

J'ACCUSE!

**LEAKED CIA REPORT EXPOSES BRITAIN'S OWN
'DREYFUS CASE'**

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'Two undercover police agents have given sworn statements in which they confess that they were bribed to frame Nadir on direct orders from the Serious Fraud Office and the Metropolitan Police.'

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This bombshell CIA report shows clearly that it is the British government and justice system which is now on trial.'

'The British Establishment, Britain's own secretive 'Deep State' and its rigged justice system seem determined that it is better that an innocent man should be muzzled and jailed rather than the truth about the Thatcher government's corruption and its spooks' criminal acts become public knowledge.'

BRITAIN'S DREYFUS CASE?

In 1894 the French Army and government sent an innocent officer, Captain Dreyfus, to the equatorial hell hole and swamps of Devil's Island for spying. When a colleague brought evidence of forgery and false evidence to his superiors he was ordered to keep silent, and later he too was court-martialed for his protests. When the great author Emile Zola pointed out the judicial lies and lack of evidence in a searing newspaper article, '*J'accuse!*' Zola himself was prosecuted and forced to flee to England.

Two years later, evidence came to light identifying the real culprit as another officer named Esterhazy. However, high-ranking military officials suppressed the new evidence, and a rigged court unanimously acquitted him. Eventually, under enormous pressure from the press, it emerged that the French authorities had been lying all along: but rather than admit the truth, they had tried to cover up their blunder for five years, despite knowing that an innocent man was in prison.

Dreyfus was pardoned but returned from French Guiana a broken man. '*L'affaire Dreyfus*' shattered confidence in French justice, the French Establishment and legal system, and divided French opinion for decades.

Britain and its much vaunted 'impartial justice system' may soon be looking down the barrel of their own Dreyfus Case. And all because of a leaked CIA report.

The secret report blows the lid off the true story of Saddam Hussein's 'Supergun' affair of the early 1990s. According to the Americans the 'Supergun scandal' was a nothing less than a deliberate diversion by the British government to distract media attention away from the real scandal: the fact that top British - and other - politicians were making a fortune out of illegal arms deals with Iraq.

But the CIA report reveals that others got sucked into the story too, losing their fortune and their reputation in the process.

Ever since he fled Britain in 1993 there has always been a dark cloud of suspicion over the whole story of Asil Nadir and the mysterious and very sudden collapse of Polly Peck International (PPI) in 1990.

Hundreds of thousands of shareholders lost their money as over hundreds of millions of pounds were wiped off the company's share price.

Dark rumours of government conspiracies and allegations of some kind of stitch up have circulated ever since PPI's sudden £2bn collapse in the autumn of 1990. In 1995 British government investigators were forced to admit that Lorna Harris, the woman in charge of the investigation, had lied and conspired to steal some of the privileged documents after the Serious Fraud Office's (SFO) raid on the Nadir family trust at South Audley Management and Polly Peck's offices in London. This was the police raid conducted in a blaze of publicity which precipitated the collapse of Polly Peck - and for which no search warrant was produced until five years later. And at least one of the Inland Revenue inspectors who hounded Nadir and his PPI empire has since been jailed for fraud.

Since Nadir's flight to Cyprus in 1993 it has also emerged that the SFO's claim that the trial judge at the time was being bribed was a government conspiracy to delay the trial. It turned out that the accusations were based on the planted evidence of two police informers, who were being paid secretly to entrap Mr Nadir. They have since admitted that they made it all up for money on the direct orders of the SFO and the British police. The stench of corruption – or some mysterious secret agenda - has hung over the British government's handling of the Nadir case for years.

Now, thanks to the leak of this long-secret CIA report¹ it looks as if Asil Nadir was being set up and framed – and by Margaret Thatcher's British government, no less. This was the government of the Party to which Asil Nadir had given millions. Margaret Thatcher herself had even hosted and thanked Nadir personally. Now her administration turned against one of the Conservative Party's major donors.

