

EXHIBIT A



## Transcript: Princes, Planes & Pay-offs

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**PANORAMA Princes, Planes and Pay-offs** RECORDED FROM TRANSMISSION: BBC ONE DATE: 11:06:07

JEREMY VINE: Hello, I'm Jeremy Vine, and this is Panorama. Tonight, the Saudi Prince who received secret payments from Britain's biggest arms deal, how the money was paid and how it was spent, and why our Panorama revelations have left the world's top leaders lost for words.

GEORGE BUSH: [to Tony Blair ] (laughing) I'm glad you're answering that question.

He's a friend of mine!

VINE: Britain could have made a stand against corruption.

JEREMY CARVER: Instead we're just sleaze boards.

VINE: The decision to pull the plug on a corruption investigation into Britain's biggest arms deal was widely condemned as a cover up both here and across the world. Whatever the real reason the files were sent to the basement of the serious fraud office. It would be wrong to say that nobody has continued to investigate exactly where the money went and who knew about it, there's Panorama's Jane Corbin for a start.

PRINCES, PLANES & PAY-OFFS

Reporter: Jane Corbin

CORBIN: This is a story about princes and planes, about arms dealers and millions of pounds secretly flowing through mysterious bank accounts, commissions to some, corruption to others. It all centres on a fabulously wealthy mover and shaker with extraordinary access.

I shall lose a prince, a statesman and a friend.

CORBIN: As British and Saudi governments tried to keep the lid on this scandal for over two decades, a corruption investigation was scrapped just as it was getting close to the truth. The only way to discover what really happened is to follow the money, so that's what we did.

I'm on my way to Washington on the trail of the money, hundreds of millions of pounds in kickbacks which went from Britain's largest arms company to one of Saudi Arabia's most colourful and controversial princes. The story ends with the British government caving in to blackmail, halting its own investigation into the scandal, and all the while protesting they were still committed to stamping out corruption. Take a look at this. (Plays film on laptop)

IAN McCARTNEY MP Foreign Office Minister Government anti-corruption promotional film

Hello, my name's Ian McCartney. Corruption is a very serious issue. The British Government is totally committed to combating corruption, overseas and here at home.

CORBIN: But is it? tonight we'll show you just how committed the government really is to stamping out

corruption. The central character in our story is Prince Bandar in Sultan, a friend of prime ministers, royalty and presidents, the son of a Saudi royal and a slave girl, Bandar rose to become his country's high profile ambassador to Washington, prized guest on US talk shows.

BANDAR: You know what, I would be offended if I thought we had the monopoly on corruption.

CORBIN: I'd flown to Washington to meet an ex-secret service agent who's never spoken publicly before.

Mr Caruso, I'm Jane Corbin. Nice to meet you.

CARUSO: Welcome.

CORBIN: Thank you very much.

David Caruso is an expert in money laundering and found out a great deal about Prince Bandar's financial arrangements in America. After 9/11 when most of the Al-Qaeda hijackers turned out to be Saudi, Mr Caruso was called in by the Ambassador's bankers, Riggs Bank. They wanted to find out if any funds were going to terrorists from the Saudi Embassy.

[In taxi from airport]

CARUSO: Those funds were in Prince Bandar's account, in his wife's account.

CORBIN: So there were substantial amounts of cash.

DAVID CARUSO Compliance & Security Riggs Bank 2003-2005

Yes, there's large sums, there's a large relationship, there's a hundred plus million dollar relationship.

CORBIN: A hundred plus million dollars.

No links to terrorism were found but Mr Caruso did identify many suspicious transactions in some of the Embassy accounts.

CARUSO: What we discovered was clearly large movements of money, both cash and other types of money, that we simply could not understand.

CORBIN: And was the Saudi Ambassador himself, Prince Bandar, prepared to tell you what lay at the root of all this?

CARUSO: We were never able to get those answers.

CORBIN: And did you worry, did you think this sounds fishy?

CARUSO: Absolutely.

CORBIN: Now Panorama has established that millions of pounds identified as suspicious in Washington came from London. They were part of the proceeds of a huge arms deal, but instead of staying in the UK, the money was quietly being deposited abroad. Why? That's what the Serious Fraud Office was trying to get to the bottom of. Two years before it had begun looking at a slush fund which provided other Saudi officials with luxury holidays, limos and call girls.

ROBERT WARDLE Director, Serious Fraud Office

My job is to decide whether there are reasonable grounds to suspect an offence involving fraud. I looked at what we had and I took the view there was so we commenced the investigation.

