

Scenario 93

US Senate Report on ZARDARI's Money Laundering

which was **placed before the US Congress** – well before when the NRO was being coined in **America in 2006** to get negotiations between Benazir Bhutto and President Gen Musharraf – which was then agreed in July 2007 in a Middle Eastern state

Mian Nawaz Sharif & Mr Asif Ali Zardari,

The owners of the Pakistan's two biggest political parties PML(N) & PPP, always claimed that the media has been maligning their reputation by discussing the mega – corruption stories wrongly attributed to them.

Both the leaders and their cronies take shelter behind the respective court verdicts. The investigations into all the cases against both of them were duly investigated whether by the police or FIA or NAB - the files were authentic in all respects.

Both the leaders have brewed maximum benefits out of the 170 years old CrPC & Evidence standards and Pakistan's bogus '**Court – Kutchehry**' system. All they were let off with connivance of some rogue judges like Malik Qayyum and CJP Iftikhar M Chaudhry.

Pakistan's poor populace believed that the two leaders were innocent – not at all. They were let off by the Kangaroo Courts and slave judges sitting inside wrapped in black. Clearance by the courts does not mean that they were not corrupt. Here are the authentic reports.

BENAZIR DIED FOR DEMOCRACY?

Many of my friends may differ from this viewpoint but this is the picture of BB what the western media have gradually developed for the Bhuttos; one should have courage to analyse it, too.

Pakistan saw Bhutto dynasty emerge after the judicial murder of Zulfikar Ali Bhutto in April 1979 at the hands of Gen Ziaul Haq and Benazir Bhutto was his political heir who lived and died a controversial figure.

An insecure and inexperienced young woman at that time, Benazir was named political successor by her father from his death cell. From an apprentice to run Bhutto's political legacy, she matured into a perceptive politician, aggressive and enlightened, riding the sympathy wave created by her father's tragic death and the 'Bhutto' name she inherited.

Benazir Bhutto, the first woman prime minister of Pakistan, had soon lost the gentle womanly touch in her personality, becoming manipulative and callous. She was a brilliant, charismatic, shrewd, ambitious, self centered and autocratic but with instinctive hatred for dissent like her father. Machiavellian in mindset, both father and daughter behaved identically **but with one difference that Z A Bhutto had no greed for money.**

Referring to Shahid R Siddiqui's essay available at 'Axisoflogic.com' ***dated 27th December 2009***, written on BB's 2nd anniversary:

'Despite her claim that she stood for the poor, Benazir remained an elitist. She preferred to live in Cannes after her father's death – an expensive resort city of French Riviera. And when came time to contest her first election, she chose the slums of Lyari (Karachi) as her constituency.

How ironic: someone who lived in one of the richest places of Europe came to represent the poorest of the poor in Pakistan? But [even then] Lyari remained the poorest slum in Karachi and a hub of crime, despite her two stints as prime minister.'

After assuming power, Benazir Bhutto mastered the art of manipulation and deception – forget democracy. She ran [rather ruled] her party as an autocrat; appointed herself as party '**chairperson for life**' – no dissent

and no challenge to her authority. The authority then passed on to her husband Mr Zardari and then to her son Bilawal.

During her two stints as prime minister, Benazir Bhutto was dismissed prematurely on charges of mismanagement, corruption, nepotism and social injustice. She nominated her spouse, Asif Ali Zardari as minister in her cabinets twice and gave him a free hand to indulge in unfettered corruption that earned him the name of Mr Ten Percent. Her own younger brother Murtaza Bhutto was murdered in Karachi during her premiership. Murtaza, after returning to Pakistan from exile, had demanded party leadership and his share of the family fortune from Benazir, it was widely believed.

An absconder from law, Benazir Bhutto termed her absence as 'self exile'. In this 'self exile' she continued to maintain her stranglehold over the PPP, knowing that emergence of alternate leadership would mean her political demise. After 2002 elections she refused to let PPP's senior vice chairman Makhdoom Amin Faheem accept Gen Musharraf's offer to become the PM. Feared she would lose her ability to bargain her return to Pakistan with the Army.

Benazir Bhutto's safest bet was to ride the shoulders of Americans and was willing to carry forward their **agenda of 'war on terror'**. Amidst rising voices of 'do more' against the Taliban, she en-cashed the moments to sell her services. She used her charm in the Western capitals to cultivate the political elite and the media, presenting herself as a thoroughbred Western educated lady struggling to restore democracy. For the Americans, she built her image as a brave Muslim woman, secular and liberal.

Benazir Bhutto recited before the Americans her theme song: "**without her, democracy in Pakistan would be a lost cause**" and cut a deal with them. She believed that:

'Washington is behind me. I can't lose this opportunity. I have been waiting for it for nine years. We need to get Pakistan democratic again. I am needed here. It is now or never.'

