

LOWELL BERGMAN'S INTERVIEW WITH LOUIS FREEH

Washington D.C., March 19, 2009

Lowell Bergman: Louie Freeh. You were the director of the FBI. What are you now and why are you sitting here?

Louis Freeh: Sure. I'm an attorney. I also have a consulting business but for our meeting today I'm representing Prince Bandar, former ambassador from the Kingdom of Saudi Arabia to the United States and currently the National Security Advisor to His Majesty, the King. And it is somewhat unusual for an attorney to be questioned or to be made himself available to be questioned.

But in this particular matter, Lowell, there's been so much incorrect information bouncing around the Internet, bouncing around respected newspapers that I think it's very important that I talk with you today and try to explain and perhaps clarify some of the information which I think is just almost recklessly incorrect.

Lowell Bergman: Okay, you know I've got a wide variety of questions. I think there are some central allegations and issues you wanted to deal with so let's take care of those first.

Louis Freeh: Sure.

Lowell Bergman: Is it true that approximately \$2 billion went from Britain into accounts that Prince Bandar signed on here in Washington D.C.?

Louis Freeh: Not in those terms. I think we have to be very accurate here. You're talking about the Al Yamamah treaty, which was a treaty between the King of Saudi

Arabia and Great Britain. And in the course of that treaty, which was an oil-for-planes barter agreement, money flowed from the United Kingdom from the Ministry of Defense to the Kingdom of Saudi Arabian Ministry of Defense accounts at the Riggs Bank here in Washington.

During that period, my client, Prince Bandar, was the ambassador and had signatory authority over those accounts. Disbursements which he made out of those accounts first of all were all known to and authorized by both the British Ministry of Defense, which had the money. BAE did not send any money directly to those accounts.

More importantly the British government as you know was paid a 2 percent fee; that's a 2 percent fee of an \$83 billion treaty to administer that contract and make sure that the money flowed accurately and properly with accounting. So it's more complicated than just a statement of money flowing through those accounts.

Lowell Bergman: So the money came from Britain.

Louis Freeh: Correct.

Lowell Bergman: From Ministry of Defense after the sale of the oil?

Louis Freeh: That's correct.

Lowell Bergman: And went into the Ministry of Defense and Aviation accounts in Washington D.C.?

Louis Freeh: Which were the Kingdom of Saudi Arabia bank accounts.

Lowell Bergman: And Prince Bandar had signatory authority on those accounts?

Louis Freeh: Sure.

Lowell Bergman: Well, just to clarify, he is the ambassador. He works for the Foreign Ministry. Why is he signing on a Ministry of Defense account?

Louis Freeh: Well, because the ambassador here, in terms of their structure and governance, has authority over all of the government accounts in the United States, including in this case accounts that were maintained on behalf of and in the name of the Kingdom of Saudi Arabian Ministry of Defense and Aviation. So he would request disbursements from those accounts, would receive authorization to do so, and the money would then be dispersed.

If you look at the accounts here as a series of funding streams for the embassy, he was allowed to use those funding streams with authorization to make whatever expenditures the Foreign Ministry or the Minister of Defense and Aviation wish to occur.

Lowell Bergman: These payments -- and by the way, is a \$2 billion figure approximately accurate?

Louis Freeh: It's a large figure. I'm not sure if it's exactly more or less than 2 billion.

Lowell Bergman: But somewhere in that range?

Louis Freeh: Yes.

Lowell Bergman: They've been described as being done for "marketing services." What was the reason? Is that the reason why they were transferred?

Louis Freeh: No. That's incorrect. That's about as incorrect as the statement that, you know, our client received a 340 Airbus as a personal gift from the subcontractor to the Minister of Defense in Great Britain. No, these monies were sent on account of the Ministry of Defense and Aviation. They had nothing to do with marketing services. My client did not perform any marketing services, had no contact with BAE, except in the very beginning in 1985, when this particular treaty was being negotiated between Great Britain and Saudi Arabia.

Lowell Bergman: The money was the result of sale of oil done by Great Britain because of the treaty?

Louis Freeh: No, the oil was sold by the King of Saudi Arabia, and the proceeds were remitted to the Ministry of Defense of the United Kingdom.

Lowell Bergman: Okay. Why wouldn't the money then be sent back to the Ministry of Defense in [Rihyad] to be part of their regular budget and then disbursed?

Louis Freeh: Well, billions and billions of dollars was done in that manner. But some of the money was sent to fund operations in the United States as authorized by the foreign minister, His Majesty, the King, and the Minister of Defense and Aviation. Look at it this way Lowell, this was a treaty that was set up to ensure maximum flexibility for the purchase of arms.

In other words, the United States, was not able to sell the Saudis F15s, and I think you understand the origin to this contract. The King sent Prince Bandar, my client, to President Reagan with very specific instructions, "Buy F15s." And of course the United States had armed the Saudi armed forces for the last 20 years before that.

President Reagan said to my client, "Congress will never approve the sale of F15s." My client then went up to the hill, spoke to senior leadership on both sides of the aisle, and they said, "We can't authorize the purchase of F15s by the King of Saudi Arabia." He went back to President Reagan who said, "Go talk to Maggie Thatcher," which my client did. That's how Tornados and the treaty, not the contract but the treaty between the two countries, was originated.

He wanted to buy the planes in the United States.

Lowell Bergman: Can I stop you for a second?

Louis Freeh: Of course.

Lowell Bergman: Okay, is it Toranados or Tornados?

Louis Freeh: Toranados.

Lowell Bergman: Oh, Toranados. We've been saying Tornados forever, so we're wrong?

Louis Freeh: You're never wrong.

Lowell Bergman: Okay, I don't know [laughs] all right. Go on, sorry.

Louis Freeh: Okay. So you know, it's not like a normal contract. In other words, there wasn't any bidding going on here. The Saudis couldn't use the French Mirages. They were technically inferior and inconsistent with the infrastructure which was U.S.-supplied. The Swedes, Saab, had a version, but it was totally inadequate.

