

## **The ties that bind: Barclays, a bin Laden relative, Carlyle and the BCCI boys**

**By Kevin Dowling**

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Barclays plc is a “core investor” in a merchant bank set up by Osama bin Laden’s brother-in-law on Bergerac’s beat—Guernsey in the Channel Islands.

Yemeni tycoon Khalid bin Mahfouz established the Middle East Capital Group (MECG)\* on the tax-haven island in 1996, only to be placed under house arrest in Saudi Arabia three years later.

In the wake of the US Embassy bombings in Nairobi and Dar-es-Salaam, Secretary of State Madeleine Albright told Saudi defence minister Prince Sultan that Mahfouz had channelled tens of millions into terrorist accounts in London and New York.

The maverick financier was no stranger to intrigue—he was the principal shareholder in BCCI (“the Bank of Criminals and Cocaine International”)—when it perpetrated the biggest fraud in financial history.

Mahfouz had escaped unscathed in London and managed to plea-bargain his way out of civil and criminal liabilities amounting to more than \$10 billion by agreeing to a \$225 million settlement with prosecutors in New York.

But when a Saudi government audit found another \$2 billion missing from the treasury of the world’s largest private bank—the \$21 billion National Commercial Bank (NCB), which Mahfouz owned—Khalid was forced to sell his shares and take early retirement.

U.S. intelligence services want to know how much of that missing money went to front groups secretly funneling money to Osama bin Laden’s al-Qaeda organization.

These are alleged to include:

- The London-based Advice and Reformation Committee.
- An Africa aid group called Blessed Relief, whose directors included Mr. Mahfouz’s son;
- A Kenya branch of Help Africa People, run by several men later convicted or indicted for the U.S. embassy bombings in Kenya and Tanzania;

- The International Islamic Relief Organization, linked to terrorist bomb plots in the Philippines and India;
- The Kenya branch of war and famine relief group Mercy International, where key evidence used to convict the embassy bombers was found;
- A host of other Islamic aid groups working from Afghanistan to Kosovo, some of which have already been named by U.S. President George W. Bush as terrorist fronts.

Unable to travel abroad—the Irish Government said last month that the passport he bought from them for £20 million in 1994 has expired, and he won't be getting another—Khalid is living in luxury at a military hospital in the northern city of Taef, where he is allegedly undergoing treatment for a “drug problem.”

The Saudis have allowed control of the NCB to pass to another family member, the current CEO Mohammed bin Mahfouz.

Two NCB directors, Sami M. Baarama and Omar Bajamal, represent the Mahfouz family interests on the Guernsey company's board.

Baarama was director of the NCB's International Division and its Investment Services Division when the money disappeared.

He now sits on the Saudi bank's Executive Management Committee and is advisor to Mohammed bin Mahfouz.

Baarama—his name is often spelled “Baarma” in English—is also chairman of Pakistan's Prime Commercial Bank, which Khalid bin Mahfouz owns, and a director of Lebanon's Credit Libanaise, which the family controls.

Intelligence sources state that he is a member of one of the \$12.5 billion Carlyle Group's international advisory boards.

John Major, who was premier when BCCI's collapse rocked the City in 1991, is Carlyle's European chairman. Lord Geoffrey Howe, John Major's former Home Secretary and Deputy PM, sits on its European board.

Former members of the Reagan and Bush administrations who have been publicly associated with key BCCI players—including ex-President George Bush himself—have built Carlyle into the world's biggest private equity company and one of America's largest defence contractors.

Baarama's alleged role as a fixer for Carlyle and the level of the Mahfouz family's investments in the US company, if any, cannot be independently verified as the privately-held company is not required to provide the information to the Securities and Exchange Commission.

Carlyle closed down its web site on October 4, denying public access to what little information that contained.

This followed articles on 27 and 28 September in The Wall Street Journal reporting that the Saudi BinLadin Group (SBG) does have investments in Carlyle, and has been earning 40 per cent per annum from them since 1995.

Henry M. Sarkissian, an Executive Board Member of SBG, sits on the Middle East Capital Group's British offshore board alongside Baarama and Barclays appointee Elie Khouri.

So what have the Bin Ladin-Mafouz clan been up to on Jim Bergerac's beat?

