Arabia and publicly criticized bin Laden's activities. However, Philippines' intelligence officers say the IIRO office and an array of associated business ventures have been used to channel funds to the separatist Abu Sayyaf Islamic group."

Brisard quotes well-known Saudi dissident Dr. Saad Al Fagih, "Islamic family structure is founded upon a very specific principle that demands solidarity with members of your family, even relatives who are far away. As soon as you can, you have the obligation to support your cousin, your niece, your nephew, and *a fortiori* your brother. It would be, for example, a sin to prevent money from getting to its intended recipient, in this case (Osama) Bin Laden."

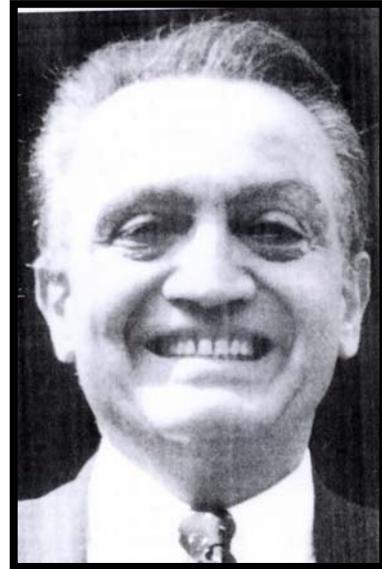
The information in our possession (See Appendix 2) leads to the conclusion that it is not primarily "official" funding that supports Al Qaeda, but rather the totality of "donations" provided by wealthy individuals, family members and friends, and the "Arab Street," funneled through Mosques and "charitable" organizations that provides the bulk of support for Osama Bin Laden and other terrorists, such as Hezbollah. The tangled web of these "charitable" activities, "investments," and international financial organizations associated with the likes of Khalid Bin Mafouz demonstrates the possibility that some Al Yamamah-derived money eventually found its way to extremist organizations.

But it would be problematic to link Al Yamamah proceeds directly with Osama Bin Laden's recent activities. Al Yamamah I was signed in 1986 at another time in another century. Al Yamamah money began circulating long before the Gulf War. The profits reaped by Saïd, Sultan, Bandar, and the others could be linked to Osama Bin Laden only generically as "Saudi money" and thus linked to terrorist support as illustrated above. There is no specific instance to which we can point that proves conclusively that Saïd and his Saudi principles knowingly contributed to terrorists, although the continued alliance of the Al Sauds and the Wahabis suggest Al Saud support of Islamic extremism.

As we have shown, support from the Bin Laden clan to Osama was considerable during the early days of the struggle against Soviet occupation of Afghanistan. We do not doubt either that this support continued in one form or another after Osama settled in the Sudan and perhaps continues to this day. In this aspect, Wafic Saïd's continued association with the Bin Ladens could be viewed with suspicion by Western intelligence services.

III. WAFIC SAÏD

The enigmatic, charming, even magnetic personality known as Wafic Saïd is considered by some as but a smiling façade behind which lies a vast financial empire reportedly worth billions of pounds, built largely on the basis of his association with some of the more corrupt elements of the Saudi royal family, principally Prince Mohammed Bin Fahd, son of the Saudi king, and Prince Sultan, the Saudi Ministry of Defense. His long association with the Bin Laden family adds to the suspicions concerning his business dealings, as do his longstanding relationships with Jonathan Aitken and Mohammed Saïd Ayas.



To his friends he is a generous philanthropist, connoisseur of fine art and horseflesh. While the truth is probably to be found somewhere between these two extremes, there is no doubt that Saïd played a role in Al Yamamah. His British friends, especially those at BAe, today downplay the importance of that role, and like to point out that he was in London when the secret Swiss villa meeting took place and that his contribution to sealing the deal was limited to fulfilling Prince Sultan's promise to reward the son of the Prime Minister.

Saïd is the soul of discretion. Never has he broken the code of silence protecting Al Yamamah and its participants, and he has publicly claimed to be wounded by media references to him as an arms dealer. "I've never even sold a penknife," is his typically charming response. Nevertheless, the fact that Saïd was the "fourth man" at the now infamous meeting at the Ritz Hotel in Paris that led to the public disgrace and downfall of Jonathan Aitken belies his claims. He wasn't there just to serve tea.

Saïd's background is fairly well documented. He was born in Damascus, Syria in 1939, one of six children. His father, an eye surgeon "was Syria's Education minister who founded Damascus's university in the Twenties during the French mandate ... (Saïd, a Sunni Muslim) went to a Jesuit school in Beirut. After Cambridge, he dabbled in banking and in 1967 opened two restaurants in Kensington High Street, decorated like an Arab tent, with Lebanese dancers."

Soon after he and his British wife returned to Saudi Arabia in 1969, Saïd leveraged the contacts he had made in both Switzerland and London to enter the construction business that sowed the seeds for his enormous fortune. Taking advantage of the petrodollar boom, he rode the wave of Saudi infrastructure building, helping to construct roads, hospitals, schools and other large capital intensive projects throughout the seventies and early eighties. His bonds to his adoptive country were further strengthened in 1981 when he was given Saudi nationality and he lost his eldest son in a tragic drowning accident at

the home of Prince Sultan Al-Saud, the brother of King Fahd. It is often said that Prince Sultan felt a responsibility toward Saïd following the accident. We can only debate the point even though it is widely accepted in the UK that Saïd's connection with Prince Sultan and the Fahd clan were key to his success. It is undeniable that the Prince's support positioned Wafic Saïd for the most important role in his life, middleman for the Al-Yamamah arms deals between Great Britain and Saudi Arabia.

Al Yamamah: Saïd's Moment in the Sun

Saïd already assisted his Saudi friends with investments in the West thanks to his connections there and his knowledge of the markets. With one foot in London and one foot in Riyadh, he was uniquely positioned to navigate the business landscape to the benefit of all parties involved, including himself. Al Yamamah allowed him to exploit his connections to the tune of a reported £100 million+ in commissions stemming from the Al Yamamah deals. His relationship with Mark Thatcher, son of then-Prime Minister Margaret Thatcher, has been well documented. He is thought to have utilized this most direct route of communication to Downing Street for the Saudi government to broker a favorable deal, including the unique barter arrangement where the Saudis "paid" for the arms in oil. It has been reported that Saïd himself received his payments mostly in oil, which he then sold on the spot market, and a smaller sum in cash (£15 m) that he parked in one of his off-shore Panamanian companies, Rawda Investments. Mark Thatcher enjoyed the use of a Chelsea luxury apartment paid for by one of Saïd's companies in addition to two million pounds. Saïd also cozied up to the Conservative Party, donating millions of pounds during their election cycles and to key candidates. His largesse extended to key management members of BAe as well, including the chairman Richard Evans. Much like Mark Thatcher, Mr. Evans lived in an exclusive Mayfair flat that later was discovered to be connected to one of Saïd's companies.



