

## Scenario 54

### **LUTTO TAY PHUTTO {meaning: ROB & RUN}**

#### **Defence Forces + Politicians:**

***The South Asia Tribune - Issue No 54, August 10-16, 2003***, published a petition filed, in public interest, by a lawyer before the Lahore High Court. Its contents were so explosive that the Court was unable to touch it. In September 2003, information cell of the PPP had circulated this petition for political training of their workers through their official website. This was regarding an aspect of alleged moral character of some officers in Pakistan defence forces. The petition was filed without any cogent proof or documents and most of the alleged charges seemed to be based on '*lungar gups*' sprayed in the air by officer's closed personnel, might be out of jealousy or resentment.

The Lahore High Court was facing a legal and practical dilemma: '*how to handle the petition, charge sheeting the Pakistan Armed forces and listing details of massive kickbacks and corruption by some of the Generals, Air Marshals and Admirals*'.

The main charges mentioned in the petition included:

- Air Chief Marshal Abbas Khattak (retired) had received Rs:180 million as kickbacks in the purchase of 40 old Mirage fighters.
- Air Chief Marshal, Farooq Feroze Khan was suspected of receiving a five percent commission on the purchase of 40 F-7 planes worth \$271 million.
- In 1996, the Army bought 1047 GS-90s jeeps, at a cost of \$20,889 per unit against the market value of a jeep then was only \$13,000. According to the then National Accountability Bureau (NAB) some senior Army officers made Rs:510 million in the deal.
- One hundred and eleven Army men got 400 plots in Bahawalpur and Rahim Yar Khan districts at throwaway prices, paying Rs:47.50 per kanal (Kanal is about 600 Sq Yards or 1/8th of an acre) as against the actual price of Rs:15,000 to Rs:20,000 (1US \$=Rs:56 then). Another 35,000 kanals of lands were distributed among them as gifts.
- Six respondents got 400 kanals in Punjab while former NAB Chairman Lt Gen Mohammad Amjad was allotted a two-kanal plot on Sarwar Road in Lahore Cantt for just Rs:800,000; payable in instalments over 20 years. The market value of this plot was then Rs:20 million.
- Plea bargain of Admiral Mansoorul Haq brought \$7.5bn in a General's pockets belonging to the NAB under Gen Musharraf's regime.
- Gen Musharraf acquired a commercial plot worth Rs:20 million at DHA in Lahore for just Rs:100,000 payable in 20 years. Islamabad farm plot should also be added. As mentioned in the report of Director General Defence Services, a loss of Rs:5 billion was incurred due to these allotments.

[***The 'Nation' of 8<sup>th</sup> September 2001*** carries Ikram Sehgal's article titled 'ROADMAPS AND MR FIXITS' which states that:

*'Gen Usmani has also much to answer for with respect to Defence Housing Authority (DHA) Karachi, among them the imperial largesse of allotting of an amenity plot to a*

*favourite, who promptly sold it for Rs:14 million (mentioned in my note for Maj Gen HUK Niazi, SJ in the Defence Journal August 2001 issue).*

*Pervez Musharraf must make the Presidency more powerful, keeping national security and accountability with the President. In the process he has to ensure that the Armed Forces do not get tainted by corruption of any kind, those who have shown any inclination must be retired now. A few black sheep cannot be allowed to tar and feather the entire khaki community on the strength of regimental tie. Those GT Road warriors must be sent home.']*

- The Army awarded a contract for the purchase of 1000 Hino trucks at \$:40,000 per unit while the local Gandhara Industries (Hino assembling company in Karachi, Pakistan) had offered trucks of the same specification for \$:25,000 a piece. In a purchase of 3000 Land Rover jeeps in 1995, Army officials allegedly received around Rs:2 billion as kickbacks.
- The Army management at WAPDA raised the power tariff 13 times in three years besides purchasing electric meters at Rs:1,050 a piece against the open market price of Rs:456, causing a loss of Rs:1.65 billion to the national exchequer.
- Senior officers of the former military regime sold the Pak-Saudi Fertilizers for Rs:7 billion and earned Rs:2 billion commission on the deal.
- In 1996, the Pakistan Navy spent Rs:13 million on installing air-conditioners at the Islamabad Golf Club without any justification.

The petition also contained a mention of some other major scams involving a few serving or ex members of the military junta which were as follows:

- Ex Army Chief, Gen Jahangir Karamat took kickbacks of more than US \$20 Million from a Ukrainian tank company for purchase of 300 Ukrainian tanks for Pakistan Army through a middleman named as Col Mahmood, a brother corps officer of Gen Karamat.

Former Prime Minister Nawaz Sharif sent one Maj Gen Zulfiqar, then serving in ISI, to Ukraine and Azerbaijan to get more details of the said deal. Gen Zulfiqar compiled a complete report of the transactions and bribes given. But the Army tried to buy him out by rewarding him with the post of Chairman WAPDA and promoting him to the rank of a three star General.

Allegedly, the then Army Chief, Gen Jahangir Karamat was forced to resign, based on the threat that if he did not, he would be charged for corruption. The Defence circles, however, made it public, just to save honour of the army as an institution, that Gen Jahangir Karamat had himself tendered resignation voluntarily because he had made a controversial speech at National Defence College, floating a demand of 'National Security Council' to be incorporated in the government permanently [which idea was not liked by many politicians].

- Many road contracts were given to a firm Hasnain Construction Company without any public tenders by an ex Railways and Communication Minister Gen Ashraf Qazi. The company, partly owned by a relative of Gen Musharraf's son, was also awarded the lease of a lucrative real estate in Lahore for construction of a Golf Course under the cover of Palm Country Golf Club, Singapore. The relative of Gen Musharraf admitted publicly that he was working for a commission to use his contacts and influence for the company.
- Prime commercial land developed in Defence Housing Authority Karachi was leased at dirt cheap rates to McDonalds (operated through Amin Lakhani) by the then Corps Comdr Karachi Lt Gen Afzal Janjua, allegedly for certain bugs or in friendship.
- The Army's coercive organ NAB struck various under the table deals with various individuals accused of high profile economic crimes in addition to NAB defaulters, forcing them to join Gen Musharraf's government. These include a former Prime Minister and at least

one fourth of all elected legislators. Where does the military virtue of a defence outfit stand in these circumstances?