Politically devastated Gen Musharraf fell before the American pressure and accepted a power sharing formula, absolving her of all corruption charges through US brokered legislation called '**National Reconciliation Ordinance [NRO]**' that washed off her and her spouse's sins.

She returned to Pakistan amidst chants of "long live Benazir"; democracy never figured in the deals she had made in Washington – but she died on

27th December 2007 while chasing power. Her death remained a mystery. ***Many attribute her death to Al Qaeda or Taliban but the more popular belief was that she paid the price for breaking her promises with the US.***

Benazir Bhutto had inherited the PPP from her father and passed it on as family heirloom upon her death. Zardari pulled out and gestured **'her will'**, scribbled on a piece of paper and waved it before the party's executive council whose members were too stunned to challenge it and the party went usurped. Most ridiculously, her teenage son Bilawal hastened to suffix his name with 'Bhutto' to secure Pakistan's throne in the future; which he got at *Benazir's 6th anniversary on 27th December 2013* at last.

To disinfect their image, Benazir Bhutto's political successors coined slogans such as **"Benazir died for restoration of democracy"**; even the Americans branded her a *'champion of democracy'*.

But contrarily, **"the obituaries painting her [Benazir Bhutto] as dying to save democracy - distorting history"**, said William Dalrymple in **'New York Times' dated 4th January 2008.**

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Let us move a step further.

US Senate Report on Corruption and Money Laundering, provided to the media in April 2006, alleged that **Asif Ali Zardari** had stolen over one billion Dollars from Pakistan and Citibank helped him in money laundering. According to this report, during the period 1994 to 1997, Citibank opened and maintained three private bank accounts in Switzerland and a consumer account in Dubai for three corporations under Mr Zardari's control. Some of these accounts were used to disguise million in kickbacks for a gold importing contract to Pakistan.

ARY GOLD LICENSE DEAL [1994]:

Mr Zardari's relationship with Citibank began in October 1994, through the services of Kamran Amouzegar, a private banker at Citibank in Switzerland and Jens Schlegelmilch, a Swiss lawyer who was the Bhutto family's attorney in Europe and close personal friend for more than 20 years.

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According to Citibank, Mr Schlegelmilch represented to Mr Amouzegar that he was working for the Dubai royal family and he wanted to open some accounts at the Citibank branch in Dubai. Mr Schlegelmilch had a Dubai residency permit and a visa signed by a member of the Dubai royal family. Mr Amouzegar agreed to introduce Mr Schlegelmilch to a banker in the Citibank branch in Dubai.

At Dubai Citibank, Mr Schlegelmilch told the banker that he wanted to open an account in the name of **M S Capricorn Trading, a British Virgin Island PLC**. The stated purpose of the account was to receive money and transfer it to Switzerland. The account was opened in early October 1994. Mr Schlegelmilch also informed the Dubai banker that he would serve as the representative of the account and the signatory on the account. Under Dubai law, a bank is not required to know an account's beneficial owner, only the signatory.

Citibank told the US Senate Sub-committee that Mr Schlegelmilch did not reveal to the Dubai banker that Mr Zardari was the beneficial owner of that PLC, and the account manager never asked him the identity of the beneficial owner of the account. Instead, the bank assumed that the beneficial owner of the account was some member of the royal family who had signed Mr Schlegelmilch's visa. Shortly after opening the account in Dubai, Mr Schlegelmilch signed a standard referral agreement with Citibank Switzerland.

On 27th February 1995, Mr Schlegelmilch, working with Mr Amouzegar, opened three accounts at the Citibank Switzerland. The accounts were opened in the name of M S Capricorn Trading, which already had an account at Citibank's Dubai branch, as well as Marvel and Bomer Finance, two other British Virgin Island PLCs established by Mr Schlegelmilch. Each private bank account listed Mr Schlegelmilch as the account contact and signatory.

Citibank informed the US Sub-committee that the Swiss Form A (beneficial owner identification form required by the government) identified Mr Zardari as the beneficial owner of each PLC. The decision to allow Mr Schlegelmilch to open the three accounts on behalf of Mr Zardari involved officials at the highest levels of the private bank. The officials were:

- Mr Amouzegar, the private banker;
- Deepak Sharma, then head of private bank operations in Pakistan;
- Phillipe Holderbeke, then head of private bank operations in Switzerland (who became head of the Europe, Middle East, Africa Division in February 1996);

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- Salim Raza, then head of the EMEA Division of the private bank; and
- Hubertus Rukavina, then head of the Citibank private bank [he left the private bank in 1996 and left Citibank in 1999].

Citibank informed the US Sub-committee that the private bank was aware of the allegations of corruption against Mr Zardari at the time it opened the accounts in Switzerland. But the bank officials believed that the family wealth of Benazir Bhutto and Mr Zardari was large enough to support a large private bank account, even though Citibank was not able to specify what actions were taken to verify the amount and source of their wealth.