The story is worthy of a spy novel of the darker kind. As with all good intelligence tales, it is a murky and tangled one. Murky because British governments have consistently lied and tried to cover up the truth, even to the extent of ordering murders and the arrests of innocent men: tangled, because Whitehall has gone to

¹ See 'Project Babylon' CIA Report Research Paper SW 91-10076X, November 1991.

extraordinary lengths to lay false trails and diversions from the real secret, even doctoring Hansard, the British parliament's official record.

According to the CIA, Margaret Thatcher's government had been using Polly Peck and an unwitting Asil Nadir as an undercover route to sell illegal arms to Iraq in deliberate contravention of the UN sanctions and UK law.

The story starts in the 1980s as the Iraq–Iran war dragged on for eight long years, killing at least a million soldiers. The UN had agreed on a strict arms embargo to stop arms getting to the combatants. Officially, during the period of the Iran-Iraq war, Britain joined the United Nations embargo and banned the sale of weapons to either side. UK government guidelines issued in 1984 were quite clear:

"We should not in future approve orders for any defence equipment which in our view would significantly enhance the capability of either side to prolong or exacerbate the conflict."

That was changed in 1988 to:

"We should not approve orders in future for any defence equipment which in our view would be of direct and significant assistance to either country in the conduct of offensive operations."

These guidelines were backed by parliamentary legislation. Under Britain's Export Control Act it is illegal to ship weapons abroad without first obtaining an export licence from the Department of Trade and Industry.

The secret CIA report lifts the lid on the real story. The truth was that Asil Nadir and his unwitting Polly Peck companies were not only being used to help build and test Saddam Hussein's 'Supergun', but they were being used to secretly ship arms to Iraq.

The truth came out in 1998 when a retired local government officer from Surrey, Jennifer Costello, went to her lawyer with an astounding tale of criminal entrapment – by British government officials. She swore an affidavit that an undercover Customs Investigator and a Security Service ("MI5") officer had been conspiring to trap innocent investors by setting up transport companies to import cigarettes, wine and spirits into the UK, and telling them that they did not have to pay tax. The Customs would then move in and arrest the unwitting directors, impound

the goods and sell them at a profit for government officials. Miss Costello was so upset that she felt she had to tell a lawyer whom she could trust.

However, Miss Costello had a much more damaging story than just criminal entrapment for booze. She swore that the MI5 officer in question, a Major Tony Watkins-Burton, had confirmed that he had also been sending arms shipments to Iraq. According to the ex-logistics officer many consignments of small arms and ammunition were exported by air freight out of the UK to depots in Cyprus and Turkey. He told her that the government-run racket used *bona fide* companies who concealed crated arms shipments into other consignments being exported lawfully. One company that was made use of in this way, according to the MI5 officer, was Asil Nadir's Polly Peck and its UNIPAC subsidiary, based in Cyprus.

Miss Costello's final revelation was equally explosive. She said that the Undercover Customs Investigator, Bernie Small, and Major Watkins-Burton had boasted to her of how they had set up a banker called Elizabeth Forsyth as a target for HM Customs who were trying to frame her on false charges of money laundering. Mrs Forsyth, an experienced banker, was the Chairman of South Audley Management – the company that ran Asil Nadir's family's Trust. This was the company which had been raided by the SFO in a blaze of publicity in the autumn of 1990, starting the avalanche of share selling that ruined Polly Peck.

In 1996 Forsyth had been convicted at the Old Bailey of laundering £400,000, supposedly stolen by her ex-employer Asil Nadir from his own company Polly Peck International. Mrs. Forsyth had been freed on appeal a year later – but without any compensation for her illegal incarceration.

Miss Costello was so concerned at what she had heard from the two undercover government agents that in 1998 she swore what amounted to a death bed confession to her solicitor.² He in turn was worried enough by what he had learned as to take the unusual step of swearing his own affidavit with *another* lawyer.³ Their combined testimony confirms the admissions in the leaked secret CIA report. Polly Peck was deliberately exposed and brought down mainly as a diversion to distract public attention away from the fact that the US and UK were illegally selling arms to the Iraqi regime in defiance of UN sanctions.