The petition had described that Pakistani military virtue had died, trampled below the treacherous wheels of overpriced military trucks and aircraft and defective planes that crashed in our waters because of dubious maintenance.

'Men who had one green suit to wear', in the words of **Gen Tajammul Hussain**, 'became the tycoons of Pakistan'. It was the beginning of prosperity for few and the beginning of the end of military virtue of a previously frugal and clean military machine, the General maintained. In Gen Tajammul's words, the people of Pakistan have no right to ask that:

- Where does building 90 acres of a welfare colony known as Creek City with the cheapest shack for Rs:6 million fit in? What began as an idealistic journey, ends with the shady deals around creeks in Karachi which the Navy failed to defend in 1971.
- Where does developing 62 acres of prime commercial real estate of Islamabad fit in? Is this the Navy's business that was miserably trapped in a hole in Karachi Port in 1971 War?
- For whose welfare is Navy undertaking a project 1500 km away from the nearest sea?

And in this messy situation, the subservient Lahore High Court was asked to ignore the said petition or shelve it because under the Pakistan Army Act 1952 no court was empowered to take notice of any issue relating with army service or their officers and employees.

The question arises that how it happened so?

The army which was known to the world as first class professional warrior, which was an ideal for students in their youths, which was admired through slogans written and painted on the back panels of every 'Bedford' truck in Pakistan, which was sung through immortal 'milli' melodious voices of top range singers, is being dragged in the Courts to reply the charges of massive corruption levelled against **some of** their high ranking officers.

But this Rome of frustration and disappointment has not been built in a day.

The answer goes back to eighties of the last century when Pakistan's political environment, economy and social structure started devastating. The values were ruined. It was due to the negative effects of 'Afghan Factor'. It was the military rule of Gen Ziaul Haq when the ISI was entrusted a job to help certain militant factions in Afghanistan to fight against pro-Russian military groups. It was the Western powers and mainly United States who were supplying arms and ammunition coupled with attractive packages of financial aid to that military dictator, Gen Ziaul Haq, for onward pass on to the Afghan militants.

### **OJHARY CAMP FIASCO?**

The sequence of events gathered by Tim McGirk and Massimo Calabresi, published in '**World Times of Canada**' under caption '**Is Pakistan a Friend or a Foe**', explains that how the shrewd Gen Ziaul Haq and Gen Akhtar Abdul Rehman kept all channels of supply under the command of their trusted aides and subordinate Generals. This was the moment when the Pakistan army got engaged and involved in Afghan War though not very openly. These Generals used all possible means to embezzle the most sophisticated weaponry of that time but they were not sincere with Pakistan to save their budget nor were they keen to equip their personnel with modern war heads.

The Afghan cause related Generals remained engaged in selling all kinds of 'saved & embezzled' weapons in black market for cash prices and they remained engaged in this black business till 10<sup>th</sup> April 1988 when all the record and remaining 'peanuts' of weaponry were set to a deliberate fire in *Ojhari Camp Depot* of Rawalpindi. Gen Akhtar Abdul Rehman of ISI was the chief of this team.

This Ojhari Camp event (caused to be) occurred when six American High Command Officers were on their way to Pakistan to make an audit of weaponry the US had given to Pakistan in the preceding years. On 9<sup>th</sup> April 1988, the US Army team had stayed in Cairo to break their journey for a night but next day they heard that the camp had been blown up 'accidentally'. The US Army team, in utter disappointment, went back from Cairo.

Perhaps that was the moment when the plan to eliminate Gen Ziaul Haq and his associate Generals was probably worked out (and final scene was displayed on 17<sup>th</sup> August 1988). After blow up of Gen Ziaul Haq, Gen Akhtar Abdul Rehman and nineteen other high ranking military Generals on in an air crash, the sons of these Generals suddenly appeared as billionaire political barons at national horizon. No court, no agency or organisation was there to ask the origin of their wealth whereas history was the witness to those families and their financial backgrounds.

Many military spokesmen including Gen Hamid Gul had termed [though seldom and in very low tone] the Ojhary Camp stories regarding alleged embezzlement of the American weaponry as baseless. However, the historians and critics simply question:

- That why the inquiry report compiled by the Parliamentary Committee headed by MNA Malik Naeem Khan was not placed on the media record.
- If that report was objectionable, the concerned army officers should have come up with cogent explanations.
- Why, [getting furious over that inquiry report] PM Junejo was sent home on 29<sup>th</sup> May 1988 using the sword of Art. 58(2)(b) and the parliament was dissolved.
- Ojhary camp was located in the centre of Rawalpindi city and many civilian lives were lost in that fiasco, so some sort of inquiry report, might be an eye wash by some military officer's team, should have been kept on the public record for future reference.

Truth was, that an inquiry report was got drafted by the GHQ but only for the consumption of their American counterparts or to be kept in GHQ's record which ultimately brought discredit for the military rule.

### **GOLFWAY PROJECT ETC:**

*South Asia Tribune (SAT), in earlier issues of 26<sup>th</sup> August 2002 & of 2<sup>nd</sup> Sep 2002 had broken a scandal of Gen Musharraf's 'Golfway Project', a mix of Rs:25 billion Golf Course in Lahore (Capital of Punjab, Pakistan) and Rs:7 billion Pindi-Peshawar Motorway, in which one Brig (Rtd) Aftab Siddiqui was confirmed to be the major beneficiary. Brig Siddiqui was the father in law of Mr Bilal Musharraf, the Gen Musharraf's son. Gen Musharraf's 'Golfway project' was conceived and launched by an ex- Chief of the ISI.*

Earlier, as reported in Pakistan's leading **daily 'Dawn' of 25<sup>th</sup> September 2002:**

*'Sheikh Yousaf (Chief of Husnain Construction Company, and the head of Pakistani Firm's Consortium) explained the phases for which his company was passed for converting the M-3 project from the Built, Operate and Transfer (BOT) plan to the government funded project. When asked as to how much his company had been helped by Brig (Retd) Aftab Siddiqui (father in law of Gen Musharraf's son, Bilal Musharraf), he said the gentleman had worked with his company as a consultant.'*

Sh Yousaf had told the media that it was originally agreed that Aftab Siddiqui would get two per cent of the profit from the project for 25 years, but since the project had been converted to a government funded plan, he was paid lump sum for the 'services' which he rendered. Everything was documented and the payments to Mr Siddiqui were made through cheques, the copies of which were provided to a number of government departments including the FIA.