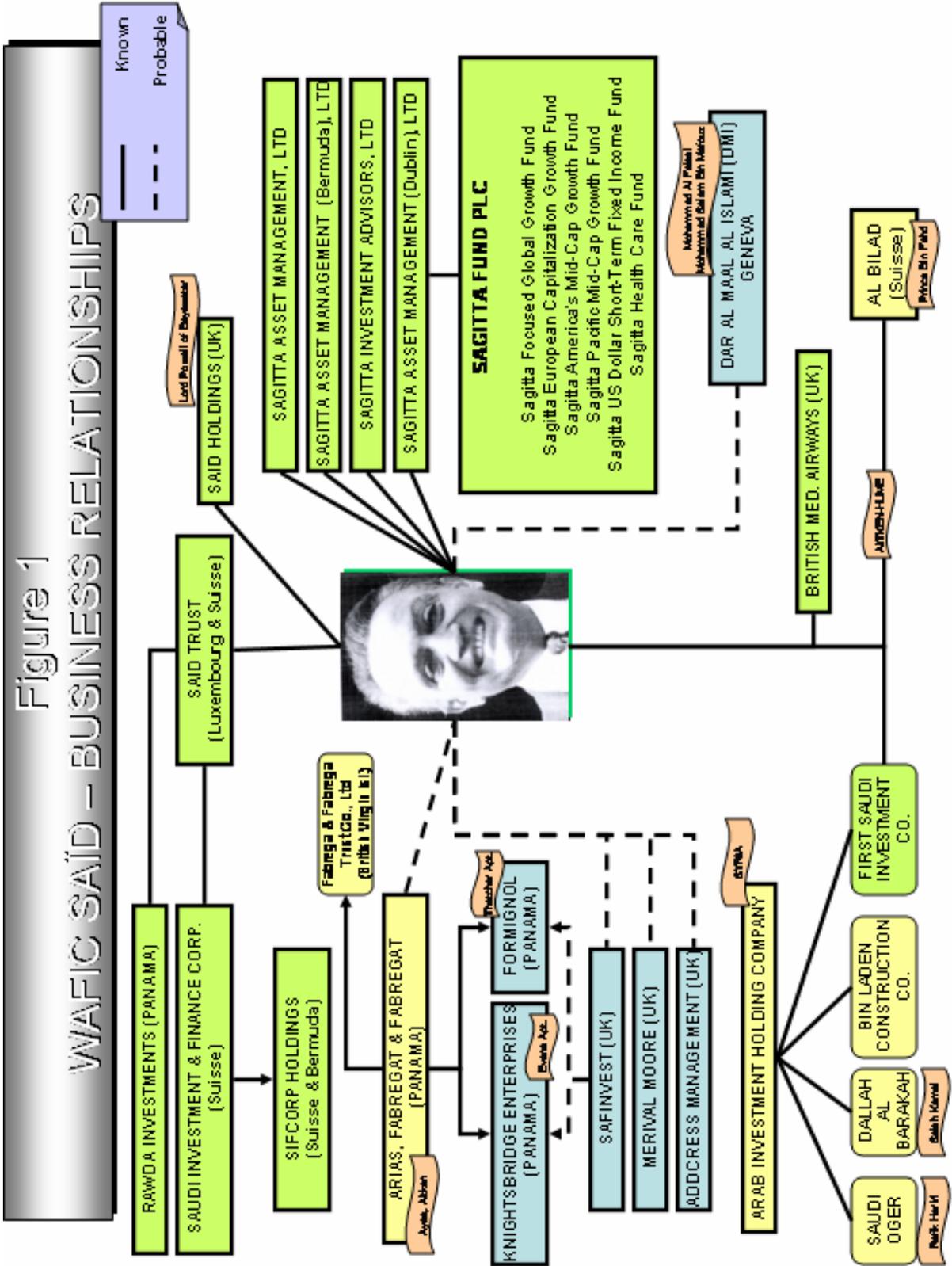
Sir Richard Evans leaving his Mayfair apartment

Saïd continues to insist that his role in Al Yamamah was minimal and that he received no payment for it - he simply helped to put the British side in touch with the Saudis because of his connections there, "I was not paid a penny (for advising British Aerospace) but I benefited because the project led to construction in Saudi Arabia that helped my company." It may indeed be true that he gained some construction contracts, but their value pales when compared to his alleged commissions from Al Yamamah. He may be less well-known than Adnan Khassoggi and his ilk, but Saïd was most definitely a successful arms broker. When questioned about the arms deals, Saïd invokes an almost patriotic defense, "I thought I was doing this country a favor...this is a deal which brought a huge boost to British industry." Al Yamamah helped BAe when its fortunes were at low ebb and during a difficult economic time. It also helped to weave together a cast of political influencers, shell corporations, Saudi government factions, "fix-it"

middlemen like Saïd and the leaders both within BAe and the British government, a typical arrangement in less than clean Saudi business dealings.

Saïd: The Businessman

“The principal mechanisms for committing crimes were shell corporations, bank confidentiality and secrecy havens...kickbacks and bribes, intimidation of witnesses and retention of well-placed insiders to discourage governmental action.” The foregoing comment does not refer to the Al Yamamah arms deals, but instead to the BCCI scandal of the early nineties. It is useful to us, nevertheless, to note the similarities in arrangements between BCCI and Al Yamamah, indeed the hallmark of the Middle Eastern way of doing business. The complicated overlay of shell corporations, holding companies, and almost untraceable ownership makes it difficult to gain a complete picture of Saïd’s business holdings, especially since Al Yamamah. At best, open sources only scratch the surface of his empire, allowing us a brief glimpse of his ties both in the UK and overseas. We believe it very likely that he additionally owns and/or controls multiple shell corporations in the European tax havens (Channel Islands, Switzerland, and Luxembourg) and Panama and Bermuda. Please see Figure 1 for further details regarding business connections our investigators could confirm.



The key Saïd companies are Sagitta Asset Management (and its multiple subsidiaries and funds), the Saïd Trust and Saïd Holdings. The Sagitta group alone is reported to manage assets over US\$ one billion and is said to be Saïd's principle investment vehicle. The Saïd Trust, operating out of both Switzerland and Luxembourg, directly controls the Saudi Investment and Finance Corp, registered in Switzerland that in turn controls Sifcorp Holdings. Sifcorp Holdings appears to be two companies with the same name, one registered in Switzerland and the other in Bermuda. Little is known about Saïd Holdings; however, Lord Charles Powell, former advisor to Margaret Thatcher and John Major, is reported to be Deputy Chairman. Even less is known about Saïd Trust, but sources indicate that its interests go beyond mere philanthropy. Supposedly, the group assisted with the publication of a talking paper, published in Nonviolence International, that detailed instructions for presenting a pro-Syrian position before the United States Congress.

Besides these entities, Saïd has made investments in British Mediterranean Airways and Aitken Hume International, the since failed merchant bank founded by the infamous Tory MP Jonathan Aitken. Other investments, particularly those in the Sunday Correspondent newspaper and First National Bank of Washington (a BCCI affiliate), stand testament to the fact that even a rich, successful man like Saïd loses money as easily as the rest of us. In addition to these documented investments, Saïd reportedly has his fingers in a number of pies. The Panamanian law firm Arias, Fabregat, and Fabregat is believed to have set up a number of shell companies for him, including Formignol and Knightsbridge Enterprises, both of whom were later listed as owners of the properties leased to Mark Thatcher and Richard Evans. In addition, both companies were managed by Safinvest, a group operating out of Saïd's London business address. Saïd is also reported to have ownership interests in Merival Moore and Address Management. Although no connections to any of these companies can be conclusively proven, the circumstantial evidence of Saïd's ownership is plentiful.

Connection to Bin Laden Family

In July 2000, following the election of Syria's new president Bashar al-Assad, Saïd's First Saudi Investment Company joined forces with three other concerns to forge the consortium Arab Investment Holding Co. Saïd and his partners promised investments of \$100 million in key infrastructure, including telecommunications and real estate, if economic liberalization took place. Especially interesting were the identities of the other consortium members: Saudi Oger, a contracting concern headed by former Lebanese premier Rafik al-Hariri and his son Saad, the Dallah Al Barakah Group, a diversified financial group owned by Saudi billionaire Saleh Kamel and, finally, the Bin Laden Construction Group of Saudi Arabia.

