

SFO delays bribery inquiry

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By Roland Gribben

A FORMAL investigation by the Serious Fraud Office (SFO) into allegations that bribes were paid by a defence company with British links to Saudi Arabian officials is being delayed while the Government considers the political implications.

The SFO is understood to have completed preliminary inquiries into claims that illegal payments were linked to a £2bn communications contract awarded to GPT, a subsidiary of EADS, the European aerospace giant.

It is understood to be awaiting a decision from Dominic

Grieve, the Attorney General, about whether it can push ahead with a full-scale investigation. He is considering the criminal implications as well as the risk of a further diplomatic rupture with the Saudis over bribery allegations.

An earlier SFO inquiry into allegations that BAE Systems ran a £60m "slush fund" after winning a £40bn defence contract from Saudi was dropped by the Blair administration after the oil rich state threatened to halt counter terrorism co-operation.

The decision-making has been complicated by changes in legislation. Under the terms of the new Bribery Act, the

SFO would have more freedom to decide whether to push ahead with an investigation but its hands are tied because the case is covered by the less flexible provisions in the old Corruption Act.

In the latest case, Lt Col Ian Foxley claims he was sacked by GPT after telling the SFO that Saudi officials had been given luxury cars, jewellery and briefcases full of cash.

A crucial part of his evidence rests on allegations that £11.5m was sent to two offshore companies in the Cayman Islands and then to a Swiss bank account.

He has unsuccessfully attempted to mount a constructive dismissal case against his former employers but was told that as GPT was registered in Saudi the case could not be considered under British law. A second whistleblower is understood to have provided additional information after telling EADS about "possible illegal transactions". He is said to have been told to "keep quiet".

The Ministry of Defence, which helped co-ordinate the contract to upgrade satellite and intranet systems of the Saudi National Guard, has helped the SFO with its initial inquiries. The SFO is understood to have traced payments into a bank account in Switzerland with links to a member of the Saudi royal family. The SFO declined to comment.



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