Bank officials were also aware of the M S Capricorn Trading account in Dubai but there had been no problems with that account. Thus Mr Amouzegar informed his superiors that Mr Zardari was the beneficial owner of the Capricorn account in Dubai when they were considering the request to open the accounts in Switzerland. However, the Dubai account manager was apparently still operating under the assumption that the beneficial owner of the Dubai Capricorn account was a member of the Dubai royal family.

Sub-committee was unable to determine whether Citibank officials were unaware of the serious inconsistency between Citibank Switzerland and Citibank Dubai with respect to the Capricorn Trading account.

Citibank told the US Senate Sub-committee that they decided to allow Mr Schlegelmilch to open the three accounts for Mr Zardari on the condition that their accounts would not be the primary accounts for Mr Zardari's assets; it would function as passive investment accounts only. It was one Mr Holderbeke who signed a memo delineating the restrictions placed on the accounts, including a million aggregate limit on the size of the three accounts, and transaction restrictions requiring the accounts to function as passive, stable investments, without multiple transactions or funding pass-throughs.

None of the other Citibank could be identified with these types of restrictions; in fact they had never accepted a client on the condition that certain restrictions be imposed on the account. One bank representative explained that if the bank felt that it needed to place restrictions on the client's account, it didn't want that type of client. The existence of the restrictions was in themselves proof of the bank's awareness of Mr Zardari's poor reputation and concerns regarding the sources of his wealth.

Movement of Funds; Citibank told the US Senate Sub-committee that, once opened, only three deposits were made into the M S Capricorn Trading account in Dubai. Two deposits, totaling million were made into the account almost immediately after it was opened. Citibank records show that one million deposit was made on 5th October 1994, and another was made exactly the next day. The source of both deposits was A R Y International Exchange, a company owned by Abdul Razzak Yaqub, a Pakistani gold bullion trader living in Dubai.

The fact remains that after receiving those transactions, the Bhutto government awarded Mr Razzak an exclusive gold import license in December 1994. In an *interview with the New York Times* during same days, Mr Razzak had acknowledged that he had used the exclusive license to import millions worth gold into Pakistan. Mr Razzak though denied making any payments to Mr Zardari but could not explain the two million payments in Zardari's accounts with Citibank.

Late **Benazir Bhutto had told the US Senate Sub-committee** that since ARY International Exchange was a foreign exchange business, the payments did not necessarily come from Mr Razzak, but could have come from a third party who was merely making use of ARY's exchange services. When the Senate staff invited Ms Bhutto to provide additional information on the M S Capricorn Trading accounts, she was not able to do so either.

On 25th February 1995, a third deposit of eight million was made into the Dubai M S Capricorn Trading account. That payment was made through American Express, with the originator of the account listed as Morgan NYC; the Citibank indicated it did not know who Morgan NYC was, nor about the source of that eight million.

All of the funds in Dubai account of M S Capricorn Trading were moved to the Swiss accounts in the spring of 1995. **On 6th March 1995, \$8.1 million was transferred; on 5th May 1995 another \$10.2 million was transferred;** both transfers were in US dollars and were routed through Citibank's New York offices. Citibank informed the Senate's Sub-committee that M S Capricorn Trading closed its Dubai account shortly after the last transfer was completed.

SURREY PALACE FROM A SUGAR MILLS?

Citibank further indicated that significant amounts of other funds were also deposited into the Swiss accounts. As described below, the \$40 million cap

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was reached, and millions of additional dollars also passed through those accounts. However, Swiss bank secrecy laws prevented the US Senate Subcommittee from obtaining the details on the transactions in the Zardari accounts. In 1996, the Swiss Citibank conducted a number of reviews of the Zardari Swiss accounts, finally deciding in October to close them.

The first review was taken in early 1996, triggered by increasing publicity about allegations of corruption against Mr Zardari. Citibank's Holderbeke, Saleem Raza, Deepak Sharma and Amouzegar participated in the review, and apparently concluded that the allegations were politically motivated and that the accounts should remain open.

In March or April 1996, Mr Amouzegar asked that the overall limit on the Zardari accounts be increased, from \$40 million to \$60 million, apparently because the accounts had reached the previously imposed limit of million; Holderbeke considered the request but declined to increase the limit.

In June 1996, as per press reports, Mr Zardari had purchased real estate in London triggered still another review of the Zardari accounts. Swiss Citibank internally discussed the source of the funds for the property purchase. Mr Amouzegar and Mr Raza then met with Mr Schlegelmilch, who had informed them that funds were deposited into the Citibank accounts, then transferred to another PLC account outside of Citibank and used to purchase the property.

Mr Schlegelmilch had indicated the funds had come from the sale of some sugar mills [in Pakistan] and were legitimate; but no one else validated the information about the sale of the sugar mills. In addition, even though this account activity violated the condition imposed by Citibank that the accounts were not to be used as a pass through for funds, the accounts were kept open.

