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13 May 2004

By post

Our ref ASM/CG4/01141322

Dear Sirs

Complete 911 Timeline: bin Laden Family, Saudi Arabia, Bush ("the Article")

We act for Sheikh Khalid bin Mahfouz.

It has come to our client's attention that the Article is available on www.cooperativeresearch.org. It contains seriously defamatory statements about Sheikh Khalid bin Mahfouz, which are very damaging to him. The Article is wrong and highly defamatory about Sheikh Khalid bin Mahfouz in several respects, which we detail below:

1. *"A Saudi Government audit shows that five of Saudi Arabia's billionaires had been giving tens of millions of dollars to al-Qaeda. The audit shows that these businessmen transferred money from the National Commercial Bank to accounts of Islamic charities in London and banks in New York that serves as fronts for bin Laden. \$3 million was diverted from a Saudi pension fund"*

Sheikh Khalid bin Mahfouz does not have, nor has he ever had, any involvement or association with the sponsoring of al-Qaeda, nor has he ever knowingly financed terrorism of any description and vehemently denies this. Neither the United Nations, EU, United States, nor any other Government has ever indicated that he is involved in the supporting of terrorism on any report or list. We note that the source for this allegation is an article in *The USA Today* published on 29 October 1999 entitled "*Saudi money aiding bin Laden*". *The USA Today* has now printed a correction in relation to this article and confirmed that "*it has not been able to locate any record of such an audit and has no reason to believe that one was conducted...*". *The USA Today* also confirmed that it had no reason to believe that Sheikh Khalid bin Mahfouz was placed under house arrest. It also stated in the correction that the article contained "*errors*" and that the "*story's assertions had been widely reported and subsequently retracted by others*". We attach a copy of this correction for ease of reference. As you should be aware, Jack Kelley is the reporter who was recently found by *The USA Today* to have fabricated several high-profile stories. Furthermore, senior executives of NCB are on record of having "*vehemently denied*" that there was any audit of

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NCB that revealed payments to al-Qaeda. The story appeared in the 28 October 2001 edition of *The Chicago Tribune*, in which an NCB Executive said *"I can tell you absolutely, categorically there is no such audit... That never took place"*. Additionally, a formal correction published in *The Washington Post* on 3 March 2002 stated *"A representative of Mahfouz also denied... that an audit at the Saudi bank, at which he was the director, showed links to charities controlled by bin Laden"*.

2. *"Together and separately, al-Amoudi and bin Mahfouz... are later included in a secret United Nations list of finances funding al-Qaeda"*

"A secret report to the United Nations by French investigator Jean-Charles Brisard names seven prominent Saudi financiers of terror; the number matches the seven Saudis mentioned in the Post article, though it's not known if all the names are the same. The Saudis mentioned by Brisard are: Khalid bin Mahfouz..."

"Delta Oil has been one of the main financial partners in a controversial oil pipeline designed to go through Afghanistan. The company has been financially controlled by Khalid bin Mahfouz, and is connected to Mohammed Hussein al-Amoudi. Both men are on a secret United Nations list of al-Qaeda financiers, and bin Mahfouz is bin Laden's brother-in-law".

"The Boston Herald notes that Saudi businessman Khalid bin Mahfouz... and Mohammed Hussein al-Amoudi ... have not had their accounts frozen (and they still have not, until the present day...) despite evidence that they gave money to bin Laden".

- 2.1 To the best of our knowledge, the United Nations (UN) has never published any report citing Sheikh Khalid bin Mahfouz in any context whatsoever as a sponsor of terrorism. The report you are no doubt actually referring to, is a report that Jean-Charles Brisard submitted to the UN. In fact Mr Brisard claimed that he was commissioned by the President of the UN Security Council to prepare a report on terrorism financing. This is in reality completely false. The then President of the UN Security Council, Alfonso Valdiveso, has confirmed in a letter dated 12 March 2004 to us, that he personally never met or spoke with Mr Brisard. He stated that it is *"completely false that I, in my capacity as President of the Security Council or as President of the 1267 (Terrorism) Committee or in any capacity within that Organization commissioned him on a personal or official basis to write a report on terrorism. He [Jean-Charles Brisard] had no role whatsoever with the United Nations Security Council during the period in which I occupied the Presidency"*. Alfonso Valdiveso has also confirmed that Mr Brisard's report was unsolicited, that he does not believe it was taken seriously by anyone at the UN or that the UN took any step or action as a result of being sent the report. He added that *"Mr Brisard's conduct and attitude is totally deceitful and marked by the intention to mislead"*.

