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Extended Interview With Louis Freeh

Former FBI Director, now attorney to Prince Bandar

April 7, 2009

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As the head of his own global consulting firm, [Freeh Group International](#), Louis Freeh has been hired by Prince Bandar as his legal representative on issues surrounding the Al-Yamamah arms deal. Lowell Bergman interviewed Louis Freeh on March 19, 2009 about allegations -- that Freeh insists are untrue -- that his client received approximately \$2 billion and a wide-body Airbus 340 from arms company BAE Systems as part of the massive arms contract. Freeh finally agreed to be interviewed just weeks before our airdate, following months of requests by FRONTLINE for interviews with both Freeh and Prince Bandar.

Freeh was interviewed for the FRONTLINE film [Black Money](#), which details the allegations of bribery leveled at BAE Systems and the Prince. This video contains extended excerpts of Bergman's interview with Freeh -- the first time anyone has spoken publicly on behalf of Prince Bandar about these allegations. Throughout this interview, there are markers referring to the footnotes below, which provide added context and corrections.

FOOTNOTE 1: Flow of Money to Riggs Bank

Over a period of 10 years, approximately \$2 billion was transferred to accounts that Prince Bandar signed off on at Riggs Bank in Washington. Louis Freeh insisted that the transfers to the Saudi Ministry of Defense and Aviation (MODA) accounts at Riggs Bank, controlled by Prince Bandar, came directly from the UK Ministry of Defense (MOD). Freeh denied that the arms company, [BAE Systems](#), had any role in disbursing funds to the accounts.

After the interview FRONTLINE continued its investigation of the flow of money to Riggs Bank and followed up with Freeh by email to clarify his statements.

Friday, March 20, 2009 To: Judges Freeh and Gene Sullivan (Freeh Group International) From: Lowell Bergman

"Our information is that the payments to the Riggs accounts was made via Lloyds, BAE's bank, and sent to Riggs Bank in Washington. These cash transfers were made every three months for more than 10 years.

Are you saying that there were no transfers via Lloyds? I believe you said that all the transfers took place directly from the [UK] MOD at the Bank of England to [Saudi] MODA accounts at Riggs.

Please let me know if our understanding differs. If so, can you share documentation of the transfers coming directly and exclusively from the Bank of England. If not, on what basis do you believe this to be true.

LB [Lowell Bergman]"

Friday Mar 20, 2009 From: Judge Gene Sullivan To: Lowell Bergman

"Louie is back on Intl travel (difficult to reach) but asked me to respond to what is the last Q for us. Louie never mentioned the 'Bank of England' in his IV so please check your transcript. Therefore we don't agree to that reference. Whatever accounts were used at whatever banks, these were intergovernmental bank account transfers--approved by the KSA [Kingdom of Saudi Arabia] MODA and the UK MOD--from UK to the KSA government ministry bank account [sic] pursuant to the treaty [Al-Yamamah]. BAE had nothing to do with the requests for, approvals of, decisions to transfer and move any of the Riggs funds"

FOOTNOTE 2: Personal Expenditures

When asked about what appears to be personal expenditure of Al-Yamamah money by Prince Bandar, Freeh says, "If His Majesty, the King of Saudi Arabia and the Minister of Defense and Aviation 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."

That is not the way the [U.S. Department of Justice](#) sees the situation. Although he would not comment on the BAE investigation, Mark Mendelsohn, the chief prosecutor for international bribery at the Department of Justice clarified U.S. anti-bribery law: "Under U.S. law, it's absolutely irrelevant whether a foreign government acknowledges awareness that one of its officials was being corrupted or even endorses or approves of the corruption. So long as the bribe payment is for a corrupt purpose and goes to personally benefit the foreign official and the other elements of the statute are satisfied we can and will bring a prosecution."

FOOTNOTE 3: Swiss Accounts

Freeh says he has not investigated the Swiss accounts that prosecutors in the United Kingdom wanted access to as part of their investigation of alleged bribes to Saudi officials by BAE Systems.

Published accounts and FRONTLINE interviews with sources in the U.K. stated that the accounts the Swiss authorities were prepared to hand over to the U.K. were accounts of BAE Systems entities registered in the British Virgin Islands. One of these companies, "Red Diamond Ltd," has allegedly been used as part of BAE's worldwide system of companies to make payments to its agents. Another one, called "Poseidon," was used for transactions related to Al-Yamamah.