In July 1996, after Mr Amouzegar left the private bank to open his own company, another private banker, Cedric Grant, took over management of the Zardari accounts. Mr Grant reviewed the Zardari accounts about one month later to familiarize himself with them.

In September 1996, print media in Pakistan repeatedly raised questions about corruption by Mr Zardari and Ms Bhutto. On 20th September, Ms Bhutto's only surviving brother, Murtaza Bhutto, was assassinated and ***Nusrat Bhutto accused Benazir Bhutto and Mr Zardari of masterminding the murder, because the brother had been leading opposition to Ms Bhutto.***

In October 1996, Mr Grant completed his review of the Zardari accounts and provided a written analysis to Holderbeke, Sharma and Raza; indicating numerous violations of the account restrictions imposed by Citibank, including multiple transactions \$40 million and other dubious funding pass-throughs. The accounts had functioned more as checking accounts than passive investment accounts, directly contrary to the private bank's restrictions.

[The above exercises seemed to be all paper work; otherwise the Swiss bankers were not kids – they knew that A/C holders Zardari & Benazir Bhutto's government had gone.]

Apparently, well over million had flowed through the accounts, though Senate Sub-committee staff was unable to ascertain the actual amount because Swiss bank secrecy law prohibited Citibank from sharing that information with the Sub-committee. Citibank had indicated that Mr Amouzegar had either ignored or did not pay attention to the account activity. Mr Grant recommended closing of the Zardari's accounts which were subsequently closed by January 1997.

SWISS LEGAL PROCEEDINGS:

On 8th September 1997, the Swiss government issued orders freezing the Zardari and Bhutto accounts at Citibank and three other banks in Switzerland at the request of the Pakistani government.

Since Citibank had closed its Zardari accounts in January 1997, it took no action nor did it make any effort to inform US authorities of the accounts until late November 1997. Citibank contacted the Federal Reserve and OCC in anticipation of a ***New York Times article of January 1998***, alleging that Mr Zardari had accepted bribes.

On **8-11th December 1997**, Citibank briefed the OCC and the Federal Reserve about the accounts and the steps it had taken in the Zardari matter. These steps included:

- Closing all of the accounts that had been referred by Mr Schlegelmilch;
- Terminating his referral agreement;
- Reviewing all of the accounts opened in the Dubai office;
- Tightening up account opening procedures in Dubai.

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Citibank did not identify any changes made or planned for the Swiss office, even though the majority of the activity with respect to the Zardari accounts had taken place in Switzerland.

On 5th December 1997, Citibank prepared a **Suspicious Activity Report** on the Zardari accounts and filed it with the Financial Crimes Enforcement Network at the US Department of Treasury. The filing was made fourteen months after its decision to close the Zardari accounts; after Mr Zardari was arrested in November 1996 on corruption charges. Two months later, the Swiss government ordered four Swiss banks (including Citibank Switzerland) to freeze all Zardari accounts.

In June 1998, the Swiss government indicted Mr Schlegelmilch and two Swiss businessmen, the former senior executive vice president of SGS and the Managing Director of Cotecna, for money laundering in connection with kickbacks paid by the Swiss companies for the award of a government contract by Pakistan.

In July 1998 Mr Zardari, and **in August 1998** Benazir Bhutto were indicted for violation of Swiss money laundering law in connection with the same incident.

In October 1998, Pakistan government also indicted Mr Zardari and Ms Bhutto for accepting kickbacks from the two above named Swiss companies in exchange for the award of a government contract.

On 15th April 1999, after an 18-month trial, Pakistan's Lahore High Court convicted Ms Bhutto and Mr Zardari of accepting the kickbacks and sentenced them to 5 years in prison, fined them \$8.6 million and disqualified them from holding public office. Ms Bhutto, departed for London then and denounced the decision. Mr Zardari was sent in jail; additional criminal charges were pending against both in Pakistani courts till late and the echo continued to stir media and the Parliament till 2013.

Going back for a while; **on 11th December 1997**, Citicorp's Chairman John Reed wrote the following to the Board of Directors:

"We have another issue with the husband of Ex-Prime Minister Bhutto of Pakistan. I do not yet understand the facts but I am inclined to think that we made a mistake. More reason than ever to rework our Private Bank."

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Mr Reed held that it was the combination of the Salinas and Zardari accounts that made him charge Mr Aziz, bank's new head, with taking a hard look at the bank's public figure policy and public figure accounts. The Zardari case history had raised issues involving due diligence, secrecy and public figure accounts.

