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Bin Laden's Brother-in-law Had Close Ties to Bush

Tom Flocco *

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Saudi Sheikh Khalid bin Mahfouz, an Osama bin Laden benefactor, has laundered money into tax-exempt U.S. entities for years as a foreign financier of terrorism. But a new 9/11 lawsuit is thrusting Mahfouz's latent past business links to George W. Bush back into the spotlight and raising important questions about links between Saudi finance and terrorism in America.

Nine hundred families of September 11 victims recently filed a trillion-dollar lawsuit against members of the royal Saudi family, businessmen worth a combined \$5 billion, and banks and charities. The lawsuit accuses them of financing Osama bin Laden, Al-Qaeda, and the Taliban government. And one of the defendants - Saudi Sheikh Khalid bin Mahfouz -- will likely draw increasing attention in coming months due to his past business relationships with President George W. Bush - the sweetheart deals he made during the elder Bush's presidency.



Saudi Sheikh Khalid bin Mahfouz - Bush Financier & Osama Bin Laden's Brother In Law

According to a Saudi government audit acquired by U.S. intelligence officials, five of Saudi Arabia's wealthiest businessmen, including National Commercial Bank (NCB) founder and chairman Khalid bin Mahfouz, transferred personal funds along with \$3 million diverted from a Saudi pension fund, to New York and London banks with accounts linked to terrorism. (*USA Today*, 10-28-99)

The money transfers were discovered in April, 1999 after the royal family ordered an audit of both NCB and Sheikh Mahfouz.

The plot thickens when we find Mahfouz is also linked by marriage to terrorist Osama bin Laden, as Mahfouz's sister is married to the Al Qaeda leader, according to not only former

CIA Director James Woolsey in 1998 Senate testimony, but also Jean-Charles Brisard, lead 9/11 lawsuit attorney Ronald Motley's researcher, and author of the book, *The Forbidden Truth*.

Motley's 9/11 lawsuit alleges that Saudi money has "for years been funneled to encourage radical anti-Americanism as well as to fund the Al Qaeda terrorists," a fact not taken lightly by 9/11 family members fighting back tears at the podium during Motley's recent press conference.



9/11 attorney Ronald Motley (Photo PBS)

NCB deposited the money into accounts of such Islamic charities as Islamic Relief -- and Blessed Relief, where Mahfouz's son Abdul Rahman serves on the board in Sudan. Senior U.S. intelligence officials said Mahfouz and others transferred, "tens of millions of dollars to bank accounts linked to indicted terrorist Osama bin Laden."

Powerful Washington, D.C. law firm Akin, Gump, Strauss Hauer & Feld LLP has earned hefty fees representing Mahfouz, other billionaire Saudi businessmen and the Texas-based Islamic charity, Holy Land Foundation (the largest in America -- which FBI officials fingered as a terrorist front organization in America. And two of Bush's closest Texas friends, James C. Langdon and George R. Salem -- chair of Arab-Outreach in his 2000 campaign -- are partners at Akin, Gump. (*Boston Herald*, 12-11-2001)

Five days before September 11, the FBI raided Holy Land's internet firm InfoCom Corporation, indicating pre-attack investigative interest in the charity's links to terrorism.

But no reports indicate whether the FBI has asked the President's friends at Akin, Gump about financial dealings with the U.S. firm's terrorist-connected Saudi clients.

Charles Lewis, executive director of the Center for Public Integrity, a political watchdog group, said "Akin, Gump's willingness to represent Saudi power brokers probed for links to terrorism presents a unique ethical concern since partners at the firm are so close to the president."