In 2002 for the first time, the elected parliamentarians of Pakistan had picked up courage to bring a former ISI Chief, a retired General, one who was also very close to Gen Musharraf, into the dock for a botched up deal of \$100 million with China, in which there were accusations of large scale corruption.

*'The China Railways deal is already shaping up as the first test case between politicians and Generals with the parliamentarians testing their limits as if they were shadow boxing with Gen Musharraf himself. Former ISI Chief and Pakistan's Railways Minister, **Lt Gen (Rtd) Qazi Javed Ashraf** faced a probe by the Parliamentary Committee after Railways Ministry officials held him solely responsible for a faulty deal of \$100 million with China for importing 69 defective Railway engines against a commercial loan.'*

The PAC members had concluded that Gen Qazi had himself ordered the import of those faulty engines in bulk. Their frames cracked within a year on Pakistani Railway tracks. The probe launched into the deal revealed that Gen Qazi himself took the case to the National Security Council (NSC) single handedly for approval of the faulty deal with China. The NSC, obviously influenced by Gen Qazi and his closeness with Gen Musharraf, approved the deal.

Then Chairman Railway Board, Shakeel Durrani had also confirmed the above fact. He said on record:

*'Gen Qazi had actually got the approval of the whole plan from the NSC presided over by Gen Musharraf on 29<sup>th</sup> December 1999. The recommendations of the Railway's Technical Committee were not implemented and defective locomotives were purchased without fear of accountability because it was the start of tyrannical military rule.'*

The case was termed as the first serious confrontation between the elected representatives and the Generals, like Gen Qazi. He was alleged to be a rude military officer who had earlier ordered thrashing of **Information Secretary PML(N), Siddiqui Farooq**, just because the said politician had demanded a probe against the General. The NAB was asked to sort him out. The NAB picked him for interrogation and kept him at an unknown place and when asked by the superior courts it was replied: **'yes! He is with NAB but where he has been dumped cannot be told'**. Gen Qazi also went on air later on the BBC to publicly abuse Mr Siddique.

Further, when the US announced a \$240 million grant for development of education in Pakistan, Gen Qazi used his influential relationship with Gen Musharraf to become the Federal Education Minister for reasons known to none. No formal record was kept at Ministry of Education for that foreign aid and its spending.

Now certain innocent questions:

- Why the flag-bearers of NRO scenario were blind towards this aspect of institutionalised corruption in Pakistan.
- Why only politicians and bureaucrats should be punished under NAB ordinance and not the army officials [at least when they work in civil capacity] and judges.
- Why the Parliament never thought of causing an amendment in the Army Act if the Generals cannot be investigated by NAB and cannot be tried in ordinary courts.
- Have any President of Pakistan, being the Supreme Commander of forces, ever bothered to place before the Parliament the statistics of inquiries or Court Martials conducted in connection with corrupt army officers and their organizations.
- Have the Supreme Court of Pakistan ever thought of initiating a *suo moto* action over any financial scam involving army Generals [at least when they work in civil capacity].

- Have any Bar Association ever thought of moving a petition before the SC to bring corrupt Generals in the ambit of 'equal citizenship' given in the Constitution of Pakistan; and for that matter in basic Islamic injunctions.
- Have any prominent anchor of media like Kashif Abbassi, Hamid Mir, Mazhar Abbas or Talat Hussain ever tried to float an opinion inviting discussions and comments of intelligentsia over the issue that if politicians and bureaucrats are being dragged in the streets of public accountability then the Generals and judges should also be treated at par.

The above given charges of corruptions were not apparently proved, nor had the writers given any documents in support of his narrations and allegations. But fact remains that there is no institution or forum where these accusations could be moved for investigation. The media raises questions that if there is any instrument to check the corruption or malpractices of the army high-ups in Pakistan. There should be some mechanism to take account of the wealth accumulated by them to bring them in mainstream after retirement. Kamran Shahid's two **live TV programs over 'Express TV Channel'** during first week of February 2012 are referred.

### **3 GENERALS CAUSE BILLION'S LOSS TO NLC:**

Defying the orders of the then Prime Minister Shaukat Aziz, two Lt Generals and one Major General of the Pakistan Army, being fate makers of the National Logistic Cell (NLC) for five years, had quietly borrowed Rs:2 billion from four banks on commercial rates to make investments in the volatile stock markets and in the process lost Rs:1.8 billion and heaven did not fall.

Army Generals are the sacred cows of Pakistan on whom no law of *Ehtesab* or accountability is applicable, but unfortunately those three got exposed before the Public Accounts Committee (PAC) when an inquiry report revealed that these Generals had been doing those investments despite clear instructions 'not to do so'. A total of Rs:4 billion of the NLC including the pension fund of its employees, were invested in the stock markets during that miss-conceived adventure.

The PAC was informed through its inquiry report that NLC's Lt Gen Afzal Muzaffar continued to make investments in the stock market till the last day of his retirement in 2008 even though the rest of the government departments and organizations had stopped this exercise in 2006. The NLC would continue to pay the loan instalments of banks for years to come after getting a loss of Rs:1.8 billion in cash. The three Generals were never questioned about their illegal and illogical acts of commission. The PAC members had called the names of brokers and directors of those firms through whom those billions were invested but the matter was dumped somewhere midway. The investments were done despite the orders of PM Shaukat Aziz in 2003 to stop investing in stocks.

Secretary Planning Division Ashraf Hayat had opened the names of five top guns of NLC who, according to inquiry report, were responsible for this massive financial loss. Names were Lt Gen Khalid Munir Khan who served in NLC during 15<sup>th</sup> January 2004 to 14<sup>th</sup> June 2005; Lt Gen Afzal Muzaffar (16<sup>th</sup> June 2005 to 17<sup>th</sup> October 2008); Major Gen Khalid Zahir Akhtar (25<sup>th</sup> July 2002 to 27<sup>th</sup> February 2008); DFA Najeebullah Khan (25<sup>th</sup> February 2002 to 10<sup>th</sup> April 2007) and Chief Finance Officer (20<sup>th</sup> June 2004 to 22<sup>nd</sup> October 2008).