² See Sworn Affidavit of Jennifer Joan Costello, 24 March 1998

³ See Sworn Affidavit of Gerald Edward Marshall Beeney, Solicitor, 16 March 2000

The 'Intelligence Summary' in the CIA report is classified '*Secret, No Foreign Release*' and would have been politically explosive back in 1991. It still is.⁴ It explains the sensitivity of the highly profitable undercover arms deals from 1983 onwards. It reveals that a joint British Secret Intelligence Service (S.I.S. or "MI6") and CIA front company called 'Allivane International' had been deliberately set up by the CIA chief Bill Casey in the 1980s to channel arms secretly to Saddam Hussein. Allivane was controlled by a Chilean arms dealer called Cardoen, who was in reality an undercover CIA agent. The secret report confirms that Allivane was in turn closely linked with a UK based pyrotechnics company called ASTRA which had links to Asil Nadir's massive Polly Peck business empire.

The truth is that despite Prime Minister Thatcher's denials in the British House of Commons, a sophisticated secret arms trading ring was set up between 1984 and 1987 on behalf of the British government which included Allivane, Astra, BMARC and Matrix Churchill. The contracts were worth billions. The principal beneficiaries appear to have been politicians throughout Europe and Mrs Thatcher's own son, Mark. In 1985 Thatcher herself signed an agreement extending a line of credit to King Hussein of Jordan worth \$275 million. However, most of the arms shipped out to Jordan went over the border into Iraq.

When the opposition MP Allan Rogers began to ask embarrassing questions in the House of Commons he came home to find that his flat had been burgled and the key documents were missing. Iraq's secret arms deals with the British were political dynamite.

The CIA even names an Iraqi, one Kamel al Majid as "our mole in Baghdad". It also names an identified MI6 agent called Stephan Kock who was secretly infiltrated into the Astra Pyrotechnics company at Sandwich in Kent, UK, to organise and coordinate the government's cover plan for its illicit arms deals. Kock encouraged Astra's directors to acquire a company called BMARC. Unfortunately no-one told the innocent Astra Board that their new company's major role was to secretly supply arms to Iraq.

Problems began for the spooks when the secret arms deals began to leak. Questions were being asked. Kock's secret position in Astra risked exposure when Gerald James, Astra's CEO, became aware of unexplained arms deals and began to investigate. He discovered mysterious contracts not in the company's books; secret

⁴ See pages 21 onwards in CIA report, 'Intelligence Summary' (Redacted in publicly released copy)

commission arrangements and parallel bank accounts; and that someone was making unauthorised use of Astra's letter heading.

James was suspicious. According to the CIA, Kock then asked PM Thatcher's Conservative Party lawyers to get rid of Gerald James from the board in order to keep the lid on Astra's covert deals. Thatcher's favourite business fixer, Sir John Cuckney, an ex-British Security Service ("MI5") operator, was brought in to help. This was the ex-MI5 officer who used to tell his trainees: "*the business of intelligence work is often about transgressing propriety or the law, and the 11th commandment is 'thou shalt not get caught'*". It comes as no surprise therefore to find that Cuckney manipulated a boardroom coup with Kock, forcing Gerald James and many of the Astra directors to resign.

The CIA report also throws light on one of the great mysteries of the time: the 'Supergun' affair and the unexplained murder of its inventor, the Canadian ballistic genius Dr Gerald Bull. It confirms that the British government was aware of the contracts to build Saddam's Supergun from the start. It was the British government who actually encouraged and arranged the sale of machine tools company Matrix Churchill to the Iraqis and then watched as Saddam Hussein's brother placed illegal arms contracts with UK companies, Sheffield Forgemasters and Walter Somers. The propellant for the supergun project was secretly flown out to Iraq disguised as chocolate destined for packaging by another of Asil Nadir's companies called UNIPAC, based in Cyprus. Asil Nadir knew nothing of this.

