

CORRUPTION WATCH

STATE SPONSORED BRIBERY?

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Airbus's Saudi Saga and the UK's Ministry of
Defence

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AIRBUS'S SAUDI SAGA AND THE UK'S MINISTRY OF DEFENCE

EXECUTIVE SUMMARY

European defence and aerospace giant, Airbus, is under a lot of pressure. It faces investigations in various countries around the world for alleged corruption. The UK Serious Fraud Office's investigation into Airbus's Saudi based UK subsidiary, GPT Special Project Management, is one of the longest running of these. The indications are that it should be drawing to some form of conclusion.

The stakes are high. If the SFO can bring a successful prosecution, it will help repair the serious damage done by the 2006 decision to close an investigation into allegations of widespread corruption by BAE Systems on the government to government Al Yamamah contract in Saudi Arabia. That decision provoked international outcry and seriously damaged the UK's reputation. In particular, the OECD called into question whether the decision was consistent with the OECD Anti-Bribery Convention. Article 5 of the Convention prohibits considerations of national economic interest or damage to relations with a foreign state when investigating and prosecuting bribery.

But the headwinds in favour of a political intervention by UK authorities to prevent or limit GPT's prosecution are strong. Post-Brexit, the UK is looking to countries like Saudi Arabia, for trade deals and defence related business, despite the inherent risks in trading with countries with high levels of corruption. The UK government has just concluded a new Military and Security Cooperation Agreement with Saudi Arabia and entered into a six-month dialogue for a trade deal. The question is whether it can allow a prosecution in which embarrassing details may emerge about Saudi figures and the UK's Ministry of Defence itself.

The Allegations

The story of the allegations read, as one Airbus compliance officer put it, like a "bad espionage novel." On 6th December 2010, Lieutenant Colonel Ian Foxley stumbled across a trove of startling emails. They contained the trail of three years of efforts by GPT's former Chief Financial Officer, Michael Paterson, to get potentially illegal payments investigated within Airbus. In late 2007, Paterson refused to sign off payments being made by GPT to subcontractors based in the Cayman Islands for what appeared to be non-existent services. GPT was at the time and remains the Prime Contractor to the UK's Ministry of Defence on a government to government contract in Saudi Arabia known as SANGCOM (Saudi Arabia National Guard Communications) Project.

Paterson was also concerned about the gifting of luxury vehicles to key staff in the Saudi National Guard, including its General, and the lease of a villa from the same General on unusual terms in the run up to the signing of a new contract for GPT on the project. A senior employee from a parent company appears to have been drafted in to sign off the payments instead.

Paterson took his concerns to GPT; to GPT's parent company, Paradigm; to Paradigm's parent company, Astrium (now Airbus Defence and Space) and to Airbus itself. He kept copies of all correspondence and

started recording conversations for his own protection. And he had good reason to do so. In one recording, the compliance officer in a parent company told him that he should be “*cautious when moving around.*” In another, that he would not be harmed because the compliance officer could “*accept that we pay, a little, but ... not that someone will get killed.*” And in another, that the compliance officer was “*prepared to accept some corruption because I like my company better than ethics.*” Airbus’ response to Paterson’s concerns was finally to initiate an internal audit of GPT in October 2010. However, the audit team failed to interview Paterson himself or even visit the finance department to audit documents there.

Ian Foxley stumbled across Paterson’s emails just as he had been asked to resign as Programme Director after only 6 months in the job. He was the third Programme Director in six months. He had also been asked to hand over his passport by the company for safe keeping upon resignation. He had already started to have suspicions about strange things going on at GPT including the fact that subcontractors were being paid around £26 million a year for “bought in services” with little evidence of the services being provided. So Foxley arranged a meeting with Paterson who was on ‘local gardening leave’. Having heard Paterson’s story, Foxley accessed his emails and copied the extraordinary trail to the MOD staff of SANGCOM. As a military man, he trusted that the MOD would take it seriously.

Instead shortly after sending the email to the MOD, Foxley received a call from the Managing Director of GPT to come to a meeting. At the meeting, he was accused of theft of company documents and told he could be arrested and jailed. Foxley, fearing for his safety, left the office and took refuge with some local MOD staff who advised him to leave Saudi Arabia immediately. Foxley caught a late night plane out of Riyadh that evening. He took the allegations to senior compliance staff at Airbus and then to the MOD in January 2011. The MOD Fraud Squad passed his case to the SFO in February 2011.

The Implications

The GPT case is a major test of the UK’s ability to prosecute bribery in sensitive cases involving countries that the government considers key defence and trade partners, and on government backed defence contracts. It is a test of whether the government is prepared to respect the independence of its enforcement agencies, and to uphold its international anti-corruption treaty obligations.

Any prosecution in the GPT case will require consent from the UK’s Attorney General. It is imperative that any such consent and any advice sought from other government ministers by the Attorney General abides by Article 5 of the OECD Anti-Bribery Convention. The OECD criticised the UK in March 2017 for failing to make Article 5 legally binding. Any decision to prevent or limit the investigation on national security grounds – grounds that often mask national economic interest and damage to foreign relations – will be a serious blow to the OECD Convention itself and the UK’s reputation.

The GPT case is also a test of the SFO’s resolve and willingness to flex the muscles of its own independence. Any attempt to limit charges to either lesser offences or solely to a few individuals will be seen as letting GPT off the hook. It must show it can make robust charging decisions and be as transparent as possible about how it makes them.

But the GPT case also raises serious questions for the UK’s Ministry of Defence (MOD). The MOD is responsible for overseeing the performance of the contract that GPT has with it to provide services and training to the Saudi Arabian National Guard on the SANGCOM project. It undertakes checks on invoices, and budgets put forward by GPT are approved MOD officials. In 2008, Paterson had warned GPT management that MOD

officials in Saudi Arabia had advised that “*payments to the Cayman Islands company are unlikely to be approved when next reviewed by the MOD in the UK.*” It is imperative that, once the SFO investigation concludes, there is a full public review of the MOD’s role in the affair.

Above all, the UK cannot afford a re-run of the BAE/Al Yamamah scandal. Its long term interest lies in upholding its international anti-corruption commitments and in proving itself as a nation that can trade with integrity.

Recommendations

Corruption Watch calls for:

- A commitment from the Attorney General, who is providing superintendence on the case and will need to give consent for it to proceed, to ensure that the investigation and any potential prosecution does not entail any consideration of Article 5 considerations;
- A commitment from the SFO to pursue the case as independently and rigorously as possible, and to be as robust, comprehensive and transparent as possible in any charging decisions;
- A commitment from the MOD and other government ministers, including the Foreign Office, to respect Article 5, and ensure that prohibited considerations are not used to prevent or impede a prosecution;
- A commitment from the MOD to provide full and frank disclosure to and cooperation with the SFO in its investigation;
- A commitment from the MOD to undertake a full review about any failings on its part that enabled the alleged wrongdoing to take place with recommendations for how to ensure corruption cannot happen again on government to government projects;
- A commitment from the MOD to take disciplinary action against any members of staff, civil servants or military found to have been negligent in relation to or complicit with corrupt payments if they are proven;
- A commitment from the MOD to exclude from its procurement for a certain period of time any companies that are found guilty of corruption in relation to these allegations.

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INTRODUCTION

The OECD calculates that the average length of a foreign bribery investigation is seven years.¹ The average length of a typical investigation by the UK's Serious Fraud Office (SFO) is 4-6 years.² By those standards, the Serious Fraud Office (SFO)'s investigation into GPT Special Project Management, Airbus's UK-registered, Saudi-based subsidiary, should be drawing to its final stages.

The SFO is investigating allegations that Airbus's UK subsidiary, GPT, paid bribes in its role as prime contractor on a government to government contract known as the SANGCOM (Saudi Arabia National Guard Communications) Project between the UK's Ministry of Defence (MOD) and the Saudi Arabian National Guard (SANG). These allegations were first brought to the SFO by a whistleblower in early 2011.

The stakes could not be higher. If the SFO succeeds in prosecuting GPT it will lay to rest many of the demons unleashed by the BAE/Al Yamamah scandal. In 2006, the SFO dropped an investigation into allegations of corruption by British defence company BAE Systems on the Al Yamamah government to government contract between the UK and the Saudis, following intense pressure from UK government officials including former Prime Minister Tony Blair. The incident provoked international condemnation and severely damaged the reputation of the SFO as a prosecutor independent of political influence. The US issued a formal diplomatic protest³ and the OECD a stern rebuke as to whether the decision "was consistent with the OECD Anti-Bribery Convention."⁴

If the SFO fails to prosecute GPT successfully - particularly if national security or considerations prohibited by the OECD Convention's Article 5 (which include the national economic interest and damage to foreign relations) are invoked to hinder a prosecution - the UK's compliance with the OECD Anti-Bribery Convention will once again be called into question. Additionally, the SFO's failure may have a knock-on effect on the willingness or ability of other governments, including in France and Germany which are both investigating separate Airbus corruption allegations, to allow those investigations to run their course.

The crux of the SFO's ability to bring a successful prosecution lies in the role of the UK's MOD in the allegations. Individuals under investigation and the companies involved are likely to assert in their defence that the MOD approved or knew of any payments.⁵ It appears that under the terms of the government to government contract, all payments made by GPT as the prime contractor were supposed to have been signed off by MOD officials.⁶ MOD officials had full visibility of programme documentation in their project governance and assurance roles.

A 2015 tribunal hearing ruled that the MOD did not under the Freedom of Information Act have to release to Private Eye journalist, Richard Brooks, details of how it approved payments or whether it had

queried or rejected payments on the project.⁷ The tribunal ruled that to do so would prejudice relations between the US and Saudi Arabia which would result in “*real and significant*” harm.⁸ There is a risk that similar arguments could be invoked to prevent material about the MOD’s approval of payments being released in relation to the SFO’s investigation. Failure to release such information could seriously undermine any potential prosecution.