According to the official inquiry report placed before the PAC, a total loan of Rs:2 billion was borrowed as per details that from Bank Al Falah (Rs:650 million); National Bank of Pakistan (Rs:90 million); UBL (Rs:800 million) and ABL (Rs:500 million) were obtained. Out of this loan, Rs:1.8 billion had already been lost till the enquiry was raised.

The shocked PAC members, however, did not move for recovery of these huge financial losses because top military Generals were involved in the scam. Staff Retirement Benefit Fund of employees was also thrown in the pit and lost for which the PAC was asked to hold for two weeks; but as usual, the whole matter was pushed into the cold room. The PAC Chair person

Yasmeen Rehman and members Sardar Bahadur Khan Sihar, Riyaz Fatiyana, Hamid Hiraj, Sardar Ayaz Sadiq, Nadeem Afzal Chann and others, all suddenly went mum because the enquiry was related with Generals.

As a part of its official policy, NLC could invest only 20 percent of the total fund under the management in non government securities, TFCs or shares. However in its 37th meeting of National Logistics Board (NLB) held on 8<sup>th</sup> September 2003 the chairman NLB approved the investment policy of NLC advising not to invest in the stocks. In its next Board meeting held on 7<sup>th</sup> January 2005, while viewing the status and results of NLC investments, the PM Shaukat Aziz, in the capacity of Chairman of NLB pointed out that public sector companies should not trade in stocks; the DG NLC continued with the old practice for unknown reasons.

The inquiry report said it analyzed the investment record and reached the conclusion that massive financial irregularities were there. Besides noticing the acts of blatant violations of instructions, procedures and other guidelines, the PAC found other glaring irregularities, but who bothers in Pakistan; never before and not on tomorrow at least.

After the event, Saeedur Rehman has also been working in the Capital Development Authority (CDA) as the Chief Finance Manager while the Generals have retired from service.

The four-member inquiry team recommended the following:

- (a) Gross irregularities in investment of stock exchange during the period 2003-2008 have been established as per finding of the report. Names and period of appointment of officers concerned have also been identified who approved Rs:4.1 billion investment in the stocks in defiance of the prime minister's instructions and caused Rs:1.8 billion loss.
- (b) The NLC management must implement all those provisions of the investment policy in letter and spirit with immediate effect.
- (c) The detailed financial and management audit of all irregular investments be undertaken by a firm of chartered accountant to determine the extent of the financial loss and devise an exit strategy from investment in stocks to minimise losses.
- (d) The NLC's current governance and organisational structure is ambiguous and lacks clarity with respect to authority, responsibility and accountability of various tiers of management. It should be reviewed & revamped to ensure clarity and to provide adequate checks and balances as per admissible standards.

Especially to be noted that Gen Kayani would be the last person to ignore such allegations. Such Generals are few who could be placed on that 'corruption list' but the politicians would be very rare to be left over. Gen Kayani has tried to wash the dirty linen of politicians but there is too much grease in it and bad smell also.

Gen Kayani's jobs included:

Firstly; the restoration of the superior judiciary in March 2009: the issue was politicized and was heading towards an ugly showdown. Just at the right time a quiet word from the GHQ had defused the situation and the judiciary was restored in response to the public demand.

Secondly; a question once arose for Pakistan's 'no first use' policy in respect of nuclear arsenal in South Asian region; here again a timely clarification settled the issue. The wise and well thought announcement had helped much to settle the dust.

Thirdly; in July 2008, again there was a question of placing the ISI under Ministry of Interior [instigated by Rehman Malik]. After four months another similar misconceived direction of sending the ISI Chief to India in response to Mumbai attacks, was pushed in. In both cases a correct decision was taken – strategic intelligence is not a single Ministry's concern; the matter was not to be tackled by the England or Dubai based politicians.

Fourthly; Kerry-Lugar-Berman Bill was another grey area where the politicians had tried to push the nation into sand grave of personal interests. GHQ's immediate response in this matter saved the nation from gross humiliation at least.

There was a list of so many other issues which needed special attention in this regard. The US pressure to push Pakistan into North Waziristan was one such situation. The US threat of expanded Drone strikes in FATA & Quetta was another possible situation. The orchestrated unrest in Baluchistan and the engineered killings in Karachi could also be situations requiring decisions in the national interest. In nut shell military was doing the needful what could be possibly done.

Pakistan's army Headquarters (GHQ) had taken note of the above events; a high level inquiry was ordered to look into it.

At the same time one can ponder upon the dubious character of political parties in Pakistan like the PPP & PML [N & Q], that when they are not in power they allege the Pakistan Army for corrupt practices through all media tactics and when they come in power, as in 2008, they provide all shelters to one segment of corrupt army Generals; scandals ignored and charge sheets shelved.

Let us hope that the Supreme Court steps forward to provide justice on the basis of equal basic rights for all and no citizen of Pakistan or institution be declared as 'sacred cow'.

### **SUB-MARINE KICKBACKS:**

The investigations done by various quarters of Pakistan Defence and the French authorities into the Agosta submarine deal after Benazir Bhutto's departure in November 1996, which later led to the removal of the then Chief of Naval Staff (CNS) Admiral Mansurul Haq, was an alleged cover-up move to save many key officials of the Pakistan Navy, besides turning a blind eye to a controversial initial deal of \$520 million [but ended up in paying off \$950 million]. The deal was actually signed in 1992 during Nawaz Sharif's first tenure. So many facts could have brought to the knowledge of the nation but Senator Saifur Rehman remained only interested in fixing Benazir Bhutto and Asif Zardari doing partial *Ehtesab*. He was otherwise coward enough to speak out the real truth.