A Bath Always Comes In Handy

Mahfouz's past also includes business dealings with George W. Bush, having invested \$50,000 in the younger Bush's first company, Arbusto Energy, through his U.S. representative James R. Bath, an aircraft broker and friend of Mr. Bush from their days together in the Texas Air National Guard. (*Wall Street Journal (WSJ)*, "Vetting the Frontrunners: From Oil to Baseball to the Governor's Mansion," 9-28-1999)

Legal papers regarding Bath's contested divorce listed one of his assets as a \$50,000 investment in Arbusto Oil -- Bush's first company. Moreover, Bath's business partner said he had no substantial money of his own at the time he made the Arbusto investment,

implying that Bath received the money from someone else: "Most of Bath's investments....were really fronts for Mahfouz and other Saudis connected with the Bank of Credit and Commerce (BCCI)." (*The Outlaw Bank: A Wild Ride Into the Secret Heart of BCCI*, Random House, Beaty & Gwynne, 1993, page 229.)



Does George W. Bush Have
Something To Hide?

Award-winning author and journalist at the *Houston Chronicle* and *The Economist*, Peter Brewton, consulted James R. Bath's resume and wrote that in early summer 1976 Bath received a huge business break:

"Bath was named a trustee for Sheikh Salem bin Laden of Saudi Arabia [half-brother of Osama bin Laden], a member of the family that owns the largest construction company in the Middle East. Bath's job was to handle all of bin Laden's North American investments and operations." (*The Mafia, CIA, and George Bush*, Shapolsky Book Pub., 1992) [Simon & Schuster had first signed Brewton, then decided not to publish his book.]

Shortly thereafter, Bath also began working for billionaire Sheikh Mahfouz, NCB banker for Saudi billionaire financier Abdullah Bakhsh. Meanwhile, George Junior's failing Arbusto company was renamed Bush Exploration -- hoping to trade on his father's increasing importance; however, it was soon merged with Spectrum 7 Energy, as oil prices were collapsing.

While hard times continued for Spectrum, in 1988 Harken Energy Corporation absorbed the company, according to WSJ. And in return for adding the famous Bush name as a corporate asset, Texas-based Harken in effect bailed out the future president's failing fortunes with generous stock options, a salaried seat on Harken's board of directors, low-interest loans, and other helpful perks. [Harken Energy: George W.'s Perfect Storm, 7-15-2002 -- <http://www.scoop.co.nz/mason/stories/HL0207/S00104.htm>]

The astute Saudi billionaires sought to develop intimate financial relationships with the upwardly mobile political Bushes, even using their Arkansas connections to pull off some deals.

Bakhsh's Saudi banker Khalid bin Mahfouz and Bill Clinton's close Stephens Company friend, David Edwards -- representing Bakhsh's U.S. interests -- arranged for Bakhsh to purchase 17% of Harken Energy in 1987, as Harken also began to struggle with debt, while sorely in need of a cash infusion -- in this case, \$25 million from Saudi Arabia.

After the Saudi money propped up Harken, reports revealed that Bakhsh's other U.S. associate, Palestinian-born Chicago businessman Talet Othman, was given a seat on Harken's board with George Bush Jr. -- the President's son -- further linking them both to Saudi interests. But the financial bail-out came with a political quid pro quo: a seat at President George H. W. Bush's White House foreign policy table.

The WSJ added that by 1990, Othman began attending White House meetings with the elder Bush to discuss Middle East policy -- begging the question whether 9/11 victim families'

future terrorist sponsor Mahfouz and his wealthy Saudi banking client Bakhsh had purchased political, military, and financial influence within the Bush Administration.

According to *Fortunate Son* by James H. Hatfield, after George W's Harken Energy drilling contract with Bahrain was signed, Mahfouz and Bakhsh saw to it that Othman was added to a list of fifteen Arabs who met with President George H. W. Bush, then-White House Chief of Staff John H. Sununu [father of New Hampshire's current U.S. Senate candidate John E. Sununu], and National Security Advisor Brent Scowcroft, three times in 1990 -- once just two days after Iraq invaded Kuwait -- to discuss Middle East policy.

