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# BAE: secret papers reveal threats from Saudi prince

Spectre of 'another 7/7' led Tony Blair to block bribes inquiry, high court told

David Leigh and Rob Evans  
The Guardian, Thursday 14 February 2008



Prince Bandar, head of Saudi Arabia's national security council, leaving Downing Street last October. Photograph: Martin Argles

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.

The threats halted the fraud inquiry, but triggered an international outcry, with allegations that Britain had broken international anti-bribery treaties.

Lord Justice Moses, hearing the civil case with Mr Justice Sullivan, said the government appeared to have "rolled over" after the threats. He said one possible view was that it was "just as if a gun had been held to the head" of the government.

The SFO investigation began in 2004, when Robert Wardle, its director, studied evidence unearthed by the Guardian. This revealed that massive secret payments were going from BAE to Saudi Arabian princes, to promote arms deals.

Yesterday, anti-corruption campaigners began a legal action to overturn the decision to halt the case. They want the original investigation restarted, arguing the government had caved into blackmail.

The judge said he was surprised the government had not tried to persuade the Saudis to withdraw their threats. He said: "If that happened in our jurisdiction [the UK], they would have been guilty of a criminal offence". Counsel for the claimants said it would amount to perverting the course of justice.

Wardle told the court in a witness statement: "The idea of discontinuing the investigation went against my every instinct as a prosecutor. I wanted to see where the evidence led."

But a paper trail set out in court showed that days after Bandar flew to London to lobby the government, Blair had written to the attorney general, Lord Goldsmith, and the SFO was pressed to halt its investigation.

The case officer on the inquiry, Matthew Cowie, was described by the judge as "a complete hero" for standing up to pressure from BAE's lawyers, who went behind his back and tried to secretly lobby the attorney general to step in at an early stage and halt the investigations.

The campaigners argued yesterday that when BAE failed at its first attempt to stop the case, it changed tactics. Having argued it should not be investigated in order to promote arms sales, it then recruited ministers and their Saudi associates to make the case that "national security" demanded the case be covered up.

Moses said that after BAE's commercial arguments failed, "Lo and behold, the next thing there is a threat to national security!" Dinah Rose, counsel for the Corner House and the Campaign against the Arms Trade, said: "Yes, they start to think of a different way of putting it." Moses responded: "That's very unkind!"

Documents seen yesterday also show the SFO warned the attorney general that if he dropped the case, it was likely it would be taken up by the Swiss and the US. These predictions proved accurate.

Bandar's payments were published in the Guardian and Switzerland subsequently launched a money-laundering inquiry into the Saudi arms deal. The US department of justice has launched its own investigation under the foreign corrupt practices act into the British money received in the US by Bandar while he was ambassador to Washington.

Prince Bandar yesterday did not contest a US court order preventing him from taking the proceeds of property sales out of the country. The order will stay in place until a lawsuit brought by a group of BAE shareholders is decided. The group alleges that BAE made £1bn of "illegal bribe payments" to Bandar while claiming to be a "highly ethical, law-abiding corporation".

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