

TRANSCRIPT OF AN INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
MONDAY, 16<sup>th</sup> JULY 2007.

CASE REFERENCE: RL102

TAPE 1 OF A BATCH OF 6

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MOD POLICE FRAUD SQUAD
LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCKINNIS	-	SOLICITOR

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DI KERR: This interview is being tape recorded and may be given in evidence if your case is brought to trial.

I am Detective Inspector Murray Kerr from the Ministry of Defence Police Fraud Squad. I am based at the MOD Police Headquarters in Wethersfield in Essex.

My colleague, Lydia Jonson, is a barrister instructed by the Serious Fraud Office, Lydia would you please introduce yourself?

L JOHNSTON: Lydia Jonson, Barrister, 18 Red Lion Court.

DI KERR: The time is 11.03 hours and the date is Monday 16<sup>th</sup> July 2007.

This interview is being conducted in interview

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room number four at the Serious Fraud Office at Elm Street, in London.

The person I am interviewing is... please would you introduce yourself by stating your full name, your place and date of birth?

J ALDRIDGE: Okay.

Julia Aldridge, date of birth 31<sup>st</sup> March 1957 and born in Stafford, England.

DI KERR: Again, could you try and speak up so that the tape can pick you up clearly please Mrs Aldridge? Also present in the room is your solicitor?

N GERRARD: Yes, my name is Neil Gerrard. I am Partner at DLA Piper and I am Mrs Aldridge's solicitor.

DI KERR: And you brought with you a second solicitor, could you identify yourself please?

N MCKINNIS: My name is Neil McKinnis. I am employed barrister and an associate at DLA Piper.

DI KERR: At the conclusion of this interview, and before you leave the interview room I shall give you a form which will explain what will happen to the tapes. That's the tapes that are recording this interview and I'll also explain, the form will also explain how you can gain access to a copy of these tapes.

I am required to stress that you are here voluntarily, you are not under arrest and that means that you are free to leave this interview room and the SFO offices now or any time during this interview.

Do you understand that?

J ALDRIDGE: Yes.

DI KERR: You are entitled to free and independent legal advice. You have brought your solicitor with you, I understand that these solicitors don't provide free legal advice, if you wish to consult with a solicitor who can provide you with free legal advice, I can arrange for that to happen.

Do you want to consult with another solicitor who can provide you with free legal advice?

J ALDRIDGE: No, thank you.

DI KERR: You're happy to continue in the presence of your solicitors?

J ALDRIDGE: Yeah.

DI KERR: If that position changes and you want to consult with someone to give you free legal advice I will happily stop the interview and give you the opportunity to avail yourself of that opportunity.

Similarly if during the interview you decide that you want to consult privately with your solicitors who are here, just tell me and I'll stop the interview to give you the opportunity to have a private consultation.

For the benefit of the tape and for the benefit of your client, could you please explain your role in this interview today?

N GERRARD My role is to advise my client.

DI KERR: Okay.

This interview is being monitored by persons outside this interview room.

The purpose of their monitoring this interview is to provide me during breaks in the interview with advice to ensure that I haven't overlooked key points, which it would be proper for me to give you the opportunity to answer questions in relation to.

So I have undertaken to your solicitor that I will provide him with a list of the people who have been monitoring this interview.

Before I move on is there anything you want to say about that?

N McKINNIS: Yes can you confirm now the people who are listening?

DI KERR: Yes, I can confirm that the people who are present at the moment, well, when I came into this room, they will be changing as we deal with different areas, but I can confirm that a prosecutor from Sweden, Christer Vanderkwast is listening in a room and there are, when I came into the room, there were two people from the Serious Fraud Office, an investigator called Brown, and a principal investigator Gary Murphy.

N McKINNIS: And can you confirm the powers under which you state that the people from outside the SFO's investigating team are in the listening room?

DI KERR: Lydia?

L JONSON: Certainly, I can say for the benefit of the tape that the right of other people to be allowed to listen to interviews, or be provided with information is within the discretion of the director, and as I have indicated previously in

correspondence that discretion will be properly exercised in accordance with the law.

N MCKINNIS: Can you confirm the roles of those people from outside the investigating team?

L JONSON: Well certainly I can assist, Christer Vanderkwast is a senior prosecutor within the Swiss Corruption, Swiss, I'm sorry, Swedish Corruption Bureau. He is working with us and also as you will undoubtedly be aware the Swedish authorities have launched their own domestic investigation into the activities of SAAB in the sale of the, sorry, in relation to the attempted sale and lease of the Gripen aircraft to the Czech Republic.