White In The Nick Of Time

Saudi banker Mahfouz and construction magnate Salem bin Laden's U.S. representative James Bath had a close business associate named Charles W. "Bill" White. *Time Magazine* reporters Jonathan Beaty and S.C. Gwynne described the former Navy fighter pilot as the All-American Boy -- and Bath's quiet personality required a complement:

"After the navy he [White] put away his combat decorations, earned a Harvard Business degree and returned to Texas to become a well-paid investment point man for a lot of heavy-hitting Republicans....He was sponsored by another Harvard MBA, Lloyd Bentsen, Jr., son of the Texas senator. Young Bentsen had discovered White on a Harvard recruiting trip....looking for someone who could handle discreet private investments."

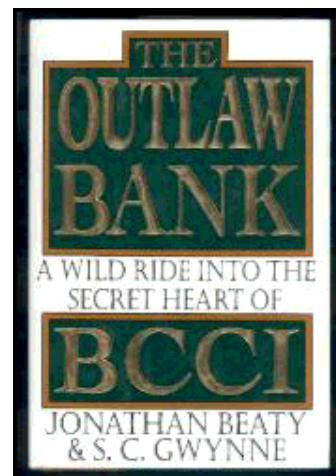
"As White explained it, Bentsen suggested he should look up a Houston businessman named James Bath, who was in real estate and aircraft sales, and represented some of the richest Arab sheikhs. Bath, also a friend of George Bush, Jr., was looking for a business partner. Bentsen thought that since Bath was also a former fighter pilot, the two men would have a lot in common." (*The Outlaw Bank*)

White and Bath became partners; and predictably, they were successful in a number of land development deals. White was the affable front man, while George Junior's friend James Bath quietly found the investors -- including Saudi billionaires. "Bath told me that he was in the CIA. He told me he was recruited by George H. W. Bush himself in 1976," when the elder Bush was CIA Director, according to Beaty's interview with White.

White added further, "That made sense to me, especially in light of what I had seen once we went into business together. He [Bath] said that [CIA Director] Bush wanted him involved with the Arabs, and to get into the aviation business."

John Mecklin, investigative reporter for the *Houston Post*, independently verified Jim Bath's CIA connections -- and that he was also future president George Jr.'s Air National Guard friend -- as Beaty had corroborated in the White interview for *The Outlaw Bank*.

Moreover, White said the elder Bush recruited Bath to monitor the activities of his Saudi Arabian investors, as Beaty confirmed the elder's friendship with Bath for himself: "White



said that one time in 1982 he and Bath were at the Ramada Club in Houston when Vice-President Bush walked in. Bush waved at Bath and said, 'Hi, Jim,' according to White."

Texas ties became a habit with Bath's future terrorist financier, author Peter Brewton implied, when in 1979 Mahfouz purchased the Houston River Oaks mansion of Chester Reed, father-in-law of John Ballis, who pled guilty to Savings and Loan fraud. Mahfouz paid \$4.23 million through Houston's Baker & Botts -- a law firm traversing many Bush family business deals -- which handled the Saudi Sheikh's Houston land investments through James Bath. Wide reports say Mahfouz still owns the Texas mansion.

Time's Beaty and Gwynne chronicled the terrorist financier's alleged 1985 sweetheart purchase of the Texas Commerce Bank Tower for \$200 million during the mid-1980s Texas oil-business crash. Bath's partner Bill White said Mahfouz's purchase greatly benefited the fortunes of President Bush 41's confidant and Secretary of State James Baker, Baker & Botts law firm, and Baker's family -- founders and principal holders of Texas Commerce stock.

Beaty said the Tower was built for \$140 million at the apex of the oil boom; but Mahfouz paid the elder Bush's family friends \$200 million at the bottom of the real estate crash, when commercial office space couldn't be given away. And interestingly, Mahfouz's partner in that purchase, Saudi-based billionaire Rafik Hariri, also over-paid Florida Senator Bill Nelson \$2 million more than the assessed value to buy his McLean, Virginia home in 1989 -- illustrating the penetration of Saudi financial corruption in Congress.