Furthermore, the al-Qaeda Taliban Sanctions Committee established by the UN Security Council pursuant to UN Resolution 1267 (1999) has since confirmed that the status of the report was as follows:

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- 2.1.1 The report was never commissioned by the President or any member of the UN Security Council or any subsidiary body or indeed any UN body. Therefore the report has no official status within the UN;
- 2.1.2 The report has never been published by the UN Security Council or any other UN Agency; and
- 2.1.3 Any member of the public is entitled to submit a document to the UN. The report was received on the same basis as any other unsolicited document sent to the UN.

The report contains a number of grave and unfounded allegations about Sheikh Khalid bin Mahfouz and is currently being contested by him in the English court. On 30 January 2004 the High Court in England ordered judgment to be entered against Mr Brisard and his companies after they failed to defend the proceedings. The High Court also granted an injunction against them preventing further publication in England of the defamatory allegations about Sheikh Khalid bin Mahfouz contained in the report.

- 2.2 For the avoidance of any doubt, Sheikh Khalid bin Mahfouz has no ownership interest in Delta Oil. We understand that Delta Oil is a Channel Island company that is wholly-owned by a Saudi national named Badr M Al-Aiban.
- 2.3 Sheikh Khalid bin Mahfouz is not Osama bin Laden's brother-in-law (see further below).
3. *"In 1999 bin Mahfouz will be placed under house arrest in Saudi Arabia for contributions he gave to welfare organizations closely linked to bin Laden"*

"He is also seen as a financial successor to Khalid bin Mahfouz in some respects..., since Mahfouz was placed under house arrest"

Sheikh Khalid bin Mahfouz has never been under "house arrest in Saudi Arabia", nor is he at present. Following his resignation from National Commercial Bank (NCB) in 1999 for health reasons, Sheikh Khalid bin Mahfouz received medical treatment at a military hospital in Taif (not unusual for a civilian, since many of the Kingdom's best hospitals are run by the military), and thereafter remained at his residence in that town to continue his treatment and recuperation. Sheikh Khalid bin Mahfouz was not, in 1999 or at any other time, charged with any offence by the Saudi authorities, and his stay in Taif had nothing to do with any such charge.

4. *"Bin Mahfouz's sister is married to Osama bin Laden"*

Sheikh Khalid bin Mahfouz is not Osama bin Laden's brother-in-law. He is neither married to any sister of Osama bin Laden, nor is Osama bin Laden married to any of Sheikh Khalid bin Mahfouz's sisters. Several leading publications have now printed corrections in regard to this allegation, including *The Washington Post*, *The Wall Street Journal*, *The Sunday Independent (Eire)*, *Fortune Magazine*, *The Los Angeles Times*, *The Mail on Sunday* and

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most recently *Penguin Books*. These corrections are all available on the bin Mahfouz family website (www.binmahfouz.info) for you to consider.

5. *"A 70-page French Intelligence Report claims... The role of Saudi billionaire Khalid bin Mahfouz in supporting bin Laden is emphasized in the report"*

The report to which you refer was prepared by Jean-Charles Brisard and not by the French Intelligence Services. As already indicated to you, Sheikh Khalid bin Mahfouz has brought proceedings against Mr Brisard with respect to the report (a separate document to his French report) which he submitted to the UN. Sheikh Khalid bin Mahfouz has also brought proceedings against Mr Brisard (and Guillaume Dasquié) in relation to a book he published entitled *"Forbidden Truth"* which makes a number of serious allegations and statements about Sheikh Khalid bin Mahfouz, his family and certain companies associated with them, which are manifestly untrue and defamatory. On 22 August 2003, the High Court in England ordered Judgment to be entered against Mr Dasquié after he failed to acknowledge the proceedings, and granted an injunction against him from publishing the defamatory parts of the book in England. Proceedings against Mr Brisard are continuing. Mr Brisard has not attempted to justify the allegations about Sheikh Khalid bin Mahfouz in this action defending the case only on the basis that he did not authorise publication in this country.