The U.K. also requested accounts in the name of Panamanian companies, which are believed to be controlled by Wafic Said, a Syrian-Saudi of great wealth. Said has acknowledged in press reports that while he was not an "agent" in the Al Yamamah deal, he was involved in ancillary construction projects known as "offsets." [Said has denied](#) receiving a penny in commission from Al-Yamamah, but he added: "I have, however, advised British Aerospace in relation to the offset program, which it established as part of Al-Yamamah." Lord Timothy Bell, who is a media advisor to Said, acknowledged in an interview with FRONTLINE that his client was involved in those projects.

FOOTNOTE 4: Covert Arms Sales

Freeh says, "The way the treaty [Al-Yamamah] was set up, if the Ministry of Defense and Aviation [of Saudi Arabia] wanted to purchase U.S. arms, U.S. arms could be purchased through BAE and DESO [the UK Defence Export Services Organization], 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." FRONTLINE was unable to find any arms deals where BAE Systems or the UK government acted in such a way as to obtain U.S. arms for Saudi Arabia in a way that "did not deal with the objection of the U.S. Congress." Freeh was asked to provide specific details of cases where U.S. arms were purchased using Al-Yamamah funds, but did not provide any.

When approached by FRONTLINE, BAE Systems denied Freeh's allegation that the company is involved as a cut out to covertly buy U.S. arms for Saudi Arabia:

"Supplies of military equipment made by BAE Systems in the performance of its obligations as a contractor to the United Kingdom government in connection with the treaty were made only following the obtaining of all requisite national and international approvals."

FRONTLINE has obtained a [State Department document](#) dated May 07, 2004, which describes the use of Al-Yamamah funds to acquire helicopters from Canada and France, but makes no reference to U.S. arms being purchased with Al-Yamamah money.

FOOTNOTE 5: Exoneration?

Freeh says that when the FBI investigated Riggs Bank accounts under the control of Prince Bandar, "...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 [9/11] hijackers were using any monies from those [Riggs Bank] accounts to finance it."

"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. 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."

FRONTLINE inquired to the [FBI](#) and the U.S. Department of Justice about the "public statements" that "exonerated" Prince Bandar. The FBI responded saying it was unable to locate anything that matched what the former Director was referring to. Inquiries with the Department of Justice were met with instructions to contact the FBI. When asked to provide a copy of a statement or a private letter that may have been sent to him or his client, Mr. Freeh did not respond.

The 9/11 Commission found "no evidence that Saudi Princess Haifa al Faisal [wife of Prince Bandar] provided any funds to the [9/11] conspiracy, either directly or indirectly," but made no further reference to the Riggs Bank accounts or to accusations of money laundering.

[FRONTLINE Louis Freeh Interview: Read the full transcript.](#)

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REACTIONS

Buffalo, NY

It is refreshing to see the results of your investigation but unfortunately nothing will come of it. All it manages to do is make us mad that such people are allowed to do what they want and this country be dammed. And the beat goes on.

William Whatley - Marksville, Louisiana

Louie's strained constructions and exegesis on the law of the Saudi Kingdom, with regard to the question of who owns the Airbus custom painted with the Cowboy's team colors, belies the real underlying question. In Saudi Arabia, the royal family from "his majesty, the king" on down to the lowliest of the princes are not only sovereigns in their individual respective capacities - they actually OWN everything, from the oil under the ground, including the royal palaces, even unto the military's arms, the aircraft, as well as the other "government equipment." The fact that Louie says and repeatedly falls back to the implication that the Riggs and Swiss bank accounts "belong" to the Kingdom of Saudi Arabia is pure fiction -- it BELONGS to the signatories. The royal family, as the sovereign rulers "own" all government property. Their very utterances or whim carry the power and status as the rule of law -- so it would be highly unusual for any of the royals to actually go to the trouble of taking title with respect to a jetliner or for that matter any other "royal" property, even including such items as real estate -- the palaces. This is the difference between a democracy and an autocratic regime -- a royal dictatorship.