Texas Commerce Bank Tower, Dallas, USA

Mahfouz also bought into Houston's Main Bank as a partner with Bath and former Texas Governor John Connally in 1976. And in 1981 Mercantile Texas Corporation/Capital Bank -- soon to become MCorp -- bought Main Bank from Sheikh Mahfouz:

Strangely, *The Outlaw Bank* noted that "Houston's Main Bank made news when a bank examiner discovered that the small Texas bank was purchasing \$100 million in hundred-dollar bills each month from the Federal Reserve Bank -- an amount that dwarfed its miniscule asset base. That was strange, but there was nothing illegal about it."

However, Bill White also told Jonathan Beaty that Bath had been investigated by the Drug Enforcement Administration (DEA) while the two were partners, adding "the DEA suspected Bath was using his planes to fly currency to the Cayman Islands, although they didn't know why, since drugs didn't seem to be involved." Curiously, the probe ended.

Media interest may increase now, however, as Federal Reserve financial records are likely to be subpoenaed by Ron Motley and the 9/11 victim families, detailing the inordinate amount of currency that passed through Mahfouz's small Houston, Texas bank -- and the curiously indulgent investigation of Bath and the Federal Reserve by the DEA.

Even to the uninitiated, the Caymans are synonymous with corruption and circumvention of the law. Thus it will fall to court depositions, subpoenas, and political pressure from 9/11 victim families to question why stacks of U.S. currency from the Federal Reserve Bank were flown into the Caymans by Saudi-backed representatives like James Bath -- friend to the President's son -- let alone where the cash went, whether it was looted from the U.S. Treasury via Federal Reserve fiscal maneuverings, and to what extent the practice continues -- given current world terrorism.

Evidence points toward such "tax havens" as financial conduits for September 11 terrorism -- not just money-laundering refuges for current corporate wrongdoing, drug lords, organized crime, and those seeking to avoid a voracious U.S. tax system.

Michigan Senator Carl Levin's February, 2001 Minority Banking Report calls correspondent banking the "gateway to money laundering," a financial technique wherein illicit money is moved from bank to bank with no questions asked, thereby cleansing funds prior to being used for legitimate purposes.

Banks in the Caymans which are not licensed, for example, gain access to American financial markets by establishing "correspondent" relationships with U.S. banks that are.

Thus, Saudi financial supporters of terrorism such as Khalid bin Mahfouz are able to move millions from one country to another.

Strangely, given wide reports that Saudi billionaires are and have been financing terrorism in the United States for years, President Bush has still not issued a freeze on all correspondent transactions linked to banks in Saudi Arabia -- since most of the hijackers were Saudi nationals. [See Executive Order 3224 Blocking Terrorist Property, The White House, 9-23-2001, <http://www.banking.state.ny.us/il01102a.pdf>]

A *Washington Post* report (9-29-2001) also questioned "why [Bush's] original Executive Order did not name any banks," as the President has the power to freeze American monetary operations connected to global banks with institutions in countries refusing to cooperate in the terrorist finance probe. Thus Saudi financial scrutiny has been avoided.

Three months later, on December 31, 2001, a U.S. State Department memo revealed that the President again declined to deal with middle eastern banks, by announcing that assets of one German and five Irish terrorist-linked organizations had been frozen.

Still left off the frozen assets list were all banks linked to the epicenter of terrorist finances in Saudi Arabia, Kuwait, and Bahrain, where Bush 41 campaign contributors and Bush 43 have carried on personal financial business in the past via Harken Energy Corporation. [12-31-2001 State Dept. Memo <http://usinfo.state.gov/topical/pol/terror/02010202>]

However, given documented monetary ties to U.S. terrorism, exemplified by Mahfouz and other Saudis, cable TV news interviews now reflect a growing victim family outrage regarding secret 9/11 congressional hearings postponed till late September -- and lack of truth and accountability. [See Secret Hearings Conceal 9/11 Terrorist Links to Congress & White House, <http://www.scoop.co.nz/mason/stories/HL0208/S00045.htm>]

Mahfouz's Malfeasance

Osama bin Laden's brother-in-law, Sheikh Khalid, "remained at NCB until he was indicted in 1992 on charges that he had schemed to defraud depositors, regulators and auditors of the insolvent BCCI," according to Brewton in *The Mafia, CIA, and George Bush*.