But Dr Bull fell foul of the British government. He wanted to buy *Poudreries Réunies de Belgique* (PRB), the firm which made the propellant. Israel and Washington objected strongly to anything that might aid any Iraqi programme building weapons of mass destruction. According to the CIA's secret account, Dr Bull only stopped pushing following an explicit threat on his life from the British government. Instead MI6 and the CIA arranged the sale of the Belgian company to Astra, effectively giving Kock control over PRB.

An angry Bull then began to investigate the links between the UK government and the dodgy deal to sell PRB to Astra. He teamed up with Christopher Gumbley, one of the disillusioned ex-directors of Astra. Together they threatened a lawsuit exposing the British government's illegal arms trade with Iraq.

According to the CIA, things then got ugly. The government's secret arms deals looked like being uncovered. Others were beginning to ask questions about

the covert UK arms deals, too. In particular they began to ask which politicians were getting secret commissions from the lucrative trade. Jonathan Moyle, a well-known defence journalist, claimed at the time to have uncovered some details of those involved.

The CIA report then exposes a government inspired murder, saying *“Kock and Holdness (another MI6 operator) eliminated him (Moyle) in Santiago Chile.”* On 31st March, 1990, Jonathan Moyle, the editor of the magazine 'Defence Helicopter World', was found dead in suspicious circumstances in room 1406 of Santiago's Hotel *Carrera*. According to well briefed sources, Moyle had been asking about Chilean arms dealer Cardoen - one of Mark Thatcher's friends, and the man who controlled the CIA's Allivane company - while Cardoen was arranging a big helicopter deal with the Iraqis. The Chilean verdict was that Moyle was murdered and it was made to look like suicide.

The CIA document goes on to identify retired SAS colonel Ian Jack and an SAS man, Terry Hardy, as being hired to 'eliminate' the troublesome Dr Bull once and for all. On the 20th and 21st of March 1990 Jack and Hardy went to Brussels with a third man, a known MI6 agent. On the 22nd Dr Bull was assassinated at the door of his apartment by unknown gunmen. Suspicion fell on the Mossad; the British kept very quiet. Dr Bull's investigative partner, Christopher Gumbley, was later arrested and the CIA report openly admits that he was sent to prison by the British authorities on "fabricated corruption charges."

The CIA report outlines the increasing pressure on the UK government to cover up their secret arms deals. It claims that the arrests of various businessmen involved with the Supergun were designed to throw the media off the real scent. Despite the fact that Matrix Churchill's managing director, Paul Henderson, had been supplying information about Iraq to British intelligence agencies, he and three of his senior executives were arrested.

They were later charged in 1991 with deceiving the Government over the intended use of the machine tools when they applied for export licences. It later emerged that ministers, senior civil servants and government law officers knew all about the racket at the time and were actually issuing false export licences for £150,000 each. But, rather than come clean, Whitehall was prepared to let innocent men go to jail rather than reveal that the British had not only known about the Iraqi Supergun all along but had deliberately encouraged it.

The reason was simple. As the CIA report explains, Kock was deliberately manipulating the high profile Supergun case to divert media attention away from the secret Iraq arms deals, which were making millions for his political masters and their families. It was Kock who tipped off UK Customs about the massive steel tubes under manufacture and the false export licences from Matrix Churchill, according to the CIA. The media “leapt at the supergun story” and Nicholas Ridley, the minister, later told a bare-faced lie to Parliament, claiming that the British “had only just become aware of the Supergun project.”

But this wave of arrests of the Supergun’s UK contractors and the BMARC directors – except for one other undercover MI6 ‘director’ - included one more high profile businessman’s scalp. As the CIA report says: “*Subsequently Kock arranged the arrest of UNIPAC CEO Asil Nadir, via the UK Serious Fraud Office.*” The ruin of Polly Peck had begun.

The mystery of the sudden raid in the full glare of the of publicity on Asil Nadir’s family trust at South Audley Management and the unexplained delay in suspending trading in PPI shares suddenly becomes clear. The SFO and the police, acting on government orders were determined to wreck any trace of involvement in the illegal arms shipments. On 5 December 1990 PRB’s factory at Kaulille in Belgium was blown up in a mysterious explosion which had all the hallmarks of trained saboteurs. UNIPAC in Cyprus went bust. BMARC went out of business; and a mysterious fire destroyed ASTRA’s little factory in Kent – but not before government inspectors had removed ‘lorry loads’ of incriminating documents.