6. *"...The only action taken is that Khalid bin Mahfouz, founder of National Commercial Bank, Saudi Arabia's biggest bank, is placed under house arrest and majority control in the Bank is bought out by the Saudi Government. The Saudi Government won't allow US Officials to talk to bin Mahfouz, despite asking "at a very senior level". By 9/11, he is in a hospital and technically no longer under house arrest"*

6.1 As stated, Sheikh Khalid bin Mahfouz has never been placed under "house arrest".

6.2 You make the implication that Sheikh Khalid bin Mahfouz was forcibly bought out by the Saudi Government, as a result of the phantom audit. For your information, in 1997 Sheikh Khalid bin Mahfouz sold 20.70% of NCB to a group of individual investors in order to facilitate the transition of the bank from an unlimited liability partnership to a joint stock company, which was established on 1 July 1997. This move was part of a long-term strategy to prepare the bank for an Initial Public Offering. In 1999, the family sold a 50% interest in NCB to the Saudi Public Investment Fund. The family sold their remaining shares to the Saudi Public Investment Fund at the end of 2002. There was no forced buy-out of his stake in NCB.

7. *"May 1996...French Intelligence secretly monitored a meeting of Saudi billionaires at the Hotel Royale Monceau in Paris this month with the financial representative of al-Qaeda... According to French terrorism expert, Jean-Charles Brisard and/or reporter Greg Palast, there were about 20 people at the meeting, including: ... Saudi billionaire Khalid bin Mahfouz..."*

This allegation is wholly untrue. Our client has never attended any meeting with any representatives of al-Qaeda.

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As you are doubtless aware, our client has already been forced to take steps to vindicate his reputation in this jurisdiction in respect of other defamatory publications. In our client's libel action against Associated Newspapers, *The Mail on Sunday* published an apology after a Statement in Open Court was read on 13 January 2004 in which the newspaper acknowledged that there was "*no truth whatsoever*" in the serious and defamatory allegation that our client has supported or funded Osama bin Laden's terrorist activities. The newspaper accepted that our client and his family abhor terrorism in every way. The newspaper also agreed to pay our client substantial damages and costs. Furthermore, in a Statement in Open Court on 15 March 2004, the publisher Pluto Press and the author Michael Griffin offered a comprehensive apology and substantial damages to our client and Nimir Petroleum, the London-based oil company owned by our client's sons, following publication of a book alleging that our client funded bin Laden's and al-Qaeda's terrorist activities. We attach copies of both Statements in Open Court.

Sheikh Khalid bin Mahfouz is concerned to ensure that any reporting about him is entirely fair and accurate. He is disappointed that you failed to make any attempt to contact him or his representatives with regard to the statement made in the Article. This is inexplicable considering the plethora of information that is now publicly available on the bin Mahfouz family website (www.binmahfouz.info) about him. Allegations such as those set out in the Article are extremely distressing to Sheikh Khalid bin Mahfouz and his family.

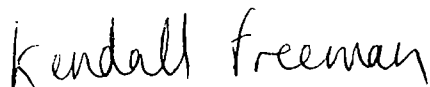
There can be no doubt that the Article is grossly defamatory of Sheikh Khalid bin Mahfouz. However, given that the immediate withdrawal of the Article from your website and a correction and apology is more important to Sheikh Khalid bin Mahfouz than money, he is prepared to accept the following undertaking in full and final settlement of his complaint, provided that matters can be resolved without him having to issue proceedings:

1. The immediate withdrawal of the Article from www.cooperativeresearch.org; and
2. The publication of a correction and apology to Sheikh Khalid bin Mahfouz on suitable terms to be agreed on the website, together with a report on the recent settlements with *The Mail on Sunday* and Pluto Press/Michael Griffin.

If, however, Sheikh Khalid bin Mahfouz is forced to issue proceedings in relation to this matter, he expressly reserves the right to seek the full range of remedies available to him in respect of the defamatory allegations in the Article, including a substantial award of damages.

We look forward to hearing from you within 21 days of this letter.

Yours faithfully



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Corrections and clarifications

A story on Oct. 29, 1999, titled "Saudi money aiding bin Laden," contained several errors. The report, attributed to interviews with unnamed intelligence sources, stated that the Saudi royal family ordered an audit of Saudi Arabia's National Commercial Bank and its founder and former chairman, Khalid bin Mahfouz. A spokesman for Mahfouz has denied that the royal family ever ordered such an audit, and the bank has denied that any such audit was conducted. USA TODAY has not been able to locate any record of such an audit and has no reason to believe that one was conducted, though other, routine audits may have occurred.