CORBIN: The investigation was to lead to one of the most powerful men in Saudi Arabia, Prince Bandar Bin Sultan is the subject of a new book launched in London last month, written by his old friend Bill Simpson, who first met the Prince in the RAF back in the 60s.

WILLIAM SIMPSON: [addressing patrons at book launch] Here was someone who would shape world events, both as a diplomat and a statesman over the years.

CORBIN: What sort of a character is Prince Bandar?

WILLIAM SIMPSON Prince Bandar's biographer

Complex. He is an enigma. He is charismatic beyond belief, amazingly kind, amazingly generous, often Machiavellian, but overall a very powerful individual who understands how to use power.

CORBIN: Ever since Bandar trained here as a fighter pilot he's had a soft spot for England. He's been a friend of three prime ministers, one of whom recorded a special message for the reception.

MARGARET THATCHER: I was always pleased to see him when I was Prime Minister because he brought me extraordinary insight and bold proposals.

CORBIN: The boldest proposal Bandar brought her was in 1984, to equip the Saudi Air Force with a fleet of Tornados and Hawks and a whole infrastructure for the warplanes. The deal was called Al-Yamamah, the dove of peace. It would earn the UK more than 40 billion pounds over the next two decades and save the plane's struggling manufacturer - British Aerospace.

How key was Prince Bandar to that arms deal?

SIMPSON: He was central to the deal. He approached Margaret Thatcher and effectively the deal was done without the paperwork, that sort of followed on later. He negotiated the aircraft which became the Al-Yamamah contract which has been running ever since.

CORBIN: But corruption within the Saudi Royal Family was a big problem that Whitehall had long been aware of. Our Ambassador to Riyadh had even spelled it out in a telegram to the Foreign Office in 1971. Let me tell you what it says:

"Your Ambassador is being extremely undiplomatic about one of the most powerful men in the Saudi government, the Defence Minister. He has, of course.." said the Ambassador "a corrupt interest in all contracts.

But did that stop the deal?

[NEWS] Today's signing at Lancaster House was a triumphant climax to a year of patient bargaining.

CORBIN: In 1985 the British Defence Minister signed the Al-Yamamah agreement with his Saudi counterpart Prince Sultan, the very man accused in the telegram of having a corrupt interest in every contract. With him was his son, Prince Bandar, who'd schmoozed Margaret Thatcher.

The Saudi's paid for the planes not in cash but in another commodity - oil. Britain was getting up to 600,000 barrels full a day. That's this much, a tanker full, every day, and it's been going on for 20 years. Al-Yamamah was and still is the biggest and most lucrative arms deal in history.

The deal was good for Britain's economy, good for British Aerospace and Saudi security, but it would be even better for some Saudi princes. They siphoned off vast sums of their country's wealth, money belonging to their people, courtesy of the arms deal. No sooner did the Tornados start arriving in the kingdom than there were rumours Prince Bandar and others were getting 600 million pounds in kickbacks from the deal. In Saudi, as elsewhere, the price of arms is often hyped, so money can be skimmed off the top.

How do we know? Well now we've got the proof that under the UK/Saudi deal the Saudis did pay more than the

Tornados were actually worth. Secret British Government documents released last year by mistake and hastily recalled let the cat out of the bag. They show that each tornado was worth around 60 million pounds but over 21 million is the amount that the Saudi Defence Minister, Prince Bandar's father, agreed to pay. That's a mark up a third, or 600 million pounds, and that's exactly the sum that Bandar and the others were rumoured to be getting at the time.

So do you think that those corruption allegations have any truth in them?

SIMPSON: Well I can't answer that. I can only say that I've tackled him directly and he has been absolutely direct in saying that he did not.

CORBIN: Prince Bandar negotiated a second phase of Al-Yamamah worth billions more two years later. He was becoming British Aerospace's best salesman, but he was also a public official, son of the customer who'd signed the deal. Yet as Panorama discovered, even bigger payments were soon being wired into accounts controlled by Bandar. Here, let me show you what those payments amounted to: this much (taking viewer into secure room stacked solid, chest high, with £50 notes) - £120 million a year give or take a few million, and it went on for at least ten years, so that's over a billion pounds in total, and the payments were actually written in to the Al-Yamamah contract. They were in secret annexes called: 'letters of offer and acceptance'.

Support services is how the payments were described. And Prince Bandar didn't just get huge sums of money. The ex-fighter pilot got to run his own plane, courtesy of the Al-Yamamah deal, British Aerospace and the British Government. It wasn't one of these, a small executive jet which costs around six million pounds. It wasn't even one of these, a larger executive jet. This one would set you back... oh around 15 million pounds or so. No, Bandar got a plane even bigger than one of these, an airbus long range jet which cost around 75 million eight years ago. It took a year to fit it out to his personal specifications.