The Zardari case history started with the Citibank Dubai branch's failure to identify the true beneficial owner of the M S Capricorn Trading account. In Switzerland, Citibank officials opened three private bank accounts despite evidence of impropriety on the part of Mr Zardari. *Citigroup's John Reed was once advised by Citibank officials when going to Pakistan in February 1994 that he should stay away from Mr Zardari; that he was not a man with whom the bank wanted to be associated.* Yet one year later, they opened three accounts for Mr Zardari in Switzerland.

Citibank were unable to confirm that if the bank employees verified that Mr Zardari had a level of wealth sufficient to support the size of the accounts that he was opening. In addition, the Swiss managers took no action to validate the legitimacy of the source of the funds that were deposited into the account. For example, there was no effort made to verify the claims that some of the funds derived from the sale of sugar mills.

Citibank also performed no due diligence on the client owned and managed PICs that were the named accountholders. Because the PICs were client-created, the bank should have gathered knowledge of the activities, assets or entities involved with the corporations.

One of the PICs, **Bomer Finance**, had been determined to be a repository for kickbacks paid to Mr Zardari, and those kickbacks tainted funds deposited at the Geneva branch of Union Bank of Switzerland. Documentation was not made available to the US Senate Sub-committee about Bomer Finance's transactions of illicit funds sent to the Citibank accounts.

Another due diligence lapse was the Citibank's failure to monitor the Zardari accounts to ensure that the account restrictions imposed on them were being followed. When officials were presented with evidence in 1996 that the restrictions were being violated, they nevertheless allowed the accounts to continue.

The Zardari accounts in Switzerland were opened one day before **Raul Salinas of Maxico was arrested**. The account was repeatedly reviewed in 1996, after the Salinas scandal became public. Yet there is no evidence

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that anyone in the private bank had been sensitized to the problems associated with handling an account of a person suspected of corruption.

[In November 1995, Raúl Salinas's wife, Paulina Castañón and his brother-in-law, Antonio Castañón were arrested in Geneva, Switzerland after attempting to withdraw \$84 million USD from an account owned by Raúl under an alias. Their capture led to the unveiling of a vast fortune spread around the world and summing to hundreds of millions of dollars, even though he never officially received an annual income of more than \$190,000.

*A report by the US General Accounting Office indicated that Raúl Salinas transferred over \$90 million out of Mexico and into private bank accounts in London and Switzerland, through a complex set of transactions between 1992 and 1994, all with the help of **Citibank** and its affiliates.*

In 2008, the government of Switzerland turned over \$74 million, out of the \$110 million in frozen bank accounts held by Raúl Salinas, to the government of Mexico.

The Swiss Justice Ministry had indicated that the Mexican government had demonstrated that \$66 million of the funds had been misappropriated, and the funds, with interest, were returned to Mexico. The bank accounts were held at Pictet & Cie, Citibank Zurich, Julius Baer Bank, and Banque privée Edmond de Rothschild in Geneva and Zurich.

Other funds were returned to third parties, including Mexican billionaire Carlos Peralta Quintero, who had given the funds to Raúl Salinas to set up an investment company. The Salinas family received back nothing out of the frozen funds.]

From the Salinas scandal in 1995, to the Zardari scandal in 1997, then to the Carlos Gomez fraud in 1998; of the 40 private banks reviewed by the Federal Reserve during its industry wide examination of private banking, only one -- Citibank -- was reviewed in detail by Federal Reserve examiners three years in a row.

The Zardari example also demonstrated the practical consequences of secrecy in private Swiss banking. Citibank claimed that its decisionmaking in the Zardari matter would not be fully explained or documented, since all Citibank officials were subject to Swiss secrecy laws prohibiting discussion of client-specific information.

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The Zardari case had invited a series of critical internal and federal audits between 1992 and 1997 of the Swiss office. The shortcomings identified in the audits included policies, procedures, and problems that affected the management of the Zardari accounts. They included:

- Failure of the "corporate culture" in the Swiss office to foster "a climate of integrity, ethical conduct and prudent risk taking by US standards";
- Inadequate due diligence;
- "Less than acceptable internal controls";
- Lack of oversight and control of third party referral agents such as Schlegelmilch; and inadequate monitoring of accounts.

In December 1995, the Swiss Citibank Branches received the lowest audit score received by any office in the private bank sector during the 1990s. These audit scores indicated that the office's poor handling of the Zardari accounts was part of poor account management.

In the Senate Report '**Los Angeles Times' dated 17th May 1994** is also referred saying that:

"The Troubled Reign of Bhutto II: Many Pakistanis blame Bhutto's abrupt removal in August, 1990, on the unsavory reputation acquired by her husband, Asif Zardari, a polo-playing contractor dubbed 'Mr. Ten Percent' for the rake-off he was said to take from government contracts."

The said report had summarized the Minority Sub-committee staff investigation into the US private banks and their vulnerability to money laundering. Zardari's investigation had guided them that *'the products, services and culture of the private banking industry present opportunities for money launderers, and that without sound controls and active enforcement, private banking services have been and will continue to be used by those intent on laundering money.'*

The above Zardari Report was not out till mid July 2002 even. Despite so many cases tried in Pakistani courts against former PM Benazir Bhutto and her husband Asif Ali Zardari, no body knew how much money did the couple make or what was the exact size of the accounts.