Saïd's ties to the Bin Laden clan span a number of decades dating back to his involvement with the construction industry in Saudi Arabia. Given the size of the country and the size of the petrodollar contracts, it is possible that not only was Saïd and his company familiar with the Bin Laden Group -- they probably worked together on many of the same projects. Like Saïd, the Bin Laden family runs much of their activities

from Switzerland and Luxembourg. Since 1980, the bulk of the Bin Laden Group's international activities are routed through the Geneva offices of Saudi Investment Company (SICO), established in 1980 and whose capital was increased to SF 100 million on April 30, 1991. Also like Saïd, it is almost impossible to unravel the true extent of the family's business dealings, its charitable contributions, and, especially important in light of the events of September 2001, the Bin Laden family's reported continuing support of their kinsman, the terrorist Osama Bin Laden.

Connection to Bin Mahfouz

Mahfouz is the Director of Dar Al Maal Al Islami (DMI), a Geneva- based group that advertises itself as an institution which creates, maintains and promotes Islamic financial institutions, asset management and Sharia compliant operations and investments. Prince Mohammed Al Saud Al Faisal's associations with the group link it directly with the Faisal Islamic Bank, a suspected conduit of funds for Osama Bin Laden.

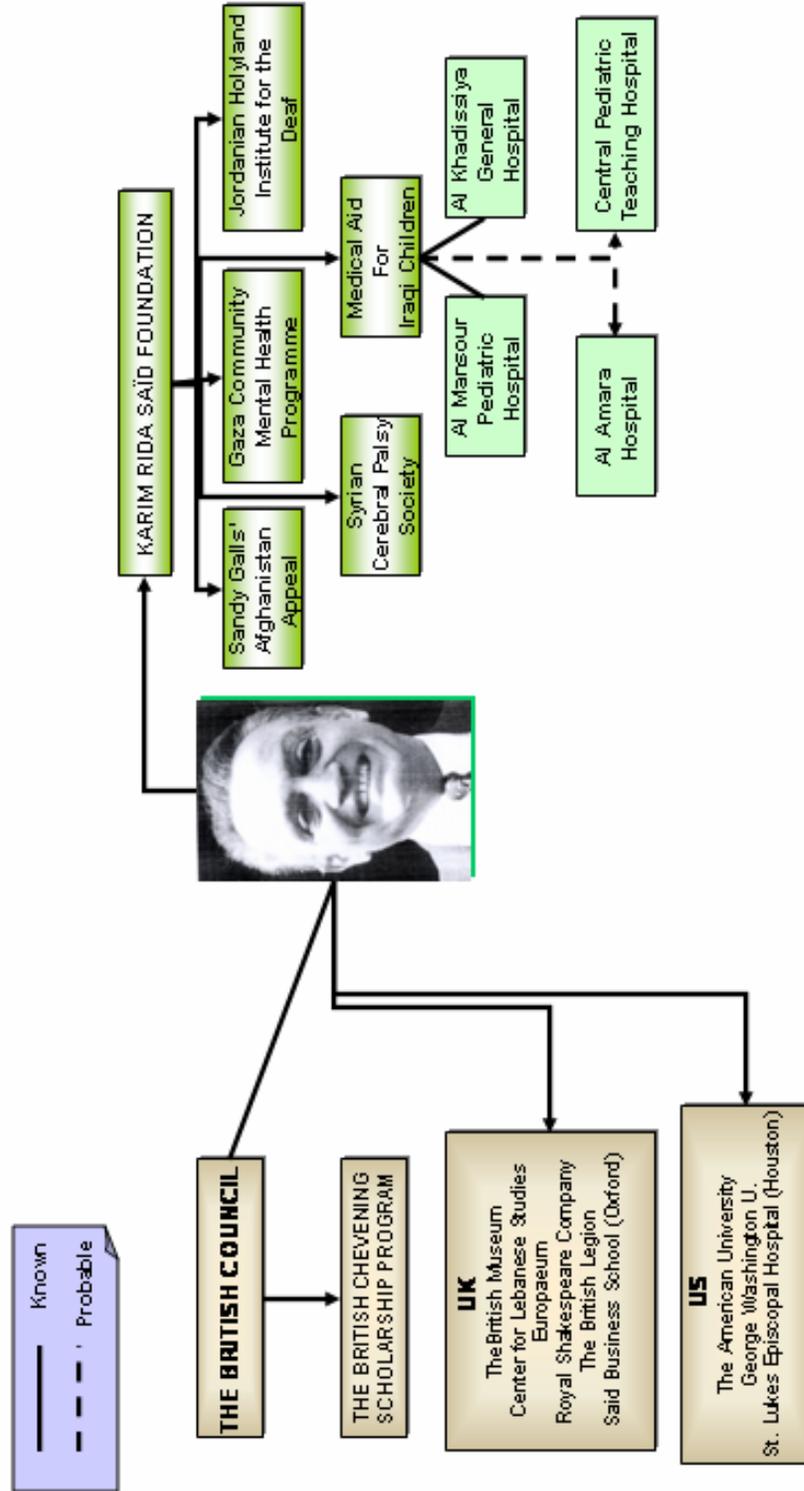
Saïd: The Philanthropist

Wafic Saïd's charitable donations span the spectrum and crisscross the globe. Saïd's most obvious giving arm is the foundation he established in memory of his son, the Karim Rida Saïd Foundation. The foundation's stated goal is to "relieve poverty and suffering, especially through the provision of assistance in the fields of health and disability in the Arab world and elsewhere; to encourage through grants, scholarships and other means, education in the Arab world...and to promote a greater understanding in the West of Arabic culture and language." Its Director is Ms. Catherine Roe. Recipients of the foundation's support include the Gaza Community Mental Health program, the Jordanian Holy Land Institute for the Deaf, Medical Aid for Iraqi Children and Sandy Gall's Afghanistan Appeal.

Saïd also donates to several cultural causes in Great Britain including the Royal Shakespeare Company, the British Museum, the British Legion and English Heritage, a favored charity of Prince Charles. In addition, he supports educational endeavors such as the British Council's Chevening Scholarship program which targets scholarships for Jordanian students. His £20 million gift to Oxford University to endow the Saïd Business School made newspaper headlines as the largest gift to the university in half a century. His charitable activities in the United States are a bit more scattered, including donations to a hospital in Houston and two universities in Washington, DC: the American University and the George Washington University.

Saïd, at least on the surface, is what he seems to be: the art lover, the horse racer, and the architectural enthusiast. He was also an arms dealer, and a very successful one, during the Al Yamamah negotiations.

Figure 2
WAFIC SAÏD – CHARITABLE CONNECTIONS



IV. MOHAMMED SAÏD AYAS

Self interest and corruption keep the gears of the Al Yamamah deal turning smoothly, year after year. Mohammed Saïd Ayas is the only person with insider knowledge of Al Yamamah ever to have thrown sand into those gears. He did so only under tremendous pressure, and then only until it appears that he was bought or scared off.



On December 9, 1997, Ayas was sued by Prince Mohammed Bin Fahd, until then Ayas' principal benefactor. The cash poor Prince sued Ayas in a British court, alleging that between 1985 and 1997 Ayas and members of his family and friends systematically had stolen some £144 million from the Prince's bank accounts in the UK, Switzerland, and Germany.

According to The Guardian, the Prince, Governor of Saudi Arabia's oil rich eastern province had "overreached himself" due to "his legendary abilities to find ways to spend millions of dollars a week, his huge entourage and fewer opportunities for siphoning off money from oil deals ..." A review of his holdings revealed that he was missing considerable funds, and "his suspicions fell immediately on Saïd Ayas, who worked as the Prince's right hand man and business manager. Thirty years with the Prince had transformed Ayas – a dapper, elfin figure born in Lebanon – from a humble medical student into a multi-millionaire who owned lavish properties in London, Paris, Houston, Geneva, and Riyadh, as well as a £20 million yacht ..."