Tell us about the plane.

SIMPSON: It's a small aircraft. Well... I tell a fib, it was an Airbus 340, it has its own kitchen, it has a large lounge which is where he sits. It's a very luxurious, fitted, aircraft, very well appointed.

CORBIN: Bandar's airbus, registration HZ124 has been seen all over the globe. It's painted in the blue and white colours of his favourite American football team, the Dallas Cowboys. There have been some great parties on board for presidents and kings.

It's become a bit of a legend amongst plane spotters all over the world. They've logged it from Beijing to Barcelona and just about everywhere in between.

SIMPSON: When I last looked at the records of the aircraft, it's been all over the world but he, on an average year, over the first 8 years, it was to the moon and back and round the globe three times every year.

CORBIN: And while Bandar was mixing business with pleasure it was kickback from Al-Yamamah which paid, amongst other things, to run the plane. For years successive governments have denied to Parliament any commissions had been paid to any Saudi officials. British Aerospace, now called BAE, consistently issue denials too.

Sir RICHARD EVANS Chairman, BAE Systems 1998-2004

I can certainly assure you that we, and I believe most governments, are not in the business of making payments going to the members of any government.

CORBIN: But as we've discovered, Prince Bandar has been receiving millions of pounds, via BAE over the years, cash and travelling expenses. This is how it worked. Our welfare sources have confirmed to Panorama that every three months a letter would be sent from Bandar's office to the Ministry of Defence.

It reminded them it was time to make the payments for support services authorised under the Al-Yamamah contract. The MoD would notify British Aerospace who then wired the money into two accounts - thirty million into one, and hundreds of thousands for Bandar's plane into the other. In the vaults at the SFO they were

amassing the evidence of these payments.

They seized documents from British Aerospace, and last autumn they took computer records from the MoD and questioned high-level civil servants. The money trail led abroad to Europe and across the Atlantic, and where did the money sent by BAE with government authority go to in America? Well, to Washington, and some of those Saudi Embassy accounts at Riggs Bank that David Caruso had been investigating, accounts he confirmed Prince Bandar used as a personal piggy bank.

CARUSO: There wasn't a distinction between the accounts of the Embassy or official government accounts as we would call them, and the accounts of the Royal Family.

CORBIN: So you discovered that Prince Bandar was taking money for his own personal use out of accounts that seemed to be accounts belonging to his government.

DAVID CARUSO Compliance & Security Riggs Bank 2003-2005

Yes, certainly, yeah that was a common practice, and that was a practice, from my understanding, that had gone on for years and years.

CORBIN: And large sums of money involved?

CARUSO: Oh yeah, hundreds of thousands and millions of dollars.

CORBIN: Most of the money was wired into the Saudi Ministry of Defence and Aviation account. In reality it might have been better described as a conduit to Bandar.

So money was coming into the Ministry of Defence and Aviation account and coming out for Prince Bandar and his family.

CARUSO: Yes, and it also was used for other embassy operations as well. But it seemed to be, if you could picture the accounts as a spider web, that was a wheel, a hub and spoke, that was the hub, and then from that account money would be transferred to other accounts.

CORBIN: We obtained the details of one striking example from an internal Riggs Bank document. It shows that though the account was in the name of a Saudi ministry, Bandar took a large sum out for himself. It happened, it says here, in the summer of 2003 when 17 million dollars were transferred from the account of the Saudi Arabian Ministry of Defence and Aviation and ended up in the hands of Prince Bandar's personal architect.

I understand that out of that account for example came large sums, some 17 million, which went to Prince Bandar's architect in Saudi Arabia.

CARUSO: We were told that some of the funds in those accounts were being used to build a home, I believe, for the Prince in Saudi.

CORBIN: A home or a palace?

CARUSO: Well... a palace, yeah... well I would imagine a palace with that type of money, yeah.

CORBIN: But when Prince Bandar was tackled on American television about his country's reputation for corruption he shrugged it off.

Interview with Prince Bandar Frontline, WGBH Boston 2002

Now if you tell me that building this whole country and spending 350 billion out of 400 billion that we had misused or corrupt you 50 billion I'll tell you yes, but I'll take that any time.