Troy Goodnough - Morris, MN

I am dumbfounded by Louis Freeh's work as lawyer to Bandar. This type of reporting makes me feel really naive about how our country really operates. The have-nots vs. the have-everythings. The revolving door has to close. We all need to be greater participants in our democracy, in creating accountability and transparency. But, first it seems we need a bit of outrage. I guess it's easy for some, like Louis (and others like him) to break the public trust when they'll never have to work again. It makes you wonder how they earned that trust in the first place.

Vancouver, Canada

I just saw "Black Money", what a jewel of journalism! Although it was exacerbating by the nature of the subject and by the alarming revelations made accessible to the public opinion, it also gave me hope that somehow these corporate states of power will be subject to legal and public prosecutions in my life time. Great work! Thank you.

Louisville, Ky

The first time I ever heard of FBI director Freeh was when I watched Frontline's "The Man Who Knew". In that program he seemed to be the one who was instrumental in getting rid of FBI agent John O'Neil. John O'Neil was the counter-terrorism expert who had been tracking Al Qaeda for six years. Is it possible that Louis Freeh was on the Saudi payroll even before 9/11, and forced O'Neil out because he was getting too close to Bin Laden and some of his Saudi friends? Is it possible that Freeh was interfering with the investigation to protect his friend Bandar? Oh, I hope not.

Owen Lawson - Auburn, Washington

I find it interesting that no one has made the connection or a link between Tony Blair's relationship with the Saudi's and his current role as envoy to the Middle East. Is Mr. Blair really the most honest broker the Europeans can find? Corrupt systems, regardless of their name, always collapse. Wrapping them in the cloak of Democracy will not save them from the scientific reality. Great work!

Lonny Pehrson - Salt Lake City, UT

What motivated the 9/11 murderers? Answer: A majority of the the 9/11 hijackers were Saudi citizens (just like Bin Laden) who were fed up with the corruption of the Saudi government and believed that the United States and the West was proping up and legitimizing that corrupt regime. That is why they hate us and why they killed 3000 Americans on 9/11. For a former FBI director to go on television and shamelessly whore himself out to that corrupt regime is utterly despicable and is a slap in the face not only to those who died on 9/11 but to all Americans!

Oklahoma, PA

OK. So, I've watched this documentary and now no longer feel that the current or past governments of my country have legitimately represented my interests or upheld the beliefs upon which it was founded. What do I do now? I will tell you. I will act. And, if necessary, at

great expense to my own personal safety to stop things like the former head of the Federal Bureau of Investigations becoming an agent of a foreign government with links to terrorist activity. I am compelled to do so to ensure the safety of my young children and the future of this country.

Allen Park, MI

It is not surprising that corrupt and clandestine maneuvers are part of the International arms trade. But Louis Freeh? It must be that the role of the Devil's Advocate provides him with a satisfaction that being a Patriot can't. May the Lord have mercy on his soul.

Albany, CA

How was it that those guys at Justice were/are able to continue with their BAE and other bribery investigations under the nose of Bush/Cheney? Was Bandar's 2001 bravado partly due to his pal George's 2000 election? Some interesting 'gaps' and inconclusive connections yet to be made. Still ... impressive reporting. Thanks for keeping investigative journalism alive.

Dean Dietrich - Tiburon, CA

It is my understanding that the Saudi family claims that it is the "owner" of all the oil and land in SA, in other words, it is a kingdom with feudal rights as in the middle ages. Anachronistic as this may seem in the 21st century, if this is correct, then the line between government and personal doesn't really exist. As Louis XIV said, "L'etat, c'est moi". So if Bandar gets a plane or a \$17 million mansion that is also used by the royal family, it's his money. Cf. the Sultan of Brunei, who is said to be the wealthiest man in the world, because he "owns" the country. Are we applying contemporary concepts of state to what is essentially a feudal state?