The Prince's attack forced Ayas to break "the discreet habits of a lifetime ... He described to his lawyers the history of his career as Prince Mohammed's 'fixer,' in which Ayas himself had skimmed off more than £60 million as 'commission' on the various bribes paid over the years to the prince. *And Ayas produced a sheaf of documents held by his Canadian lawyer, Mr. (Len) Lugsdin. They were Ayas's 'insurance' and included bank records of a payment of \$100,000 to Mr. Lugsdin in 1992 for his work" setting up offshore companies at Ayas' request on behalf of the prince.*

Ayas had come to public attention earlier. A longtime friend of Jonathan Aitken, Ayas had corroborated Aitken's false account of who paid the infamous Ritz Hotel bill in Paris. Even more details of that meeting were revealed in Ayas' response to the Prince's suit, but we need not go into that again at this time. More interesting are the ties revealed

among Prince Fahd, Ayas, and Wafic Saïd. These ties are murky, and our investigation showed that considerable effort had been made to conceal them, but they are there nonetheless.

Ayas entered the Al Yamamah picture when he made a bribery proposal to the arms giant GEC in 1993. This was one of the deals cooked up with Aitken, then in charge of negotiating foreign arms sales in the Major government. According to the *Guardian* account, Ayas controlled the Swiss bank account into which the bribe money was to be deposited. The rate allegedly was to be three percent of the value of the contract with GEC. With Ayas serving as Saudi bag man and Aitken working on the inside to ensure that the deal went through, both they and Prince Mohammed stood to make a great deal of money. Ayas “had already helped to get a big contract for minesweepers for the British firm Vosper (as) part of the ... Al Yamamah Anglo-Saudi arms deal. The prince’s middleman that time had extorted 15 percent from the British, so at a mere three percent, GEC were getting the service relatively cheap.” This deal was the genesis of the fateful Ritz Hotel meeting in Paris, where Ayas, Aitken, Wafic Saïd, and Prince Mohammed were to gather.

The Guardian further reported that Ayas had copies of secret 10% commission deals signed with VSEL on the sale of submarines and heavy self-propelled howitzers. Further Westland agreed to pay 9.5 percent to a “mysterious” off-shore company, Philimore Holdings, S.A., on Black Hawk or EH101 helicopter sales. The commission payments envisaged at the time were more than £50 million. Ayas handed over the documentary evidence to his lawyers and swore an affidavit confirming their contents on June 15, 1998, and it is this document that finally broke open “one of the greatest bribery scandals” of the age. Due to the *Guardian*’s exposé, none of these deals reached fruition.

Media reporting and other sources confirm that Prince Mohammed’s suit against Ayas was settled quietly out of court. Since that time, he has kept out of the headlines. Little is known of his present associates or activities. Nevertheless, since the inception of Al Yamamah, Mohammed Saïd Ayas has provided the only breach in the smooth façade shielding the intrigue that made the deal possible, however forcibly this necessity was thrust upon him.

V. “The Structure” - Corruption as the Tie that Binds All Elements of Al Yamamah

The examples of the Swiss villa meeting and Mrs. Thatcher suggesting what amounted to a kick-back for her son illustrate the fact that corruption was one of the founding elements of Al Yamamah, and something the British were perfectly prepared to accept. Indeed the report of the Swiss villa meeting, if accurate, displays direct and meaningful participation of high level British officials in arranging kickbacks and commissions that should have no place in government to government deals, practices that are forbidden by British law.

Despite the combined efforts of successive UK governments to conceal the details of Al Yamamah, our investigation and those of others have established bribe taking on the British side by Jonathan Aitken and Mark Thatcher (due directly to his mother’s request of Prince Sultan), and apparent “deferred rewards” for Sir Richard Evans and Lord Powell. Those on the Saudi side of the Al Yamamah corruption equation appear *inter alia* to include: Prince Sultan, Prince Bandar, and Prince Mohammed bin Fahd. One of the principle subjects of this investigation, Wafic Saïd, appears to have played a key role in the affair and profited by it, despite his energetic claims to the contrary.

Seventeen years now have passed since the beginning of the Al Yamamah affair. The continuing official silence in the UK and acquiescence in the continuing incestuous relationships among the individuals and institutions involved in Al Yamamah make it unlikely that any, save the careless Jonathan Aitken and the unfortunate Mohammed Saïd Ayas, will ever pay the price of their collusion. Rather, they will continue reap rewards for having saved BAe.

The scandal and the economic complications caused by the Al Yamamah arrangements appear to have had an effect in the Kingdom. At a time when oil revenues were declining the Saudis were receiving more arms than they effectively could absorb. Meeting payment schedules for the some US\$ 3 billion per year obligated under Al Yamamah proved difficult for the Saudis during this period and was not integrated into their normal budget process. This last point is especially pertinent to Al Yamamah. Though the flow of easy money may be slowing now, it made the fortunes of some while it lasted. There may be an effort underway to sign an Al Yamamah III before the chance is lost.

Crown Prince Abdullah was not a part of the original Al Yamamah negotiations with the British, and he is said to be uncomfortable with an arrangement that permits this huge arms deal to escape normal budgetary constraints through the device of barter trade with “Princes” oil. The Saudis already escaped some obligations under the agreement by simply declaring that the MOU’s they signed were not contracts. And by 1996 they had shifted control of the sale of the 650,000 bpd of oil under the agreement to Aramco. There is said also to have been some concern within the Saudi government about allowing the Ministry of Defense, i.e. Prince Sultan, to operate Al Yamamah off budget.

FIGURE 3 – “THE STRUCTURE”

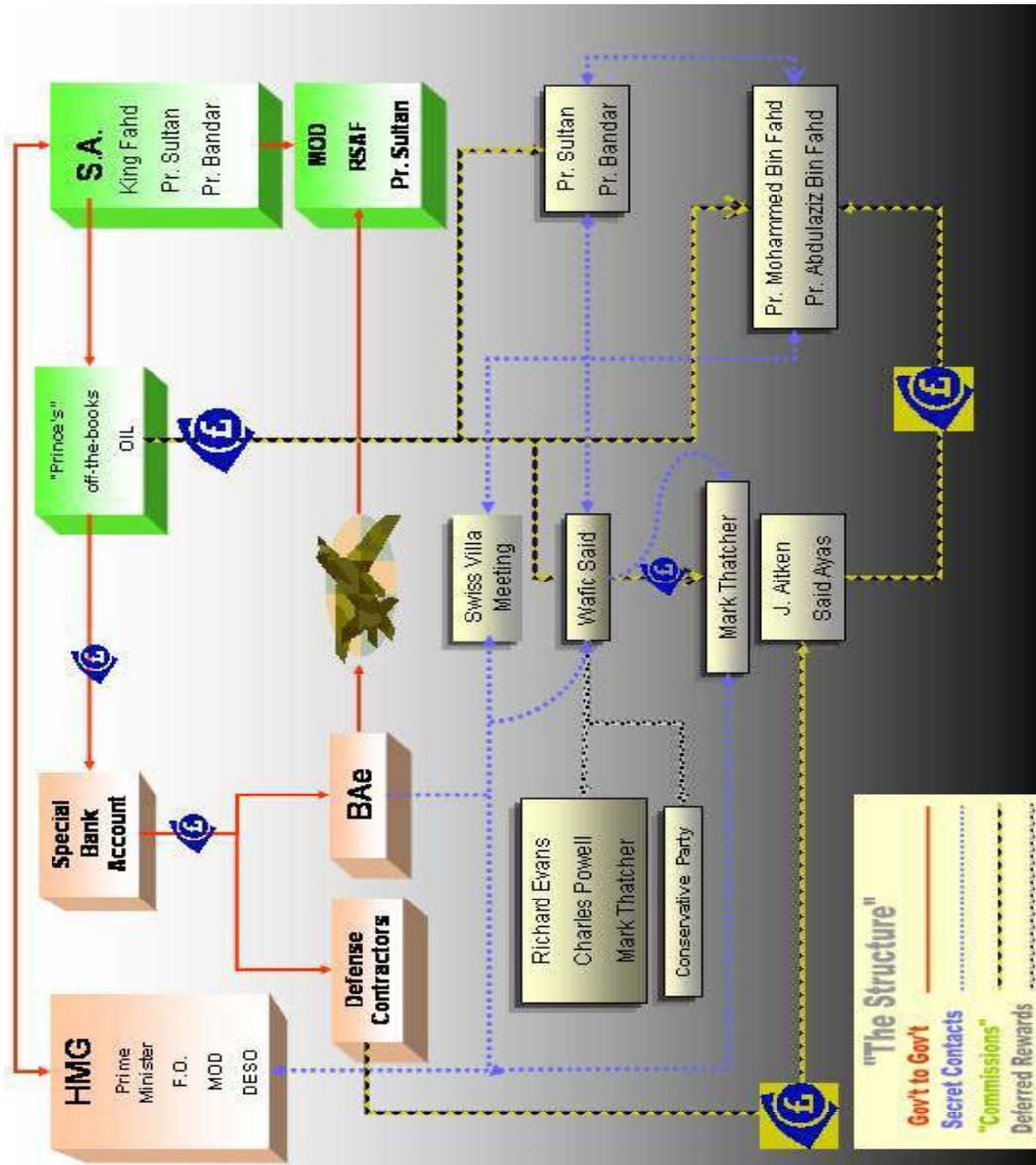
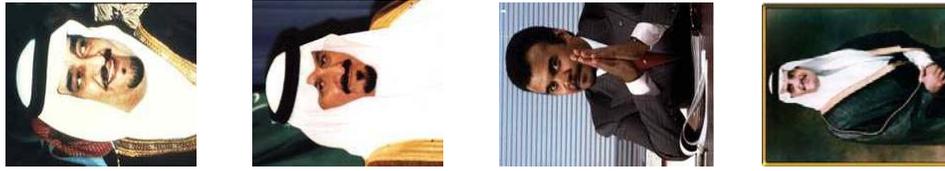