When Mr Nadir returned from a trip abroad to help the administrators the media were given advance warning by the SFO of the intention to arrest him at the airport. The television cameras turned out in force to watch the farce of over thirty policemen, some of them armed, supported by sniffer and police dogs, boarding the jet to arrest one man.

Asil Nadir was subsequently charged with fraud and theft. The indictment claimed that he had stolen at least £30 million from his own company. PPI went into receivership. The Serious Fraud Office then did everything in its power to delay any trial. Officials claimed that they could not visit North Cyprus to check UNIPAC’s books as it was an unrecognised state – although at the time British police routinely travelled to Cyprus to cooperate with the Turkish Cypriot authorities. When an independent team of lawyers and accountants finally did visit North Cyprus to check

on the UNIPAC account and books, they discovered that for every movement of money out of Polly Peck a similar sum had been legally deposited in the UNIPAC accounts. The 'thefts' and alleged frauds were actually perfectly legal transfers between international companies, albeit in different currencies.

More seriously, as Nadir's trial eventually got under way the defence discovered that all Mr Nadir's privileged defence papers had been illegally taken by the SFO and distributed to government agencies – but not to the defence. SFO officers pleaded a 'clerical error' – and the Judge accepted their excuse, despite defence claims that it prejudiced the trial. However Mr. Justice Tucker was in for a surprise of his own when the prosecution counsel, acting for the SFO, said that the police were investigating a complaint that there was a conspiracy to bribe *him*, the trial judge. It was alleged that a sum of money – supposedly £3.5 million – was to be paid to Judge Tucker following a successful application to vary the bail conditions. The prosecutor suggested that the Judge might have to stand down as the police would like to interview him.

This bombshell – the first allegation of its kind in hundreds of years against an English judge - brought the trial to a standstill. However, at a subsequent hearing a month later Detective Superintendent Glendenning - the police officer responsible for investigating the alleged bribery - admitted under cross examination that the police had no evidence of any plot whatsoever, and never had. Something very odd was going on. The trial continued.

Six months later the prosecution made another bizarre allegation: according to the SFO the police were now investigating a new plot 'to pervert the course of justice'. The suspected conspirators were, according to the government lawyers, no less than Asil Nadir, an Assistant Commissioner of the Metropolitan Police, the senior Defence Counsel and the judge himself. To observers this was yet again clear proof that someone was deliberately trying to destabilise the whole Asil Nadir trail.

Finally, the CIA report claims that Kock masterminded "*the elimination of two more individuals*" who were asking too many questions. He then organised the shutting down of the secret illegal undercover arms sales organisation. The report closes by quoting Margaret Thatcher's successor as prime minister telling Parliament that the 1985 embargo on arms sales to Iraq "was adhered to, both in the spirit and the letter."

This bombshell of a CIA report explains many mysteries about both the Supergun affair and its hitherto unexplained link with Polly Peck. The truth was that PPI companies were used by British and American secret services and politicians as a front for illegal arms deals with Iraq without their owner's knowledge. If that truth had come out at the time it would have revealed details of the individuals and companies involved, in flagrant breach of national and international agreements: deals which made millions for politicians and their families. That's why Asil Nadir was arrested and Polly Peck was brought down using the Serious Fraud Office - because of the UK government's lucrative illegal arms trading with Iraq and Astra's links with UNIPAC.

That's why UK intelligence agents were coordinating these illegal activities and they were prepared to murder, authorise false arrests and throw innocent men in jail. They were working, according to Sir John Cuckney and Sir Peter Levene, on direct orders from PM Thatcher.

That's why UK politicians were lying at the highest levels in Parliament. That's why even Hansard – that sacred British Parliamentary record – was doctored, and a question in the House about Kock's role in MI6 had the dates deliberately switched from '1980' to '1990' to avoid the truth coming out.