BENAZIR DENIED ALLEGATIONS:

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Ironically, Citibank, which hosted some of these accounts, officially released detailed information about the amount parked with it, a figure well over \$60 million, accumulated between 1995 and 1997; the prime time of Benazir Bhutto's second tenure as prime minister. Some patchy details of those accounts emerged in various cases, but nothing credible until the Citibank revealed it all.

Referring to ***SA Tribune [since died] dated 20-26th July 2002***, ISSN: 1684-0275, late Benazir Bhutto staunchly defended her husband and denied there existed any Zardari accounts with Citibank, saying that:

"The (Pakistani) regime has alleged that some companies belong to my husband. There's a difference between company accounts and Senator Zardari's accounts. So, I have still to see a statement where it has been said Senator Zardari has 60 million dollars.

But, even if Senator Zardari had 60 million dollars, I would put the question, where is the corruption? From where did the proceeds come? But that is a separate issue."

The facts which emerged from the Citibank statements to the US Senate Sub-Committee, however, established that Asif Zardari was the beneficial owner of the above discussed company accounts, according to Swiss government records. But Benazir continued to say that:

"It is all baseless. Its incorrect, its baseless and its incorrect. I have seen the Citibank and nowhere has it been said. The Pakistani regime has alleged that certain companies belonged to Senator Zardari and in the period that we were.....these accounts were started...not when we were there...the period when these accounts were opened were times when laws were different.

The beneficial owners were not there. Ok? So, there was an absolute lack of evidence linking Senator Zardari to the disputed accounts. These are disputed accounts, they are disputed properties."

In an interview with the Senate Sub-committee, Citigroup's John Reed told that when he learned of the Zardari accounts he thought the account officer must have been "an idiot." The information was not given to any Pakistani accountability court or officials but to the US Senate Subcommittee on Investigations, supervised by Senator Carl Levin of Michigan, which was probing international money laundering activities.

[***see www.levin.senate.gov/issues***]

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On the US Senate Sub-Committee record, there exists one of the case histories titled as '**Asif Ali Zardari**' (*Full text*). Chairman of the Citibank gave statements before the Committee and Benazir Bhutto also spoke to the Committee staff, and thus knew well about what they were doing and saying.

Pakistan Finance Minister Shaukat Aziz had given written testimony before the Committee staff as he was handling the Citibank shortly before he came to Pakistan as Finance Minister.

By late 1999 the US Senate Sub-committee staff had conducted almost 100 interviews and reviewed tens of thousands of pages of documents. The interviews included meetings with almost 50 Citibank personnel, including private bankers, their supervisors, auditors, senior bank management and board members.

The Sub-committee had interviewed and obtained information from more than two dozen government agencies and organizations, including the US Departments of State, Treasury and Justice, the Federal Reserve, Securities and Exchange Commission, International Monetary Fund, World Bank, and law enforcement personnel in Mexico, France, UK and Dubai.

It was part of this probe that Citibank executives were called to testify before the sub-committee. The Citibank's case histories illustrated the vulnerability of private banks to money laundering; then the largest bank in the United States with over \$700 billion in assets. Citibank had over \$100 billion in client assets in private bank offices in over 30 countries, which was the largest global presence of any US private bank; still was expanding world over amidst controversies.

Later it was revealed that Mr Zardari had on record:

- Twenty-five Swiss bank accounts of Zardari were frozen in 1990s, subsequently de-frozen in 2008 after NRO. These included accounts in the Union Bank of Switzerland (UBS), Citibank Private Limited and Citibank Dubai.
- Among the confiscated properties belonging to the couple were 150 acres of land in Sanghar, Nawabshah and Hyderabad; eight acres of land at Hawksbay and one-acre plots each in Clifton and Saddar, Karachi; six sugar mills, two textile units, one cement, two chemical and one ice factories.
- 365 acres of Rockwood Estate (Surrey Palace), apartments in the posh Queens Gate Terrace and Hammersmith of London, four

shops in Brussels and two apartments in Brussels. The Surrey Palace was subsequently sold to a Qatar-based billionaire.

- The Texas Stud Farm, properties in Wellington Club East and West Palm Beach.

SURREY PALACE FIASCO:

In November 1999, Gen Musharraf's military government asked the British home office for paperwork relating to the purchase. Meanwhile, builder Paul Keating had also launched court action to recover more than \$300,000 for refurbishment work carried out at the house, known as Rockwood Park [Estate]. The work was carried out on behalf of the London agent of Asif Ali Zardari.

Zardari's business associate in Britain, Javaid Pasha, denied any responsibility for the refurbishment work.