Exhibit 1: Letter from British Comptroller and Auditor General Sir John Bourn KCB to MP Graham Brady, dated 29 June 1998, explaining reasons for not publishing a National Audit Office report on Al Yamamah finances.

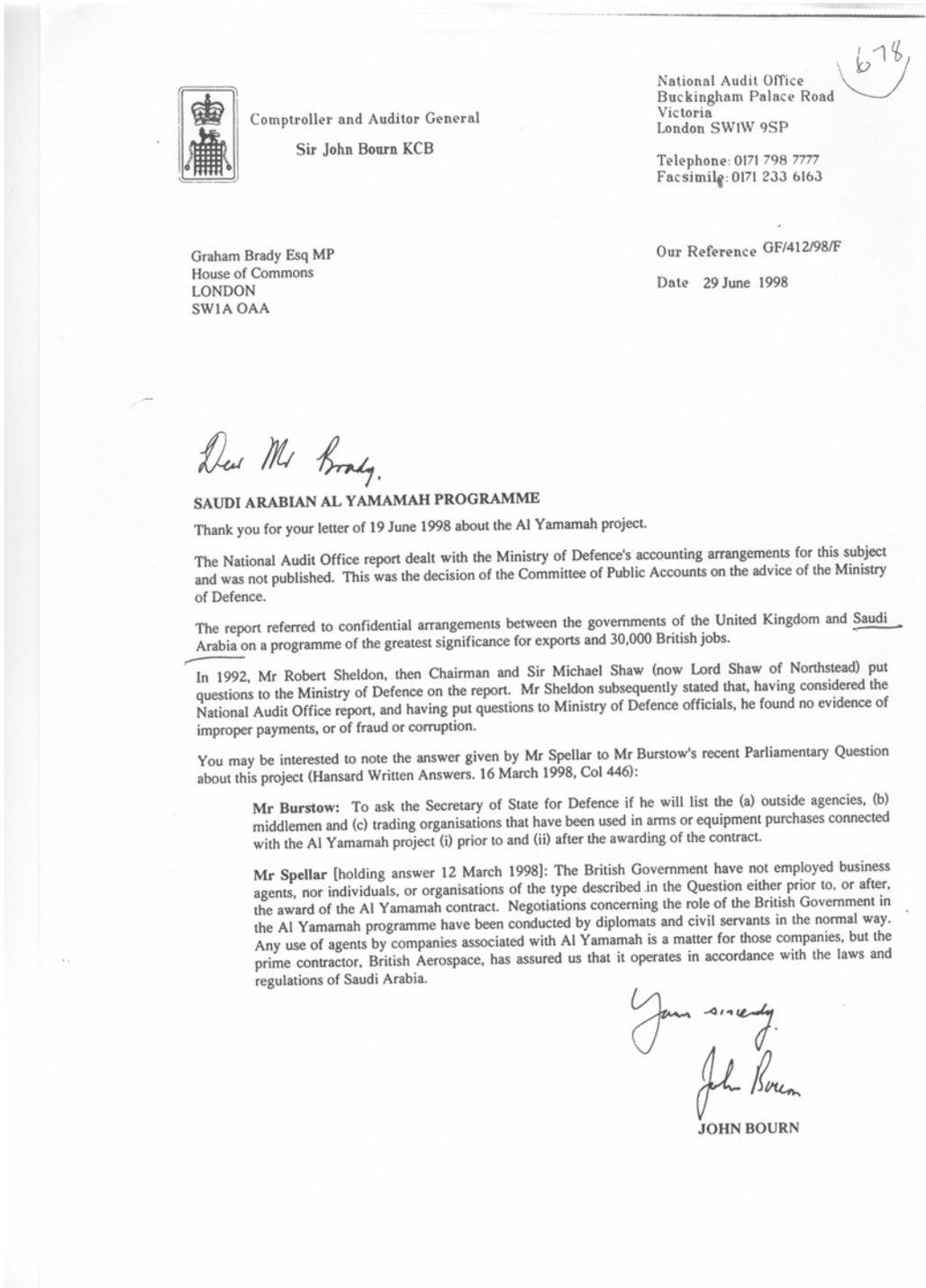
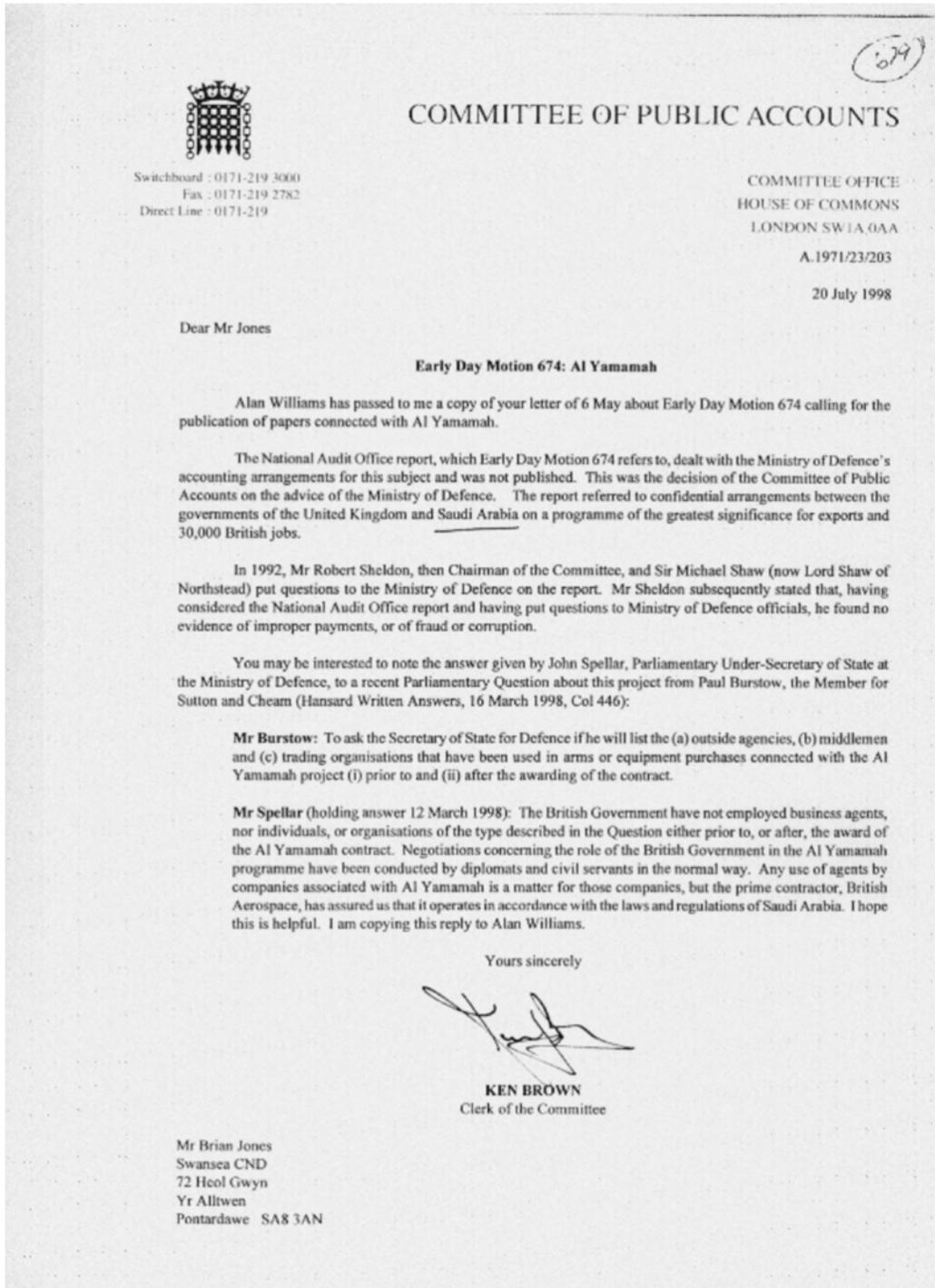