DI KERR: Mrs Aldridge I must inform you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court, and that anything that you do say maybe given in evidence.

Do you understand the caution I have just said to you?

J ALDRIDGE: Yeah, I do.

DI KERR: Again, could you speak up if you can?

I understand that you have had some problems with your health, although I don't know what the specifics are, and of course I don't wish to pry into any health concerns, is there anything that I need to be aware of that I need to give you extra breaks or extra time?

Are there any concerns that you have, you or

your solicitor have of you being interviewed here today?

J ALRIDGE: No I don't think so. Provided there are plenty of breaks, that's fine.

DI KERR: Okay. Your solicitor?

N GERRARD: No I have no concerns.

DI KERR: Right.

The reason for this interview is because you're suspected of having been involved in making unlawful corrupt payments to advisors on behalf of your employers BAE Systems Plc.

I suspect that you have been involved in making these corrupt payments to officials in foreign jurisdictions in order to facilitate that BAE Systems unlawfully gain contracts for the sale of military products and the support of these products.

This is my opportunity to question you with regard to this matter, and if you wish to do so, this is your opportunity to give your explanation.

My colleague, Lydia here, may, will certainly take notes during the interview and she may wish to also ask you some questions.

We'll give you plenty of time to answer and as I have said before please try not to shake your head or nod your head in answer to the questions, because the tape won't pick them up, and please try and keep your voice as high as possible, and I understand that is very difficult, and I understand your concerns for

being here this morning.

So before I start asking you question, really is there anything you want to say at this point?

J ALDRIDGE: I would just explain my current position and my background in BAE.

DI KERR: Yes please. Again I am sorry for keeping on at this but the tape may have difficulty picking up what you are saying.

J ALDRIDGE: Right, I'll speak louder.

DI KERR: Yes please.

J ALDRIDGE: I'm Director of BAE Systems International Business Support, previously known as HQ Marketing Services. I joined the company in 1984 and moved to HQMS in approximately 1988. At that time I was one of four administrators involved in the administration of the company's Agreements with marketing advisors. Sometime later in approximately 1991 when the department moved from London down to Farnborough, I was promoted into a supervisory role but retaining my administrative function. A couple of years later I became an Executive, in about 1993, where I relinquished the general administrative role and took on a wider management position including the signing of documents. It wasn't however until approximately 2000/2001 when I became Director of IBS that I had any involvement in policy matters or procedural reforms.

At that point the Head of Department changed from Hugh Dickinson, who had been in the role since I joined in 1988, and was replaced by Andrew Fletcher and I reported to him. In 2006 Andrew Fletcher retired and I effectively took over the running of the department. That was in June 2006.

DI KERR:

Okay.

Can I just go back to, you said you joined BAE Systems in 1984, I guess it was a predecessor company, was it?

J ALDRIDGE:

Well it would have been British Aerospace.

DI KERR:

British Aerospace.

Very briefly what were your formal qualifications and your job experience prior to that?

J ALDRIDGE:

My formal qualifications, I had a general degree in Modern Arts, plus a Commercial PA Certificate, and up to that point I'd had various administrative and PA positions. And when I joined BAA in 1984. I took on a PA administration role.

DI KERR:

So you administered PAs within the company?

J ALDRIDGE:

No, no, no, I acted as PA to various people -

DI KERR:

Okay.

J ALDRIDGE:

- in one of the business units with a wider general administrative role.

DI KERR:

Okay.

Could you perhaps give me a little bit more detail on your experience in the jobs that you have carried out as part of BAE Systems then, or

British Aerospace, as it previously was?  
You started in 1984 as a PA, what did you  
graduate onto from there?

J ALDRIDGE: In 1984 was working with one of the  
business units, in fact the Commercial Aircraft  
Group, at Hatfield.  
The business unit relocated two years later, and  
at that point I took a new job at Head Office,  
but again within the marketing organisation  
working as PA to two of the Heads of Marketing.  
Two years later when both those individuals  
retired I sought a new position and -

DI KERR: Yeah.

J ALDRIDGE: - at that time in fact there were, I believe,  
three vacancies in HQ Marketing Services and I  
applied and obtained one of those positions.

DI KERR: When was that?

J ALDRIDGE: In about 1988.

DI KERR: Okay.

And what were those marketing jobs, what did  
they entail?

J ALDRIDGE: Sorry which marketing jobs, in 1988?

DI KERR: When you took that job in 1988, yes, what did  
that job entail?

J ALDRIDGE: Basic administrative role, managing the  
paperwork in connection with Marketing Advisory  
Agreements.

DI KERR: Okay and how long did you keep that job then?