So there was only one bidder here by default and that was the British Aerospace Systems and the Toranado, at least as the contract began. So the way the treaty was set up, if the Ministry of Defense and Aviation wanted to purchase U.S. arms, U.S. arms could be purchased through BAE and DESO, which was the U.K. Ministry that did the purchasing, and that was sort of a way to purchase arms, transparent way to purchase arms, but in a way that did not deal with the objection of the U.S. Congress to the selling of American equipment to the Saudis.

Lowell Bergman: So proceeds from the oil could be used under this contract to purchase arms from other countries in the United States?

Louis Freeh: Of course.

Lowell Bergman: Because we do have a U.S. government document in which it describes the use of Al Yamamah funds to purchase, for example, French helicopters. And that BAE is irritated that the Saudis are taking their cash to buy arms elsewhere.

Louis Freeh: Yeah. Well I haven't seen that document, but what you're saying hypothetically would make sense because the treaty was designed to give maximum

flexibility. So if the United States government or the U.K. government wanted the Saudis to make a particular expenditure, the Saudis could do it, using the AY treaty and using the funding mechanism which they had set up via the Riggs Bank.

Lowell Bergman: So one of the things that we ran across was that these accounts, the Riggs Bank accounts, were examined long before anyone knew publicly about the Al Yamamah transfers. And they were examined by the FBI actually after 9/11. And they've been described to us as involving over 100 different accounts at Riggs Bank with all kinds of different names on it from individuals to the embassy to the Ministry of Defense and Aviation as well as I think a special account just for the airplane.

And we interviewed the supervisor, the FBI supervisor, who looked at those accounts and asked him about them, and he said -- this is what he said in terms of doing the investigation and trying to analyze what was going on. "It was very difficult," he said. "There was so much interaction among the accounts. The manner in which they were taking cash out and then paying cash, it seemed questionable. It seemed like activities that I would see in money laundering or other types of investigations."

And then I asked him, "Well, was there a separation between the personal and the professional," that is in terms of the use of the money, and he said that there appeared to be both legitimate transactions, embassy-related transactions through these accounts and what appeared to be a degree of personal activity. And we discussed, for example, which I'm sure you know you're aware of, we discussed, for example, the payment of \$17 million to someone to supervise the construction of Bandar's palace in Saudi Arabia. So you can see why there would be some suspicion about what this money was for.

Louis Freeh: Okay, look, that's a good question. Let's break it down into its pieces. The first piece is I don't know who the FBI supervisor is who spoke to you.

Lowell Bergman: Dennis Lormel.

Louis Freeh: Yeah, well I know Dennis very well. I think what's important to focus on, Lowell, is the conclusions of that investigation. As you remember, the congressional committees were very focused on this. Riggs Bank was managing a whole series of foreign embassy accounts that became questionable. And the FBI opened up a massive investigation on those accounts. They took possession of the accounts. They reviewed all the documentation.

They interviewed people including people at the Saudi embassy. Their conclusion, and I'm sure Dennis would share this because he was the supervisor, the conclusion is that they exonerated, not found no evidence. The government generally says, "We didn't find any evidence." In this case they exonerated our client, Prince Bandar, and his family with respect to any money laundering or any terrorist financing because you remember that was really the focus as to whether two individuals who were Saudis who had connections with two of the hijackers were using any monies from those accounts to finance it.

Lowell Bergman: You said exonerated or they didn't find any criminal behavior?

Louis Freeh: No, no, they said more than that. It was very unusual. In the public statements what they said is they found there was no activity in the accounts that showed any wrongdoing by my client or members of his family. It's an extraordinary conclusion to make. And, more importantly, if you look at the disbursements in those accounts, \$17 million for his "residence" was not his residence; it's a government-owned property in

the Kingdom of Saudi Arabia which they make available to senior members of the Royal Family to live.

So was there an absolutely good governance, compliant, world-class separation between private and public, disbursements? No. They probably could have done a much better job. But that is not a conclusion that leads to anything except what the government found here. I mean, I didn't conduct the investigation. I wasn't there.

But the government found no money laundering and no evidence of any terrorist financing and absolved my client and his family, which is a very extraordinary result.

Lowell Bergman: I think there might be some dispute about absolution in this case. But you do find it unusual that a government account is used to pay for an architect on a property, which you say is owned by the government but which Bandar uses and lives in.

Louis Freeh: Well, you know, you're applying you know, a U.S. corporate governance matrix to another country and another culture that operates quite differently. The government of Saudi Arabia does not operate as the government of the United States operates. These accounts, by the way, I think you know this, Lowell, these were regularly audited by the Ministry of Finance found to be totally proper.

The British government administered the payments that were being sent to the government accounts here at a 2 percent fee, quite a large fee, and never found any discrepancies. And more importantly, in 1992, Chairman Sheldon of the House Commons Public Accounts Committee, read a audit report that the British government had conducted of these very accounts and the whole series of transactions and found no unlawful, no improper and no illegal behavior.

Lowell Bergman: With all due respect, that audit report was of the accounts of the Ministry of Defense, not of the Saudi side. And there were great protests in the House of Commons because the report was not made public and no one's ever been able to see it. In fact, it's the first report of its kind in the history of Great Britain as I understand it that has not been made public.

Louis Freeh: Of course it's not been made public. The whole treaty . . .

Lowell Bergman: Why hasn't it been made public?

Louis Freeh: Well, the whole treaty is under the Official Secrets Act. We have a lot of transactions including defense contracts in the United States that are secret, top-secret, protected. And you can't just get access to them by asking to view them. The Chairman of the Commons Committee, reviewed that and reported to the House of Parliament his conclusions.

I think we have to take that on its face value.

Lowell Bergman: But he didn't audit the Saudis' accounts in terms of what they spent the money on.

Louis Freeh: No, of course not. But the Saudis' accounts, as I said, were administered by the Saudis according to their structures, their regulations, and we shouldn't apply the same standard that we use for our banks. In fact, if we did, we might come up short in terms of what we've seen lately with our banks.

Lowell Bergman: Yeah, we better not get into comparing [laughs] American banking system and Saudi [unintelligible].

Louis Freeh: Let's not do that.

Lowell Bergman: You're right. I'd be here all day and it might turn into another story. But what about the -- you say a different culture. I guess one of the questions here is when is something a government expenditure and when is something a personal expenditure when it's a prince like Bandar in the Saudi government?