The UK cannot afford a rerun of Al Yamamah. The damage, not just to the UK’s reputation but to the fight against corruption across the world, would be incalculable. In particular, any decision to invoke national security or Article 5 considerations in the case would deeply damage the OECD Anti-Bribery Convention, which has become one of the most important instruments in the international fight against bribery.

The OECD Working Group on Bribery has consistently expressed concern since the BAE/Al Yamamah scandal that Article 5, which lays out prohibited considerations in foreign bribery cases,⁹ is not legally binding in the UK. In March 2017, the OECD found that the UK had failed to implement its recommendations that Article 5 be made clearly binding on prosecutors, investigators, and the Attorney General, and that all parts of government are fully aware of their duty to respect Article 5.¹⁰

Given the scale of the damage that a decision to invoke national security or Article 5 considerations in this case would cause, Corruption Watch calls for:

- A commitment from the Attorney General, who is providing superintendence on the case and will need to give consent for it to proceed, to ensure that the investigation and any potential prosecution does not entail any consideration of Article 5 considerations;
- A commitment from the SFO to pursue the case as independently and rigorously as possible, and to be as robust, comprehensive and transparent as possible in any charging decisions;
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- A commitment from the MOD to provide full and frank cooperation with the SFO in its investigation;
- A commitment from the MOD to undertake a full review about any failings on its part that enabled the alleged wrongdoing to take place with recommendations for how to ensure corruption cannot happen again on government to government projects;
- A commitment from the MOD to take disciplinary action against any members of staff, civil servants or military found to have been negligent in relation to or complicit with corrupt payments if they are proven;
- A commitment from the MOD to exclude from its procurement for a certain period of time any companies (including parent companies where clearly implicated) that are found guilty of corruption in relation to these allegations.

The Allegations

In early 2011, whistleblower Ian Foxley, supplied the UK's Serious Fraud Office (SFO) with information alleging that Airbus' subsidiary GPT had made £14.9 million of irregular payments via offshore companies, Simec and Duranton, between 2007 and 2010. The payments were classed as "bought in services" (literally: services bought in which the company cannot provide itself) despite little evidence of actual services being provided. GPT acted and continues to act as prime contractor on the government to government SANGCOM project between the UK MOD and the SANG. The project provides Saudi Arabia with a nationwide defence communications infrastructure.

In addition, it is alleged that GPT:

- supplied luxury vehicles worth nearly £216,350 to key staff in the Saudi National Guard, including the General of the National Guard responsible for the SANGCOM project; and
- entered an unusual five-year rental agreement on a villa property belonging to the same General, to the value of £278,000 paid for five years up-front, and with no exit clause.

Both these unusual arrangements took place in the run up to the negotiation of a new £1.96 billion contract in February 2010.

The SANGCOM Project

The official function of the SANGCOM Project is to "support the United Kingdom's commitment to the Kingdom of Saudi Arabia by acquiring and supporting modern communication capabilities for the Saudi Arabian National Guard."¹¹ It is therefore very much a political project that is interlinked with the UK's desire to pursue a strategic relationship with Saudi Arabia. Specifically, the project aims to provide advice and assistance on the procurement, operation and maintenance of the Saudi National Guard's communications and computer systems.

The original Memorandum of Understanding for the SANGCOM project was signed in March 1978. Since that time, the UK and Saudi governments have signed a series of inter-governmental agreements known as a Letter(s) of Offer of Assistance (LOA). The contract for the latest modernisation programme known as LOA3Phase 3 (LOA3P3) was signed in February 2010, and covered a 10-year programme with a value of £1.96 billion. GPT was re-awarded the contract as Prime Contractor on a single-source basis with no competitive tender.

The MOD has a 50-70 strong mixed civilian and military SANGCOM project team based in Saudi Arabia, whose job it is to provide procurement and training support to the SANG, and "to provide the SANG with assurance of compliance with MOD procurement procedures and value for money."¹² In effect, the MOD SANGCOM team is responsible for overseeing the performance of the contract on behalf of the SANG.¹³ All procurement on the SANGCOM contract must comply with UK MOD Procurement rules, although there is a "local exigencies" clause allowing the MOD Project Director to make modifications.¹⁴ The SANGCOM team's salaries are paid for by the SANG which some raises questions about who they are ultimately answerable to.¹⁵ Within the MOD, the SANGCOM team is responsible to the Director of Information Systems and Services (DISS) based in Corsham, Wiltshire, in the UK.¹⁶

The Whistleblowers

Both whistleblowers in this case suffered threats and had their concerns dismissed. The allegations taken to the SFO by Foxley in January 2011 are based on the emails he discovered in GPT's offices in Saudi Arabia. Foxley fled the country in December 2010 after he was threatened with arrest and jail for disclosing the emails to the UK Brigadier and senior UK civil servant leading the MOD's SANGCOM project support team. This email trail shows how an internal whistleblower, Michael Paterson, who was the Financial Controller of GPT, attempted for three years to get Airbus to look into his concerns about possible corruption by GPT. These attempts resulted in alleged risks to Paterson's physical safety, and his isolation within the workplace, which Paterson felt amounted to constructive dismissal.

“From local management to EADS/Airbus CEO's first line, without finding integrity”: Michael Paterson's efforts to get Airbus to investigate¹⁷

Paterson's email trail suggests widespread knowledge within Airbus of concerns over the potential illegality of payments being made and a collective failure on the part of the various compliance functions within Airbus and its subsidiaries to address his concerns.

His efforts began in June/July 2007, when just six months after the controversial termination of the Al Yamamah investigation, Paterson, who had become GPT's Financial Controller, made an appointment to see Malcolm Peto. Peto was CEO of GPT's new parent company, Paradigm Services Ltd, which was part of the Astrium group (now Airbus Defence and Space) within Airbus (formerly EADS), the French-based aerospace and defence giant. Airbus had just bought GPT in March 2007 from Ericsson.

Paterson, who had been with GPT since 2003, asked for the meeting specifically to discuss payments being made to GPT's largest subcontractor, a Cayman Island registered company, Simec International Ltd, for “*bought in services*.” He was concerned that these payments were possibly illegal as there was no evidence of what services were in fact being provided by Simec. As he wrote in an email, he hoped that by raising the issue “*the seriousness of my concerns would be recognised*”. However, Peto informed him at the meeting “*that he was comfortable with the payments and that was how the conversation ended*.”¹⁸

Paterson did not give up. In the autumn of 2007, Paterson refused to sign off any further payments to Simec International unless a senior manager from Paradigm's immediate parent company, Astrium Services Ltd, would approve the payments.¹⁹ At a conference call on 5th December 2007 to discuss Paterson's refusal, a senior manager from Astrium declined to sign off the payments saying: “*I can't reasonably sign as I don't know what the deliverables and outputs are*.”²⁰

The CEO of Paradigm, Malcom Peto, was furious. He told the people on the call which included Paterson, GPT Managing Director, Jeff Cook, and a senior manager from Astrium that “*this conversation has been unconstructive for me and I thought we had moved to the constructive phase*.”²¹ A few days later, on 8th December, Paterson asked a senior manager from Astrium in an email if the matter should be referred to the EADS/Airbus group compliance officer, Anne Longchamp, drawing attention to the UK's Anti-Terrorism, Crime and Security Act 2001 which clearly made bribery an extraterritorial offence.²² It is not clear whether he ever got a reply.

A year later, in early December 2008, Paterson again emailed a senior manager from Astrium to ask whether gifts made to Saudi royals, the payments of a discretionary allowance to an employee, and payments by GPT to Cayman Island companies needed to be referred to Anne Longchamp in compliance.²³ Paterson's email came only a few months after the introduction of new rules in EADS/Airbus on foreign trade and business ethics applicable to all parties including subsidiaries. Over the autumn of 2008, the head of compliance at the Astrium division of EADS/Airbus, Philippe Troyas, announced that he was also developing new compliance processes to complement these new rules.

On the 7th December 2008, a senior manager wrote to Paterson telling him that the sub-contractor payments would be approved by himself, Jeff Cook and Malcom Peto. He asked Paterson to *"provide the details that will support the next round of payments."*²⁴ In his reply on the 8th December, Paterson wrote to the senior manager refuting an email from Jeff Cook that accused Paterson of having *"no interest in the long term business"*. Paterson reiterated in that email that he was concerned that payments to Simec were illegal. He went on to say: *"as I advised on 25 November 2008, my concerns have increased since the local MOD team in Saudi advised payments to the Cayman Islands company are unlikely to be approved when next reviewed by the MOD in the UK."*²⁵

In June 2009, Paterson started the Airbus internal whistleblowing process to report transactions being made by GPT and Paradigm.²⁶ He gave a dossier of the evidence he had collected to then-Astrium compliance officer Philippe Troyas. This included invoices signed by Jeff Cook, Malcom Peto and a senior manager for payments to Simec and Duranton, copies of cheques, copies of bank transfers and the approval trails. He kept a copy of this for his personal protection and gave it to solicitors (Russell Jones Walker) in London.²⁷

Paterson's confidential meeting with Troyas appears to have been made known to the management of GPT. He was called in quite soon after by Jeff Cook, the managing director, and asked whether he had spoken with compliance and what he wanted to achieve by doing so.²⁸

In August 2009, Paterson also raised his concerns over another issue with the new Finance Director: the lease of a villa by the Managing Director of GPT, Jeff Cook, from the General of the Saudi National Guard Signals Corps. General Mohammad Bin Khalid Al-Nahid, from whom the villa was leased, was the man directly responsible for agreeing contracts under the SANGCOM project. Paterson pointed out that: the lease was for 5 years, 2 years beyond the current contract that GPT had with the MOD on the SANGCOM project; the lease had no breakout clause as is normal under such leases; payment was 100% in advance for five years; the price of renting the villa was considerably higher than villas previously rented by Managing Directors of GPT; and the transaction incurred a very high estate agent's fee. Paterson wanted the lease referred to Philippe Troyas in compliance.²⁹

