

# JONES DAY

51 LOUISIANA AVENUE, N.W.  
WASHINGTON, D.C. 20001-2113

STEPHEN J. BROGAN  
MANAGING PARTNER

TELEPHONE: 202-879-3939  
FACSIMILE: 202-626-1700  
WRITER'S DIRECT NUMBER:  
202-879-3926

October 30, 2003

## BY HAND DELIVERY

Chairman Richard C. Shelby  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

Honorable Paul S. Sarbanes  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
534 Dirksen Senate Office Building  
Washington, D.C. 20510

Re: October 22, 2003 Hearing on Terrorism Financing

Dear Chairman Shelby and Ranking Minority Member Sarbanes:

I am writing as counsel to Mr. Khalid bin Mahfouz to correct dramatic misstatements concerning Mr. Mahfouz made by Mr. Jean-Charles Brisard in your Committee's October 22 hearing on "Counterterrorism Initiatives in the Terror Finance Program." As you know, Mr. Brisard is the "lead investigator" for certain plaintiffs' lawyers who have brought a lawsuit on behalf of the families of victims of the September 11 terrorist attacks against an array of defendants, including Saudi Arabian government officials and prominent Saudi citizens such as Mr. Mahfouz, who are alleged by these attorneys to have provided financial support to al-Qaeda. Mr. Mahfouz was vilified in Mr. Brisard's testimony as a financial supporter of Osama bin Laden who is "still at large."

In fact, Mr. Mahfouz, has absolutely no connection to Osama bin Laden or to al-Qaeda. Mr. Mahfouz and his family have publicly condemned terrorism in all of its forms and manifestations, especially the fiendish events of September 11, 2001. Neither Mr. Mahfouz nor any member of his family has ever been designated by the United States government or any other government as supporting or facilitating terrorism.

Notwithstanding the absence of any government support for Mr. Brisard's claims, Mr. Mahfouz has been a frequent target of his reckless allegations, which have required

Chairman Richard C. Shelby  
Honorable Paul S. Sarbanes  
October 30, 2003  
Page 2

Mr. Mahfouz to file defamation actions against Mr. Brisard in the United Kingdom and Belgium. Unfortunately, Mr. Brisard abused the privileged forum provided by the Committee to again malign Mr. Mahfouz and insert in the Congressional record factual claims that he knows are false, presumably for litigation advantage. This letter is submitted to correct the most significant of Mr. Brisard's misrepresentations concerning Mr. Mahfouz.

### The "Golden Chain"

In both his written statement and in his oral testimony, Mr. Brisard relied primarily on the so-called "Golden Chain list." According to Mr. Brisard, the Golden Chain document is "major evidence proving" that al-Qaeda's funds originate primarily from "wealthy donors in the Middle East." Mr. Brisard asserted that the Golden Chain "lists the top 20 Saudi financial sponsors of Al Qaida," including Mr. Mahfouz, and was "seized by the Bosnian police" in March 2002, clearly implying that this document is of recent origin and provides evidence of the recent supporters of al-Qaeda.

Mr. Brisard knows -- but did not inform the Committee -- that the undated Golden Chain document is, in fact, believed to have been created about 1988 (and possibly earlier). Indeed, he acknowledged this in a Witness Statement submitted in a defamation action in the United Kingdom early this year.<sup>1</sup> According to a judicial filing by the United States, this document was found in a computerized file of documents and articles from the 1980's labeled "Osama's History" concerning the Afghan resistance to occupation by the Soviet Union.<sup>2</sup> The document was described by the United States as a list of "wealthy donors to *mujahideen* efforts" against the Soviet occupation of Afghanistan.<sup>3</sup> The Afghan *mujahideen* were, of course, supported by the United States and, at the request of the United States, by the government of Saudi Arabia. No evidence has ever been advanced in any forum that supports Mr. Brisard's claim that the document lists donors to al-Qaeda, past or present. In fact, a court in the United Kingdom recently rejected an attempt by the Wall Street Journal Europe to defend such a construction of the Golden Chain document in a defamation action, finding that it is not clear who created the document, when it was created, or "what the meaning of the document is -- whether, for example, it purports to be a list of donors or a list of those who might be approached for funding."<sup>4</sup>

---

<sup>1</sup> Witness Statement of Jean-Charles Brisard (5/21/03) at ¶ 7, *Mahfouz v. Beaton*, Case No. HC03X00518 (High Court, Queen's Bench Division).

<sup>2</sup> Government's Evidentiary Proffer Supporting The Admissibility of Coconspirator Statements at 29-38 (Jan 6, 2003), *United States v. Arnaout*, No. 02 CR. 892 (N.D. Ill.)

<sup>3</sup> *Id.* at 30.

<sup>4</sup> *Al Rajhi Banking & Invest. Corp. v. Wall Street Journal Europe SPRL* [2003] All ER (D) 339 (July 21, 2003) at ¶ 23 (Approved Judgment).

Chairman Richard C. Shelby  
Honorable Paul S. Sarbanes  
October 30, 2003  
Page 3

Whatever the document actually represents, it plainly does not substantiate Mr. Brisard's allegation that it names supporters of terrorism. None of the parties named on the Golden Chain document, which includes some of Saudi Arabia's most prominent citizens, have ever been designated by the United States as supporters of terrorism.

### **The Muwafaq Foundation**

Mr. Brisard suggested that Mr. Mahfouz should be considered a supporter of terrorism because of his contributions to the Muwafaq Foundation. The Muwafaq Foundation, also known as the Blessed Relief Foundation, was established in 1992 to fight disease, hunger and lack of education in the developing world. Though its activities were wound up by 1998, during its brief existence Muwafaq worked with many other reputable charities, including the World Health Organization, UNICEF, the United Nation's World Food Program and Save the Children. Mr. Mahfouz was a principal donor to the Muwafaq Foundation but was never involved in the management or operation of Muwafaq in any way.