Louis Freeh: Yeah, but let's look at it from their perspective. If His Majesty, the King of Saudi Arabia and the Minister of Defense and Aviation . . .

Lowell Bergman: Who's his father.

Louis Freeh: Who's his father, and the Minister of Oil and the Minister of Finance, if they all agree and are aware of what's being expended by whom, there can't be any foul ball called by the United States because we think they should be applying another governance method. In other words, the money that was being paid, was Saudi money.

How they disbursed it or how they distributed it including dividing what was personal or not personal is really none of the business of the United States.

Lowell Bergman: The government of Saudi Arabia, his father, the Minister of Defense, approved this. And his cousin, Prince Turki Nasser is the head of the Al Yamamah Administration itself.

Louis Freeh: When you're saying "approving this" though, what is the "this?"

Lowell Bergman: These expenditures.

Louis Freeh: Well we don't know that. I don't know who approved the expenditures. All I know is that every expenditure that he made was known to his principles, meaning his minister, The Majesty, the Ministry of Finance that audited the accounts. In other words, there was nothing hidden here. The notion in the newspapers that there were secret payments made is absolutely specious because there was nothing secret being done here. Everybody in the government was aware of what the transactions were.

Lowell Bergman: Okay. We'll come back to that in a minute. But is this just the way they do business in Saudi Arabia? Because, I mean, it is a family?

Louis Freeh: I think you have to factor that in that they look at things and they have a governance system which is different from ours, just like they have a different governance system in France, in Italy, and you can pick your country and I'm sure we'll find divergences from the United States and our generally accepted principles of accounting and reporting.

Lowell Bergman: Prince Bandar's cousin, Prince Turki bin Nasser, they've been friends for a long time, known each other well. What does he tell you or what can you tell us about the way in which his family's expenses, his travel expenses, as well as the honeymoon that Prince Turki bin Nasser's son went on with Prince Bandar's daughter?

Louis Freeh: Look, I don't represent Prince Turki so I've not spoken to him, I've never met him, I have no idea.

Lowell Bergman: I think you did meet him when you were a director of the FBI.

Louis Freeh: No, that was one of your questions, but you're incorrect. I haven't met him. More importantly for purposes of our discussion, I've never spoken to him. I have no knowledge about what his transactions were or what his dealings were. What I can tell you is that my client heard about the wedding expenses, the so-called wedding expenses, when it was printed in the newspaper years after the wedding. That was his first knowledge of what had occurred.

Lowell Bergman: If I told you that I've spoken to people who were in the palace in Riyadh when you were there with Prince Bandar and that they were doing the wedding preparations at that time, and Prince Turki Nasser was there, you don't recall it?

Louis Freeh: Never happened. I'd like to know who those people were in the room with me.

Lowell Bergman: But having learned that BAE paid for the honeymoon, what does your client say?

Louis Freeh: Well, again, I'm not going to tell you what my client says because, as we talked before we were on camera, I do have some restrictions as an attorney, and one of them are my communications with him. What I can tell you is he had no conversations with anybody at BAE, anybody in the travel business, did not know anything about those allegations and claims until he read about it in the newspaper.

Lowell Bergman: I know you said that it's a perfectly ordinary kind of contract between countries.

Louis Freeh: No, I didn't say that.

Lowell Bergman: But why -- how is it ..

Louis Freeh: I said it was an extraordinary treaty . . .

Lowell Bergman: Uh-huh.

Louis Freeh: . . . that was designed with maximum flexibility so it could be unique in its operation more than any other treaty I could imagine.

Lowell Bergman: So when we learn or we are told both by individuals involved and by former prosecutors and others that BAE paid for under the terms of this treaty the personal travel expenses of, for example, Prince Turki bin Nasser and others in the royal family, up until a few years ago, not just since 2002 when the law went into effect in Britain, that wouldn't surprise you because of the flexibility of this treaty?

Louis Freeh: Well, look, whether it would surprise me or not, you know, you want to talk about Prince Turki. I don't represent Prince Turki. All I could tell you is . . .

Lowell Bergman: Yeah, but you looked into this contract. You looked into how it worked, at what the origins are of it, and I assume you've seen things that most of us haven't seen.

Louis Freeh: Yeah, except I call it a treaty and you call it a contract. Yeah, but you're asking me questions about my client's participation or knowledge, and what I'm saying is that he had no conversations with anybody at BAE. Nobody paid his travel expenses by the way at BAE or any travel agency connected thereto. And as far as the wedding expenses, he learned about them when he read the paper.

Speaking of which, I think we should talk about, you know, the claim that \$2 billion in bribery was paid to my client by the way, in a very clandestine manner, the money was sent to the embassy bank accounts in Washington, is as ridiculous as the story which has got a lot of currency, which has been repeated by newspapers, by electronic journalists that BAE also gave him an Airbus 340 as a gift in connection with the contract.

Well first of all, if you were taking a bribe, I think you'd take something a little smaller than a 340. I don't know if you've ever been on a 340 but it's quite a large aircraft. Meanwhile, if somebody had checked the Internet -- if a 5-year-old had gone on the Internet, you would find that the plane was always owned and registered to the Royal Saudi Ministry of Defense, operated by the Air Force, and was acquired as part of the Al Yamamah treaty, and was never a gift or a bribe to my client.

But those are the kinds of specious allegations that can't seem to lay to rest. And unfortunately a lot of them come from The Guardian. And of course you know the history of The Guardian. My client sued The Guardian for libel in 1983, didn't win a judgment, but they settled the case. And The Guardian of course admitted making a totally false accusation against my client. They paid a substantial amount of money as a penalty.

And you have to factor that in I think when you read these stories because that's the newspaper that's given currency to these things.

Lowell Bergman: If you would say just the part about when they sued because I think you said 1983.

Louis Freeh: I'm sorry, 1993.

Lowell Bergman: Right. So just tell me as if you're answering the question again.

Louis Freeh: Yeah, yeah. I mean, The Guardian I think we have to take a look at objectively and fairly. In 1993 they published a totally false story about my client alleging that he made a cash contribution to someone in the conservative party. Not only was the story wrong, it was dead wrong.