In September 2009, Paterson was advised by Troyas that his life was potentially at risk because his attempts to draw attention to suspicious payments by GPT. Paterson was told to *"be cautious when moving around alone like driving, same for wife"*.³⁰ In November 2009 Troyas told him: *"we will not do anything to harm you. I made clear that I would not accept that because this is my limit. I can accept that we pay, a little, but I cannot accept that someone will get killed because of me."*³¹ The implication Paterson thought was that *"the management at some level in EADS actually talked about having me harmed."*³² Troyas told him in February 2010, *"I tried to lay back thinking to myself 'don't alarm yourself ... we are not in a bad*

espionage novel'. To be honest, considering the external environment, I have failed to fully convince myself."³³

In November 2009, Paterson had recorded a conversation with Philippe Troyas, in which the compliance officer stated that he shared the views of senior management in EADS/Airbus that he was "prepared to accept some corruption because I like my company better than ethics... [and] that in this country [Saudi Arabia] you cannot do business differently." When Paterson said to Troyas that Airbus was therefore a corrupt organisation, Troyas responded "this is partly true, yes." When Paterson asked if Airbus was going to agree to carry on making "illegal payments", Troyas replied, "Yes".³⁴

In December 2009, Troyas visited GPT in Riyadh, and told Paterson that "Jeff [Cook] tried to convince me that actually they did not know how to manage you because you are a bit up and down with this corruption payment".³⁵ That same month, Paterson also became concerned about the gift of vehicles to Saudi National Guard officers. In particular, a Range Rover worth £68,833 was gifted to Major General Mohammed Bin Khalid Al-Nahid, the Commander of the SANG; a Lexus worth £55,117 to the Deputy Commander, Major General Abdul Rahman Bin Abdullah Al Ayaddi, and Toyota landcruisers worth £46,200 to two civilian senior advisors on the SANG Technical Committee. These vehicles had been donated and the villa lease signed in the run up to the signing of a new contract on the SANGCOM project in February 2010, known as the LOA3 Phase 3 project.

In late June 2010, Michael Paterson emailed the Airbus Group Compliance Officer, Pedro Montoya laying out his concerns.³⁶ In early July, Paterson also made Chris Galasinski, a HR Senior Business Partner in Astrium, aware in a call of his "intention to report [his] concerns to the UK Serious Fraud Office and that [he] would like the company's support in doing so."³⁷ Galasinski persuaded Paterson to delay reporting until he had had feedback from the Airbus Group Compliance Officer, Pedro Montoya.³⁸

On the 20th July 2010 Paterson met with Pedro Montoya, Airbus Group Compliance Officer and Jacques De Cordemoy, Chief Compliance Officer of Astrium Services, to discuss his concerns and how he in effect faced constructive dismissal for raising them.³⁹ Montoya said he would speak to the then CEO of Astrium about it.⁴⁰ On 27th July Paterson also let a senior manager know that he intended to go to the SFO. The senior manager wrote back the next day saying that all previous conversations they had had were private in nature, and all company documents were confidential and belonged to the company.⁴¹

In late July 2010, Paterson made clear to KPMG auditors, Holly King and Gareth Lovett, that he had started an internal whistleblowing procedure and that he had specific concerns about the payments to offshore companies and the gifts of luxury vehicles to Saudi officers.⁴² This led KPMG to qualify GPT's accounts for 2009 when they were released in April 2011.

In September 2010, Paterson raised further concerns with Montoya and De Cordemoy that GPT was materially suppressing profits in its accounts.⁴³

In October 2010, internal auditors were sent to GPT in Riyadh. Paterson clearly hoped that he would have an opportunity to talk to them about his concerns⁴⁴. Paterson afterwards told Montoya and De Cordemoy that they had not spoken to him during the visit, nor did they go to the finance department to audit documents.⁴⁵ Rather all requested documents were brought to them by one person, and these documents were first prepared and signed off by managers. Paterson told the compliance officers that if

*“the auditors had come to the department they would have realised that in some cases the documents did not exist and in other cases the documents had not been approved prior to their request to see them.”*⁴⁶ Paterson was not, as a result, able to give the auditors the files he had prepared for them.

In October 2010, Paterson concluded that *“it’s time to bring this nonsense to an end. No one is taking me ... seriously so I think I have to take everything to the authorities.”*⁴⁷ He told his UNITE union representative, Peter Cheney, that: *“I have yet to find anyone in the EADS management who will act with integrity. This is pretty damning given I have gone all the way from the local management to the EADS CEO’s first line without finding integrity.”*⁴⁸ He was planning dates on which he would take his concerns to the SFO. As payments to Simec had been routed through HSBC in New York, he also planned to take his concerns to the US Department of Justice (DOJ). Paterson wanted to do this as an EADS/Airbus employee.⁴⁹

Cheney had already advised against this route in late September 2010, however, saying that to go to the SFO would be *“very much a nuclear option”* that would close down *“several avenues for possible solutions.”*⁵⁰ The union’s concern was that going to the SFO *“wouldn’t do the bid for 170 odd tankers any good,”* referring to a bid that EADS/Airbus was making to supply 170 air tankers to Saudi Arabia.

In November 2010, Paterson was waiting for the results of the EADS/Airbus internal audit. On the 27th November, Jacques de Cordemoy in EADS/Airbus compliance wrote to Paterson saying that they were *“waiting disclosure of the complete conclusions... and ... the actions which will be decided.”* He asked Paterson to *“please show patience. We don’t forget you.”*⁵¹

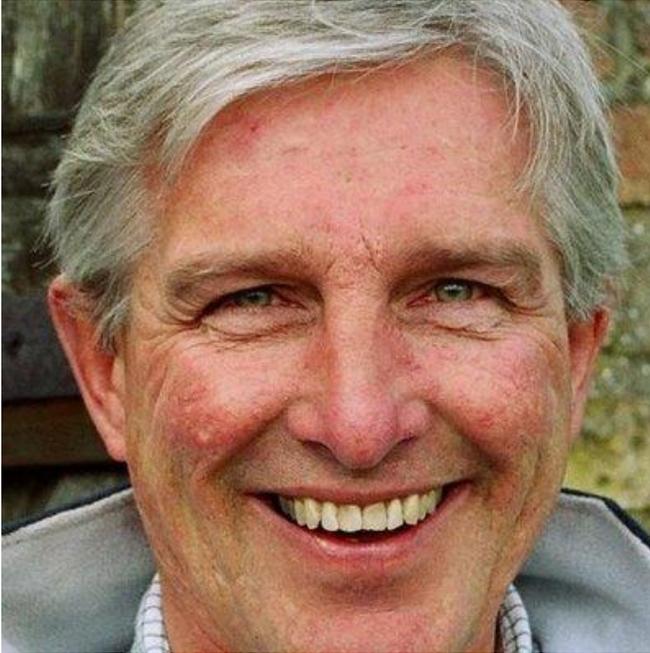
Eight days later, Paterson was to be visited by Ian Foxley who had just been asked to resign from his job as Programme Director for GPT.⁵² Paterson, it appears, did not go to the SFO. According to Foxley, Paterson told him that he had been put on gardening leave pending a move to another post within EADS/Airbus.⁵³ Foxley claims that Paterson told him that he had just returned from a meeting in Paris where he had *“concluded a settlement with EADS Compliance and was in the process of entering into a confidential compromise agreement with EADS.”*⁵⁴ A draft agreement between Paterson and EADS, requiring Paterson to return all property belonging to GPT, including all records, correspondence and documents, was reported by Der Spiegel newspaper.⁵⁵ It is not clear however that Paterson ever signed this.

Letting the cat out of the bag: Lieutenant Colonel Ian Foxley⁵⁶

In June 2010, Ian Foxley, a former lieutenant colonel in the Royal Signals, was given the job of Programme Director for GPT for the LOA3 Phase 3 project that had been signed in February that year. He was the third Programme Director in six months. The programme director before him, Eddie Fisher, had left after his three month probation period due to discomfort with GPT’s unethical practices.⁵⁷

Foxley, who was a prize-winning graduate of the Army’s Command and Staff College, had held senior command appointments in the Parachute Brigade, on active operations in Bosnia with the UK Divisional Signal Regiment, and on the Weapons Staff in MOD Procurement. Subsequently, he gained wide commercial experience through several Director level jobs in telecommunications companies. He also happened to be the son of a MOD civil servant, Gordon Foxley, who had been convicted of corruption in 1990, and having witnessed the impact of that corruption on his family had professed *“a deep personal loathing of corruption and a determination never to be complicit in it.”*⁵⁸

Early on his employment, Foxley was made aware of rumours and speculation about corrupt practices by GPT's Managing Director, Jeff Cook, when Cook showed Foxley an email from Brigadier Hargreaves,



IAN FOXLEY, LIEUTENANT COLONEL (RETIRED)

then SANGCOM Project Director for the MOD, which the Brigadier “*appeared to have clearly investigated and squashed*” speculations about corruption.⁵⁹ Foxley states that he made clear to Jeff Cook that he would never condone or participate in unethical behaviour.