The daily ***Jang*** of **11<sup>th</sup> November 2009** had first time released the news with reference to the French daily '***Liberation Fr.***' that:

*Mr Zardari had pocketed \$4.3 million in 1994 while getting green signal from his wife PM Benazir Bhutto for purchasing three Agosta sub-marines from France. The said amount was got transferred into Zardari's accounts during 1994-95 through a Lebanese friendly mediator name Abdul Rehman Al-Assir. The said information was officially communicated by the British government to the NAB in 2001. The CE of French Naval Defence Company had confirmed in person that before signing the contract an instalment of \$1.3 million was deposited, through Al-Assir as guarantor & middle man during 15<sup>th</sup>-30<sup>th</sup> August 1994 in Zardari's off shore accounts. After a year of contract, in 1995, two instalments of \$1.2 m & \$1.8 millions were accordingly paid in.*

*According to the French Investigations, 10% of the total settled price was to be released as 'commission'; 6% for the Pakistan's Defence personnel equivalent to \$49.6 million and 4% for the political heads equivalent to \$33 million [some amounts were paid in dollars and some in Euros; then dollar and Euro had almost the same market value]. When in 1995, President Chirac took over France, he ordered to negate the payments of the remaining amount of commission; as a result 11 French engineers and 3 Pakistani Naval Engg Staff were ambushed in Karachi on 8<sup>th</sup> May 2002.*

Earlier in 2001, the former Naval Chief of Pakistan Adml Mansurul Haq was arrested and pressure from the NAB was built up to pay pack \$7.10 million of looted money but, during a hastily arranged 'plea bargain', Mr Haq was released after paying a few thousand bugs only.



Reference is also made to the '*media news*' dated **25<sup>th</sup> January 2010** appeared in all sectors stating about a writ petition placed before the Sindh High Court (SHC) from the official agent of Société française de matériels d'armement (SOFMA) in Pakistan named Ahmed Jameel Ansari. In the petition it was told that Adml Mansurul Haq and Aamir Lodhi were paid commissions & kickbacks from the SOFMA account. The plaintiff told that Aamir Lodhi [then having address of France] was made their partner to give legal cover to those illegal transactions meant for the naval officers. In the whole amount Adml Mansurul Haq got 50% share whereas the Plaintiff (Mr Ansari) and Aamir Lodhi got 25% each. Out of total commission of \$7.1 million, Adml Haq got \$3.37 million, Aamir lodhi got \$1.7 million and plaintiff got \$2.0 million.

It was contended in the petition that Saifur Rehman of Ehtesab Bureau had got back all the paid commission from the plaintiff and Aamir Lodhi and an Ehtesab reference was made against all of them. Later Aamir Lodhi got back his entire amount of \$1.7 million by orders of the Supreme Court through the CJP Abdul Hameed Dogar [hats off to the PPP's rule after 2008] so plaintiff's amount should also be repatriated.

The NAB was called in the court; the officer placed the record before the court telling that the whole amount taken from Mr Ansari was given back to him when the 'sub-marine kickbacks case' was sent to the NAB's Accountability court because Mr Ansari was not made accused in it and was left Scot free. Moreover, the amount given to the plaintiff from the NAB account was \$2.468 million and not \$2.0 million.

*[Within the submarine case, another corruption by NAB officials themselves is made out that where the amount of NAB's \$2.468 million gone, who had pocketed that big amount taken out in the name of Mr Ansari for giving him relief that he was not named in NAB's challan. Moreover; how the NAB officials had solved the discrepancy of \$0.468 million; where the dollars gone?]*

Referring to an interview given by a former Director General Naval Intelligence (DGNI) Adml Javed Iqbal [later remained Pakistan's Ambassador abroad for ten years] to Daily '*the Ummat*' **Karachi of 21<sup>st</sup> November 2010**, he had also proved the truthfulness of the kickbacks taken by Pakistan's elite in sub-marine deals. He categorically told that Adml Mansurul Haq's deal was initially caught by him which he handed over to his successor Cdre Shahid Ashraf when he took over as DGNI. He had told Cdre Ashraf about the carrier person of the brief case, place of handing over, date & time of transaction so the later caught him but perhaps had joined hands with him {see details of Rs:1.5 million allegation on Cdre S Ashraf in next paragraphs} under Adml Haq's pressure as Naval Chief. Adml Haq was no doubt involved in the kickbacks, but of some part. Till his tenure, the submarines had reached Pakistan but certain completions were to be made so he got lesser portion of the kickbacks.

The former DGNI Adml Javed Iqbal told that Adml Saeed Khan was the real person to take away big chunk because the deal was implemented in his tenure. Adml Haq got money against that submarine which was being built in Karachi which he halted by raising certain objections. French people then obliged Adml Haq to keep his lips closed.

The Defence forces covered the whole affair due to eye-opening statement of the next DG Naval Intelligence (DGNI), Cdre Shahid Ashraf, who was instantly turned into an example for others when he was recalled from an overseas course, retired prematurely, court martialled and harassed to keep his mouth shut.

*[The Pakistan Navy had charged DGNI Commodore Shahid Ashraf of getting Rs:1.5 million from a naval officer named Cdre Alvi, who was alleged to have accepted illegal gratification and kickbacks from foreign suppliers of naval vessels etc., but made him an approver against the DGNI, for giving a list of naval officers who had allegedly received kickbacks but were never touched and promoted as Rear Admirals instead; through 'connections'. 24 hours surveillance was placed on that DGNI; he was arrested and detained. Several coercive measures were taken against him to force him into pleading guilty.*

*Cdre Alvi, in his confessional statement dated 17th October 1998, given under Section 337 of Pakistani Law before the ADC Islamabad, had admitted to have received over Rs:4 million as illegal gratification and kickbacks from foreign suppliers and alleged to have paid some of the amount to DGNI Shahid Ashraf and another officer Cdre Liaquat Malik.]*

Referring to various media reports dated 14<sup>th</sup> January 2011; former Naval Chief Adml Abdul Aziz Mirza had once insisted that the ex-DG Naval Intelligence did receive kickbacks in the Agosta deal as was confirmed by the other two officers, Capt Z U Alvi and Capt Liaquat Ali Malik, who were blamed to have received bribes directly from the French. For the same reason the ex-DGNI was penalized. Capt Z U Alvi and one Col (ret'd) Ejaz were the two main witnesses with the former having agreed to become approver on the condition of revealing all the details of kickbacks and corruption. Adml Mirza conceded that DGNI Shahid Ashraf was Admiral Mansurul Haq's right-hand man but had received Rs:1.5 million from Capt Alvi, who was the direct recipient of the kickbacks.