My client sued The Guardian, didn't go to judgment, but before that, because they were so liable, they put a front-page apology to my client on the newspaper's cover, paid a substantial amount of money as a result. And when you read then later on that The Guardian says he took an Airbus, The Guardian says he took \$2 billion in cash, I think we've got to put that in perspective, and look at why they're saying these things which are as untrue as the allegation they made in 1993.

Lowell Bergman: But it's not just The Guardian, the BBC, many other newspapers and The Times in London and others have written about this, and I've seem to have gotten similar information from sources in Great Britain. So are you saying that this is a conspiracy of a traditionally Labor Party newspaper in England to get your client?

Louis Freeh: No, I would never say that. I would say this is lazy journalism. This is shoddy journalism. And a lot of what they put out there was picked up by the BBC, by other very respectable papers and repeated. It's repeated in the lawsuit that was filed against BAE, which included my client as a defendant. The case was dismissed. The judge threw it out of court here in the United States, here in Washington D.C.

Lowell Bergman: Well, on a jurisdictional grounds.

Louis Freeh: On a jurisdictional grounds.

Lowell Bergman: Not on the facts of the case.

Louis Freeh: Well, it didn't get to the facts because the claims in there were so silly that they couldn't get standing to the plaintiffs who made this.

Lowell Bergman: Well, and that's been appealed, the decision.

Louis Freeh: Of course it's been appealed.

Lowell Bergman: Isn't your client's home, the one in Aspen, still impossible for him to sell as long as that's going on?

Louis Freeh: No, that's wrong, so let's talk about wrong facts again, okay?

Lowell Bergman: Okay.

Louis Freeh: Your facts are wrong. Uh, my client voluntarily entered into an agreement with the defendants that if he sold any of the properties in the United States he would preserve the proceeds. So, you know, for the record let's be accurate.

Lowell Bergman: Okay. So what can you tell us that is accurate? Is it accurate -- does your client dispute that BAE paid for the incidental expenses and lifestyle of Prince Turki bin Nasser's family?

Louis Freeh: We don't have a position on that. Again you probably want to get another lawyer here to answer those questions, okay? I don't represent Prince Turki. I've never met Prince Turki despite whoever says anonymously they were in a room with me in the Kingdom of Saudi Arabia. I never met him, don't know him. I haven't focused on that.

I focused on two principle areas of concern: One, specious allegations that my client received \$2 billion -- Lowell, \$2 billion in bribes and, two, received for free as a bribe an Airbus 340.

I've looked at the whole treaty, but I've looked principally at those allegations. Those allegations are totally false.

Lowell Bergman: Can you tell us why it is then and why prosecutors in the Serious Fraud Office report that when they served a Mutual Legal Assistance Treaty Request on the Swiss and had been granted, that's when in a sense Prince Bandar turns up at 10 Downing Street?

Louis Freeh: Well, there's a long history to that. First of all, let's start with the proposition that governments frequently on a daily basis disagree with each other and

object to the other government's investigation or course of action because it affects their interests. In this particular case, the Serious Fraud Office investigated this matter for two years, not two months but two years. At the end of two years, the Attorney General Goldsmith spoke to the head of the office and he said, "Do you have a case?" And the answer was, "Not yet but we're working on it."

What they wanted to do, my understanding, is get into Swiss banking transactions of the government of Saudi Arabia. You know, there has to be some limitations to what a prosecutor can do or not do, particularly if you're beginning to impact on vital strategic relationships and particularly if you can't make a case.

Lowell Bergman: I know of cases you were involved in in the United States that didn't involve necessarily international connections that lasted more than two years.

Louis Freeh: No, of course. But, you know, if I had . . .

Lowell Bergman: So how is it that you can see that two years isn't when it's a complex international investigation, and as it turns out there are these national economic or national security issues involved?

Louis Freeh: But that's exactly the point. Two years working in a very sensitive area where you're impacting three strategic relationships. I think you have to act deliberately, you have to act competently and you have to act sufficiently. If I'm a prosecutor in the United States and I thought investigating a treaty between two sovereign countries and I say to the Attorney General, "I don't have a case yet but if you allow me to go into the banking systems in France and get the confidential and sensitive banking transactions of this sovereign nation, I think I might be able to make a case," the

Attorney General is likely to say to me, “Louie, you know, that’s great. But the impact here on these relationships given what you have and what you hope to get, it’s a cost -- it’s a cost-benefit analysis.” Prosecutors aren’t allowed to conduct, without limitation, sovereign government transactions overseas. There has to be a political piece here or prosecutors go off the edge.

Lowell Bergman: But can’t you put yourself in the position of a prosecutor, which you were, a judge, head of the FBI? An investigation is going on, an investigation that’s going for accounts and information around the world. One of the people who appears to have benefited, can’t prove it, but received and was a signatory in the accounts where a lot of money wound up, turns up in the White House arguing to kill the investigation. What would your reaction be?

Louis Freeh: Well I’d be very upset. But, you know, he didn’t [turn up] at 10 Downing Street complaining about the investigation as to him. In fact, if you look at Jonathan Sumption

Lowell Bergman: Wait, wait, you want to say Jonathan Powell.

Louis Freeh: No, Jonathan Sumption was the Queen’s counsel arguing before the lord’s house and said that Prince Bandar never made any arguments to his own benefit. He conveyed to the British Prime Minister the Saudi government’s concern that this was a very dangerous investigation in the sense of its impact on the strategic relationship.

Now, you talked about judges. The Law Lords, which are the highest judges in the United Kingdom, ruled in favor of the Prime Minister and ruled in favor of the Kingdom of

Saudi Arabia that this matter should not be subject to criminal investigation. That was the ruling of the Supreme Court equivalent of the U.K.

Lowell Bergman: Here, counselor, I don't want to get into a legal argument with you, but I could read you from the Law Lords they are saying that Mr. Wardle, the head of the SFO, had the authority to stop the investigation.

Louis Freeh: Of course, but why did he stop it?

Lowell Bergman: Well, he told us on camera because of blackmail.

Louis Freeh: Well, I don't know what he said on camera, but what he said to Goldsmith, the Attorney General, and what was represented to the Law Lords as to what he said was that he agreed that this investigation, which wasn't going anywhere by the way was impacting a very important strategic relationship.