CORBIN: Rigg's Bank could never get satisfactory answers from Bandar or his embassy, so they closed down all their accounts. Within months the Prince resigned as Ambassador for personal reasons and headed back to Saudi. The SFO needed to establish if the payments Bandar received via BAE and the MoD were actually illegal. These have continued well beyond 2002 when UK law was changed after the Blair Government signed up to an international anti-bribery convention at the OECD.

The government's made a big deal of its fight against corruption, but the new law still has loopholes. Illegal or not, payments like the Al-Yamamah kickbacks are what everyone thought we'd signed up to outlaw. So what does a leading legal expert think, having examined what we found? How would you classify those payments?

JEREMY CARVER Board Member, Transparency International

Those payments, on the face of it, are straightforward bribes as defined by the Ant-Bribery Convention.

CORBIN: No doubt about that.

CARVER: There's no doubt about it at all. Senior officials, a minister, it's quite plain that he meets the test of who is an official, a foreign official, for the purpose of the OECD Convention.

CORBIN: As the SFO uncovered the payments made to Bandar and other Saudi middle men, the government got nervous, so did the Prince who'd benefited most from the deal. He had a new job now, head of Saudi National Security. The plane paid for by Al-Yamamah set off.

Did the itinerary reveal its mission was to scupper the investigation? Well we've uncovered some curious coincidences. Bandar headed first for England. He knew he had a powerful weapon, the third phase of the Al-Yamamah deal worth 20 billion pounds was in the process of negotiation. Prince Bandar's plane has been seen many times in Britain. Plane spotters have snapped it, and those same plane spotters' logs show that interestingly enough, Prince Bandar was here at Brize Norton twice last autumn, in October and again in November, and this was just at the time that behind the scenes the government was agonising over what to do about the SFO investigation. British ministers had assured the Saudis the investigation was going nowhere, but the SFO, it seemed, just hadn't got the message.

ROBERT WARDLE Director, Serious Fraud Office

We traced evidence to Switzerland, we traced money to Switzerland, and it was at that stage that the representations were made.

CORBIN: Representations from Saudi Arabia.

WARDLE: So I understand.

CORBIN: The met stop for Bandar's airbus was Switzerland. A spotter snapped it in Basel on November 15th.

PLANE SPOTTER: We do not definitely know why it was here, but it was very lucky to get it here.

CORBIN: The SFO had asked the Swiss authorities for details of bank accounts belonging to business managers who act for Bandar and his father. The Saudis were furious.

WILLIAM SIMPSON Prince Bandar's biographer

The fact that they may be looking at personal records of some of the Saudi royal family was unacceptable and that's where I think Bandar was pressed into a role of dropping a word to his friend Tony Blair.

CORBIN: So did Bandar, the Saudi Security Chief who lobbied Mr Blair, threaten to stop cooperating in the war against terror? Well that's the line the Prime Minister chose to take with the SFO and the British public.

WARDLE: The information I had came from the minute from the Prime Minister I think it was to the attorney

asking that we consider the public interest and I also had the advantage of talking about it with our ambassador in Saudi Arabia.

CORBIN: So it was at the point when you got to the Swiss bank accounts that, if you like, the balloon went up and the alarm bells started ringing.

WARDLE: Yes.

CORBIN: The pressure was ratcheted up at Bandar's next port of call - Paris.

PLANE SPOTTER; It's one of my favourite air bus so I'm always taking pictures of all the 340s in the world.

CORBIN: The Prince had come to be seen with President Chirac. The subtext - the Saudis were thinking a French fighter might well replace BAE's plane in the new round of Al-Yamamah.

SIMPSON: That's as clear a way, I would have thought, as any of pointing a gun at the British Government's head.

CORBIN: But there had to be another reason to stop the corruption probe, not the risk to a contract or jobs, the Anti-bribery Convention forbids that, so our ambassador to Riyadh visited the SFO three times to make it clear there'd be a price to pay if the Saudis stopped cooperating on terrorism.

WARDLE: I was convinced that if this happened, if this cooperation was withdrawn, there was a significant risk to life.

CORBIN: What, lives are at stake?

WARDLE: Yeah.

CORBIN: That was a lot of pressure to put on you.

WARDLE: Well, sure, but I mean if that's what's going to happen, then I've got to make a decision on that basis.

CORBIN: Maybe you could have stood up to this.

WARDLE: Well, maybe I could and maybe if I did that and took a risk maybe there'd have been some explosion on the streets of London.

CORBIN: And who controls the flow of Saudi intelligence on terrorism? Prince Bandar. Mr Wardle dropped the case.

WARDLE: Of course I'm not very happy when an investigation is stopped in its tracks like that but sometimes you have to make these difficult decisions and that's what I did.