At the same time, the Federal Reserve Board announced that it found Mahfouz and NCB had violated American banking laws in trying to acquire Washington-based First American Bancshares in concert with BCCI.



Osama Bin Laden - The world's most wanted, has business connections to George Bush

Shortly thereafter, a federal judge signed an order freezing Sheikh Khalid's U.S. assets, including a luxury penthouse apartment on Fifth Avenue in New York and stock in MCorp," according to Brewton. [The value of MCorp stock, however, was next to useless -- *Newsweek* reported on 2-18-2002 that the company had gone bankrupt in 1989] Conveniently, however, the New York court permitted the Saudi billionaire-turned terrorist sponsor to pay the U.S. a settlement fine of \$225 million to let him walk away.

In what is probably the most thoroughly-sourced book ever written about George W. Bush [literally thousands of credible newspaper articles, archived document lists, interview sources, and online reports collected may alone be worth the cost of the book], author J. H. Hatfield details George W.'s friend James Bath's incredible saga as the personal representative of terrorist -linked Khalid bin Mahfouz, one of the 9/11 victim family defendants:

"A deal broker whose alleged associations run from the CIA to a major shareholder and director of the Bank of Credit and Commerce (BCCI). BCCI was closed down in July 1991 amid charges of multi-billion dollar fraud and worldwide news reports that the institution had been involved in covert intelligence work, drug money laundering, arms brokering, bribery of government officials, and aid to terrorists. An accounting commissioned by the Bank of England finally exposed the extent of BCCI's deficits and criminal offenses, forcing the bank's eventual collapse." (*Fortunate Son: George W. Bush and the Making of an American President*, St. Martin's Press, November, 1999, and Soft Skull Press, 2000, by J. H. Hatfield)

Victim family scrutiny of Federal Reserve financial records related to BCCI, Islamic charity documents and bank accounts -- but also political pressure to make public the Saudi audit of Mahfouz will go a long way toward ascertaining just how much money bin Laden's brother-in-law laundered through U.S. and foreign banks to financially support the killers of their loved ones. Moreover, Beaty and Gwynne indicate that Ron Motley and his legal team will not have an easy time of it, as corruption's previous tracks have been well-covered:

"Sami Masri began talking again, the hushed words tumbling out painting a detailed, vivid picture of the Bank of Credit and Commerce International's global involvement with drug shipments, smuggled gold, stolen military secrets, assassinations, bribery, extortion, covert intelligence operations, and weapons deals. These were the province of a Karachi-based (Pakistan) cadre of

bank operatives, paramilitary units, spies, and enforcers who handled BCCI's darkest operation around the globe and trafficked in bribery and corruption. As the plane began its long descent, both men (Jonathan Beaty) sat silently, lost in their thoughts. (*The Outlaw Bank*, page 66)

Skyways Aircraft Leasing And Other Texas Tales



The Cayman Islands - Home to sun, surf and dirty money looking for a laundry

Perhaps Mahfouz's most interesting Houston investment through his agent, CIA-linked Jim Bath, was Skyways Aircraft Leasing. Skyways began on July 2, 1980 as a company called Cotopax Investments, registered in the Cayman Islands, according to Pete Brewton's *The Mafia, CIA & George Bush*.

In off-shore, money-laundering, "shell-corporation" traditional style, the Skyways Board of Directors met one week before Cotomax notified the Cayman Island authorities that the company name had been changed -- after 29 days.

"The directors named Mahfouz's envoy James Bath as president and director, and then resigned. All of the stock was made into bearer stock, which meant that it belonged to whoever possessed it," according to Brewton.