Lowell Bergman: But that said, let me go back to just clarify one thing about the Airbus 340.

Lowell Bergman: The Airbus 340. It's referred to in a book by Prince Bandar's friend, William Simpson, as his private plane. Not true?

Louis Freeh: Not true. I mean, I don't know if Mr. Simpson checked the registrations on the Internet but . . .

Lowell Bergman: No, but it was his private plane, the way it was used.

Louis Freeh: Well, it was assigned to him just like when I was an FBI agent in New York in 1975, a car was assigned to me. But that doesn't make it your car.

Lowell Bergman: You were also assigned at one point an aircraft for the FBI.

Louis Freeh: Actually I was never assigned one.

Lowell Bergman: Oh, you never got that one? Was it Muller who got it? I'm sorry.

Louis Freeh: We got Congress to purchase it but my successor got to use it.

Lowell Bergman: Oh, sorry.

Louis Freeh: That's all right. It's a sore point.

Lowell Bergman: Okay. You need it now.

Louis Freeh: [Laughs]

Lowell Bergman: So it was assigned to him.

Louis Freeh: Yes.

Lowell Bergman: And do you know of any other military aircraft that's painted in the colors of the Dallas Cowboys?

Louis Freeh: Don't know of any.

Lowell Bergman: Sound like a private plane?

Louis Freeh: No, it doesn't sound like a private plane. And if he had a picture of his family, you know, next to his berth on the plane that wouldn't make it is personal plane either if in fact it was owned by the Saudi government.

Lowell Bergman: Look, I'm thinking of someone sitting out there watching this. It's the Kingdom of Saudi Arabia. His father is now the Crown Prince, had been the Ministry of Defense for decades. He's his father's son. He's getting things no one else in the Saudi, as far as I know, who's a public official in Saudi Arabia, gets, a private Airbus 340 for him to use. Can't you even see that as an indication of here's something funny going on here?

Louis Freeh: No, absolutely not, absolutely not. The plane was assigned to him. He traveled more than the Minister of Foreign Affairs because of the intricate relationship he had between three United States presidents, Lowell, and the King of Saudi Arabia. But the king used the plane, three of our U.S. presidents used the plane, prime ministers used the plane. The fact of the matter is, you know, whatever arguments and inferences you want to make, he did not own the plane.

But more importantly, and we're skirting the most important issue, you know, this bizarre illusion that the plane was given to him as a gift by BAE in relation to this treaty is totally ridiculous. In fact, you haven't even asked me that question because it's so ridiculous.

Lowell Bergman: Well, a gift depends on how you look at it, right?

Louis Freeh: Well, how was this a gift? First of all, it wasn't a secret gift if it was a gift.

Lowell Bergman: How was it paid for?

Louis Freeh: It was paid for by the government of Saudi Arabia who owned the plane.

Lowell Bergman: Using which funds?

Louis Freeh: Using money from their oil.

Lowell Bergman: From the Al Yamamah contract or treaty as you call it.

Louis Freeh: Yes, of course. It was a plane owned by the Royal Saudi Air Force operated by them principally for my client because he traveled the most and also had the highest security profile, I might add, but used by the king, used by the foreign minister, used by all the other people in the government.

Lowell Bergman: And you don't find it unusual that the plane is painted in the colors of his favorite football team?

Louis Freeh: Not at all. If that's all you got to hang ownership on you need a much better argument.

Lowell Bergman: Okay. In U.S. government documents that we have, the Al Yamamah contract or treaty is described as off the books of the regular budget of the Saudi Ministry of Defense. Is that correct?

Louis Freeh: It's an off-balance barter deal, oil for plane, which did not go through the normal contractual procedures in the ministry because it wasn't a contract. It was a treaty. That's how I would answer your question.

Lowell Bergman: But it was a pile of money, if you will, large amounts of money that didn't go through the regular budgetary process of the government of Saudi Arabia.

Louis Freeh: That's correct. But it was money that was carefully administrated by the British government for a very large fee, 2 percent at \$83 billion. It was their responsibility to make sure that there was the equivalent of contract management even though this wasn't a contract that went through the Ministry of Defense and Aviation.

Lowell Bergman: So it not only resulted the treaty in jobs for the British government but in extra revenue stream?

Louis Freeh: Well, it wasn't a revenue stream for the British government.

Lowell Bergman: Two percent.

Louis Freeh: Well, that was a fee. I wouldn't call that a revenue stream. It was a revenue, uh, stream for the government of Saudi Arabia which is precisely why in the case of the Riggs account they had a flexible structure that they could make purchases,

purchases which had to be approved, ordered by the Ministry of Finance but purchases outside the normal contractual agreement that would have existed.

Lowell Bergman: Let's put it this way. I've talked to a lot of different people about this situation and about the Saudi Arabian situation in particular, and I'm told it should come to no surprise to you that Crown Prince Sultan, that side of the Saudi family, was well known for taking large commissions on their own off of most of the contracts they dealt with. You've heard that I'm sure.

Louis Freeh: Well, now we're talking about hearsay. Heard is the right word.

Lowell Bergman: Well, no, your own experiences, Director of the FBI, that you should know that information?

Louis Freeh: No, you're talking about hearsay, you're talking about rumors, you're talking about what people have told you.

Lowell Bergman: Well documents of the British archives, which are public and U.S. State Department documents that we had.

Louis Freeh: Well, look, I haven't seen these documents. I'd be happy to sit down and review them with you. I don't represent anybody else except Prince Bandar who you know. And I'm here to talk about, you know, allegations of bribery to him, which he denies and which the facts independently looked at by me deny. You know, if you want to have a large discussion about the rest of the Saudi government, you know, we can do that, but that's not my representation.

Lowell Bergman: I understand that you're not -- I'm asking you in the context, because context has a lot to do with the perception of what's going on. And the perception is if you have a secret deal that is a treaty between two countries but the provisions of it are unclear and they're not open to public accounting, the public can't look at the numbers, even the British government's numbers related to that deal. And with a country, a royal family, which Prince Bandar is a very prominent member, then he has a reputation for living a lifestyle most of us would find hard to imagine, and they do that in part by treating the assets of the country at times as their own personal assets.