A few days later at a meeting on 20th September, Foxley witnessed Cook making light-hearted banter with another member of GPT staff about how the Saudi Commander of the Signal Corp was being “*the perfect customer,*” signing everything put in front of him, and making an aside that this was “*unsurprising in light of BIS.*” Foxley wasn't sure what BIS represented but made a note to follow up.⁶⁰

On 22nd September Foxley had a meeting with Cook at which he told Foxley not to talk to Paterson who he said was a “*madman*” who was making “*wild accusations*”. Cook also explained that BIS meant

“*bought in services*” which were included in GPT's Commercial Technical Proposals made to the UK MOD. According to Foxley's witness statement to the Upper Tier Tribunal, Cook told him “*in this part of the world there were certain things that needed to be done to make business happen*”.⁶¹ Foxley asked if this was corrupt and again stated he would not be involved in corrupt practices. Cook replied that ‘bought in services’ “*could be considered almost like a tax*” and that it was “*a legal and normal business practice in that part of the world.*”⁶²

Foxley was responsible along with other senior GPT executives for signing off on Change Proposals. Each contract had two proposals, the Commercial Technical Proposal, which described what work was being done, and the Change Proposal, which laid out the funds required. These were sent to the MOD SANGCOM team for approval. Foxley noticed that “*bought in services*” amounted to 16% of the equipment and services costs. Over the life of the entire LOA3P3 project signed in February 2010 for 10 years, this would amount to £26 million per year, or £260 million in total.⁶³ This sum was significantly larger than the Prime Contractor's management fees which were 12%. He was aware that services or products provided for this sum of money should have been “*significant ... and therefore should have been easily visible and known*” to himself as Programme Director.⁶⁴ As he had been given assurances from Cook that no corrupt practices were taking place, Foxley was not immediately concerned.

Over the course of October 2010, however, Foxley found it increasingly difficult to access information relating to financial and commercial matters on the project. He was also told by Jeff Cook in early October that his probation period would be extended by three months, and was warned to “*keep your mouth shut, stop talking to other companies and people you know and focus only on the Programme and getting things onto contract.*”⁶⁵

In early December, Foxley was publicly berated at a senior management team meeting for failing to conclude £90 million worth of contracts for the project by the end of November. After the meeting, he was asked to attend a one-to-one meeting with Cook who asked him to resign. The following day, Foxley received several requests from GPT's HR department for the return of Foxley's passport for "safe-keeping."⁶⁶ Although described by the company as a 'standard practice of holding employee's passports', it is unclear why GPT would wish to hold an employee's passports once they had been asked to resign.

On the afternoon of 5th December, Foxley met with Brigadier Hargreaves, the leader of SANGCOM's UK military project team and Paul Hancock, the project's Head of Delivery, and told them that he had been asked to resign. He also told them about his concerns about a lack of a budget, unusual behaviour by executive directors and 'suspicions' he had about an internal audit by EADS/Airbus in October.⁶⁷ According to Foxley, Hargreaves and Hancock told him that if he could find any evidence to back up his suspicions, they would take action.⁶⁸

On the evening of that same day, Foxley asked to meet Mike Paterson who was on 'local gardening leave.' At the meeting, Foxley states that Paterson told him that he had identified bribery and corrupt practices going on within GPT, and that he had raised these with both of GPT's parent companies, Paradigm and EADS/Airbus. Paterson informed Foxley that two companies, SIMEC and Duranton had been receiving these corrupt payments into Cayman Island accounts. Foxley notes in his witness statement that as Programme Director, he had not heard of these two companies at all, despite hearing of most subcontractors providing services under the contracts.⁶⁹

According to Foxley, Paterson told him that he was concluding a settlement with EADS Compliance which included a confidential compromise agreement. Foxley says that he became concerned that "a pre-meditated and systematic 'covering-up' of the declaration of corruption was taking place and that necessary information was about to be 'gagged'."⁷⁰

On the 6th December, Foxley persuaded GPT's IT Manager that he needed to access Paterson's email account. Foxley was then able to search for relevant material in Paterson's emails supporting his allegations. He then forwarded the information he found there both to himself and to the Head of Delivery at the MOD SANGCOM team.⁷¹

In the early afternoon on the 6th, Foxley received a call from Cook to come to his office. Cook and Princess Noura Saad, GPT's HR manager were there. Cook accused Foxley of 'hacking' the IT system and of stealing company property. Cook told Foxley, "You've stolen company property, and in this country, I can call the police and have you arrested and thrown in jail, can't I Noura?" Princess Noura replied "Yes, certainly, Jeff." Cook continued, "In fact I might still do that."⁷² Shortly afterwards, Princess Noura left the room, having been asked by Cook to "stop all access" in IT.

Foxley concluded that "this wasn't a safe place to be", and left the building with Cook calling after him that they would "finish off this afternoon."⁷³ He met immediately with members of the SANGCOM Military team who concluded it was not safe for him to remain in Saudi Arabia and advised him to leave immediately.⁷⁴ Foxley asked Hancock why the SANGCOM team had not got in touch with him after he emailed them the material. Hancock told Foxley that they had tried and that "the decision had been made in UK (MOD) and Brigadier Hargreaves had been instructed to declare to GPT that they had received the

material and had taken note of its content.” A SANGCOM member of staff helped drive Foxley to the airport to take a flight out of Riyadh that night.

On 16th December 2010, Foxley met with Pedro Montoya and Jacques de Cordemoy, then compliance officers of EADS/Airbus and Astrium respectively, and told them about his suspicions and allegations of corruption and bribery and of his acquisition and knowledge of the information contained in Paterson’s email account.⁷⁵ According to Foxley, he later found out that the chief beneficiary of “bought in services”, Simec International, did not appear on GPT’s official list of project suppliers.⁷⁶

Foxley’s employment was formally terminated on 31 December 2010. Foxley took his evidence to the SFO in January 2011 and commenced employment proceedings against GPT for unfair dismissal and detriment for having made protected disclosures. In August 2011, an Employment Tribunal Judge ruled that Foxley’s case was outside the UK’s territorial jurisdiction.⁷⁷

The Cayman Connection: Simec and Duranton

The Cayman Island payments that Paterson was concerned about relate primarily to a company called Simec International. Smaller payments appear to have been made to another company, Duranton. It is difficult to see what services a Cayman Island based company could provide for a satellite and communication project in Saudi Arabia. Certainly, Paterson and Foxley appear to have found little evidence during the course of their work that any services were in fact being bought in.

Payments to Simec International appear to have been a feature of the SANGCOM project from its inception. Simec International was set up in Liechtenstein in 1975, around the time that Cable and Wireless – then a UK government-owned national telecommunications company - was first putting together a proposal with the UK Ministry of Defence for the SANGCOM project – the £400 million contract which they won in 1978.⁷⁸ As MOD documents gathered from the national archives by author Nicholas Gilby⁷⁹ show, three commissions were proposed on the SANGCOM project as it was being designed:

- 10% to Engineering and Training Operations Company Beirut, run by Mahmoud Fustok, brother-in-law of the late King Abdullah who was at the time head of the National Guard
- 2% to Cable and Wireless Middle East
- 3% to Simec International

A draft memo by then head of defence sales at the MOD, Lester Suffield, stated that these commission payments were for services which: “*although described as ‘technical consultancy’ amount in practice to the exertion of influence to sway decisions in favour of the client*”.⁸⁰ The decree by the Saudi government in 1978 that foreign agents could not be used on government to government contracts may be the root of why Simec became a subcontractor rather than an agent on the SANGCOM Project.

Simec was set up by Peter Austin in partnership with Bryan Somerfield, a former commissioner in the West Aden Protectorate who had strong connections with the Saudi Royal Family. In 1980, Simec bought Duranton Ltd from the banking group Anthony Gibbs, when the latter was bought by HSBC. The purpose of Duranton was stated as being to act as “*agents, advisers and consultants in particular to persons and institutions interested in trade between Europe and the Middle East*”.⁸¹

Over the years between 1978 and 2007, Simec and Duranton were re-registered in various offshore locations, including in the Cayman Islands in 1982. In 2006, both Simec International WLL and Duranton International WLL were registered in Bahrain, with Peter Austin as the majority owner. Duranton was registered briefly in the UK and in Ireland during the 1990s. Its 1997 company accounts in Ireland stated that “the principal activity of the company is acting for agents, advisors and consultants for international trade.”⁸² Duranton Services was also registered in Switzerland in 1991.

A Private Eye investigation revealed the recollections of a former MOD staff member who worked on the SANGCOM project in the 1980s. The former MOD staff member claimed that, at the time, Peter Austin was known to be disbursing his commission among senior officers and princes of the Saudi Royal family, known as ‘the club’.

Peter Austin is said to have been the main contact for various UK companies including GPT for getting contracts with the Saudi National Guard because of his close links with Mahmoud Fustok. Fustok, an uncle of Prince Miteb, the son of the late King Abdullah, a General in the Saudi National Guard, Commander of the National Guard from 2010-2013, and now Minister for the National Guard, is claimed to have acted as a financial advisor to the Saudi royal family and a fixer for foreign companies. According to a source quoted by Private Eye, Austin had monthly meetings with GPT’s Managing Director, Jeff Cook.⁸³ Meanwhile, the Astrium compliance officer, Philippe Troyas is alleged by Michael Paterson to have told him that “EADS have other relationships with Peter Austin.”⁸⁴



PRINCE MITEB, COMMANDER OF THE NATIONAL GUARD FROM 2010 TO 2013, SIGNS A GUESTBOOK AT THE PENTAGON AHEAD OF A MEETING WITH DEFENCE SECRETARY CHUCK HAGEL IN 2014



KING ABDULLAH - COMMANDER OF THE SAUDI ARABIAN NATIONAL GUARD FROM 1962 TO 2010

According to company reports, contracts with the ‘subcontractor group’ in relation to whom allegations had been made, were terminated by GPT. This appears to have happened in 2011 after Foxley went to the SFO. In GPT’s 2010 directors’ report, signed off in January 2012, it states that this termination had led to an “an unquantified claim from the subcontractor group for monetary damages.” The claim appears to have been settled between the parties during 2013. In GPT’s 2012 directors’ report, signed off in September 2013, it stated that: “the subcontractor’s claims in respect of repudiatory breach and misrepresentation have been determined with no liability to GPT. The Directors believe that any remaining liabilities to the subcontractor group are adequately provided for in the accounts and no contingent liability remains.” However, in its 2014 accounts, signed off in September 2015, the company states that the claim from the subcontractor

group is an open claim and “*is expected to remain open until the SFO investigation is concluded.*”⁸⁵

Simec International and Duranton were struck off the Cayman Island register in December 2011.⁸⁶ Duranton Services was liquidated in Switzerland in August 2014.⁸⁷ It is not clear where the companies which have an open claim against GPT are now registered.

