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Exclusive: New Questions About Saudi Money—and Bandar

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Eric Draper / The White House

The White House is monitoring a joint FBI-Treasury Department probe into wire transfers overseas by Saudi ambassador Prince Bandar bin Sultan, pictured with the president in August 2002

By Michael Isikoff
Newsweek

April 12 issue - A federal investigation into the bank accounts of the Saudi Embassy in Washington has identified more than \$27 million in "suspicious" transactions—including hundreds of thousands of dollars paid to Muslim charities, and to clerics and Saudi students who are being scrutinized for possible links to terrorist activity, according to government documents obtained by NEWSWEEK. The probe also has uncovered large wire transfers overseas by the Saudi ambassador to the United States, Prince Bandar bin Sultan. The transactions recently prompted the Saudi Embassy's longtime bank, the Riggs Bank of Washington, D.C., to drop the Saudis as a client after embassy officials were "unable to provide an explanation that was satisfying," says a source familiar with the discussions.

A Saudi spokesman strongly denied that any embassy funds were used to support terrorism and said Bandar chose to pull the embassy's accounts out of Riggs. The Saudis point out that an earlier FBI probe into embassy funds that were moved to alleged associates of the 9/11 hijackers has not led to any charges. The current probe, by the FBI and Treasury Department, is one of the most sensitive financial inquiries now being conducted by the government and is being closely monitored by the White House. The federal commission investigating 9/11 was also recently briefed on developments, sources say. U.S. officials stress that they have identified no evidence of any knowing Saudi aid to terrorist groups. But they express frustration at their inability to penetrate a number of large and seemingly irregular transactions. "There's a lot of money moving in a lot of directions—maybe not all that carefully," said one senior law-enforcement official. "Everyone wants to get to the bottom of it."

Among the payments that have drawn scrutiny, documents show, were \$19,200 in checks between December 2000 and January 2003 from the Saudi Embassy to an Islamic cleric, Gulshair Muhammad al-Shukrijumah. The Florida-based imam has been on the FBI's radar screen for some time: he once testified on behalf of convicted terrorist Clement Hampton-El. The imam's son, Adnan G. al-Shukrijumah, also known as "Jafar the Pilot," is a suspected Qaeda operative who is the subject of a worldwide FBI manhunt. A Saudi spokesman said Gulshair al-Shukrijumah was a Saudi-funded "missionary" whose payments were terminated last year. Another area of FBI inquiry involves \$70,000 in wire transfers on July 10, 2001, to two Saudis in Massachusetts. One of the Saudis wrote a \$20,000 check that same day to a third Saudi who had listed the same address as Aafia Siddiqui, a microbiologist who is believed to have been a U.S. operative for 9/11 mastermind Khalid Shaikh Mohammed. A Saudi spokesman said the wire transfers had no connection to Siddiqui and were used to pay educational and medical expenses for Saudi families in the United States. But bureau officials say the matter remains under active investigation; a government document shows the bulk of the funds were wired to an account in Saudi Arabia.

The documents obtained by NEWSWEEK are "suspicious activity reports," or SARS, filed by bank auditors to alert Treasury to possible improprieties. Many may simply reflect longstanding Saudi practices, such as big movements of cash. "It's not fair to apply American standards to this. They're not General Motors," said Nancy Dutton, a lawyer for the Saudi Embassy. But investigators say the

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embassy accounts show a large commingling of funds with Islamic charities that have been the prime target of U.S. probes.

Other SARS may prove personally embarrassing to Bandar, the dean of the diplomatic corps in Washington who has had close ties to the White House. One involves \$17.4 million in wire transfers last year from the Saudi Defense Ministry account to a man in Saudi Arabia identified as the coordinator of "home improvements/construction" for Prince Bandar. The funds were to build a new palace for the prince. Ali Ahmed, a prominent Saudi dissident, noted that Bandar already owns at least seven palaces and mansions around the world. "This is corruption beyond the pale," he said. But Saudi Embassy lawyer Dutton said that government and private accounts are frequently intertwined by Saudi royals. "Just because it went through a government account doesn't mean it's not his personal money," she said.

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