Louis Freeh: Well, look, that's your statement and your perception. We're talking about perceptions here. I will say that, you know, if you look at the Transparency International Index, which for your viewers, of course, is an independent organization that assesses countries as best it can in terms of their proclivity to have corrupt officials or non-corrupt officials, the U.K. actually ranks higher than United States. You know that.

Saudi Arabia actually ranks in the middle. Is there corruption in that government? Of course there is. We just convicted a Republican senator and a Democratic governor here in the United States. There's no shortage, unfortunately, of corrupt officials. So that country has an incidence of corruption which they deal with by the way very precisely as we try to deal with it internally.

The culture is different, but I don't think the fact that they have corruption issues there means that all of their officials are corrupt, which is not a conclusion that I think anybody would make.

Lowell Bergman: Well, we're not making the assertion that all of their officials are corrupt. We're reflecting what's in British and U.S. government documents related to in fact the behavior of a particular part of Saudi royal family and the way in which they improve their, if you will, financial resources when contracts are involved. You haven't heard that before?

Louis Freeh: Well, well I've heard that. I've heard all kinds of other rumors as I mentioned before, you know, Airbuses and \$2 billion in cash. But, you know, my job as a lawyer is to try to sort out the rumors from the facts. And the facts in this matter as I'm concerned with them because I represent one client, not a government and not a group of government officials, is, you know, as I've tried to answer your questions.

Lowell Bergman: Okay, and you haven't heard about complaints from U.S. companies about having to pay exorbitant prices for real estate, housing and other matters in addition to the contracts themselves that they're involved in?

Louis Freeh: No, I've heard about complaints in that area. I've heard complaints you know in probably another 40 or 50 countries very similar, in some cases much more egregious. But that's where we are.

Lowell Bergman: Okay. Let me try to get straight on the Downing Street visit or visits. You're not clear how many visits there were, right?

Louis Freeh: Don't know.

Lowell Bergman: At least one.

Louis Freeh: At least one if you credit, which I do, Mr. Powell's statement then there appears to be at least one. And you asked me to find out. I'll try to inquire about whether there are additional ones.

Lowell Bergman: About a letter.

Louis Freeh: And the letter also I don't know about.

Lowell Bergman: But on behalf of your client, what can you say? The reports are that he delivered a message that there would be an interruption of Saudi cooperation and counterterrorism efforts, that there might be a change in diplomatic relations and that also that the next big arms contract could go elsewhere if this investigation continues.

Louis Freeh: Well, look, I don't know first of all the particulars of that meeting because I wasn't there or wasn't representing. As to the details of that meeting as they may have been reported to me by my client, you know, I'm not going to get into a discussion of those communications with you. What I will tell you is that he went there as the National Security Advisor at the behest of His Majesty and other senior leaders of the government to complain about the expansion of the SFO investigation into Swiss banking transactions by the Kingdom of Saudi Arabia ...and by the way the United Kingdom government and other governments and said that if that investigation continued it would seriously impact a very important strategic relationship between the United Kingdom and the Kingdom of Saudi Arabia. That was the message he delivered. But the point here, Lowell, what's important is he didn't make that message because he was the subject of the SFO inquiry.

In fact, as I said before, Jonathan Sumption, who's the Queen's counsel before the Law Lords, said there was no basis to believe that Prince Bandar carried that message on his own behalf, that that message was being received at 10 Downing Street from a number of the highest officials of the Kingdom of Saudi Arabia. And as I said before, there's nothing unusual about that. Countries ever day complain officially and diplomatically to each other that their investigations or their inquiries or actions are impeding their vital interests, and that's what happened here.

And by the way, the law lords approved -- and I understand your point -- approved the process by which the investigation was closed.

Lowell Bergman: Okay. Would you say -- I don't know if on your ground rules related to your client -- might a lot of this controversy have been avoided if someone other than Prince Bandar had gone to 10 Downing Street?

Louis Freeh: Yeah. That's a good point. Maybe in hindsight he shouldn't have delivered that message. But the fact of the matter was it wasn't his message. It was a message coming from the King and from the leadership of the Kingdom of Saudi Arabia.

Lowell Bergman: Our understanding of what the British government asked for and which the Swiss, by the way, approved delivering, which is when Prince Bandar shows up at Downing Street, involved the accounts of a number of very wealthy Saudis who are close to the royal family and particularly to Prince Bandar's father. Prince Bandar's father's accounts, various companies, Panamanian and British Virgin Island companies that showed up in the transactions related to Al Yamamah and similar accounts. I don't know from my reporting that there's any specific account that's an account of the government of Saudi Arabia.

Louis Freeh: Well that's not my understanding. And, you know, Swiss banking secrecy aside, of course that's changing right now, my understanding is that the expansion of the SFO investigation into the Swiss banking system was a broad-based, wide-ranging inquiry on many, many different transactions affecting both the governments of Saudi Arabia and the government of the United Kingdom and that that was a very sensitive but also a very unprecedented request for a prosecutor to make.

And at that point, the attorney general of Great Britain, Goldsmith, working at the direction of their prime minister, inquired to the head of the SFO if they had a case. And the response was, "No, not yet. We don't have a case." And a determination was made -- a balancing determination at that point that the relationship and the confidentiality of not just the Saudi Arabian transactions but British government and government agency transactions was being impeded, and the relationship as a result could be impaired.

So it was a political decision that was made. And, you know, the Brits are big boys. They can make a decision like that by themselves. The U.S. had nothing to do with that decision.

Lowell Bergman: But the decision, you understand, for Great Britain to do that has been denounced by the OECD, for example, as a clear violation of Article 5 of a treaty they signed related to anti-bribery.

Louis Freeh: Sure, no, of course. A lot of people denounced it. But the fact of the matter is it went before the law lords, whereas the place that it goes to be adjudicated and the highest court in the U.K. approved the process by which the case was administratively closed.

Lowell Bergman: That there was prosecutorial discretion allowed the SFO director to do it.

Louis Freeh: Sure. But any prosecutor has discretion.