GPT: A Unique Kind of Company With Serially Revolving Doors

GPT Special Project Management Ltd was incorporated in the UK in October 1994. As its 2007 directors’ report states: “*the company has served a single customer since its formation due to its exclusivity as laid out in the company’s commercial registration*” – that customer is the UK’s Ministry of Defence (MOD). According to company report, GPT operates exclusively in Saudi Arabia through its “*branch and sole trading office.*” According to Ian Foxley, in 2010 GPT also had a permanent office in Bristol where permanent staff were based. GPT currently employs close to 500 people.

GPT Special Project Management Ltd was set up by the Managing Director and CEO of Marconi at the time, and the company remained a subsidiary of Marconi until January 2006. It briefly became a subsidiary of Ericsson before being sold to EADS in March 2007. In January 2014, EADS became Airbus, and GPT’s ultimate parent company is now Airbus.

GPT was set up for the sole purpose of being prime contractor on the SANGCOM project. This is the only work it has ever performed. It shares offices in Saudi Arabia with MOD staff on the SANGCOM project.⁸⁸ It is unsurprising therefore that there has been considerable movement between the MOD and GPT, and between the SANGCOM team in particular and GPT. Indeed, Jeff Cook, the Managing Director of GPT from 2007 to 2013 was a former MOD civil servant, who was in the Satellite Acquisition team in the Defence Procurement Agency. He is said to have visited the SANGCOM project frequently in that role and audited its accounts.⁸⁹ In 2010, according to Ian Foxley, both the MOD SANGCOM team Project Director and the Deputy Director moved to GPT, without, Foxley alleges, any significant “cooling off” period.⁹⁰

GPT’s immediate parent company since 2007 has been Paradigm Services Ltd which also has a unique relationship with the UK’s MOD. Paradigm Services is now semi-dormant, having transferred its trade and assets, except for its investment in GPT, to its immediate parent company, Airbus Defence and Space Ltd (formerly Astrium), in January 2015. Prior to that date its role was to provide mobile, multimedia and broadcast communications to the UK Armed Forces.⁹¹ Paradigm Services’ only clients were the UK MOD and its sister company, Paradigm Secure Communications.⁹² Paradigm Secure Communications was created specifically to deliver specialised military satellite communication systems, and its principal activity was delivering the SKYNET 5 satellite programme in a £3.6 billion, 20 year Private Finance Initiative with the MOD. In August 2017, Paradigm Secure Communications was struck off the register and dissolved having transferred its trade and assets to Airbus Defence and Space Ltd, which it is presumed is fulfilling Paradigm’s PFI contract with the MOD which runs until 2022. In July 2017, the MOD awarded the contract to develop SKYNET 6 to Airbus Defence and Space without competition.⁹³

There were significant instances of the revolving door between the MOD and Paradigm. Simon Kershaw, who was leader of the Satcom Acquisition Team in the MOD’s Defence Procurement Agency which helped negotiate the PFI contract on behalf of the MOD, moved to Paradigm’s parent company, Astrium (now

Airbus Defence and Space) in July 2011. At the same time, he became a Director of GPT and Paradigm Services Ltd, as well as of Paradigm Secure Communications.

The revolving door seems to have extended to other parts of government too. In January 2011, just after Foxley had taken his allegations to the SFO, Keith Allen, a former career diplomat who had been with the Foreign and Commonwealth Office for 18 years, including at the HM consul in Saudi Arabia, became Chief of Staff at Paradigm's parent company, Astrium (now Airbus Defence and Space) in Saudi Arabia. Allen was responsible for 'managing the Managing Director's office' in that role. He was appointed a director of GPT in June 2013,⁹⁴ becoming GPT's Interim Managing Director between 2013 and 2015, in which role he negotiated a new £80 million contract and managed the company through "a difficult period of strategic change."⁹⁵

The steady flow of former MOD staff into GPT and Paradigm raises serious questions over whether an unhealthy relationship had developed between the MOD and GPT and whether this allowed the alleged corruption to continue. It could also have meant that the MOD may not have played its role in terms of providing an independent oversight role over the prime contractor in order to ensure procurement procedures were being followed and value for money was being achieved.

SANGCOM and the UK Ministry of Defence's Role

In light of the Al Yamamah affair in 2006 and the international outcry it caused, one would have expected the MOD to have taken clear measures to ensure that corruption could not occur again on government to government contracts with Saudi Arabia. On the other hand, the dropping of the BAE/Al Yamamah case may have unfortunately conferred a sense of business as usual. The fact that there appears to have been no official review of procedures for combatting corruption on government to government contracts after Al Yamamah is itself a serious failing.

The MOD, according to an account given by the head of the National Audit Office (and former top commercial director at the MOD between 2006-2009), Amyas Morse, to Margaret Hodge, chair of the Public Accounts Committee in Parliament:

*"undertakes checks to ensure that invoices raised by prime contractors are in accordance with the terms of the contracts and detailed schedules underpinning the Memoranda of Understanding it has signed with the Saudi Arabian government. The Saudi customer will also carry out its own checks. It is as part of this process that any evidence of improper payments would be picked up. Payment is subsequently made by the customer to the MOD, which passes the money directly to the prime contractors."*⁹⁶

According to Foxley, under the Change Proposal sent to the MOD SANGCOM team for approval and processing, "Bought-In-Services" were clearly set out as a budget line. The MOD SANGCOM team were therefore clearly aware of "Bought-in-Services" and the significant percentage of the budget they represented. A 2008 email from Paterson, noted earlier in the section on the allegations, stated that: "the local MOD team in Saudi advised payments to the Cayman Islands company are unlikely to be approved when next reviewed by the MOD in the UK." This suggests that MOD officials were fully aware that the "Bought-In-Services" were made to Cayman Island companies. It also suggests that contractual arrangements were at least periodically reviewed by the MOD in the UK.

The MOD has refused to provide information under the Freedom of Information Act, in a request made by Private Eye, as to whether there were occasions when “bought in services” were queried or rejected by the MOD’s SANGCOM team and as to the mechanism for approving sub-contracting arrangements by prime contractors.⁹⁷ It has said that to do so would “*undermine the UK and Saudi defence and security relationship as this could impact on significant export prospects under the Saudi Armed Forces projects, and also other work involving British interests, including those relating to counter-terrorism cooperation.*”⁹⁸

As noted earlier, this refusal to provide information was upheld by a Tribunal in 2015. The Tribunal ruled that having considered the balance of public interest in disclosure, it had taken into account that “*the information ... sought does not, on its face, disclose any “smoking gun” suggesting misconduct on the part of MOD staff or officials.*”⁹⁹ The Tribunal also noted that the material it had reviewed did not corroborate the suspicion that the MOD held information that showed “*prima facie evidence of bribery.*”¹⁰⁰

The National Audit Office (NAO) has been asked to investigate the MOD’s role in the GPT allegations. It has said it will not do so for two reasons: firstly because of the ongoing SFO investigation; and secondly because no public money was “*committed*” directly on the contracts. The NAO also stated in April 2013, that in undertaking its annual audit of MOD accounts, it had found “*no evidence of improper payments or corruption relating to monies flowing through MOD accounts.*”¹⁰¹

In August 2012, the MOD made a statement to the press that: “*We insist on the highest possible standards of propriety in all our commercial activity. We therefore take these allegations of misconduct very seriously and that is why we referred them to the Serious Fraud Office.*”¹⁰² It would appear that the MOD only referred the allegations to the SFO after Foxley met with Alan Richardson, Head of Commercial at the Defence Information Systems Services (DISS) agency on 7th January 2011, informing him that if the agency did not act on the evidence presented to them then Foxley would approach the SFO directly. A Defence Irregularity Reporting Cell investigation was initiated on 17th January 2011 and Foxley was initially interviewed by the MOD Police Fraud Squad on 20th January 2011. The MOD Fraud Police handed his case across to the SFO on 16th February 2011. Earlier suspicions of corruption in relation to the project of which the MOD were aware, according to Foxley, do not appear to have been referred to the SFO.

In June 2013, the UK’s ambassador to Saudi Arabia signed a new letter of agreement with SANGCOM.¹⁰³ Details of this agreement were not released following a Freedom of Information Act request from Private Eye. It is unclear whether this new letter of agreement was drafted to renegotiate any possible contractual terms with regard to “bought in services”. The only step in the public domain that the MOD do appear to have taken as a response to the allegations is to “*seek assurances*” from GPT as Prime Contractor, with the support of the Saudi government, that “*procedures are in place for the prevention of bribery.*”¹⁰⁴ Given the key role that MOD officials appear to play in signing off payments on the project, this seems far from adequate.

Once the SFO’s investigation has concluded, it is essential that there is a full and public audit of the MOD’s role in the allegations, the revolving door between the MOD and GPT and the ongoing selection of GPT as prime contractor for the project on a single source basis.

Transparency International notes that *“there is widespread perception that the MOD does not maintain equally strong anti-corruption and transparency provisions in ... government to government contracts.”* It has called for the MOD to put in place *“strict requirements to control corruption and bribery risks in government to government contracts”* including post-contract monitoring and specific contractual requirements.¹⁰⁵ It is imperative that the lessons from this case for how the MOD procurement works on government to government contracts and how allegations of corruption are handled, including how whistleblowers are treated, must be properly learned.

EADS/Airbus' Response to the Allegations

How a company responds to allegations of corruption is a key test of its commitment to dealing with corruption. As Paterson's emails make clear, EADS/Airbus management and compliance functions appear to have ignored the allegations of corruption that he raised on multiple occasions and to have overseen an internal audit which was allowed to be specifically structured in such a way that Paterson's concerns were not investigated.