Don Grappo - alameda, ca, USA

Now I see why we can't build nuclear plants and convert our cars to propane. (NORTH AMERICA has more BTU'S in NAT. GAS THAN ALL THE PERSIAN GULFS OIL!!!!) TOO MUCH GREED AT THE TOP! AS A PEOPLE WE NEED TO TAKE OUT THE TRASH!!! BEFORE THE TRASH TAKES US OUT!!

richard weingarten - Sarasota, FLORIDA

This is not the first time that US government officials or former government officials came to the defense of the Saudi Royal family when some of its members were accused of financial shenanigans that had deleterious impact on international commerce. When we tried to join members of that family as defendants in our suit against the Hunt Brothers, et al [Gordon v. Hunt, et al, USDC, SDNY, Lasker, J.] arising out of the silver commodities debacle in the 80s, the State Dept and the Justice Dept [Reagan Administration] successfully interfered with our efforts to obtain jurisdiction over the Royal participants in that conspiracy. Hopefully, the Obama Administration will not be dissuaded from pursuing justice in order to mollify the sovereign rulers of a purported ally.

Moyock, NC

Black Money covers the BAE case as well as it can and it is ironic it began with a super valet fixer. It then points out the valet aspect was just a small part. I must add that the BAE case is but a small part itself. Try looking for details of the United States Military Training Mission Foreign Military Sales case files.

Gregory Kibitz - Rockland, ME

Was anyone else's brain about to explode when they saw the former Head of the FBI now defending international criminals FROM THE FBI? Is this not a very clear example of what is wrong with the system? This makes corporate lobby and campaign finance reform seem like nothing. Is Freeh not as much a traitor as a person with military secrets going to work for a foreign government? And where are the investigations of the ones who made this all possible, Bush and Cheney? You know they just had to have had a hand in all this. They too are international (and domestic) criminals and yet not a thing is even being done to just ask the questions. Seems the new guard ain't so much better than the old one. For shame Mr. Obama, For shame! And why is it offered without question (as if 100% acceptable) to work around Congress by brokering special treaties through foreign governments (at best an act of creative accounting) to sell arms to other nations that is otherwise not allowable and most likely illegal? Isn't that also a major issue? Is it not just another Iran/Contra(esque) scandal than no one seems to even care about anymore? Boy are we all f-ed!

Hereford, AZ

It is disturbing that a former U.S. government official is acting as an agent for a foreign government.

david wahl - santa rosa, ca

i found the incisive FRONTLINE documentary and the interview with Mr. Freeh remarkably depressing. Thank you for doing such good work...i think.

bruce k - palo alto, Ca

Well ... let me scoop my jaw up off the ground first. Great report. These people are playing games with the law that applies to all the rest of us to the point of death, specially in Saudi Arabia. And these people mock all of us by their very existence and these kind of antics. It is especially a shame when we have the former FBI director telling us how we must not apply American standards to the Saudis. But when there is money for them to be made by waging war, then we must apply American standards or even personal standards of a bought-and-paid-for President. And my feeling is that this is considered the normal private preserve of these people who believe they have an ENTITLEMENT to rule the world because of all the good they proclaim to do. Sorry if I am ranting, but my blood is boiling at the evil this kind of corruption does to the whole world, particularly as applied over centuries. It is time to seriously investigate and end this in favor of an open source public reality that we all own, trust and can contribute to and benefit from. Thank you for a great report. Freeh should be ashamed, and he should be doing it in prison.

Cleveland, OH

Can Federal Investigators get off-shore banks to crack loose with monies hidden? Did US tax payers, indirectly, supply the Airbus 340? Or anything else for that matter? Can Cheney be implicated in arms dealing the years he was CEO of Halliburton?

L TECCO - EXTON, PA

Let's think here, ex FBI director representing Saudi Prince. This is just what we need to get into more of the world's problems. They want U.S. planes for what? They pay with a secret deal. The UK and the U.S. get what? How much were the planes? Did the U.S. get the fair market value or was it marked up so some person or company got a share of that? Or was that given to a political pack? Nobody will ever find out as all the Saudis have to say is it's not our business or they will make oil \$5 a gallon. Who got the oil and what was the price per barrel? Why do U.S. presidents fly on other country's jets? There should be a law; it's just not the right thing to do. Until you here the ex FBI Director tell the

story his way, it just sounds like we U.S. citizens don't have a brain, and the director is mad at us for any and all questions put to him about "black money," which is a great name, a reference to oil or what?

Bill Balyszak - Auburn, NY

So that's what you do when you leave as the head of the FBI, eh Louis? As the old cigarette commercial said "You've come a long way, baby."

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