Exhibit 2: Letter from British Comptroller and Auditor General Sir John Bourn KCB to Mr. Brian Jones, dated 20 July 1998, explaining reasons for not publishing a National Audit Office report on Al Yamamah finances.



APPENDIX 1

The Saudi Succession

1. *The following information was derived from a conversation in early February 2002 between our source and Michael Rouse, Sales and Marketing Manager for Defence and Saudi Operations. Some contributing information was provided to our investigator by a well-known Saudi dissident figure in London.*

Speaking to AFP in the 60's, KING FAISAL was asked, "Will Al Saud survive in its present form?"

Answer: "If they remain united."

The super sensitive Al Sauds are unhappy and troubled by bad publicity abroad, especially in the United States in the wake of September 11. The family is unused to the sort of criticism and bad publicity they are now receiving, especially in the American press. They are grappling with how best to respond to what they see as an increasingly troubled and uncertain relationship with the West. Included in their considerations is the possibility of asking the US to retire all its military forces from Saudi territory. The Al Sauds are uncertain whether the US would accept such a demand, and also what the effect of such a demand might be on their relations with other Western countries.

The Saudis are critically reviewing their relationship with the West and have concluded that adjustments are required.

Although the timing is quite uncertain, the decision apparently has been made to ask the long ailing King Fahd to step down in favor of Crown Prince Abdullah, also quite aged.

According to a well-known Saudi dissident resident in London, the accession of Crown Prince Abdullah is not welcomed by a great many members of the Royal Family. Until now, they have successfully opposed his ascension to the throne. The Fahds especially cannot be expected to welcome such a change with open arms.

The views of Abdullah *vis-à-vis* the West are said to be unfavorable. When/if he takes the thrown, Prince Sultan (Minister of Defense) will be named Crown Prince. He will be required to relinquish the Ministry of Defense, and to the best of source's knowledge at this point in time (7 February, 2002), Sultan's son, Khalid Bin Sultan will take over the Ministry. Some were betting on Prince Bandar, another of Sultan's sons now serving as Ambassador to the US, would get Defense. However, the circumstances of Bandar's birth (his mother was a slave) and the fact that many of the Al Sauds view him as too "American" preclude such a nomination. Prince Khalid led the Saudi Armed Forces in the Gulf War and did much, including writing a book about his experiences, to promote himself. In any event, what is important for the Kingdom's Western defense partners is the fact that Sultan will remain very much involved in defense matters.

Apparently the Al Sauds are encountering some philosophical resistance to replacing a monarch simply because he is ill and dying, although there is precedent for removing a person unfit for the post. This makes the timing for the transition to Abdullah uncertain. According to the source, "It could be in a year, or it could be tomorrow."

2. *The following information, which provides a different view on the imminence of the Saudi succession, was provided to our investigator by another London-based Saudi dissident, an Islamic fundamentalist with excellent contacts inside Saudi Arabia.*

Most members of the Al Saud family know that Abdullah should have been made King immediately following King Fahd's stroke in 1996. Unfortunately there are other pretenders to the throne among the surviving Sudeiri, specifically Mish-Al and Bandar. Abdullah has not found the support he requires in a weakened and divided clan, and ever larger family. Clearly the family today lacks a personality strong enough to impose his will and demand unanimity, such as the deceased Mohammed Bin Abdul Aziz.

The last Family Council to have been convened was set up last year and resolved no important issues. There is no alternative mechanism to effect change. A matter as important as the succession cannot be decided by this currently weak group. To make matters worse, the Al Sauds are deeply embarrassed by the public antics of the demented King Fahd, who reportedly babbles about his sexual exploits and his childhood during public meetings. According to this source, the King often interrupts proceedings to ask the whereabouts of his long deceased parents. Moreover, the two most powerful men in the country are at odds. Abdullah reportedly disapproves of the corrupt practices of Sultan and his son, Prince Bandar.

If the succession is not decided before Fahd dies, this source sees two possible scenarios to be played out upon the death of the King:

- ✚ Circumstances and fear will impel the family to ensure a peaceful transition to Abdullah.
- ✚ Internal conflict bordering on civil war, with Abdullah controlling the National Guard against Sultan's military.

These high royal concerns take place against a backdrop of increasing civil unrest and popular discontent in the Kingdom. The balance of payments continues in the red. The general population see the Al Sauds continuing to enrich themselves *a la* the 1970's oil boom times, while average incomes suffer, unemployment is reaching new heights, and the crime rate has reportedly risen to levels "higher than in European capitals," according to reports that have reached our source. This is a situation unheard of just a few short years ago. Saudi society is becoming more complex. Dissidents claim the people are fed up with the regime, and the Royals know it.

Unfortunately, it does not appear that the Al Sauds are yet willing to subordinate their personal and family interests to those of their nation, and there is no one strong enough to make the historical decisions the times demand.

APPENDIX 2

Osama Bin Laden and Saudi Financing

A Saudi dissident source with excellent contacts inside Saudi Arabia who was with Osama Bin Laden in Afghanistan confirms that Osama's activities in Afghanistan in the 1980's were financed in large part by the Bin Laden family. During that period, 10-20% of Osama's funding was from his own family and the rest from private donations and sympathetic governments. The clan at that time was still undivided.



