

Slush fund: BAE chief implicated
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Sir Dick Evans, the retiring chairperson of British Aerospace (BAE) who faced his final shareholders' meeting on Wednesday, has been named in allegations concerning the arms firm's £60-million "slush fund", according to documents seen by The Guardian.

His name is referred to in a number of alleged phone calls, e-mails and meetings. The slush fund allegations are under investigation by the United Kingdom's Ministry of Defence police.

Evans, who also faced questioning on arms procurement by MPs on the House of Commons defence committee on Wednesday, remained silent in the face of the allegations about him.

Documents previously seized by ministry police detail £17-million of alleged payments to Prince Turki bin Nasser, a Saudi responsible for arms purchases from Britain.

The new documents refer to events early in 2002, when BAE faced a crisis over United States and British pressure to curb corruption in foreign contracts. Those involved say BAE sought to restrict future payments, following a deal with the US contractor Lockheed, and the passage of new British legislation.

In the documents The Guardian has seen, a memo dated March 13 2002 refers to a phone call from the slush fund's alleged controller, Tony Winship, to Stuart Fordyce, the finance director of a front company, Travellers' World, which was handling the payments for the benefit of prominent Saudis.

Fordyce says: "Tony phoned me ... said he had just had a meeting with SDE. [Evans] His meeting was very positive ... SDE was very supportive and reinforced the message already given you by TBN [Bin Nasser] ... SDE personally dropped Tony off at the Carlton Tower after the meeting."

A second note in the Travellers' World files is dated February 11 2002. It refers to a meeting at the Carlton Tower hotel (in London) between Evans and Bin Nasser himself.

A third memo, dated March 4 2002, allegedly refers to a phone call from Winship. It says: "Tony said he had two conversations with the top man in Preston" — that is, BAE headquarters.

A fourth note is a copy of a letter to the firm's solicitors, Blake-Turner, dated April 9 2002. It refers to "the meeting between TBN and Dick Evans on 8 April" and says: "I am advised BAE intends to continue paying for the TBN programme."

On May 28, according to the files, a meeting took place involving Damien Turner, a BAE executive. He is recorded saying that Peter Wilson, the senior executive in charge of the Saudi programme, was unwilling to process any more payments to Saudis, largely because of the Lockheed deal. "Damien said 30% of BAE sales were now into the US market. It was a 'very sensitive issue'.

"Damien added that BAE had long-term interests in Saudi ... but they might not be happening for one to two years."

BAE refused to comment on the documents, other than to repeat: "As we have said on several previous occasions, BAE Systems rigorously complies with the laws of the UK and the laws of the countries in which it operates. BAE Systems denies any allegations of wrongdoing."

The Defence Ministry confirmed that the UK Defence Secretary, Geoff Hoon, had been completely unaware of the alleged financial links between BAE and Bin Nasser when he met Bin Nasser at his London office in October 2000 to discuss arms deals with Britain.

In response to The Guardian's detailed disclosures of the slush fund allegations on Tuesday, and subsequent calls for action by MPs, the ministry said: "Any evidence of wrongdoing or improper behaviour should be passed to the ministry police or the Serious Fraud Office so that they can investigate. The ministry would of course cooperate with any investigation if required."

The ministry's police fraud squad began investigating after allegations that BAE's slush fund had been used to provide a ministry civil servant, John Porter, with free holidays.

Liberal Democrat MP Norman Lamb this week wrote to Hoon demanding an inquiry.

Lamb said: "The extent of the details in the allegations is extraordinary. It simply cannot go untouched and has to be thoroughly pursued."

He is to table parliamentary questions asking about the meetings between Bin Nasser and Hoon and a member of the UK royal family, the Duke of Kent, in 2000.

Calling for prosecutions, Susan Hawley of the anti-corruption campaigners Cornerhouse said: "It would be a travesty if the only response to these allegations is to prosecute some lowly official in the [Ministry of Defence, while letting the big fish — BAE — off the hook. It is a clear test of the government's commitment to tackling corporate corruption." — © Guardian Newspapers 2004