The fact remained that the DGNI was silenced because of a letter dated 17<sup>th</sup> February 1995 issued by SOFMA (the French company that was involved in Agosta deal) had come on record telling about payments of \$40,000 to each of four naval officers whose names were mentioned in the same letter. Instead of probing the four officers, each one of them was later elevated as Rear Admiral. The NAB sources had later confirmed it, too. To the Board of Inquiry (BoI), the DGNI Comdr Shahid Ashraf had submitted an explosive statement uncovering many faces including the four officers referred.

**The News of 2<sup>nd</sup> January 2010** had earlier mentioned the details that:

*'Col Ejaz Ahmad was actively pursuing the interest of the contractors for taking the contract towards completion. Mr Devensay of DCN (French company) had issued instructions through a letter to Col Ejaz stationed in Rawalpindi as agent of DCN to pay \$40,000 each to following officers of the Pakistan Navy named a. Cdre Mushtaq Ahmed, b. Cdre Khushnud Ahmed, c. Cdre S V Naqvi, and d. Cdre Naveed Ahmed. All the four officers were members of the committee for evaluation of technical specification of the onboard equipment.*

*A copy of this letter was shown through R Adm Sarfraz Khan during investigation by Col Zafar in the presence of the Commanding Officer (Cdre Qazi), Cdre Shahid (DGNI) and Cdre Shafiq Ahmed, Registrar Naval Court of Appeals. The copy of this letter was marked to Zafar Iqbal, stationed in Washington as agent of SOFMA, who was arrested by FIA. Mr Devensay had directed him to release an amount of \$160,000 out of special fund in favour of Col Ejaz for payment to these (four) officers.'*

Former Naval Chief Adml Aziz Mirza (from 1999-2002), in his interview published in media on 14<sup>th</sup> January 2011, had told that one Zafar Iqbal, a middle man of the French company, was also interrogated and had admitted to have received \$160,000 to be paid to four commodores. He, however, said that both Iqbal and Col Ejaz never paid this amount to anyone of them. The four commodores were never charge sheeted or confronted by a board of inquiry as a fact-finding inquiry had already found them innocent, which led to their promotion as rear admiral.

Participating in an *Express News* programme **Kalamkar** with columnist Abdul Qadir Hasan and Abbas Athar as host, the former DGNI Cdre (ret'd) Shahid Ashraf said that, in 1992, during Nawaz Sharif's first government, the Navy was given approval to acquire new submarines for \$520 million but the agreement of purchase of Agosta class submarines from France was signed on 21<sup>st</sup> September 1994, during the second tenure of Benazir Bhutto. [Referring to **the Express Tribune dated 5<sup>th</sup> December 2010**] Replying to a question, the DGNI said that:

*"I was informed that someone called Niaz was going to pay Captain Alvi a sum of \$107,000 as part of kickbacks on the deal. Action could not be taken as the Navy Chief, Admiral Mansurul Haq, was on a visit to France and the US those days.*

*When he returned, I told him the entire story. A meeting was held but remained inconclusive. After the meeting, Rear Admiral Faseeh Bukhari (at present the Chairman NAB) said to me that I should have caught the persons. But I said that my job was to provide information and that he should have got the meeting to decide to arrest the suspects. He got angry and went away.*

*Later, when he learnt that four commodores were 'receiving \$40,000 each', the Navy Chief, Mansurul Haque, and Vice-Admiral AU Khan advised me to investigate."*

Now see the story from French side.

The record of the French investigations indicated that the Karachi attack of 8<sup>th</sup> May 2002 killing 11 French engineers was carried out with complicity of the Pakistan's defence contingent, possibly through Islamist guerrillas, to teach French government a lesson for not paying their settled commissions as promised in the sale of Agosta Submarines. The President Chirac's government had stopped the payment of commissions through an amended legislation. The journalists and anchor persons in Pakistani media were of the view that instead of criticizing the corruption of peanuts of politicians and bureaucracy, they should criticize the **'huge colossal Military corruption of millions of dollars'**, which has brought the country on the brink of collapse. They held that: *'If we want to be objective in our reporting, we should call a spade a spade. It is army which is involved in corruption and is sponsoring corruption.*

[Hats off to the French media; on 18<sup>th</sup> November 2010, it had noted that: **'now let us see whether they could name Zardari in this case. It is clear – Zardari or no Zardari – that Pakistan Armed Forces has been involved in lots of kickbacks over the years.** And this is a serious case involving an EU country. If proven, the case may damage Pakistan's Army / Navy reputation on an unprecedented scale. So watch out former Admirals. ]

**The News of 20<sup>th</sup> November 2010** had given the details that the deal had led to the removal of the then Chief of Naval Staff (CNS) Adml Mansurul Haq and the framing of a corruption reference against Benazir Bhutto and Asif Ali Zardari but some others mighty and powerful in the navy, who made millions of dollars from the deal, were never held accountable. Across the border, as public pressure in France mounted on President Nicolas Sarkozy to testify over alleged corruption in the sale of French submarines to Pakistan in 1990s, Cdre Shahid Ashraf, the then DGNI, though himself got his share of booty and was punished, had offered help to Islamabad and Paris to book the corrupt and bring back the looted money to Pakistan.

Besides the then DGNI, the former Naval Chief Adml Abdul Aziz Mirza had also given credence to the French investigative report that talked of almost \$49 million kickbacks in the Agosta submarines deal allegedly received by Asif Ali Zardari and others, including the naval officers. In an interview with 'the News', Adml Aziz Mirza had disclosed that the then Benazir Bhutto government had urged the Pakistan Navy to go for the French substance. NC Mirza, while quoting the then Naval Chief Adml Saeed Khan, had revealed that Benazir Bhutto's Defence Minister Aftab Sha'baan Mirani had clearly indicated to the Pakistan Navy's high command about the Benazir government's preference for induction of the French submarines.