It was a period time of big profits, and the whole family shared in them. During that period, the Saudi government favored such activities and Osama received support from his brothers and even his sister, as well as from a wide range of rich Saudi merchants. It was easy to raise such money. A single mosque, for example, has been known to raise as much as 80 million rials in a single offering. Thus, at the time of Al Yamamah I, the Bin Laden clan was supporting Osama directly. But that was a different world.

Our source says the Saudi Government supported three factions in Afghanistan, none of them particularly effective: Rabani Sayeff, Mohammed Nebi, and Yunis Halas. Only years later, after determining that these three were ineffectual, did they also provide support to others, such as Hekmatyar – through the Pakistanis. The Government never provided material support to Osama or to the Arab Mujahadeen. **The Government did, nevertheless, permit private support**, and Azzam (a leading radical Islamic leader in Pakistan/Afghanistan) was allowed to collect large sums during trips to Saudi Arabia.

There has been considerable reporting elsewhere alleging that the former Head of Saudi Intelligence, Turqi Al Faisal, was a major conduit of material and financial support to Osama, and that indeed that Osama was sent to Afghanistan essentially as an agent of Saudi Intelligence. Much also has been made of the fact that Turqi was dismissed from his intelligence post in August 2001, a scant month before the September 11 attacks on the United States.

According to our source, Turqi Al Faisal's dismissal from his post as Head of Intelligence was unrelated to any contact he may have had with Osama. There is a rumor in SA, taken by most Saudis as a sort of joke, that Osama made a secret pilgrimage (*umrah*) to Saudi Arabia on Turqi's watch, but this is likely without foundation. Turqi does not get on well with Crown Prince Abdullah, and the latter sought better to balance family power in his own favor. Therefore, when Turqi began complaining about health problems, Abdullah seized the opportunity to replace him with a loyal ally, Nawaf Bin Abdul-Aziz. Nawaf is trusted by Abdullah, and like the Crown Prince, has differences with the Sudeiris.

Is there official Saudi Government support for Osama? According to our source, Osama received no support or guidance at all from Turqi Al Faisal when he went to Afghanistan

in the 1980's. Indeed, Osama has no relations with any member of the Royal Family. Although he must have had contact with the Saudi Embassy in Peshawar, where he had his HQS, Osama has always been suspicious of the regime.

This source also relates that after the end of the Soviet occupation of Afghanistan and the Cold War Osama was not permitted to travel outside Saudi Arabia. Osama finally used the ruse of claiming to have unfinished personal business in Afghanistan to leave the Kingdom. He then resumed his previous activities, but Saudi Intelligence, on the orders of Turki Al Faisal, tried to have him assassinated in Afghanistan. This was when Osama fled to the Sudan. Contrary to popular opinion, Osama did not get on well with the Sudanese regime. The regime did not permit him to take or send any money out of the country, but rather insisted he take his "profits" in the form of commodities. Osama, as is well known, had many small businesses in the Sudan, but in 1996 or 1997 one of his close associates defected to the Saudis and gave them all the details of Osama's only remaining small business dealings. This forced him to divest himself of these businesses precipitously, and in many cases at a loss. Osama found himself almost without funds. Per the source, "It is important to remember that in the (late) 1980's we were not dealing with *jihad*. This was a period of relatively limited activity, of continuous low-level warfare involving a limited number of operations."

Most intelligence analysts have now revised their previously reported views on Osama's wealth and agree that he did not possess vast personal resources, especially after his escape from Saudi Arabia and his exile in the Sudan. In this connection, it is valuable to quote at length from an article that appeared in *The Financial Times* last year:

In Afghanistan during the 1980s, bin Laden had been footing the bill for Arab fighters in the anti-Soviet war at up to \$25,000 a month, according to those who knew him then. By any calculation his personal fortune would have been rapidly depleted, requiring that he have access to new funds. As a result, since those days he has broadened and deepened his sources of finance.

According to several detailed studies, Islamist organizations - many of them linked to bin Laden - can today draw on funds estimated at between \$5bn and \$16bn. Much of this has been donated, particularly from Saudis and from Kuwait, source of millions a month.

How much of this reaches al-Qaeda is uncertain. Until the US launched its attacks on Afghanistan last month, the Taliban was estimated by the CIA to be earning a large share of the proceeds from the country's \$6.5bn-\$10bn a year narcotics trade, limiting its needs from other sources. A study of bin Laden and other Islamic terrorists by Simon Reeve, a London journalist, claims that by early 1999 bin

Laden was taking a cut of up to 10 per cent from the trade, giving him an income of up to \$1bn.

How much this income matters is a source of much debate, however. Reeve notes: "By late 1998 and early 1999 the size of bin Laden's bank balance had become almost an irrelevance. He no longer needed to be rich because many of al-Qaeda's cells were virtually self-sufficient. His soldiers were working for reward from Allah, not for financial gain. Bin Laden himself was required to pay little more than initial start-up costs and the price of an occasional air fare."

To date, most of al-Qaeda's legitimate business ventures - the most extensive having been in Sudan - have been failures. To meet the needs of his global agenda, bin Laden has therefore turned for finance to the same world that nurtured his political beliefs and religious extremism.

"A lot of his money comes from disgruntled Saudi merchants," says Jean-Francois Seznec, a former Gulf banker who lectures on Arab politics and finance at Georgetown University in Washington DC. "A 'mule' will tour sympathetic merchants in Jeddah, collecting \$5,000 from each. They never give more than \$5,000 a time so you have to go and see them regularly," he said.

For many Saudis support for such charities is an integral part of daily life, a pillar of Islam being the requirement to give zakat, charitable donations, calculated at 2 per cent of a person's income.

The potential offered by charities - as sources of finance, as a network through which propaganda can be disseminated and as means of enhancing one's reputation among Muslims - was not lost on al-Qaeda.

When considering the funding required to support Osama, it is important to take into consideration the following three points:

- ✚ He and his supporters do not lead ostentatious lives. They live in conditions of poverty. Living costs are such in Afghanistan that \$100 could support several families for a month.

- ✚ His operations are not as costly as the West estimates. The most important ingredient in these operations is people, and OBL has people willing to work for nothing so that they can die as martyrs. The excellent training these operatives receive is more important than money to operational success. In Yemen and in the Sudan, TNT is cheaper than sugar. No one in OBL's organization received a salary.
 - ✚ Despite the crack-down after 9/11, the motivation of Al Qaeda remains very strong.
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APPENDIX 3

AL YAMAMAH: A FLAWED ECONOMIC ARGUMENT

Great Britain

The British Government has made much of the alleged economic benefits of the Al Yamamah deals to the country. The figures demonstrate, however, that Al Yamamah influenced the bottom line much less than it did the newspaper headline. The arms deals did mark a pivotal turnaround for BAe. As already discussed in *The Soiled Dove*, the Saudi purchases came during a low ebb in BAe overseas sales. Margaret Thatcher, no stranger to public relations, undoubtedly relished her “win” as both a negotiating success and a needed industry victory. Its ultimate effect on the British economy as a whole, however, seems mixed.

Military arms manufacturing comprises only a nominal percentage of the country’s economy and exports, now just as twenty years ago. Even a massive sale like Al Yamamah diminishes in economic importance when compared to the scale of other sectors, both manufacturing and non-manufacturing. Armaments by their very nature are complex products, requiring multiple inputs for manufacture. These inputs are not necessarily home-grown, potentially lowering the percentage of the product actually sourced domestically and the monies destined ultimately for Great Britain. Finally, Al Yamamah covered a variety of products, some extremely profitable for BAe and its shareholders; others probably less so. We will never know the profitability breakdown by product; but it does seem likely that some “loss leaders” found their way into the program thereby decreasing potential economic gain.