And in his sworn lawsuit against Bill White, Bath refused to reveal the owners of Skyways stock. But Brewton's research revealed that documents filed in another lawsuit indicated that Mahfouz owned Skyways.

One of the original subscribers to the renamed Cotopax Investments, Cayhaven Corporate Services, Ltd., was also a subscriber to I.C., Inc. -- incorporated in 1985 -- but curiously found in the very center of a chart drawn by Oliver North, found by investigators in North's White House safe. The chart showed the private network that provided support and money to the Iran-Contras -- another story with multiple legs.

White told Jonathan Beaty that he believed Bath was using Skyways' money, which may have belonged to the CIA, to speculate in Houston real estate. When the real estate market tanked, Bath turned on White for the money rather than tell Mahfouz and the CIA that he had lost it.

Saving A Buck Or Two

In 1990, *Houston Post*'s John Mecklin reported that the Bush Administration's Department of Defense (DOD) was paying millions of dollars more than necessary by buying aviation fuel from Mahfouz surrogate Jim Bath's Southwest Airport Services company at Houston's Ellington Field.

Southwest was charging government military aircraft anywhere from 22 cents a gallon to over 40 cents more than the price the Air National Guard base at Ellington was paying to buy its jet fuel. Even George the elder's Air Force One regularly participated in the scam each

time it pulled into Houston -- consistently using Bath's privately owned Southwest Airport Services instead of Ellington Field's less expensive government fueling station. (*Time*, "Mysterious Mover of Money and Planes," 10-28-1991)

Further illustrating the Saudi corruption of George Sr.'s administration at taxpayer expense, Mecklin reported that DOD paid Mahfouz stand-in, James Bath, more than \$12 million in contract overruns for over-priced aviation fuel.

Mecklin estimated that between November, 1985 and November, 1989, the DOD paid Bath's Southwest Airport Services more than \$16.2 million for fuel under government contracts that should have cost about \$3.6 million -- courtesy of American citizens.



Air Force One Taxiing At Ellington Field - Participated in fuel scam to fund Junior Bush's business partner

Southwest even had a City of Houston lease at Ellington for \$650 per month, won by Bath in a lottery, making the scheme possible; however, the lease had not been offered to anyone else for years, even though it was supposed to be temporary. Someone else was getting a private cut of the proceeds to pull off that kind of fraud; however, the *Houston Post* and *Time* revelations prompted no official investigations, leaving the American taxpayer holding the bag.

Truth, Justice And Accountability

After a year of grieving, family members of brave firefighters and police, emergency medical service workers, brilliant Wall-Street minds, intrepid airline crews and passengers, and Pentagon military personnel are probably beginning to ask themselves: "What did the government know, and when did they know it?"

The unanswered questions linger each day, even as Congress has delayed open hearings and the Senate postpones consideration of an independent 9/11 Investigative Commission with three or four victim family members participating in the process -- perhaps waiting for the Second Gulf War (aka The First World Oil War) to eliminate 9/11 justice and accountability from the table altogether.

That Khalid bin Mahfouz and other Saudis have been financially linked to terrorist Osama bin Laden has been verified by U.S. Intelligence; but that notwithstanding, the seriousness of current events compels an additional awareness and understanding of the bin Laden benefactor's strangely extensive financial associations with Houston, Texas entities (and powerful public persons.

For in a cryptic comment, former CIA official Larry Johnson once told the *Washington Post*: "The Saudis have been complicit....It's one of the dirty secrets."

Supplementary research was contributed by the writer's former assistant, Mario Calabrese, now employed in the research and investigation department at Chairman and General Counsel Larry Klayman's public interest law firm, Judicial Watch, Inc., in Washington, D.C.

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* - Tom Flocco is an independent investigative journalist who has written for Scoop.co.nz , AmericanFreePress.net, WorldNetDaily.com, FromTheWilderness.com, NewsMax.com, NarcoNews.com, and JudicialWatch.org.

Contact: TomFlocco@cs.com

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