The allegations of corruption involving GPT became public in May 2011, when Foxley brought his employment tribunal case against the company, and just as GPT's external auditors, KPMG, put their first disclaimer on the company's 2009 Financial Report, signed off in April 2011. KPMG stated that *“audit evidence to us was limited”* due to the allegations, and that *“as the results of initial investigations and other information have not been made available to us, we have been unable to obtain sufficient appropriate audit evidence for our audit of the financial statements in relation to the potential consequences of the allegations.”*

EADS/Airbus' response was to engage Price Waterhouse Cooper (PWC) to conduct an independent review of the allegations between November 2011 and March 2012. The scope of the review was agreed with the Serious Fraud Office and the results of the review were passed to the SFO in March 2012.¹⁰⁶

EADS/Airbus' Financial Statements for 2012 state that: *“in the period under review, and based on the work it undertook, nothing came to PWC's attention that suggested that improper payments were made by GPT.”* EADS/Airbus Financial Statements then quoted the PWC report as saying: *“Further, the review did not find any evidence to suggest that GPT, or through GPT any other EADS group company, asked specific third parties to make payments on their behalves.”*

It is worth noting that when Foxley visited GPT's Bristol based offices a few days after he left Riyadh, he found the office empty apart from the Business Manager and a computer expert. He was told that everyone had been sent home because of *“a serious computer virus”* on servers in the Bristol office.¹⁰⁷ Foxley strongly suspected that the systems were being cleaned of evidence relating to the documents that he had taken from Paterson's emails.¹⁰⁸ If his suspicions were well founded, it is possible that by the time PWC came to review the evidence, that evidence had been removed.

Despite the PWC report, the SFO announced it was opening a criminal investigation in August 2012. EADS/Airbus announced that it was *“cooperating fully with this investigation”*.¹⁰⁹

In November 2012, EADS appointed Ethic Intelligence to look at its compliance procedures. After an audit in December 2013, Ethic Intelligence awarded EADS an Anti-Corruption Compliance Program

Certification in February 2013.¹¹⁰ Despite this, it is notable that key management personnel potentially implicated in the allegations were not moved or suspended until some time after the SFO's investigation was opened. Some remain in Airbus' employment. Jeff Cook for example, the Managing Director of GPT, remained a Director of GPT until June 2013. Key people in senior management at EADS/Airbus who were alleged to have had knowledge of the suspected illegality also remain employed by Airbus.¹¹¹ As the judgement given by Sir Brian Leveson in the Rolls Royce Deferred Prosecution Agreement shows, the issue of whether those who are implicated or should have known about wrongdoing remain in senior management positions is of "*real significance*" in determining how seriously a company has moved on.¹¹²

GPT is now only a small part of the web of corruption allegations against Airbus. In August 2016, the SFO announced that it had opened a criminal inquiry into allegations of fraud, bribery and corruption by Airbus relating to irregularities concerning third party consultants.¹¹³ This followed admissions by Airbus of having failed to notify the UK's export credit agency UKEF about the use of third party intermediaries.¹¹⁴

Airbus was already facing several other investigations in other parts of Europe. In March 2012, the German public prosecutor launched an investigation into bribery and tax evasion by former and current employees of EADS Deutschland in the sale of the Eurofighter to Austria in 2003. In February 2017, Austrian authorities filed criminal charges claiming "*wilful deception and fraud*" in the sale of Eurofighter jets to Austria, and laid out claims for damages.¹¹⁵ In early October 2017, prosecutors in Munich were said to be close to laying charges in relation to alleged payments made by Airbus via a London based company, Vector Aerospace, which was owned by a trust based in the Isle of Man.¹¹⁶ The allegations are that this company which was ostensibly responsible for 'offset' arrangements in relation to the sale of Eurofighter jets in Austria may have been making bribing payments around the world.¹¹⁷

Airbus is facing further investigations by authorities in Greece and Germany into alleged bribery by Atlas Elektronik, a company jointly owned by Airbus and ThyssenKrupp, in Greece, Turkey, Pakistan, Indonesia and Thailand.¹¹⁸ The German prosecutor, according to Airbus, has opened administrative proceedings for alleged organisational and supervisory shortfalls.¹¹⁹

Meanwhile in France, Airbus is facing an investigation into allegations of corruption relating to a helicopter deal in Kazakhstan,¹²⁰ and alleged payments to a son-in-law of former Tunisian President Ben Ali, for the sale of aeroplanes to Tunisia.¹²¹ Allegations of corruption have also emerged in Sri Lanka and Mauritius.¹²²

In March 2017, Airbus established a high level independent panel to review its anti-bribery compliance, comprising Lord Gold (who acts as independent compliance advisor to Rolls Royce), and former French and German ministers.¹²³ The question is whether this review will be able to properly investigate who within the senior management at Airbus knew what about the allegations of corruption at GPT, and to establish responsibility for the string of apparent compliance failures that allowed it to happen. In April 2017, Airbus was said to have terminated a lot of its agreements with agents or middlemen.¹²⁴ It is not clear to what extent Airbus used subcontracts as a means of paying alleged bribes however, and whether the Airbus high level independent panel will be reviewing Airbus's use of subcontractors as well.

The SFO's Investigation

The GPT investigation is a real test of the independence of the SFO and its ability to pursue overseas corruption investigations involving government to government contracts in highly sensitive contexts.

The SFO's investigation into the GPT allegations was first revealed on 29th May 2011, when Foxley's employment tribunal first became public knowledge.¹²⁵ Foxley had been interviewed on 28/29th March 2011 by the SFO, after the case had been referred to them by the MOD Police Fraud Squad in February. In October 2011, "senior Whitehall sources" were quoted by the Sunday Times as saying that "the Serious Fraud Office have tracked a complex web of money movements that are going to Switzerland. It's going for the use of [a member of] the royal family. It's a politically sensitive inquiry."¹²⁶ The SFO was said to be waiting the go-ahead from Dominic Grieve, the former Attorney General, to launch a full-scale investigation.¹²⁷ Grieve, according to the Telegraph, was "considering the criminal implications as well as the risk of a further diplomatic rupture with the Saudis over bribery allegations."¹²⁸

In November 2011, the Solicitor General confirmed in Parliament that the SFO was considering the allegations against GPT, and that the SFO "has engaged with EADS, the parent company of GPT Special Project Management Ltd, on how these issues are to be addressed. The decision on whether to proceed with an investigation is a matter for the Director of the SFO." In the same month, as noted in the previous section, the SFO agreed the scope of an independent review conducted for the company by PwC with EADS.

In August 2012, under the new directorship of David Green, who has established himself as a far more robust prosecutor than predecessors, the SFO opened a formal criminal investigation into the GPT allegations. Following news articles in April 2013 that the investigation had been left for dead, the SFO wrote to the Campaign Against the Arms Trade stating: "unequivocally that there is no truth whatsoever in the suggestion that we are looking to drop this case which remains very much a live and active investigation. There have been no improper approaches made to, or external influence exerted on the Director of the SFO. Were there to be so, they would be ignored/rejected."

In July 2014, the SFO arrested and questioned seven former and current employees of Airbus.¹²⁹ In February 2017, Bloomberg reported that two men, Laurence Bryant, the former Chief Financial Officer of GPT, and Richard Moody, its one time Commercial Director had been told that the SFO was not pursuing charges against them. Malcolm Peto, former CEO of Paradigm, GPT's subsidiary, had been told that prosecutors were not yet in a position to make a decision on his case.¹³⁰

A key issue for the SFO is likely to be whether it can mount a successful prosecution where, according to sources close to the SFO's investigation speaking to the press, "the position of EADS is that the group has done nothing on the SANGCOM project without the MOD's approval."¹³¹ It is not clear whether a crucial Court of Appeal ruling in a different bribery case from December 2013 would help the SFO in this regard.¹³² Lady Justice Rafferty and Mr Justice Henriques ruled in 2013 that "it would not be a defence that someone in the Government department ... had knowledge of a payment to its employee or agent by another party for the prohibited purpose and purported to consent to that payment. That is because such a payment to an agent or employee cannot be authorised if it is made for the prohibited purpose." Whether

this would apply equally to a situation where a potential authorisation has taken place of a payment to an employee or agent of another government is uncertain.

What is clear is that it is essential that the SFO is able to conclude the case without any hint of political interference. The Attorney General has been supervising the GPT investigation, as a “politically sensitive” case – a fact confirmed by the OECD’s March 2017 report into UK compliance with the Anti-Bribery Convention.¹³³ Under the 2009 Protocol between the Attorney General and the Prosecuting Departments, the Attorney General may “direct” that a prosecution is not started or is discontinued for the purpose of safeguarding national security. The Attorney General may also, under the Protocol and in “a few very exceptional cases”, consult relevant government ministers as part of the decision-making process in what is called a public interest consultation exercise.¹³⁴ The OECD stated that it “continues to raise concern” about such exercises, that the exercise may not be appropriate in foreign bribery cases because of the risk that Article 5 considerations may come into play, and that any such exercise must be carried out in a way that is “publicised and transparent.” Additionally, any prosecution will need the Attorney General’s consent to proceed as it will take place under the UK’s older corruption laws.¹³⁵

CONCLUSION AND RECOMMENDATIONS

There is no doubt that the headwinds in favour of political intervention against a successful prosecution are potentially even stronger than those in the BAE/Al Yamamah case. In April 2017, the UK entered into a six-month dialogue in April 2017 with regard to a post-Brexit trade deal with Saudi Arabia.¹³⁶ Government ministers have said that in the context of Brexit, they see the sale of defence equipment as a “*platform for even stronger partnerships*” with non-EU countries.¹³⁷ In September 2017, the UK government signed a new Military and Security Cooperation Agreement with Saudi Arabia.¹³⁸ In October 2017, BAE Systems announced that it would have to cut over 1,000 jobs due to the slowdown in production of its Eurofighter Typhoon jets. This slowdown appears to have been prompted by stalled negotiations with Saudi Arabia over a potentially large order for Eurofighter jets.¹³⁹

Whether the UK government will allow an investigation to proceed to prosecution that could upset relations with Saudi Arabia and reveal potentially compromising details about both Saudi and Ministry of Defence officials, is a key test of government’s post-Brexit trade strategy. The UK government must choose whether it will put integrity and commitment to international norms on fighting corruption at the heart of that trade strategy, or risk shredding its international reputation as a country that takes corruption seriously, and undermining the OECD Anti-Bribery Convention itself. The stakes are high indeed.