As per ***BBC Report dated 10th December 1999***, the front entrance to the house was covered in ivy and holly. There was a large parking area in front. With a total of about 20 rooms it was set in a substantial estate of 365 acres, including two farms, lodgings, and staff accommodation. It was worth \$8 million then.

Builder Paul Keating was in trouble then because no-one was prepared to pay the bills for his work on the unoccupied mansion; though Mr Zardari was responsible for it.

As per Paul Keating's version, the Rockwood was bought by Mr Zardari in the early 1990s through an offshore company called Romena Properties. As the company had no registered shareholders so Paul was in problem for the costs of renovation.

Inside the mansion, the BBC had seen an Italian table, worth \$120,000, ordered by Mr Zardari through the interior designers, made in Italy and shipped over to Rockwood House.

In the master bedroom, the ceiling was created to achieve an evening sky with stars in it; especially designed to reflect Mr Zardari's taste.

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Paul Keating told that Mr Zardari visited Rockwood three or four times but staying only for very short periods; **"I would describe him as flamboyant, eccentric,"** he said.

Bhuttos, in fact, had bought Rockwood House estate with 365 acres through a web of Isle of Man registered companies in 1995 at a cost of £2.5 million and in 1996 refurbished by Zardari at a cost of £2 million.

Gen Musharraf's Minister of State for Information Tariq Azeem, referring to the reports published in international newspapers regarding the alleged looting and corruption carried out by Benazir Bhutto and Zardari, pitched a challenge [in 2003] to the PPP for an open debate on Surrey Palace. Speaking at a press conference, he mentioned:

"International dailies New York Times, Sunday Times and BBC have given reports on the corruption and looting (carried out) by Benazir Bhutto and her spouse Asif Zardari. Asif Zardari and Benazir Bhutto have admitted ownership of Surrey Palace in a court in London".

The Surrey Palace case was opened by PM Nawaz Sharif in his 2nd stint. Tariq Azeem confirmed that Mr Zardari's friend Javaid Pasha and his wife Shabnam Pasha's company refused the payments when demanded by the interior decorators of the Palace. Subsequently those decorator companies sued in the respective court for the payment.

In 2004, when the estate was sold [for £4.35 million] under liquidation, those contractors were paid first and the remaining amount was given to the Government of Pakistan. There were three companies which had filed cases for liquidation. Barrister I Cock appeared before the court from Zardari's side and lost at last.

In spite of this scenario [late] Benazir Bhutto has been saying since 1999 that she had nothing to do with Surrey Palace.

Giles and Vanessa Swarbreck bought the same estate for £4.35 million in July 2004 after the Pakistan government had pressurized the British authorities to appoint liquidators to sell the property. 53 years old Giles, a former West End jeweler-turned-property developer told that:

'It was still full of the Bhuttos' furniture and was like a Dubai vision of The Arabian Nights. It is incredible what they spent their money on, with no coherent plan and having their whims interpreted by their builders. The result was a total eyesore.'

The most permanent Bhutto addition was what Giles described as '**a cheap Karachi-style concrete veranda**' stuck on the back of the house in order to enjoy the stunning views over the Downs.

The domed master bedroom with inset lights that twinkle like stars was basically transformed as bomb-proof 'sky' with steel and reinforced concrete. In the basement, Zadari had his own snug bar, copied from the nearby Dog and Pheasant pub, but marked to entertain certain 'waderas politicians' from Pakistan to make negotiations & bargains easy.

[Once on a visit to Rockwood, Asif Zadari called at the village pub, the Dog and Pheasant, and liked it so much that he offered to buy it. Informed that it was not for sale, he asked the builder to produce a replica of its bar in the basement of Surrey Palace.]

When it came up for sale in 2004, the Swarbrecks, who were local landowners, scented a bargain and put in a sealed bid offer and left for South Africa on holidays; they were the under-bidders. Suddenly they were contacted by the estate agents and told to come back and complete the deal in ten days or lose the deposit.

For the next two years the couple could do little more than watch the house disintegrate. Aggrieved unpaid builders had taken up residence, and unknown intruders plundered the fixtures and fittings. It was actually quite intimidating even visiting the place as, down the passageways there were terrifying, lurking people, who were pretty angry not to have been paid.

The Giles couple had intended to make Rockwood their home, but the sudden deaths of Vanessa's mother and brother hindered. A range of farm buildings were then converted and sold off and now what remains of Rockwood was for sale, including 60 acres, a couple of gatehouses and a separate indoor swimming pool complex that had planning consent to be turned into a five-bedroom house.

Rockwood, originally had about 20 bedrooms; then converted into 15 by Zadari's men, had a total of 12,000 sq ft, but Giles obtained permission to extend this to a truly palatial 22,000 sq ft.

