

Church Street, Reigate in the County of Surrey, MAKE OATH AND SAY AS FOLLOWS:

1 I am the sole practitioner at Beeney & Co.

2 On 27 January 2000 I was asked by a client to contact Miss Jennifer Joan Costello of Flat  
1, Scott House, Sherbourne Street, London N1 and to obtain a witness statement from her  
concerning her knowledge of a former army officer, Major Anthony Watkins-Burton, and his  
business activities.

3 I telephoned Miss Costello on 27 January 2000 and made an appointment to meet her at  
her home a week later on 3 February. During our telephone conversation Miss Costello indicated  
that she had information about Major Watkins-Burton and although she was in principle prepared  
to answer my questions, she would not provide a witness statement.

4 On 3 February 2000 I met Miss Costello as arranged. She informed me that she was  
suffering from Hodgkin's lymphoma and was receiving chemotherapy. Miss Costello explained  
that she would not provide a witness statement and would not attend court as a witness in any  
proceedings relating to Major Watkins-Burton. She said this was because she expected her health  
to deteriorate further, and she could only manage to deal with personal and family matters.

5 However, Miss Costello stated that she would answer my questions, and would allow me  
to make notes of our conversation.

6 Miss Costello told me that she was now retired, but had been a local government officer  
responsible for managing sheltered accommodation. She said she had moved to her present  
address in 1982. In response to my question, Miss Costello stated that she had never been  
convicted of any offence, and she pointed out that her conditions of employment as a local  
government officer managing sheltered accommodation required her to resign if she was convicted  
of any indictable offence.

7 I then asked Miss Costello about Major Anthony Watkins-Burton. Miss Costello told me  
that she met Major Watkins-Burton in 1995 through a mutual friend, Mr Bernie Small. According  
to Miss Costello, Mr Small was an officer of HM Customs & Excise who was attached to their

National Investigation Service. She said that Major Watkins-Burton told her he had served in the army as a logistics officer, and had taken early retirement to work with government agencies including HM Customs & Excise.

8 Miss Costello showed me a publication (about a charity called the AMAR Trust) given to her by Major Watkins-Burton. She said that Major Watkins-Burton had worked for the trust, which sent supplies (purportedly food, clothes and medicines) to the Kurds in Iraq and Turkey. The publication referred to Major Watkins-Burton and to Emma Nicholson MP, a former Conservative cabinet minister, who had been associated with the trust.

9 Miss Costello noted, again, that she regularly met Major Watkins-Burton and Mr Bernie Small over a period of about two years starting before Christmas 1995. Her understanding was that Major Watkins-Burton set up transport companies, registering them mainly abroad but occasionally in the United Kingdom. Many of these companies were set up specifically to transport licensed goods, such as tobacco, wines and spirits from the continent into bonded warehouses in the United Kingdom.

10 According to Miss Costello, it became clear to her that Major Watkins-Burton was a director of these transport companies and was using them to unlawfully transport goods. She had reached this conclusion by overhearing exchanges between Mr Bernie Small (with whom she was friends), Major Watkins-Burton and others. Miss Costello stated that she could prove that companies (she named ET Logistics) with which Major Watkins-Burton was associated were importing licensed goods into the United Kingdom and evading payment of excise duty.

11 Miss Costello had been answering my questions for approximately twenty minutes. During this time she had become increasingly upset, which she attributed to the fact that her medication made her feel tired. After an interval for tea, I resumed my questions about Major Watkins-Burton.

12 Miss Costello informed me that her health significantly deteriorated early in 1998 as a result of the Hodgkin's lymphoma. She was easily tired, lacked stamina and her appearance changed. As a result she ceased to attend social functions, and had lost contact with Major Watkins-Burton, Mr Small and their circle of friends.

13 Miss Costello informed me that in November 1997 she had informed her solicitor of the information available to her regarding Major Watkins-Burton. She was convinced that he was inciting persons to evade excise duty using the companies he had set up. Essentially, the scheme as described by Miss Costello entailed Major Watkins-Burton purchasing a company (from a company-formation agent) and finding (by advertising or personal contact) people who would invest money in it in return for a directorship and a promise of a high return. Such a company would import licensed goods into the United Kingdom. The directors (who were usually investors, with absolutely no knowledge of this type of business) would act on the instructions of Major Watkins-Burton, who made a point of advising the directors to ask specific employees of HM Customs & Excise (such as Bernie Small) whether the proposed shipment was fulfilling all the statutory requirements. They would be assured that it was. After they had followed instructions, the directors would be arrested by HM Customs & Excise.

14 Miss Costello stated that she had set out the information available to her in three affidavits over the period 4 March 1998 to 16 November 1999. She claimed that HM Customs & Excise were using entrapment on a large scale. Miss Costello was adamant that she had evidence that a former Head of HM Customs, Sir Brian Unwin, had set up this scheme to guarantee that HM Customs & Excise would achieve a high success rate in convicting those who evaded excise duty, while ensuring that HM Customs would profit from confiscation of the goods, and recovery of the evaded duty. Miss Costello stated she had tried to bring these matters to the attention of the authorities, and in November 1997 asked her solicitor to put the information before Cedric Andrew, the Deputy Director of the National Investigation Service of HM Customs & Excise. Miss Costello gave me a copy of this letter, together with authority for her solicitor to disclose to me his correspondence with HM Customs & Excise.