Despite these clear verbal directions from the Defence Minister, the naval top command had again met and deliberated upon the subject and decided to recommend two options to the PPP government namely the British Upholder and the French Agosta. The government later approved the induction of Agosta. Adml Mirza told that the Navy first formally came to know about the kickbacks in the Agosta deal in 1998 following which it had proceeded against three officials of the ranks of captain and commodore for taking bribes and they were removed from service [*but like civil bureaucracy or politicians no press news, no recovery of ill*

*gotten money, no court martial, no imprisonment and no confiscation of property though the charges were proved; after all they were sacred cows]. Adml Mirza held that:*

*'My hunch is that besides the politicians, some top ranking naval officers even above the rank of commodore might have also received kickbacks as reflected in the recent French media reports, however, they (the top Naval officials) remained undetected for want of proof or witnesses. Even the condemned former Naval Chief Mansurul Haq was not convicted of Agosta kickbacks but for the bribes that he had pocketed in the other defence deals.'*

It was available on NAB's record that the Agosta deal was never struck by Adml Mansurul Haq but he had actually received some kickbacks after the award of contract for its smooth implementation. Those who had received the lion share of kickbacks for negotiating the contract were never questioned. Amongst them Adml S M Khan, Rear Adml I H Naqvi, Vice Adml A U Khan, Rear Adml A Mujtaba and Rear Adml Jawed Iftikhar were mentionable.

Comdr Shahid Ashraf, in his statement dated 23<sup>rd</sup> August 1999 disclosed that the Evaluation teams of the Pakistan Navy comprising Rear Adml I H Naqvi, Rear Adml Jawed Iftikhar and Rear Adml S A Mujtaba had visited China, France, England and Sweden. This team recommended Swedish submarine as the first choice. Then another team comprising of Rear Adml A U Khan, Rear Adml S A Mujtaba, Cdre Mushtaq Ahmed, Cdre S V Naqvi and Cdre Naveed Ahmed visited the same countries. Rear Adml Mujtaba was the only officer who went abroad with both the teams but had gone out of way in supporting the inclusion of Cdre Z U Alvi in the team visiting France despite the fact that the later did not qualify the laid down criteria for the project.

It was on record that Col Ejaz Ahmed, agent of SOFMA in Rawalpindi, had been in continuous liaison with the evaluation team and other 'concerned' in Naval HQ and Ministry of Defence (MoD). The whole process acquiring submarines from France took place during the time of Admiral S M Khan, who remained Chief of the Naval Staff from November 1991 to Nov 1994.

The people of Pakistan would like to know that the above mega-corruption cases were never probed either by Senator Saifur Rehman's Ehtesab Bureau, Pakistan Navy or by Gen Musharraf's NAB to dig out the full truth. Why the innocent countrymen were made fools by calling Adml Mansurul Haq in docks and then sending him off under the cover of 'plea bargain' made in haste. It was a cover-up of the dubious submarine deal to save the skin of many in the Navy and on the political horizon of Pakistan. The questions to be answered are:

- The local agents of the DCN International were made part of the NAB investigation or not. If Adml Mansurul Haq was not involved in any 'dishonesty', as it was declared later, why there was a plea bargain and why he came back to Pakistan and received all his merits & perks back.
- Who were actually involved in Agosta Submarine deals of 1990s.
- The French government first offered the said three new Agosta submarines at the cost of \$520 million. After some time the price was escalated to \$600 million and inflation was given as the main reason. Eventually, Pakistan ended up paying \$950 million; why so. Who would dare to punish the culprits and recover the money that was paid in kickbacks?

But who else was the beneficiary besides the Defence personnel. Come along!

Daily ***the 'Nation' of 15<sup>th</sup> January 2011*** had published the details of the said rogue submarine deal saying that the sale, and the payment of bribes made to Mr Zardari associated with the deal, officially termed as commissions, were at the core of the 'Karachi event', currently the subject of **two French judicial investigations**. A key allegation in the developing affair was that the cancellation of commissions paid out in the submarine deal was the motive behind a suicide bomb attack in Karachi on 8<sup>th</sup> May 2002 that left 11 French and three Pakistan Navy's engineers dead. The French engineers were in Pakistan to help build one of the Agosta submarines.

The documents now in possession of Paris based Judge Renaud Van Ruymbeke were 'recovered' during a French police search in June 2010 of the home of Aamir Lodhi, one of the intermediaries involved in securing the Agosta contract. Lodhi held a copy of a report by a Pakistani anti-corruption service, the Ehtesab Cell of Saif ur Rehman. Mr Lodhi aged 61, the brother of a former Pakistani ambassador to the United States & UK, was a close friend of the President Zardari.

The said raid on Lodhi's home in Paris was carried out by detectives from the French Police National Financial Investigation Division, the DNIF, (Division nationale des investigations financières). The Ehtesab Cell documents were the object of a formal report by the DNIF, established on 17<sup>th</sup> June 2010 which revealed that Mr Zardari had received kickbacks worth 6,934,296 euros between August and December 1994.

That report was made a part of evidence collected by Van Ruymbeke in his investigations launched in 2010. Originally written in English, the Pakistani document was translated by the DNIF investigators which provided clear details about the payments made to Mr Zardari, amounting to several million euros, as well as the channels used, including offshore companies, bank accounts and a British tax haven bank transfers to the Virgin Islands. The main document seized by French investigators was dated 9<sup>th</sup> November 1997, concerning a request by Pakistan to Switzerland for co-operation in a judicial investigation aimed 'to obtain all the necessary information to pursue a criminal investigation and to try the former PM Benazir Bhutto, Asif Ali Zardari, Begum Nusrat Bhutto and other members of the Bhutto government, public servants and certain civilians, too.'

The Agosta submarine contract was signed between the two countries on 21<sup>st</sup> September 1994; just weeks after the initial payments were released. At that time, Mr Zardari was also a federal minister in the Pakistani government then led by Benazir Bhutto. Importantly, Mr Zardari was the key figure for all public contracts signed with foreign countries which position earned him the unflattering nickname in Pakistan and abroad as 'Mister 10%'.