CORBIN: That's life, that's politics in this case.

WARDLE: Well it's politics, it's the law, it's the way things are.

CORBIN: The Government and BAE had successfully muzzled the legal process, that's how many saw it. BAE wouldn't be interviewed by Panorama, but in a statement they said they acted lawfully in accordance with the terms of the relevant contracts and with the approval of the Saudi Government and the Ministry of Defence. It's the same line they took in a letter to the SFO when they admitted paying for support services under the Al-Yamamah contract.

For more information visit [bbc.co.uk/panorama](http://bbc.co.uk/panorama)

CORBIN: Was that effectively a get out for them or what?

ROBERT WARDLE Director, Serious Fraud Office

Not necessarily. I think their view was to... our intention was to follow these payments and see whether they amounted to criminal offences.

CORBIN: So merely by saying they were acting under contractual arrangements didn't get them off the hook.

WARDLE: Well of course not. I think in any arrangement where corrupt payments are made, BAE or whatever it is, the payments are going to be within the contract in some way, shape or form. The question is whether they were improper payments.

CORBIN: Now we may never know. But the MoD still has questions to answer about payments to Bandar they so willingly facilitated. They refused us an interview because, they said in a statement:

"Disclosing confidential Al-Yamamah information would cause the damage which ending the investigation was designed to prevent. This does not imply that we believe the allegations you propose to make in the programme are true."

For two years the Government's chief law officer the Attorney General, backed the SFO's corruption probe, but then they got hold of MoD documents and the Swiss looked like opening up those accounts. Then Lord Goldsmith declared the case wasn't going to succeed.

The Attorney General made it clear afterwards that he thought that the SFO, that you, did not have a case. I mean leaving aside the public interest argument, do you agree with that?

WARDLE: I felt that in a normal case one would have pursued the line of evidence to see whether there was sufficient evidence to justify a prosecution. To that extent I disagree with him, yes.

CORBIN: You felt you hadn't reached the end of the line?

WARDLE: Absolutely yes.

CORBIN: Lord Goldsmith? Hello, it's Jane Corbin from Panorama. We wanted to do an interview with you about the dropping of the SFO inquiry.

LORD GOLDSMITH Attorney General

Oh you've got lots of information about that already. You've got plenty of information.

CORBIN: We want to actually specifically to ask you about the payments that were made to Prince Bandar.

GOLDSMITH: Why don't you ask the Director of the SFO?

CORBIN: Well we have asked him, but we wonder what your view was. GOLDSMITH: Well you know my view because I've expressed it in Parliament and I've expressed it many times, so you've got that. Alright?

CORBIN: But I don't think you've talked to Parliament about Prince Bandar.

GOLDSMITH: I've talked about all of this.

CORBIN: Thank you very much.

GOLDSMITH: Alright.

CORBIN: In fact, the Attorney General never told Parliament about Prince Bandar. But we know that he knows the SFO knows payments went through his government to the Prince. The Swiss, meanwhile, have begun their own investigation and the Americans may launch one too under their stringent anticorruption laws.

CARVER: It's been a tremendous disappointment internationally that whereas they looked to the United Kingdom to come up with solutions, a practical good example. Instead we're just sleaze boards.

For more information visit [bbc.co.uk/panorama](http://bbc.co.uk/panorama)

CORBIN: Prince Bandar declined an interview but his lawyers have admitted payments were made into Riggs Bank with the UK and Saudi Government's approval, just as Panorama has revealed. "Bandar was a signatory" they said "but the money went for purposes approved by the Saudi Ministry of Defence, not for him personally, the palace, an official residence. But the big question remains, why were such huge payments made by such a secretive and convoluted route, and what were they for? Here's a last word from the Prince on the subject of corruption.

BANDAR: We did not invent corruption. This happens since Adam and Eve. I mean Adam and Eve were of heaven and they had hanky panky and they had to go down to earth, so this is human nature. But we are not as bad as you think.

CORBIN: And so the moral of the story is that if you're a British arms dealer, make sure you've got government cover written into the contract, then a kickback or two should be no problem.

VINE: Jane Corbin there. Well the Serious Fraud Office is still investigating other BAE arms deals including sales to South Africa and Tanzania. No word yet on their outcome. Next week: is TV bad for my kids? Panorama finds out what happens when you take TVs, computers and games consuls away from a class of 7 and 8 year olds.

Story from BBC NEWS:  
<http://news.bbc.co.uk/go/pr/fr/-/1/hi/programmes/panorama/6745233.stm>

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