US and British forensic accountants are likely to run into a brick wall if they try to find out.

William P. Simpson, a partner in Guernsey's oldest law company, Ozannes, is a director of the Middle East Capital Group.

Mr. Simpson is a shareholder in the Legis Group of Guernsey and the British Virgin Islands—he has also worked in the Cayman Islands—and has spent his professional lifetime concealing the affairs of the wealthy from the Bank of England, the Inland Revenue and international authorities.

A 400-page French parliamentary report published on Wednesday, 10 October, contains a blistering attack on the financial centres that have thrived off Britain's shores, including the Isle of Man, Jersey and Guernsey, and Gibraltar.

“It is high time that Europe got worried about sheltering in its midst these veritable machines that launder criminal money,” it said.

Bin Laden's terrorist financial network bears a striking similarity to that of the collapsed BCCI bank, according to the report.

Khalid bin Mahfouz, with whom Barclays went into business five years after the Bank of England shut BCCI, is directly linked to Osama Bin Laden through banks, holding companies, foundations and charities, at least one of which, the International Development Foundation, has its headquarters in London, the parliamentarians say.

Their investigation is based on interviews with senior Metropolitan police officers, leading City regulators and European judges.

“Those responsible for combating financial crime are depressed and discouraged by an archaic and dysfunctional system,” said the author, Arnaud Montebourg, a Socialist MP.

“The British authorities must realise that they have fallen badly behind.”

SBG's spindoctors have spent the past month trying to distance their companies from the world's Most Wanted Man by denouncing Osama and the murderous jihad he stands for.

In the light of recent events, their efforts seemed to be unravelling fast.

Swiss Federal investigators have subjected the terrorist's half-brother Yeslam to several gruelling interrogations over the past two weeks.

Yeslam, a frequent visitor to Britain, runs the Geneva-based Saudi Investment Company (SICO), an international holding company that manages SBG's affairs in Europe.

He was granted a Swiss passport in May despite unprecedented advice by the Government of the Canton of Geneva, which "after mature reflection and on the basis of troublesome matters which have never been denied by anyone," advised against giving him one.

A "first secretary at the American mission in Geneva" reportedly offered to help his successful appeal to the Canton's Grand Council against the local government's decision.

The controversy was reignited, however, when Le Monde reported on 26 September that one of Yeslam's companies, Avcon Business Jets SA, had offered training courses for pilots at the same Florida flying school which several of the 9-11 kamikazes attended.

In a rare public statement, the business head of the Bin Ladin family explained that he had only invested in business aviation "because I am passionately fond of flying, tennis, skiing and the cinema."

Jürg Brand, one of Yeslam's lawyers and business partners, says that Avcon "is on the point of being liquidated."

SICO, the Bin Ladin's European holding company, is also being put to sleep. Its capital has been reduced by 90 per cent.

"The reduction is simply due to the fact that SICO, which was a financial company, has become a services company," a company statement said.

What impact these seismic changes in the financial landscape will have on MECG and Barclays shareholders and customers is still unclear.

A French intelligence report unearthed by PBS's investigative programme Frontline and posted on the Internet indicates that Osama is not the first of the Bin Ladin brothers to engage in terrorism.

In 1979, Moslem Brotherhood fanatics stormed the Grand Mosque at Mecca, using SBG trucks to smuggle in weapons.

Hundreds of innocent pilgrims were killed in a ten-day battle for control of Islam's holiest site before French anti-terrorist troops put down the insurrection.

“One of the bin Laden sons, Mahrous, was actually arrested on account of his ties with the Islamists, but was later freed,” says the after-battle report.

“He is currently manager of the group's Medina branch.

“The reason is as follows: after studies in England, where he had kept company with Fadli (son of the ex-sultan of the Abdin region in South Yemen, now leader of a Yemeni fundamentalist group and arrested in Aden last January), Mahrous struck up friendships with a group of Syrian Moslem Brothers in exile in Saudi Arabia.

“The episode demonstrated the strength of the ties between the royal family and the bin Laden Group.

“Had it been some other group, there is no doubt that Mahrous—whether accomplice or patsy—would have been thrown into prison and the group barred from further economic activity in the kingdom, the sentence serving as a warning to others. This was not the case.”

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\* <http://www.mecg.com.lb/abouttext.htm>

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