On October 12, 2001, long after Muwafaq had ceased its operations, Mr. Yasin al-Qadi, who managed and directed the Muwafaq Foundation, was named to the U.S. list of specially designated global terrorists. The Treasury Department's designation did not, however, disclose the reasons for placing Mr. Qadi on this list. Mr. Brisard nevertheless stated in his written testimony that "a U.S. Treasury Department statement" said that "Muwafaq is an Al-Qaida front that receives funding from wealthy Saudi businessmen" and that "Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief." No such statement appears to have been made, however, in any of the Treasury Department's official releases, and the origins of the media stories on which Mr. Brisard relies for his claim are not clear. It is clear, however, that the Muwafaq Foundation has never been designated a terrorist organization, nor has any evidence ever been offered to substantiate Mr. Brisard's allegations that it is an al-Qaeda front.

### **Audit of National Commercial Bank**

Mr. Brisard also testified that in 1999 the Saudi Arabian Monetary Authority (SAMA) conducted an audit of the National Commercial Bank (NCB) "after several months of fierce international pressure" that revealed the diversion of millions of dollars to terrorist organizations. Mr. Brisard stated that NCB was "chaired at the time by Osama bin Laden's brother in-law and one of his major financial supporters in the Kingdom." The Chairman of NCB was, in fact, Mr. Mahfouz.

Chairman Richard C. Shelby  
Honorable Paul S. Sarbanes  
October 30, 2003  
Page 4

Senior executives of NCB have repeatedly and vehemently denied that any such audit ever took place.<sup>5</sup> In a defamation action in the United Kingdom, Mr. Brisard submitted the purported audit document on which he relies for his claim.<sup>6</sup> Whether or not this is an authentic document, it provides absolutely no basis for Mr. Brisard's sensational claim that funds were diverted by NCB to terrorist organizations. Rather, this document states only that donations were made to a variety of Saudi charities -- none of which have been designated by the United States as supporters of terrorism -- outside of the purview of NCB's "Zakat Committee." In sum, this document does not suggest that these donations or any other transfers of money were intended or used to support terrorism, as Mr. Brisard contends.

### **Relationship to Osama bin Laden**

As previously noted, Mr. Brisard stated that the chair of National Commercial Bank in 1999 -- Mr. Mahfouz -- was Osama bin Laden's brother-in-law, a claim repeatedly made in his book, *Forbidden Truth*. Mr. Mahfouz has, however, one wife and eight sisters (one deceased), none of whom is related to or was ever married to Osama bin Laden. Mr. Brisard is well aware that this mistaken allegation arose from Congressional testimony given by former director of CIA, James Woolsey, who stated that the sister of "Mr. Hafuz [sp.], the Chairman of the National Commercial Bank" was married to Osama bin Laden. After learning that Mr. Mahfouz, the Chairman of the National Commercial Bank, was not so related to Osama bin Laden, Mr. Woolsey attempted to excuse his misstatement while abandoning its apparent meaning by explaining to the press that his testimony referred only to a "Mr. Hafous," not Mahfouz: "I don't know what to say other than that there was some confusion, but I never meant to refer to Bin Mahfouz's sister."<sup>7</sup> Statements claiming that Mr. Mahfouz is related to Osama bin Laden have been retracted and corrected by several publications, including the Wall Street Journal and the Washington Post.<sup>8</sup> Mr. Brisard continues nevertheless to refer to Mr. Mahfouz as Osama bin Laden's brother-in-law, though he must know by now that it is not true.

---

<sup>5</sup> "Saudi's Cash Funds Terrorism. U.S. Says: Ex-Chicagoan's Assets Are Frozen." Chicago Tribune (Oct. 28, 2001) at A1 ("National Commercial Bank senior officials vehemently denied the existence of a government audit showing that money had been diverted to the charity and transferred to bin Laden.").

<sup>6</sup> Exhibit JCB 14, Witness Statement of Jean-Charles Brisard (5/21/03). *Mahfouz v. Beaton*, Case No. HC03X00518 (High Court, Queen's Bench Division).

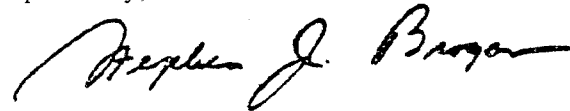
<sup>7</sup> "Top Investigator in 9/11 Victims' Lawsuit Faces Libel Action," Los Angeles Times (Feb. 26, 2003).

<sup>8</sup> Corrections, Wall Street Journal (May 5, 2002) ("A May 1 [2002] . . . story relied on Senate testimony in stating that a sister of Khalid bin Mahfouz . . . is married to Osama bin Laden. None of Khalid bin Mahfouz's sisters is or ever has been, married to Osama bin Laden."); Corrections, Washington Post (March 3, 2002) at A02 ("A Feb. 17 [2002] article about the use of gold in al Qaeda and Taliban financing reported incorrectly that a Saudi banker, Khalid bin Mahfouz, is a brother-in-law of Osama bin Laden.")

Chairman Richard C. Shelby  
Honorable Paul S. Sarbanes  
October 30, 2003  
Page 5

It is difficult to imagine a more serious and damaging charge than complicity with the terrorists who committed the heinous crimes of September 11, 2001. I would ask that this letter be included in the record of the Committee's hearing to provide some remedy for Mr. Brisard's misuse of your hearing to publicize allegations he knows to be false regarding Mr. Mahfouz. I would also ask that this letter be posted on the Committee's website along with other testimony from the hearing.

Respectfully,

A handwritten signature in black ink that reads "Stephen J. Brogan". The signature is written in a cursive style with a long horizontal stroke at the end.

Stephen J. Brogan