Corruption Watch believes that the UK government must make clear immediately that it will respect Article 5 of the OECD Convention and ensure that any potential prosecution is allowed to proceed without any interference, and with the full cooperation of all necessary parts of government. A decision to invoke national security or Article 5 considerations in any way in this case would cause immense damage to the global fight against corruption and ultimately to the UK itself.

Recommendations

Corruption Watch calls for:

- A commitment from the Attorney General, who is providing superintendence on the case and will need to give consent for it to proceed, to ensure that the investigation and any potential prosecution does not entail any consideration of Article 5 considerations;
- A commitment from the SFO to pursue the case as independently and rigorously as possible, and to be as robust, comprehensive and transparent as possible in any charging decisions;
- A commitment from the MOD and other government ministers, including the Foreign Office, to respect Article 5, and ensure that prohibited considerations are not used to prevent or impede a prosecution;
- A commitment from the MOD to provide full and frank disclosure to and cooperation with the SFO in its investigation;

- A commitment from the MOD to undertake a full review about any failings on its part that enabled the alleged wrongdoing to take place with recommendations for how to ensure corruption cannot happen again on government to government projects;
- A commitment from the MOD to take disciplinary action against any members of staff, civil servants or military found to have been negligent in relation to or complicit with corrupt payments if they are proven;

A commitment from the MOD to exclude from its procurement for a certain period of time any companies that are found guilty of corruption in relation to these allegations.

PICTURE CREDIT

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ENDNOTES

- ¹ http://www.keepeek.com/Digital-Asset-Management/oecd/governance/oecd-foreign-bribery-report_9789264226616-en#.WdHxiUzMxsM
- ² <http://www.bbc.co.uk/news/business-18742140>
- ³ *Financial Times*, “US issued protest on axing of BAE probe”, 27/4/2007, <http://www.ft.com/cms/s/0/b008fd02-f45c-11db-88aa-000b5df10621.html>
- ⁴ <http://www.oecd.org/general/oecdtoconductafurtherexaminationofukeffortsagainstbribery.htm>
- ⁵ <http://www.exaronews.com/articles/4925/sfo-planned-to-interview-nao-chief-over-saudi-defence-deal>
- ⁶ <https://www.ft.com/content/13d322b4-e85d-11e1-b724-00144feab49a>
- ⁷ <https://www.ft.com/content/ddaebb48-ed78-11e4-a894-00144feab7de?mhq5j=e6>
- ⁸ [http://informationrights.decisions.tribunals.gov.uk/DBFiles/Decision/i1604/Brooks,%20Richard%20EA.2014.0261%20\(24.07.15\).pdf](http://informationrights.decisions.tribunals.gov.uk/DBFiles/Decision/i1604/Brooks,%20Richard%20EA.2014.0261%20(24.07.15).pdf); see also: <https://www.ft.com/content/cd7b0b3e-31f5-11e5-91ac-a5e17d9b4cff>
- ⁹ Article 5 states that investigation and prosecution of bribery “shall not be influenced by considerations of national economic interest, the potential effect on relations with another state, or the identify of the natural or legal persons involved” see https://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf
- ¹⁰ <http://www.oecd.org/corruption/anti-bribery/UK-Phase-4-Report-ENG.pdf>
- ¹¹ Hansard, 9/9/14, Col 584W
- ¹² Employment Tribunal, Case No: 22008793/2011, August 2011, para 15. <http://www.fortfield.com/casefiles/Foxley-v-GPT-ETDecision-030911.pdf>
- ¹³ Witness Statement of Lieutenant Colonel Ian Foxley at Information Tribunal, EA/2014/0261
- ¹⁴ Particulars of Claim between Ian Foxley and GPT Special Project Management in the Employment Tribunals
- ¹⁵ 20 military personnel and 50 civilian personnel, see Foreign Affairs Committee, “The UK’s Relations with Saudi Arabia and Bahrain”, 12/11/2013, para 75. In 2014, this number had reduced to 48, with 20 military and 28 civilian MOD staff (Hansard, 19/9/2014, Commons Written Answer, Col 584W)
- ¹⁶ Witness Statement of Lieutenant Colonel Ian Foxley at Information Tribunal, EA/2014/0261
- ¹⁷ This section is based on the email trail that Foxley took from GPT in December 2010 and passed to the Serious Fraud Office. They have been widely reported in *Private Eye*, “Shady Arabia and the Desert Fix”, (*Eye* 1375), 19/9/2014, http://www.private-eye.co.uk/pictures/special_reports/shady-arabia.pdf; *Der Spiegel*, 45/2012, 5/11/2012, “Nuclear Option”; and *Exaro News*, “Inside story of ‘bribes’ and Sangcom project – Part 1” Federika Whitehead and Guy Eaton, 24th October 2012.
- ¹⁸ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 27th September 2010, Resistance to Cayman Islands company payments/requests to refer matters to the Compliance function
- ¹⁹ *Ibid.*
- ²⁰ *Ibid.*
- ²¹ *Ibid.*
- ²² *Ibid.*
- ²³ Email from Michael Paterson to a senior manager, 3rd December 2008, FW: New EADS Rules
- ²⁴ Email from a senior manager to Michael Paterson, 7th December 2008, Re: sub-contractor payments
- ²⁵ Email from Michael Paterson to a senior manager, 8th December 2008, Re: sub-contractor payments
- ²⁶ Email from Michael Paterson to Gareth Lovett, 28th July 2010, Re: GPT Reporting Memo/Tax computation
- ²⁷ Email from Michael Paterson to Peter Cheney, 9th October 2010, Re: Threat of Physical Harm/Constructive Dismissal
- ²⁸ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 15th September 2010, Today
- ²⁹ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 27th September 2010, Resistance to Cayman Islands company payments/requests to refer matters to the Compliance function
- ³⁰ Email from Michael Paterson to Chris Galasinski, 5th October 2010, RE: Threat of Physical Harm/Constructive Dismissal
- ³¹ *Ibid.*
- ³² Email from Michael Paterson to Peter Cheney, 18th October 2010, Re: Threat of Physical Harm/Constructive Dismissal
- ³³ Email from Paterson to Chris Galasinski, 5/10/2010

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- ³⁴ Extracts of conversation between Philippe Troyas and Mike Paterson, 4th November 2009, sent to Pedro Montoya on 28 June 2010.
- ³⁵ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 27th September 2010, Resistance to Cayman Islands company payments/requests to refer matters to the Compliance function
- ³⁶ Email from Michael Paterson to Chris Galasinski, 5th October 2010, RE: Threat of Physical Harm/Constructive Dismissal
- ³⁷ Email from Michael Paterson to Chris Galasinski, 5th October 2010, RE: Threat of Physical Harm/Constructive Dismissal
- ³⁸ *ibid.*
- ³⁹ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 27th September 2010, FW: Resistance to Cayman Islands company payments/requests to refer matters to the Compliance function
- ⁴⁰ Email from Michael Paterson to Peter Cheney, 13th October 2010, RE: Threat of Physical Harm/Constructive Dismissal
- ⁴¹ Email from a senior manager to Michael Paterson, 28th July 2010, RE: GPT Reporting Memo
- ⁴² Email from Michael Paterson to Gareth Lovett, 28th July 2010, Re: GPT Reporting Memo/Tax computation
- ⁴³ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 6th October 2010, FW: Suppressed profits
- ⁴⁴ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 5th October 2010, Auditors Visit
- ⁴⁵ Email from Michael Paterson to Pedro Montoya and Jacques De Cordemoy, 19th October 2010, FW: Call
- ⁴⁶ *ibid.*
- ⁴⁷ Email from Michael Paterson to Peter Cheney, 9th October 2010, FW:Threat of Physical Harm/Constructive Dismissal
- ⁴⁸ Email from Michael Paterson to Peter Cheney, 13th October 2010, RE: Threat of Physical Harm/Constructive Dismissal
- ⁴⁹ *Ibid.*
- ⁵⁰ Email from Peter Cheney to Michael Paterson, and Jim Mccilwaine, 21st September 2010, RE:Timing
- ⁵¹ Email from Jacques De Cordemoy to Michael Paterson, 27th November 2010, RE: Feedback following the internal auditors visit
- ⁵² According to Foxley, Foxley had been stalling on signing off the first large project due to his grave concerns over the 'bought in services' element which constituted payments for £1.5million to Simec, an undeclared sub-contractor of whom he was unaware (Communication with Foxley, October 2017).
- ⁵³ Witness Statement given by Lieutenant Colonel Ian Foxley for the Information Tribunal Appeal No: EA/2014/0261, April 2015, para 38
- ⁵⁴ *Ibid.*
- ⁵⁵ Der Spiegel, 45/2012, 5/11/2012, "Nuclear Option", <http://www.spiegel.de/spiegel/print/d-89470544.html>
- ⁵⁶ This section is based on a Witness Statement given by Lieutenant Colonel Ian Foxley for the Information Tribunal Appeal No: EA/2014/0261, April 2015
- ⁵⁷ Witness statement of Lieutenant Colonel Ian Foxley for Information Tribunal Appeal No: EA/2014/0261, April 2015
- ⁵⁸ Private Eye, "Shady Arabia and the Desert Fix", (Eye 1375), 19/9/2014, p 19-24, http://www.private-eye.co.uk/pictures/special_reports/shady-arabia.pdf
- ⁵⁹ Witness statement of Lieutenant Colonel Ian Foxley for Information Tribunal Appeal No: EA/2014/0261, April 2015, para 18
- ⁶⁰ *ibid*, para 19
- ⁶¹ *Ibid.* Para 20
- ⁶² *Ibid.* Para 20
- ⁶³ Interview with Ian Foxley.
- ⁶⁴ Witness Statement, para 21-2
- ⁶⁵ *Ibid*, para 30.
- ⁶⁶ *Ibid*, para 34-5
- ⁶⁷ *Ibid*, para 36.
- ⁶⁸ *Ibid* para 36.
- ⁶⁹ *Ibid* para 37.
- ⁷⁰ *Ibid.* para 38
- ⁷¹ *Ibid.* para 39
- ⁷² *Ibid*, para 42
- ⁷³ *Ibid*, para 43
- ⁷⁴ *Ibid*, para 44
- ⁷⁵ *Ibid*, para 48
- ⁷⁶ Interview with Ian Foxley.
- ⁷⁷ Judgement of the Employment Tribunal, 11/12 August 2011, between Mr I Foxley and GPT Special Project Management Ltd. The OECD questioned whether the UK's Public Interest Disclosure Act 1998, which is meant to protect whistleblowers, was

