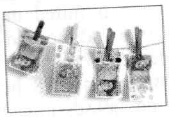
MONEY LAUNDERING

Better call Saul



ANOTHER name can be added to the roster of expensive London law firms helping the world's kleptocrats stash their wealth in the UK.

Last year the Pandora Papers leaks, shared by the International Consortium of Investigative Journalists, cast new light on how Azerbaijan's ruling Aliyev family amassed a £410m property empire between 2006 and 2017. The Sarajevo-based Organized Crime and Corruption Reporting Project found that this included four apartments worth a combined £5m in The Knightsbridge, a luxury development opposite Hyde Park. They had been bought in 2006 for Arzu Aliyeva, daughter of Azerbaijan's long-serving autocratic ruler Ilham Aliyev. Another apartment in the same development, worth £13.5m, was purchased in 2017 for her grandfather Arif Pashayev. All five apartments were later transferred into an Aliyev family trust.

On top of this, a sprawling estate near Haywards Heath, West Sussex, called Drewitts, had been bought by Azeri businessman and close Aliyev associate Ashraf Kamilov. In all these property purchases, boutique City law firm Raymond Saul & Co was given in land registry documents as the correspondence address for the anonymous British Virgin Islands companies used to acquire them.

Raymond Saul & Co has a history of acting for dubious clients. When Asif Ali Zardari, husband of 1990s Pakistan prime minister Benazir Bhutto, got into hot water over a 15-bedroom mansion with 350-acre grounds in Godalming, Surrey, called Rockwood, he turned to Raymond Saul for help.

The estate had been purchased in 1995 – during Bhutto's second term in office – using three Isle of Man companies. In 2006, the Pakistan government alleged Bhutto and Zardari had "funded and refurbished" the £4.35m estate "from secret commissions or bribes they obtained in connection with contracts entered into by Pakistan or its agencies", and went to the high court in London to recover the money.

Court documents show that when the Isle of Man companies were liquidated in 2003, Raymond Saul & Co wrote to liquidators on behalf of Zardari saying the latter did not claim to be the estate's ultimate owner – only for the politician to acknowledge in subsequent court proceedings that he was actually the owner.

At the time, evidence of the Bhutto family's looting was not hard to come by. In 1998, the *New York Times* quoted government sources who estimated Bhutto's "family and associates" had stolen $1.5bn "through kickbacks in virtually every sphere of government activity – from rice deals, to the sell-off of state land, even rake-offs from state welfare schemes". Both denied the allegations.

For his role in alleged corruption schemes, Zardari earned the nickname "Mr 10 Percent" and was imprisoned in Pakistan between 1996 and 2004. But that didn't stop him becoming president in 2008 after Bhutto's assassination – or indeed Raymond Saul acting for him while he was in prison. The firm had not responded to the *Eye*'s request for comment at the time of going to press, though would doubtless say it follows all relevant regulations.

When the Chatham House think tank last month reported on "The UK's Kleptocracy Problem", it identified 99 deals in which post-Soviet oligarchs and kleptocrats had bought property in London and south-east England, including the Aliyev deals. "British professional service providers enable post-Soviet elites to launder their money and reputations," it concluded (as *Eye* readers have long appreciated). None more so than our reputable legal profession.

Repeat cycle

A £64m fine last month for HSBC over "serious weaknesses" in its money laundering procedures isn't much of an endorsement for the bank's supposedly extensive overhaul after a $1.9bn US penalty in 2012.

After the US authorities found rampant laundering through branches throughout the bank's global business, around the same time as tax evasion in its Swiss operations was revealed, HSBC set up a special "financial systems vulnerabilities" committee to put things right. It was chaired by ex-MI5 boss Sir Jonathan (now Lord) Evans and included other luminaries such as former HM Revenue & Customs boss Dave Hartnett.

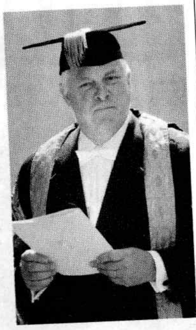
Britain's Financial Conduct Authority has now concluded that at times between 2010 and 2018 (for most of which time the committee was meant to be active) HSBC hadn't taken into account relevant indicators of money laundering when processing transactions and hadn't monitored how accurate its data was.