15 I asked Miss Costello if Major Watkins-Burton have ever indicated to her that he had been involved in exporting military equipment from the United Kingdom. She replied that Major Watkins-Burton had made no secret that he had organised the supply of weapons to the Kurds. According to Miss Costello, the transport companies set up by Major Watkins-Burton were used to carry arms from the United Kingdom to Cyprus and Turkey and thence to several of the main groups fighting for Kurdish independence. She said that Major Watkins-Burton told her that a high proportion of the money passing through the accounts of the AMAR Trust was being used to purchase arms. She explained that Major Watkins-Burton had on several occasions discussed

these matters while she was present, naming the transport companies supplying the Kurds, and claiming that the accounts of the AMAR Trust should not be scrutinised too closely.

16 Miss Costello emphasised that she particularly remembered this particular conversation because of her experience as a local government officer, when it was incumbent upon her to provide detailed accounts with no margin for error. She said Major Watkins-Burton told her that from its inception the AMAR Trust was used to cover the transfer of large sums of money through a series of accounts, thereby enabling arms to be purchased using certificates provided by officials in other countries with whom he had been dealing during his army service. Miss Costello went into some detail about these matters.

17 In summary, her claims were as follows.: Major Watkins-Burton had been an officer in the RAOC specialising in logistics. He had taken early retirement at the official request of intelligence, to which he was attached in Northern Ireland. After his retirement he continued to work for the Security Service, first supplying arms to Saddam Hussein in Iraq, and after 1991 to the Kurds. His sole concern was transport. The purchase of equipment and the documentation was provided by other agencies. Many consignments of small arms and ammunition were exported (often by air freight) out of the United Kingdom into depots in Cyprus and Turkey. A number of *bono fide* companies were often made use of by crating the arms so they could be incorporated in consignments being exported lawfully. One company which had been made use of in this way was Polly Peck. Its subsidiary, UNIPAC, had been used to disguise many of these consignments.

18 Miss Costello was at pains to emphasise that Major Watkins-Burton told her his involvement in these arms shipments ceased after 1993. Subsequently, he was employed in the transport of licensed goods, working closely with HM Customs & Excise. This was how he met Mr Small. Miss Costello explained that it was Mr Small who had introduced her to Major Watkins-Burton in 1998, and that it was Mr Small who told her that Major Watkins-Burton was an officer of the Security Service working with HM Customs & Excise. At this point Miss Costello explained that she had been advised not to discuss the Security Service in any detail because she had signed an undertaking not to do so. I asked her if she had any direct involvement in the business activities of Major Watkins-Burton. She replied that apart from confirming that she had been approached to assist with several specific operations, she would not provide information which might compromise anyone other than Major Watkins-Burton.

the clerks and drivers had obtained what they believed was lawful employment. Major Watkins-Burton had put them in touch with officers of HM Customs & Excise, such as Mr Small, who informed them of the procedures to be followed. Miss Costello remarked that she still found it almost impossible to believe that such a scheme could really have been devised and implemented. However, she was absolutely convinced that HM Customs & Excise were orchestrating the evasion of excise duty on a large scale, and that it was an operational policy not just a few officers acting unlawfully.

28 In particular, Miss Costello was concerned about the role of informants such as Alfred Allington, the manager of London City Bond, and Michael Boporán, who although convicted of duty evasion has continued to provide HM Customs & Excise with information. Miss Costello gave me a printed transcript (112 pages) of conversations she had taped. She was extremely distressed by the notion that HM Customs & Excise were “fabricating” cases against people who had not in any way acted unlawfully. Her argument was that the way in which HM Customs & Excise had worked with Major Watkins-Burton, Mr Boporán and others entailed completely fabricating evidence against men and women who were innocent of any unlawful activity.

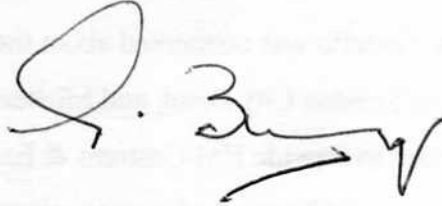
29 A third example referred to by Miss Costello was that of Miss Elizabeth Forsythe who had been involved with Polly Peck. Miss Costello claimed that in September 1997 after Major Watkins-Burton had read a newspaper article about Polly Peck, he remarked that Miss Forsythe was “a target” of HM Customs & Excise, whose intention was to ensure that Miss Forsythe would be convicted of laundering money for a drug cartel.

30 Miss Costello told me that Major Watkins-Burton led her to believe that an operation was underway “to compromise Miss Forsythe.” She was told that Mr Boporán had friends in various banks who would be prepared to provide evidence that Miss Forsythe had laundered money. She asked me to inform Mr Boporán’s solicitor of this matter. Accordingly, I hereby confirm that I have written to the senior partner at Garstang’s reporting to them Miss Costello’s concerns about their client, Michael Boporán and HM Customs & Excise.

31 In response to my question, Miss Costello stated that all three of these examples concerned persons who had knowledge of how HM Customs & Excise had been operating unlawfully. She believed (but no-one had specifically told her) that the objective was to ensure these men and women went to prison, discredited to the extent that their claims would not be credible.

32 Miss Costello told me that if I had any doubts that HM Customs & Excise would not resort to such methods she had compiled a summary of five cases where fabricated evidence had been used by HM Customs & Excise to secure convictions, which had been quashed by the Court of Appeal. I asked Miss Costello to show me this summary. She has supplied me with a copy of it and the Court of Appeal judgements confirming that the evidence was fabricated in each case.

33 I confirm that a copy of this affidavit has been sent to Miss Jennifer Costello with the knowledge and consent of my client.



Sworn this 16<sup>th</sup> day of March 2000  
at 20 Watford Way, Hendon, London NW4 3AD

Before me:



HENRY DRUCKER M.A. (Cantab)  
Solicitor

Solicitor/Commissioner for Oaths

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