But the truth was that Stephan Kock was a paid MI6 agent who in the 1980s and early 90s coordinated the billion pound illegal arms trade to Iraq on behalf of the British government and its corrupt politicians. Along the way Kock also arranged murders, sabotage, false imprisonment, wrecking successful companies and ruining millions of shareholders.

Is it true? In black and white this leaked CIA report says it is. So can we expect the British to open an independent investigation into finding the truth about how the Thatcher government broke its own laws and made millions for those in on the racket? Mark Thatcher alone is alleged to have made over £12 million from corrupt insider arms deals at the time. Lord Levene, the then Head of the Defence Sales Organisation, and Lord Cuckney, chairman of 'British International Military Services' both retired as millionaires. The Deep State of Margaret Thatcher's British government, the British intelligence establishment and the Conservative Party have much to keep quiet.

As for Asil Nadir, he is determined to see justice is done: "*You know, there are five High Court judges who believe I did not even jump bail,*" he says. "*I was a*

victim of injustice and I don't believe that injustice of this nature should be repeated." Although he returned to London in late 2010 vowing to clear his name, he must wonder what chance does he have of getting a fair trial, even now, despite this torrent of evidence of dirty tricks? The Polly Peck founder has always vehemently denied the fraud charges.

He has always claimed that the charges against him were rigged, and that the accusations that he stole more than £30m from his own company are 'baseless'. He has always asserted that the SFO tried to frame him, abused its powers and doctored evidence, making any fair trial impossible. He is now over seventy, a sick old man with a serious heart condition, banned from talking to the press, still harrassed by false accusations and mysterious late night police harassment, awaiting trial and effectively under house arrest in his London home on the Judge's orders. He believes that the British establishment want him silenced, in prison, or dead.

New evidence backs Nadir's claims. The CIA report states quite clearly, *'Subsequently Kock arranged the arrest of ... Asil Nadir, via the UK Serious Fraud Office'*. Since then, two undercover police agents, Wendy Welsher⁵ and Michael Francis⁶ have given sworn statements in which they confess that they were blackmailed and bribed to frame Nadir on direct orders from the Serious Fraud Office and the Metropolitan Police. They confirm that they were briefed and run as undercover police agents by senior policemen, whom they name - including Superintendent Glendenning of the Serious Fraud Office, the very same policeman who admitted to Judge Tucker that the police had no evidence of bribery and corruption.

However the UK government's continued use of 'Public Interest Immunity Certificates' to hide this key evidence, gag defence witnesses and the courts' total insistence on 'reporting restrictions', plus a complete news blackout in the UK, raises serious questions of any chance of any fair trial. It is not Asil Nadir who is on trial. The bombshell CIA report shows clearly that it is the British government and justice system which is now on trial.

⁵ See Wendy Welsher's confession and Sworn Affidavit of 30 September 1993.

⁶ See Michael John Francis's confession and Sworn Affidavit of 17 November 1993 and admissions to Mr Anthony Scrivener, QC, of 14 December 1993.

At least one member of that Establishment agrees and has let the cat out of the bag. Former British Ambassador Craig Murray, who was head of the Cyprus Section of the Foreign and Commonwealth Office when Nadir fled the UK says: *"I am convinced there was complicity by the authorities in his escape. The police surveillance unit was stood down for the bank holiday weekend. . . There were many in the then political establishment who had taken Nadir's shilling and didn't want him in the witness box."*

It looks as if nothing has changed. The British Establishment, Britain's own secretive 'Deep State' and its rigged justice system are still determined that, rather like the tragic Dreyfus over a century ago, it is better that an innocent man should be muzzled and jailed rather than the truth about the Thatcher government's corruption, profiteering, and its spooks' criminal acts become public knowledge.

English courts can gag and try and censor the truth in London: but nowadays the internet means that, try as they might, the British government cannot stop the global genie of truth forcing its way out of this particular bottle. Across the years, the CIA's long-secret report has – unwittingly - given us the absolute truth about a modern day legal scandal to rival *l'affair Dreyfus*.

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