"HSBC's transaction monitoring systems were not effective for a prolonged period despite the issue being highlighted on numerous occasions," said FCA enforcement director Mark Steward. The "failings are unacceptable and exposed the bank and community to avoidable risks". As the FinCen Files leaks showed in 2020, on the ground the result of HSBC's slackness was continued flows of dubious funds through the bank, notably in South America and Hong Kong.

Lord Evans resigned from his watchdog role at HSBC after criticism that it conflicted with a new job as... chairman of the Committee on Standards in Public Life, opining on how lots of other people should do their jobs.

CHRIST CHURCH

Plotters thicken



AS 2022 begins, the trustees of Christ Church Oxford are feeling the hot breath of Nemesis on their necks.

The Charity Commission has asked questions about the college's governance, and in particular the governing body's enormous expenditure on lawyers and PR consultants in their efforts to defenestrate the Dean (*Eye* 1562). Then, in the Christmas post, came a letter from Oxford's chancellor Lord Patten *(pictured)* and vice-chancellor professor Louise Richardson, requesting an invitation to the next meeting of the governing body "to discuss the protracted and ongoing dispute with the Dean and the damage it is doing to the reputation of the collegiate university".

There followed 48 hours of frantic consultation between key figures in the anti-Dean cabal. In a heated email chain seen by the *Eye*, college grandees declared themselves "furious" at the "interference" by Patten, who was a "dinasour" (sic). "This is at the very best stupidity," said one professor. "The gloves have to come off," said another. They discussed how they could "humiliate" Patten and Richardson.

The Christ Church Censors sought advice from Pagefield, an expensive London PR firm where the college's account is handled by Martin Townsend – a former editor of *OK!* Magazine and the *Sunday Express*, best known for persuading Anthea Turner to accept a promotional deal posing with chocolate bars at her wedding. Townsend owes his career to Richard "Dirty" Desmond, who made a fortune from titles such as *Asian Babes* and *Horny Housewives*. He is "proud to call [Desmond] my mentor".

The other hands-on adviser is Pagefield's founder Mark Gallagher. Besides sitting on the personal advisory group of Archbishop Justin Welby, Gallagher was retained in 2020 by Prince Andrew to help restore his reputation – but had to step aside in 2021 after the *Mail on Sunday* exposed his botched plan to discredit Epstein victims by setting up a fake Twitter account to "entrap" them. However, he still advises the prince "in a private capacity".

Townsend and Gallagher may not be in an ideal position to tell Christ Church plotters how to assume the moral high ground against the saintly Lord Patten, but they are clearly not afraid to give it a go – for a fee.

PENSION SCHEMES

Nest eggs

THE government-sponsored pension scheme, Nest, set up a decade ago as the coalition government required employers to "auto-enrol" workers, has had a fruitful start in life. Its members, currently standing at more than 10m people with £20bn of savings, have enjoyed double-digit returns in most Nest funds thanks to booming stock markets.

But with governments consistently demanding that pension investments support British businesses, might the organisation that is backed by the Department for Work & Pensions and officially answers to parliament have done a bit more?

Nest's latest annual report, listing its 100 largest investments, shows the biggest investment in any British business to be only its 50th largest shareholding. Even then, it's hardly priming an engine of UK productivity, as the company in question is management consultancy Accenture. Only a couple of other UK companies, plus some property, feature in the top 100 investments.

Nest puts its serious money into the usual suspects of Apple, Microsoft, Amazon, Alphabet (Google) and Facebook – in that order. Of its top 20 shareholdings, 15 are American and two Chinese (Alibaba and Tencent). Perhaps employers and employees attracted to the British character of Nest might have preferred some of their hard-earned to fund their own and future workers' prospects.

A look at Nest's specific funds also shows a somewhat unimaginative approach. The largest investment in its "ethical" fund is Apple, tax dodger *par excellence* and also recently hauled over the coals by a number of international authorities for anti-competitive practices related to its App store.

None too reassuring, either, is the news last month that the National Audit Office had to "qualify" Nest's corporate accounts for making unauthorised payments, running to £125,000 to certain staff to retain them, without seeking Treasury approval as required (and denied retrospectively).

When the organisation was being formed in 2011, *Eyes* 1254 and 1256 pointed out the apparent cronyism at the top, such as how the chief investment officer got the job at Nest's pre-cursor body while his best man was business delivery director, while other executives emerged from the same consulting firm. It seems the Nest might still be a little too comfortable.