The report also suggested that as a result of the audit, Mahfouz had been placed under "house arrest" while hospitalized. Representatives of Mahfouz have stated that while Mahfouz was hospitalized for health reasons at the time of the article, he was not under house arrest, and USA TODAY has no reason to believe that he was.

The article also incorrectly noted that Mohammad Hussein al-Amoudi had succeeded Mahfouz as chairman of National Commercial Bank. In fact, Mahfouz's successor was Abdullah Bahamdan. As to the article's statement that Amoudi headed Capitol Trust Bank, representatives of Amoudi have asserted that he never served as chairman of Capitol Trust Bank.

As well, USA TODAY attributed to intelligence officials claims that Saudi money transfers to Islamic charities financed terrorism by Osama bin Laden, including the attempted assassination of Egyptian President Hosni Mubarak. The role of certain charities continues to be a subject of litigation and federal investigation, but the assertions about the attempted Mubarak assassination appear to have originated with a widely cited report in the newsletter *Africa Confidential*. The newsletter subsequently retracted its claims and apologized in court for having made them. Representatives of Mahfouz believe the article may be read to suggest that Mahfouz was among those who allegedly paid "protection money" to bin Laden to stave off attacks on their businesses. USA TODAY disagrees with that assertion; in any event, no such



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implication was intended.

The story was written by Jack Kelley, a reporter who was found recently to have fabricated several high-profile stories. In this case, the story's assertions had been widely reported and subsequently retracted by others.

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STATEMENT IN OPEN COURT

Solicitor for the Claimant:

1. My Lord, I appear on behalf of the Claimant, Sheikh Khalid Bin Mahfouz. My friend, Mr Niri Shanmuganathan, appears on behalf of the Defendants, who are respectively, a Journalist writing for the Third Defendant; the editor of the *Mail on Sunday* and its supplement, *Financial Mail on Sunday* (issued with and as part of the *Mail on Sunday*); and, the publisher of the *Mail on Sunday*.
2. Sheikh Khalid Bin Mahfouz is a 54 year old Saudi Arabian businessman.
3. On 27 October 2002, the Third Defendant published an article entitled "Bin Laden's Texan Banker Haunts Bush" (the "Article") in *Financial Mail on Sunday*. The Article suggested that Sheikh Khalid Bin Mahfouz:
 - (a) is the brother-in-law of Osama Bin Laden and assisted terrorism by funding Bin Laden;
 - (b) was Chief Operating Officer of the Bank of Credit and Commerce International ("BCCI") and participated in BCCI's alleged involvement in manipulating markets, arms trafficking and supporting international terrorism;
 - (c) was dismissed from the National Commercial Bank of Saudi Arabia for suspected illegal funding of monies to Islamic charities supporting terrorism, following an audit which uncovered the diversion of monies.
4. There is no truth whatsoever in any of these serious and defamatory allegations. Sheikh Khalid Bin Mahfouz is not the brother-in-law of Osama Bin Laden and has never supported or funded Bin Laden's terrorist activities. Sheikh Khalid Bin Mahfouz and his family abhor terrorism in every way. He was never a chief operating officer of BCCI, he resigned from National Commercial Bank for health reasons and there was no audit at NCB which uncovered illegal funding of monies. The Defendants have now accepted that the allegations which they made against Sheikh Khalid Bin Mahfouz are unjustified. The Third and First Defendants have therefore undertaken to the Court not to repeat the allegations complained of and the Third Defendant has agreed to publish an apology in agreed terms in the next edition of *Financial Mail on Sunday*. In addition, by way of acknowledgement of the embarrassment and distress caused to Sheikh

Khalid Bin Mahfouz and his family, the Defendants have agreed to pay Sheikh Khalid Bin Mahfouz substantial damages which he is donating to UNICEF, together with a contribution to his legal costs.

5. An agreed draft Order has been handed up which the parties invite the Court to make. On that basis, Sheikh Khalid Bin Mahfouz considers that his purpose in bringing this action has been achieved and he is prepared not to pursue the action further.

Solicitor for the Defendants:

6. My Lord, on behalf of the Defendants to this claim, I confirm what my friend has said. Through me, the Defendants sincerely apologise to Sheikh Khalid Bin Mahfouz and his family for the distress and embarrassment caused to him as a result of the allegations made in *Financial Mail on Sunday* referred to by Mr Harris.