It was July 2010, when the same Rockwood House was floated in the market for £7.5 millions; Fifteen years after it was a shadow of the extravagant atrocity when the Bhuttos were in residence; the \$120,000 Lalique glass dining table, the crystal chandeliers and gilded furnishings were no more there.

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Most of the original door knobs, bathroom fittings and even roof tiles on the coach house were taken away by the Bhuttos' unpaid builders.

For British visitors, Rockwood House was a beautifully situated Arts and Crafts Home County house of the sort where television period dramas might unfold.

Both Mr Zardari and Benazir Bhutto staunchly denied owning Rockwood saying that *'many allegations of corruption made against them - including the purchase of Rockwood - are politically motivated lies.'*

After winning the elections of 18th February 2008, the NAB had sent the request for the High Court of London to drop the Surrey Palace case against PPP Co-Chairman Asif Ali Zardari. The Chairman NAB wrote a letter to the Bureau's London solicitors in the third week of February instructing them to immediately withdraw proceedings. Curiously the letter was written within 72 hours of Zardari-led PPP emerging as the single largest political party in those general elections.

NAB had refused to divulge the exact amount that was to go back to the then owner of the Surrey Farmhouse, Giles to the tune of about £4 million.

During the first week of August 2010, Mr Zardari's trip to UK received roaring criticism in Pakistan, it was a wonder for Britons that how he dared appear in public. He had left the country at a time when the death toll from the monsoon floods was mounting, millions had gone homeless, and more flooding was expected, but his visits to Paris and London had drawn attention to his wealth and luxurious lifestyle.

It was a fact that during his visit to Paris, while TV images of the flood victims and their rescuers were being shown across the world, Zardari took time out for a helicopter trip to visit the fabulous chateau owned by him and his late wife Benazir Bhutto in Normandy [France] apparently to see his ailing father then residing there. The Manoir de la Reine Blanche was built in the 16th century for the widow of King Philippe IV which Mr Zardari owns now.

In the words of Ayaz Amir appeared in **'the News'** during the same week:

'It hardly helps when Pakistan is once again holding out the begging bowl that its President is showing off his French country pile. The chateau is a reminder like nothing else of the president's

enterprising spirit, the same huge talent which long ago earned him the imperishable title of Mr Ten Percent.'

As the President travelled on from Paris to London for last night's dinner with the British PM David Cameron, the Pakistani papers had the chance to remind readers of Zardari's property holdings in Britain, the Rockwood House estate, better known in Pakistan as 'Surrey Palace'. There were other London properties, too, in the Zardari UK portfolio, but nothing as palatial as this. Zardari & Benazir had originally denied all knowledge of the place, but finally admitted to owning it when he was still in jail in 2004 and the palace was sold through NAB's pressurized deal.

BILAWAL - ZARDARI HOUSE LAHORE:

A bomb-proof state-of-the art Bilawal House, spreading over 116 *kanals* of construction on a 200 *kanal* [*one kanal is equivalent to 500 sq yards in Lahore*] piece of land in Bahria Town Lahore, was complete for Bilawal and his father, President Zardari, taken over in the 1st week of February 2013. The whole project was constructed under the supervision of the property tycoon, Malik Riaz; a fort-like purpose-built building with spacious lawns, conference rooms, staterooms, bed rooms and offices.

It has been made as a residence - cum office building also housing Secretariat of the PPP's Chairman, Bilawal; completed at a cost of around Rs:5 billion, the house also keeps a helipad and airstrip for landing of small planes. The 22 ft high boundary wall, having thickness of 30 inches, has been built using concrete and steel material to make it bomb-proof. A 3-layer security system has been provided to ensure fool proof security for the residents.

A bunker also exists in the basement for security purposes. It also houses offices for Asif Ali Zardari, Bilawal, Faryal Talpur and their personal staff. The residential compartment comprises six bedrooms and an equal number of drawing / sitting rooms. Reportedly, Malik Riaz presented this house as gift to Bilawal to strengthen his friendship with the Zardari family.

The house was completed in a record period of eight months; too short a time for such big building perfect in all respects. As the place has the capacity of accommodating around 10,000 people, Bilawal may use it for addressing party workers and other meetings. As President Zardari avoided politicking because of court verdicts, Bilawal was able to supervise party's election campaign of 2013 in Punjab while sitting here.

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No one, even Bilawal House's immediate neighbour and the Opposition Leader, Nawaz Sharif, would not move the higher Court or the Tax masters to ascertain that from where Malik Riaz had taken out 200 *kanals* of precious land and the construction money of Rs:5 billion and how it would be accommodated in tax books because Malik Riaz was President's friend. In Pakistan it is a routine practice.

The fact remained that immediately after his release in 2004, Mr Zardari had made Bilawal House in a rented premises near old airport (in 2005), but later shifted to another building in Model Town. Neither Bilawal nor Benazir Bhutto ever visited the two houses as they were in exile during the period.