- adequate for foreign bribery cases in light of this tribunal decision, <https://www.oecd.org/daf/anti-bribery/UnitedKingdomphase3reportEN.pdf>, para 199
- ⁷⁸ Private Eye, "Shady Arabia and the Desert Fix", (Eye 1375), 19/9/2014
- ⁷⁹ *Deception in High Places: a history of bribery in Britain's arms trade*, Pluto Press, 2014, <https://deceptioninhighplaces.com>
- ⁸⁰ <https://deceptioninhighplaces.com/home/documents/441-2/>
- ⁸¹ Ibid
- ⁸² <http://www.exarone.com/articles/4811/cayman-partner-stays-silent-on-saudi-commissions-in-sfo-probe>
- ⁸³ Private Eye, "Shady Arabia and the Desert Fix", (Eye 1375), 19/9/2014, p 19-24
- ⁸⁴ Email from Michael Paterson to Peter Cheney, 13th October 2010, RE: Threat of Physical Harm/Constructive Dismissal
- ⁸⁵ <https://beta.companieshouse.gov.uk/company/02984211/filing-history?page=1>
- ⁸⁶ <http://www.exarone.com/articles/4675/newly-found-document-sheds-lights-on-cayman-company>
- ⁸⁷ <http://www.monetas.ch/htm/655/en/SOGC-publications-Duranton-Services-SA-en-liquidation.htm?subj=1482986>
- ⁸⁸ Interview with Ian Foxley
- ⁸⁹ <http://www.exarone.com/articles/4888/revealed-key-mod-staff-moved-to-contractor-in-bribery-probe>
- ⁹⁰ Interview with Ian Foxley
- ⁹¹ Astrium Services UK Ltd, Director's Report and Financial Statements, December 2012
- ⁹² In its 2013 Directors' report, it adds Star Satellite Communications, a United Arab Emirates, Abu-Dhabi based satellite and communication company, also known as YAHSAT.
- ⁹³ <https://www.defensenews.com/space/2017/07/31/airbus-scores-uk-military-satellite-deal-without-competition/>
- ⁹⁴ Private Eye, "Shady Arabia and the Desert Fix", (Eye 1375), 19/9/2014, p 19-24
- ⁹⁵ Keith Allen, LinkedIn profile, accessed 27/9/17
- ⁹⁶ Letter from Margaret Hodge to Nicholas Gilby, after Gilby wrote to Hodge, chair of the Public Accounts Committee, asking the National Audit Office to investigate. <http://www.exarone.com/articles/4926/nao-chief-sfo-will-not-find-corruption-in-mod-over-contracts>
- ⁹⁷ https://ico.org.uk/media/action-weve-taken/decision-notices/2014/1042146/fs_50538627.pdf
- ⁹⁸ Ibid, para 29
- ⁹⁹ [http://informationrights.decisions.tribunals.gov.uk/DBFiles/Decision/i1604/Brooks,%20Richard%20EA.2014.0261%20\(24.07.15\).pdf, para 29](http://informationrights.decisions.tribunals.gov.uk/DBFiles/Decision/i1604/Brooks,%20Richard%20EA.2014.0261%20(24.07.15).pdf, para 29)
- ¹⁰⁰ Ibid para 30
- ¹⁰¹ Letter from Margaret Hodge to Nicholas Gilby, after Gilby wrote to Hodge, chair of the Public Accounts Committee, asking the National Audit Office to investigate <http://www.exarone.com/articles/4926/nao-chief-sfo-will-not-find-corruption-in-mod-over-contracts>
- ¹⁰² Sunday Times, 19/8/2012, "MOD faces questions over firms £9.5million Saudi 'bribe'"
- ¹⁰³ Evidence to Foreign Affairs Committee, "The UK's relations with Saudi Arabia and Bahrain", 12/11/2013,
- ¹⁰⁴ Hansard, HC Deb, 3 September 2012, c69W
- ¹⁰⁵ Transparency International, "Building Integrity in UK Defence: Practice Recommendations to Reduce Corruption Risk", Policy Paper 5, March 2014
- ¹⁰⁶ EADS Financial Statements 2012, para 32, p 72; Ian Foxley formally complained to the SFO about the appointment of PWC to conduct an independent review of the allegations, on the basis that Coopers and Lybrand, which merged with PWC in 1998, had been auditors of GPT until 1998, and that if the allegedly corrupt payments to Simec International had been made continuously since the inception of the SANGCOM project, as some suspect, they had been made under Coopers and Lybrand's watch as auditor. Deloitte took over as auditor for GPT until 2008 when KPMG took over, presumably with the transfer of GPT to EADS. Interview with Ian Foxley.
- ¹⁰⁷ Witness statement of Lieutenant Colonel Ian Foxley for Information Tribunal Appeal No: EA/2014/0261, April 2015, para 47
- ¹⁰⁸ Interview with Ian Foxley.
- ¹⁰⁹ EADS Financial Statements 2012, para 32, p 72
- ¹¹⁰ http://www.ethic-intelligence.com/wp-content/uploads/eads_decision_to_award.pdf
- ¹¹¹ <http://www.airbusgroup.com/int/en/news-media/media~item=f890d11b-ebf1-42dd-b91c-efcdf8a8f5ce~.html>
- ¹¹² <https://www.judiciary.gov.uk/wp-content/uploads/2017/01/sfo-v-rolls-royce.pdf>, para 48.
- ¹¹³ Airbus Financial Statements 2016, para 36, p 80
- ¹¹⁴ <https://www.ft.com/content/211a5b1c-5cd1-11e6-bb77-a121aa8abd95?mhq5j=e6>
- ¹¹⁵ Airbus Financial Statements 2016, para 36, p 80.
- ¹¹⁶ <http://www.spiegel.de/international/business/airbus-corruption-scandal-threatens-ceo-tom-enders-a-1171533.html>
- ¹¹⁷ <http://www.spiegel.de/international/business/airbus-corruption-scandal-threatens-ceo-tom-enders-a-1171533.html>

¹¹⁸ Airbus Financial Statements 2016, para 36, p 80.

¹¹⁹ Airbus Financial Statements, 2014, para 32, p 70

¹²⁰ <https://www.reuters.com/article/airbus-group-france-investigation/update-2-after-uk-france-opens-probe-into-airbus-jet-deals-idUSL5N1GT6V6>

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¹²⁴ <https://www.intelligenceonline.com/corporate-intelligence/2017/04/05/airbus-group-puts-international-agents-out-in-the-cold,108228855-EVE>

¹²⁵ Sunday Times, 29/5/2011, “Bribery probe into £2 million arms deal”.

¹²⁶ Sunday Times, 9/10/2011, “Whistleblower exposes Saudi Arabia royal ‘kickbacks’”.

¹²⁷ Telegraph, 9/10/2011, “SFO delays bribery enquiry involving EADS subsidiary”.

¹²⁸ Ibid.

¹²⁹ <http://www.telegraph.co.uk/finance/financial-crime/10955861/SFO-arrests-Airbus-staff-in-corruption-investigation.html>

¹³⁰ <https://www.bloomberg.com/news/articles/2017-02-10/u-k-prosecutor-drops-two-from-airbus-gpt-saudi-investigation>

¹³¹ <http://www.exarone.com/articles/4925/sfo-planned-to-interview-nao-chief-over-saudi-defence-deal>

¹³² R v J, B, V and S [2013] EWCA Crim 2287, <http://www.baillii.org/ew/cases/EWCA/Crim/2013/2287.html>

¹³³ <http://www.oecd.org/corruption/anti-bribery/UK-Phase-4-Report-ENG.pdf>, para 96

¹³⁴

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15197/Protocol_between_the_Attorney_General_and_the_Prosecuting_Departments.pdf

¹³⁵ Attorney General’s consent for corruption prosecutions was removed from the Bribery Act 2010. Such consent was consistently criticised by the OECD Working Group on Bribery who recommended it be removed in a 2005 review of the UK:

<https://www.oecd.org/daf/anti-bribery/anti-briberyconvention/34599062.pdf>

¹³⁶ <https://www.theguardian.com/politics/2017/apr/04/theresa-may-building-saudi-ties-better-than-sniping-from-sidelines>

¹³⁷ <http://www.independent.co.uk/news/uk/home-news/dsei-2017-michael-fallon-uk-arms-trade-increase-brexit-defence-secretary-yemen-saudi-arabia-a7944686.html>

¹³⁸ <https://www.gov.uk/government/news/new-agreement-strengthens-uk-saudi-arabia-defence-relationship>

¹³⁹ <http://news.sky.com/story/bae-systems-to-axe-over-1000-uk-jobs-amid-typhoon-slowdown-11073489>