Solicitor for the Claimant:

7. My Lord, with that, Sheikh Khalid Bin Mahfouz is content to let the matter rest. All that remains is for me to ask your Lordship's permission for an Order in the terms of the draft.

ANNEXE

STATEMENT IN OPEN COURT

Solicitor for the Claimant:

My Lord, I appear on behalf of the Claimants, Sheikh Khalid Bin Mahfouz and Nimir Petroleum Limited. My friend, Mr John Rubinstein, appears on behalf of the Defendants, who are Mr Michael Griffin, a freelance writer, and Pluto Press Limited, a publisher.

Sheikh Khalid Bin Mahfouz is a 54 year old Saudi Arabian businessman. Nimir Petroleum Limited is an oil exploration company with its registered office in London. It is owned by Sheikh Abdulrahman Bin Mahfouz and Sheikh Sultan Bin Mahfouz, who are sons of Sheikh Khalid.

In the autumn of 2003, the First Defendant wrote and the Second Defendant published a revised edition of a book entitled *Reaping the Whirlwind*. The book made a number of serious and highly defamatory allegations about Sheikh Khalid. These included that:

- (a) Sheikh Khalid is a funder of and supporter of Osama Bin Laden and Al Qa'ida;
- (b) Sheikh Khalid transferred funds used to finance Al Qa'ida attacks including the 1995 assassination attempt on President Mubarak of Egypt; those transfers were discovered as a result of a Saudi Government audit of National Commercial Bank of Saudi Arabia; and
- (c) in consequence of this discovery, the Saudi authorities forcibly bought Sheikh Khalid's shares in the National Commercial Bank, stripped him of his Saudi passport and confined him to a military hospital.

The book also made two serious and highly defamatory allegations about the Second Claimant, namely that:

- (a) Nimir Petroleum is owned by a funder and supporter of Osama Bin Laden and Al Qa'ida; and
- (b) Nimir Petroleum was a party to negotiating with the Taliban regime in connection with an oil pipeline to be built across Afghanistan.

There is no truth whatsoever in any of these allegations. Neither Sheikh Khalid Bin Mahfouz nor Nimir Petroleum have any connection with Osama Bin Laden and have never supported terrorism or Al Qa'ida in any way. There was never any secret audit of National Commercial Bank which uncovered any transfers by Sheikh Khalid Bin Mahfouz which supported terrorism, nor has the Saudi Government ever taken any action against Sheikh Khalid Bin Mahfouz to punish him for alleged links to terrorism. Moreover, Nimir Petroleum was not involved in any Afghan oil pipeline project and has never had any dealings with the Taliban regime. Sheikh Khalid Bin Mahfouz and his family abhor terrorism in every way.

Mr Griffin and Pluto Press have accepted that the allegations which they made against Sheikh Khalid Bin Mahfouz and Nimir Petroleum are wholly unjustified. They have therefore undertaken to the Court not to repeat the allegations complained of and to publish an apology in agreed terms on Pluto Press's website, in the Bookseller magazine and in the British Institute of Middle East Studies Newsletter. They have also agreed to destroy all unsold copies of the book. In addition, by way of acknowledgement of the grave embarrassment and distress caused to Sheikh Khalid Bin Mahfouz and Nimir Petroleum, Mr Griffin and Pluto Press have agreed to pay substantial damages which the Claimants are donating to UNICEF. Mr Griffin and Pluto Press will also be paying the Claimants' legal costs.

An agreed draft Order has been handed up which the parties invite the Court to make. On that basis, the Claimants consider that their purpose in bringing this action has been achieved and they are prepared not to pursue the action further.

Solicitor for the Defendants:

My Lord, on behalf of Michael Griffin and Pluto Press, I confirm what my friend has said. Through me, Mr Griffin and Pluto Press sincerely apologise to Sheikh Khalid Bin Mahfouz and Nimir Petroleum for the grave distress and embarrassment caused to them as a result of the wholly untrue and unjustified allegations made in *Reaping the Whirlwind* referred to by Mr Harris.

Solicitor for the Claimant:

My Lord, with that, Sheikh Khalid Bin Mahfouz and Nimir Petroleum are content to let the matter rest. All that remains is for me to ask your Lordship's permission for an Order in the terms of the draft.