Lowell Bergman: Did he have a choice though if he was told that there'd be blood on his hands if he continued the investigation?

Louis Freeh: Look, they made the political decision that they thought was appropriate to make in those circumstances. And I can't tell you whether that's the right decision or the wrong decision. But the Law Lords approved the process.

Lowell Bergman: Okay. Have you ever seen in your investigation the Al Yamamah contract?

Louis Freeh: No.

Lowell Bergman: Prince Bandar won't even show it to you?

Louis Freeh: Well, the . . .

Lowell Bergman: His lawyer?

Louis Freeh: The contract is a contract protected by the Official Secrets Act as you know, and none of the lawyers in the case have looked at the contract. More importantly, I have looked at many documents with respect to the banking transactions,

particularly the ones that affect the banks that we're talking about, and thoroughly looked at those and satisfied myself as to all the things that I've told you in the interview here.

Lowell Bergman: Do you have any reason to doubt the allegations of Peter Gardiner, the former travel agent in Great Britain, as to what went on in relationship between BAE and Prince Turki bin Nasser?

Louis Freeh: I have no idea. I don't know Peter Gardiner. I don't know his background. I haven't cross-examined him or interviewed him. I have no idea whatsoever whether his accusations are true.

Lowell Bergman: Without revealing any attorney/client matter, can you comment on what your client's perspective is on those allegations?

Louis Freeh: Well, I don't think I want to tell you what his perspective is because that's sort of a communication. I'll repeat what I said before that with respect to my client, he had no conversations with any BEA official, with Gardiner, with any travel official, with respect to the payment of personal expenses for the wedding. And that's my concern and that's my responsibility.

Lowell Bergman: So if I were -- if the allegation has been printed that -- and I've done some reporting that appears to support this that many of the transactions we're talking about in Switzerland, especially the monies that stayed in Switzerland went into accounts controlled by Prince Bandar's father.

Louis Freeh: Well I don't know what investigation you've done, okay? All I could tell you is what I've done and, you know, what my findings are with respect to my client. Again, my client is not anybody else except Prince Bandar.

Lowell Bergman: Did you ask your client about his father and whether he received any funds?

Louis Freeh: Well I asked him a lot of questions, but, you know, we're not going to go into my conversations with the client. I mean, I don't have any ground rules but one, and, you know . . .

Lowell Bergman: I'm not asking you what he said. I'm saying in your investigation did you learn that the accounts in Switzerland or in your investigation did you learn that the accounts in Switzerland, that some of those accounts would benefit Prince Bandar's father?

Louis Freeh: I didn't do any investigation of the Swiss accounts, no more than the SFO was able to do an investigation of those accounts. That's not my purview, and that's not my mandate in terms of my responsibility.

Lowell Bergman: But it's one of the allegations related to this situation, and it's a serious allegation.

Louis Freeh: Well I haven't heard that allegation except in the newspapers. But of course these are the same newspapers that talk about the other things, which don't make a lot of sense and of course have no substance to them.

Lowell Bergman: Mr. Freeh, you've sat here and you said that it was the Swiss accounts, a violation either of the privacy of the Swiss accounts or the national security aspects of it -- of Saudi Arabia that triggered Prince Bandar being dispatched to 10 Downing Street. Did you do any investigation of what was in those accounts?

Louis Freeh: No, how could I?

Lowell Bergman: Talk to your client?

Louis Freeh: Well, again, I've had lots of conver . . .

Lowell Bergman: Get specifics, talk to other officials in Saudi Arabia?

Louis Freeh: Look, I'm not conducting an investigation of the Swiss accounts. I'm looking at the allegations, let's be very specific here, that my client received a \$2 billion cash bribe and a free plane. Those are the areas that I looked at and examined. I mean, you know, I could spend, as you could and do effectively, a lot of time looking at a lot of things. But that's not relevant to my representation and defense of Prince Bandar.

Lowell Bergman: Okay. And when we interview a former prosecutor who was involved with the supervisor of the Al Yamamah-related investigation for the Serious Fraud Office and we're told that they found criminal violations -- was talking about BAE primarily -- up to the present day, and that through the Swiss they were hoping to find more information that would either support those allegations or say they didn't have any real content, but they were stopped from doing that.

Louis Freeh: What's your question?

Lowell Bergman: Well I guess, again, as a former director of the FBI, wouldn't that upset you? Wouldn't that look like a miscarriage of justice?

Louis Freeh: No, not necessarily. If the President of the United States told the FBI, maybe this former supervisor's equivalent, "Look, I know this is an important criminal investigation but for political reasons and for foreign policy reasons, we don't want the Department of Justice to continue the investigation because there are very dangerous and impactful consequences that will flow from that investigation" the prosecutor is required to close that investigation.

The prosecutor can't conduct totally unrestricted inquiries particularly if it impacts on the national security or the foreign relations of a country. So I think that's what happened in England, not in the United States by the way, and I don't find that to be unusual, given my experience and given the sensitive issues that were involved in this case.

Lowell Bergman: This was the biggest case going on at the Serious Fraud Office at the time by far beyond anything else. And I'm sure you've had big cases that you've been involved in. Have you ever had a case of that kind of scale killed for national security reasons?

Louis Freeh: In the United States, no. But, you know, this particular case . . .

Lowell Bergman: It's never happened in the U.K. either apparently.

Louis Freeh: Well I don't know what the precedence is at for the U.K. but all I know is when the investigation is closed by a political decision and not a corrupt

decision but by a political decision by the prime minister of the United Kingdom, all of the investigative leads which the SFO was confidentially pursuing suddenly appeared in the newspapers. I don't think that's a very professional way to conduct an investigation.

You're asking me my experience as a prosecutor.

Lowell Bergman: We both know that information that at one time is held in confidence can become public because public officials involved feel that something either unethical or illegal has gone on within the government, right?

Louis Freeh: Well, sometimes . . .

Lowell Bergman: Isn't that probably why there were leaks?

Louis Freeh: Well I don't know why there were leaks. Maybe they were frustrated because they could pursue what they thought they should pursue as their agenda.

Lowell Bergman: So why not let the investigation in your client's interest, if there was nothing wrong, if there really -- this was all covered by the treaty, it was approved by all the governments involved, why not let the investigation come to its natural end which would be there would be no case?