The **French Police Report** said the document explicitly referred to the Agosta contract:

*'This request concerns several cases of malpractice including that of the purchase of French submarines. According to the DNIF investigators, the chronology and the currency of the sums paid suggest that these payments are secret commissions paid by the DCN-I, the commercial arm of the submarine builders DCN, to Monsieur Zardari and Monsieur Lodhi for their considerable services in assuring that DCN-I got the contract.*

*Huge sums are recorded at the end of 1994 alone, when a company called Marleton Business Inc was set up through a lawyer in the tax haven of the British Virgin Islands for use by Mr Zardari. A payment of 5.5 million francs (838,000 euros) took place in October 1994 of which 70% goes to Monsieur Zardari (AAZ) and 30% to Monsieur Lodhi (AL).*

*A further transfer took place two months later, in December 1994, for an altogether larger sum of 59.48 million francs, (9.06 million euros) divided into 41.636 million [francs] for Monsieur Zardari and 17.844 million for Monsieur Lodhi. That represented 6,934,296 euros for the current president of Pakistan, and 2,971,841 euros for his partner.*

*The official Pakistani documents seized in Lodhi's Paris home also explain that Messieurs Lodhi and Zardari received their bribes in the bank accounts of a series of offshore companies all based in the Virgin Islands and they are identified by the DNIF as: Marvil Associated Inc., Penbury Finance, Oxtan Trading, Crimities Holding and Dustan Trading. The banks involved in the payments were also recorded in the Pakistani documents, as well as the bank accounts used.*

*The commissions paid into the accounts, notably opened by these companies at the Pasche bank and the bank of Piguet et Cie, in Switzerland, were probably supplied by*

*transfer from the Banque française du Commerce extérieur [French Bank of Foreign Trade], account number 2700 0008358 or IV10000083580.'*

Several high-profile witnesses, questioned in November and December 2010 by Judge Van Ruymbeke, insisted that the bribes paid in 1994 were approved by France's then Defence Minister, François Leotard, and its Budget Minister, now France's president, Nicolas Sarkozy.

In a statement given to Van Ruymbeke on 9<sup>th</sup> November 2010, former DCN-I Finance Director, Gérard-Philippe Menayas, said *"the total volume of the commissions was validated, contract by contract, by the ministers of the budget and defence."*

In a statement given to Judge Van Ruymbeke on 7<sup>th</sup> December 2010, Jacques Dewatre, who in 1994 was head of the French foreign intelligence service, now called the DGSE, testified that *"The approval for commissions is the responsibility of services which depend upon the Minister of Defence and the Minister of the Budget."*

Judge Van Ruymbeke's investigation had established that, in order to convince the Pakistani authorities to choose the French submarines, a very structured network of corruption was established by a French state company dedicated to such activities, the SOFMA, which partnered the designers and builders of the submarines, the DCN.

The Judge had enough evidence on record that the SOFMA had set aside the equivalent in francs of 51.6 million euros for bribes to be paid out in the Pakistan deal. Influential agents working with the SOFMA used the money to gain the favours of numerous Pakistani dignitaries, in both military and political spheres. While the practice of commission payments was then legal for France, the reception of bribes was illegal in Pakistan.

Asif Ali Zardari was one of the main benefactors of the paid bribes, according to a former MD of the SOFMA named, Henri Guittet. He evaluated the sum paid to Zardari as being 4% of the total value of the sales contract.

*'I believe there was one per cent paid upon the signature of the sales contract, which means at the moment when everything can get underway and when notably the deposit and [partial] down payment has been paid, and one per cent later,'* he said in a formal statement. *'The remaining two per cent was pro rata with the payment of the clients.'*

Another Judge Marc Trévedic, who was heading second set of investigations into the murders of eleven French engineers, collected evidence discarding the theory touted by the Pakistani authorities that the engineers were targeted by al-Qaeda. He focused on suspicions that the bomb attack was directly or indirectly linked to the secret financial arrangements surrounding the Agosta deal. More precisely, that it was in retaliation for the non-payment of commissions promised to Pakistanis after they were all blocked by Balladur's rival Jacques Chirac, after he won the 1995 elections.

The truthfulness of the narration lies in the fact that despite its high trumpeted roars in Pakistan's leading newspapers none of the officers named in had ever approached the editors for clarification nor did any of them ever agitate the court; of course, they were never questioned even.

### **FALL OUT OF AGOSTA DEAL IN FRANCE:**

In ending 2010, families of French engineers killed in 2002 bomb attack in Karachi vowed to lodge a manslaughter suit against former French President Jacques Chirac, former PM Dominique de Villepin and former executives involved in arms deal linked to the case. The investigations revealed that the bombing event killing 11 French and three Pakistani engineers was revenge for refusing the settled kickbacks for Pakistani officials in the sale of submarines to Pakistan. The deal was to sell three Agosta 90 submarines to Pakistan for an estimated \$950 million. The evidence was likely to prove that Paris was aware of a 'risk' to

French personnel in Karachi, if the payments were stopped. Also surfaced that the present incumbent President Sarkozy was linked to the kickbacks as Budget Minister in 1994-95, however, he dismissed the allegations.

On 7<sup>th</sup> October 2010, following the said suit lodged by relatives of the killed French engineers, the France government officially announced to probe into allegations of kickbacks on arms deals with Pakistan though the French investigators were probing into the allegations since 2008.

Investigating Magistrate Renaud van Ruymbeke was deputed to probe allegations that companies [named Heine and Eurolux originally established in Luxembourg] set up with Nicolas Sarkozy's approval had channelled money from arms deal commissions to fund their political activities in France. The then PM Balladur had lost the 1995 presidential election to Jacques Chirac, who promptly cancelled commissions that were allegedly due to be paid to Pakistani officers.

***The Express Tribune of 27<sup>th</sup> November 2010*** opined in its editorial that:

*'An attack of this nature could take place only with the involvement of the military and the agencies. No one else is capable of enacting it. This is all the more true as it took place during the height of power of a military regime. At every turn, the name of the president [Asif Ali Zardari] has been mentioned but ..... the military has for too long been exempt from inquiry in wrongdoing of every kind.'*

Most of the people in Pakistan know many such things but nobody would agitate the court nor would the superior courts ever take *suo moto* notice of such high level burglaries by high command defence officers and politicians. It is Pakistan with population of 180 million but only 1%, mostly government servants pay income tax; the rest of them seem to be justified because they know where their tax money would be going.

The French Judge had commented in the last that [in ending 2010] Mr Zardari's **known** assets were worth \$1.7 billion; poor guy from a poor country. Let us pray for his long life to enable him to use them.