Export growth also failed to transform Great Britain’s trade relationship with the Saudis. Al Yamamah boosted exports to Saudi Arabia for a period of time, but did not permanently alter the Saudi’s overall export sourcing. In 1984, the U.K provided 7.5% of Saudi imports. Fifteen years later this figure had only grown by half a percentage point to 8.1%. Al Yamamah was certainly not the crowbar to open the Saudi market, despite the massive sums of money and product involved in both I and II. The arms deals also failed to stem downsizing in the sector in the UK. In 1993, 90,000 jobs were reliant on arms exports, down from a total of 150,000 in 1989-90, a forty percent decrease during a key period in the arms deals. There is no question that Al Yamamah greatly benefited BAe, even if the macro effect on the UK economy remains dubious. In a little more than a decade, BAe went from playing on the sidelines of armaments manufacture to being a major world player. According to *Flug Review* (10 March 1999), BAe ranks third in the world and serves military needs all over the world. BAe is the fifth largest contractor for the Pentagon.

Saudi Arabia

Unlike Great Britain, the Saudis failed to even have a “newspaper” win. Just as the Al Yamamah barter and offset programs began, the Saudi economy suffered a major shock - - lowered oil prices. Western economists tend to regard the oil shocks of the mid and late seventies as aberrations. The price of crude oil is volatile and controlled by more factors than just OPEC -- booming economies tend to consume more oil; a mild winter in the United States generally spells decreased demand, etc. Many Saudis preferred to think that oil prices would continue to grow, following only an upwards trajectory. The real trend line of the last thirty years looks more like a mountain range with repeated peaks and valleys.

This inconvenient timing of Al Yamamah placed the Saudis in a difficult, though not untenable situation. As the price of oil decreased and their oil revenues similarly declined, the Saudi government was forced to pay its debts. Was it a bad deal? Not really. Some arms deals, and most especially Al Yamamah, were not accounted for in the annual budget, a good thing considering that Saudi Arabia perennially runs a budget deficit. Still, the country imported a mind-popping array of armaments during the Al Yamamah period, both from the UK and other countries like the United States. Military expenditures and arms imports have averaged over \$20 billion per year for nearly two decades, ranking the Kingdom as one of the world’s ten largest military importers in every one of those years.

Saudi Arabia remains hostage to the price of oil. After a run-up before and during the Gulf War in the early 1990’s, oil prices dropped to historic lows in the latter part of the decade. From 1997-1999, the Saudi economy floundered as oil prices reached historic new lows. Crude oil typically makes up more than 70% of all exports despite government efforts to diversify. The impact of cheap oil was soon felt throughout the economy. Hard currency reserves declined, government borrowing increased and the trade imbalance widened. Real GDP growth languished as Saudi residents grew accustomed to less boom and more bust. Many university educated Saudis opted to remain in the West rather to return to a homeland that could not guarantee many of them employment.

The year 2000 treated Saudi Arabia a bit more gently. Record high crude prices turned around the sluggish current account, growing its surplus over 3000% from \$450 million to \$14.8 billion dollars, thanks to booming oil exports and the best trade balance in almost twenty years. The Saudi government also took some steps to further diversify the economy and open itself to investment. Hard-eyed realists in Riyadh recognized the futility of riding the oil waves, especially since most forecasts call for a downward trend in prices. The government passed a new foreign investment code that allows 100% foreign owned companies to reside in the country. It also formed the Saudi Arabian General Investment Authority (SAGIA) to act as a sort of national Chamber of Commerce. 2001 figures remain incomplete, but relatively high oil prices throughout the year likely maintained this improved economic outlook.

Unfortunately, prices go both ways, and the drop in oil prices in 2002 portends an equivalent decline in oil income for the year. According to the US International Trade Administration, “At current production levels, every \$1 increase in the average price per barrel results in an additional \$3 billion in average revenues.” Tackle the reverse equation and the Saudis have a reason to worry. One should also keep in mind the very distinct drop in income and purchasing power that the average Saudi has suffered in the past twenty years. Saudi GDP per head now significantly lags behind smaller, oil producers in the Middle East such as Kuwait and the UAE. Although crude oil price hikes in 2000 and 2001 undeniably benefited Saudi Arabia, the effect was temporary. Major structural changes are needed to truly transform the economy and weaken the link between oil sales and export revenue.

Main economic indicators, 2000

Real GDP growth %	4.1
Consumer price inflation (av;%)	0.8
Current account balance (US \$BN)	14.8
Exchange rate (SR:US\$; av)	3.7
Population (m)	20.5

APPENDIX 4

Al Yamamah III

The Saudis are determined to continue upgrading their armed forces, especially the RSAF. For this reason, talks already have begun on Al Yamamah III. The Saudis want to retain the Al Yamamah structure because it suits them so well. Al Yamamah is basically the infrastructure set up to finance defense purchases based on oil barter. In this case, even those defense contracts with countries other than the UK, such as France and Germany, will be handled under the Al Yamamah rubric.



Preparations are surprisingly advanced for the inception of an Al Yamamah III. Although not as large as Al Yamamah II whose total revenues have reached 20 billion pounds, according to reliable sources, this will still be a huge deal worth a total of around 12 billion pounds.

BAe is negotiating with the Saudis for enhancements (upgrades) to the Tornado. The principals in this negotiation are Michael (Mike) Rouse, Sales and Marketing Director for Defence and Saudi Operations (essentially BAe's point man for Al Yamamah) and General Ayeesh (NFI), in charge on the Saudi side for Logistics. Ayeesh is the Saudi Al Yamamah Project Director. BAe has strongly advised the Saudis to ship the Tornados to the UK for the upgrades. The costs for this would be £2 billion. All such work must be performed in a sterile shed in the UK. The Saudis, however, perhaps reflecting a desire for self-sufficiency in uncertain times, are insisting that a sterile shed be constructed in the Kingdom and all upgrades performed there by qualified personnel. The Saudis appear set on this course even though the specialized construction, personnel, and equipment would cost them 6 billion pounds – three times the cost if the same work were performed in the UK.

Under Al Yamamah III terms, every deal would require a 50% Saudi partner. Speculation at BAe is that, aside from purely military considerations in the changed world situation, the Al Sauds "quite simply need to make some money." The Kingdom's finances continue in arrears, and the opportunities for graft, especially on local construction and "consulting" contracts associated with defense deals are huge.

The second major part of Al Yamamah III will be the acquisition of an air superiority fighter. The aging and unsatisfactory Tornado ADV never did) fill the bill. Thus, the Saudis want to get rid of the few Tornado ADV's they possess, and replace their fleet of F-5's and Hawks, as well. The disposition of the Tornados is currently under discussion with BAe, and it may well turn out that the Saudis simply "junk" them in place.

The potential replacements are: F-16 C/D Block 60, Rafale, Eurofighter, or even perhaps the F-32. BAe, of course, would like to sell them the Eurofighter, but this aircraft will not be available for another 2 – 3 years. BAe would undoubtedly consider repeating the episode of the Tornado by offering the Saudis the Eurofighters currently destined to the RAF, if this could convince the Saudi MOD. Given the urgency of the Saudi desire, however, the Saudis are giving serious consideration to the F-16 and the French Rafale. The F-16 offers the advantage of being a readily available alternative with well-known capabilities. The Rafale offers the advantage of being superior to the F-16, but with limited support infrastructure, i.e. they can only be maintained by the French.

According to BAe, the French are making considerable inroads with the Saudis by adopting a somewhat “anti-American” stance regarding current world events.

Another interesting, although less important point, is that BAe’s point man stationed in Saudi Arabia for many years to handle Al Yamamah – related affairs, FNU Rutter, will retire this year. BAE will not replace him because a new man would be “eaten alive” by the Saudis. Only Rutter, who has been involved with Al Yamamah practically from the beginning, has the background knowledge to cope with this business.