Louis Freeh: Well, because in this case, Lowell, the prime minister of Great Britain made a political decision to close the case. So I think you need to examine him why he decided that that was important in the best interest of the United Kingdom.

Lowell Bergman: We have his statement on the record. But now there's a case in the United States. And in the U.S. case, as I understand the law, the receiver of an alleged bribe is not the target of the investigation. It's the giver. The Foreign Corrupt Practices Act wouldn't cover Prince Bandar, for instance, as someone who could be charged with anything. Does he have any problems with the ongoing U.S. investigation?

Louis Freeh: No. He doesn't have any problems as far as I'm concerned. But the investigation is being conducted by very competent, very independent and totally effective prosecutors. They'll let the chips fall where they may. They'll run out all their leads, conduct their investigation.

And again, based on my own examination, talking about my own conclusions of the facts, there was no wrongdoing here under the Foreign Corrupt Practices Act, and my client, even if he didn't have his diplomatic status, would not have any criminal liability.

Lowell Bergman: Okay. Let me show you something. This is the SARS, Suspicious Activity Report, on the \$17 million.

Louis Freeh: Mm-hmm. Okay.

Lowell Bergman: And so what you're saying is there's nothing suspicious about this activity?

Louis Freeh: No. I'm not saying that at all. I'm saying probably it should have been reported. Unfortunately the Riggs Bank didn't report a lot of things they should have reported. But with respect to this, you know, this was looked at very carefully by the FBI because the FBI was concerned about money laundering and terrorist financing and

found that everything in those accounts with respect to my client and his family was totally appropriate, no wrongdoing, no foul, no violations.

Unfortunately the bank had its own problems. It turned out to be a \$25 million problem, because they weren't reporting the things that they should be reporting. But my client has no responsibility or liability for that.

Lowell Bergman: And the reports of millions of dollars in cash and cashiers' checks for large amounts made out to your client and them being cashed wherever, that's not unusual that your client . . .

Louis Freeh: Well I'm not saying it's not unusual but . . .

Lowell Bergman: That's how he does business?

Louis Freeh: Well, let's not say what I found, let's again say what the FBI found. The FBI looked at every one of those records, every one of those transactions. The regulators looked at them also. And the result -- it wasn't a guarded result or an uncertain result. The result was the bank failed miserably in its reporting requirements. But everything my client and his family did was totally proper.

And you know, whether you think you should be dealing in large amounts of cash or not, totally consistent with anti-money laundering and no evidence of any terrorist financing or any other improper activity, so those are the facts. And, you know, we can talk about why somebody should have large cash transactions or not. Many wealthy people, many Americans do that every day. Bernie Madoff did it for 20 years. Uh, but that's not what . . .

Lowell Bergman: And he turned out to be a crook.

Louis Freeh: Well, that's not the point with respect to this FBI investigation. The findings were that my client was totally absolved and his family of any wrongdoing. The bank, on the other hand, had to pay \$25 million.

Lowell Bergman: In a civil fine and \$40 million in criminal fines.

Louis Freeh: That's right.

Lowell Bergman: Okay. And I'll show you one of the State Department documents, although it doesn't mention your client, it talks about the Al Yamamah deal and this -- the purchase of these French helicopters. You might find this interesting. When they were -- according to the State Department -- if you want to read that last paragraph.

Louis Freeh: Well, as you said, it doesn't mention my client.

Lowell Bergman: It mentions his cousin.

Louis Freeh: Well I don't represent his cousin. I represent Prince Bandar.

Lowell Bergman: Okay. His cousin -- so you can't comment on this. This is just an Al Yamamah document. We've collected a lot of documents around the world. That just shows you one with Prince Turki Nasser's signature.

Louis Freeh: Yeah, well, again . . .

Lowell Bergman: You're saying that they -- I mean, let me try to give one last question and so you can get out of here. Turki Nasser and Prince Bandar, both in the Air Force. We have lots of footage of the two of them together over the years. Families are inter-married. They obviously communicate quite a bit. We have people who have been at meetings with both of them. It's hard in that kind of situation to believe that your client is not telling you that yes he had some knowledge of what was going on.

Louis Freeh: Well, again, you know, we're talking about...

Lowell Bergman: If he wasn't doing anything that for a period of over 15 years Turki Nasser's family expenses, wherever they went, were paid for by BA, and there are reams of documents to show that.

Louis Freeh: Yeah, look, Lowell, you're struggling to find some evidence and some facts on Prince Turki bin Nasser, okay? I can't help you with that. And, you know, I'll leave it to your competence to come up with whatever facts you come up with. The fact that I want to talk about is my client. And my client had no knowledge of the allegations that you referred to, the expenses before. And you know, what his relationship is with his half-brother or not, at what point I don't know.

But I think if you're looking for evidence and facts on someone else, you know, you've got to talk to somebody who has that information. I certainly don't.

Lowell Bergman: You know that under U.S. law it doesn't matter if the governments where the alleged bribery takes place approves of the payments or knows about the payments.

Louis Freeh: Are you talking about the FCPA statute?

Lowell Bergman: Yeah, mm-hmm.

Louis Freeh: Yeah.

Lowell Bergman: You're aware of that?

Louis Freeh: I mean, that's one of the elements of the offense, right?

Lowell Bergman: So it doesn't endanger directly Prince Bandar or any Saudi who may have received money from BAE?

Louis Freeh: Well, that's not the question. The question is, you know, was a bribe received? Well, let's leave aside cognizance of U.S. elements for FCPA or not. The question that you want to ask, whether it's under Saudi law or U.K. law or U.S. law is was a bribe paid? And the elements of bribery under FCPA are very specific. And in my statement to you is that those elements could not possibly be met under these circumstances.

Lowell Bergman: And that under Saudi law it is illegal to take any money as part of a transaction for a government official?

Louis Freeh: Well, I think we have to get into a very specific discussion of the elements of the Saudi bribery statute which are different from the elements in China, in Russia, in the United States. But a bribe imports a secret payment where an official's

decision is impacted for personal enrichment or something of value. And that is absolutely not the case or the facts here under any jurisprudence.