J ALDRIDGE: That was, as I said, until approximately 1991  
when the department moved and I took on a more  
supervisory role.

DI KERR: Would you mind telling me a bit more about that job that you took over from 1991?

J ALDRIDGE: In addition to the general administrative function, I supervised the work of four administrators, i.e. reviewing drafts that they produced, helping them with wording, and because at the time I believe there was three new administrators, helping to understand the job.

DI KERR: What did the department do at that time? I understand that you were reviewing, managing administrators at that time, but what were they administrating?

J ALDRIDGE: As I have said, agreements with the company's Marketing Advisors.

DI KERR: Right.

J ALDRIDGE: So it was a centralised function within the company headed up, as I said, by Hugh Dickinson at that time.

There was also an executive reporting to Hugh Dickinson, and I was one down in the position of manager.

DI KERR: Okay.

I'll come, perhaps, a little more later on in the interview to Mr Dickinson's role.

I am sorry for asking questions which go so far back, but they really are relevant to my enquiry that I establish what the systems were as far back as really into the 1980's and 1990's.

So after that job what, when did you take over your next job?

J ALDRIDGE: In 1993 when the then executive left, I replaced

him as the manager within the department,  
reporting still to Hugh Dickinson.

DI KERR: Right, who was the Executive that left?

J ALDRIDGE: He was called Russ Andrews.

DI KERR: Right.  
Okay.  
So you took over Mr Andrews' job?

J ALDRIDGE: Yes.

DI KERR: Yeah.  
And what did that job entail?

J ALDRIDGE: Well, as I said, I relinquished the general  
administrative role so I no longer raised  
Agreement paperwork myself, I simply reviewed  
what other people had done.  
I processed approvals within the company and  
followed the then practice and policy that was  
in operation.

DI KERR: Okay.  
And how long did you keep that job then?

J ALDRIDGE: Until approximately 2000/2001 -

DI KERR: So that was sort of, seven/eight years between  
1993 and 2001, is that right?

J ALDRIDGE: That's right.

DI KERR: How many staff did you have then?

J ALDRIDGE: I believe there were four administrators  
generally -

DI KERR: Yeah.

J ALDRIDGE: - a secretary. At some point payments were  
centralised and we took on secondees from the  
Finance Department -

DI KERR: Yes.

J ALDRIDGE: - and later than that, we took on a secondee from the Legal Department to join the team. So at any one time it did fluctuate, and at the moment there are two administrators, a Compliance Manager, two finance secondees and one legal secondee and a secretary.

DI KERR: Okay.

Again I am sorry to reiterate, your voice is tailing away at the end of these sentences. Maybe if I explain, at the conclusion of this interview one of the tapes will be sealed but the other tapes will be used for us to make a transcript, so that if this was brought before a Court then the transcript could be provided to the Defence and to assist the Court in making it's decisions as to any allegations. So if you please could try and keep your voice up.

That brings us really to 2001, what job did you take on then?

J ALDRIDGE: As I have said, I had a wider role in policy matters and procedural reform because in approximately 2001 the company introduced a compliance program which involved establishing detailed procedures in relation to the activities we had previously been undertaking.

DI KERR: Did this compliance code have a title?

J ALDRIDGE: The new policy document was called Integrity in Business Dealings -

DI KERR: Right.

J ALDRIDGE: - but it covered more than simply the

administration advisor matters, it also covered such things as gifts and hospitality.

DI KERR: Okay.

And I guess that at some point later on in the interview I will touch on the Integrity in Business Dealings document, but if I could just ask you at this point to give me a very short summary of what that document entailed, and how it impacted upon the job you were doing from 2001 until when?

J ALDRIDGE: Until the present.

DI KERR: Until the present.

J ALDRIDGE: Well the Integrity and Business Dealings didn't change the company's policy in relation to its dealings with advisors, there had always been a policy going back to probably the early 1980s, maybe earlier, under which we operated. And there were established practices i.e. certain people had certain responsibilities, there was an approval body that approved all of the arrangements that were entered into with third parties, and the legal people at all times were involved in the process and reviewed the work undertaken.

In 2001 the responsibility for introducing the compliance program was that of the Legal Department, and at this time, as I said, we introduced detailed procedures which set out the way in which we would review the appointment of our portfolio advisors and carry out due diligence etc. etc.

DI KERR: Okay.  
So that really brings us to your job up to date.  
Yeah?

J ALDRIDGE: Mm-hmm.

DI KERR: Could you now describe for me the kind of  
training you have been given in order for you to  
carry out your job, really starting in 1984.  
The training that you were given within each of  
the positions that you have held for BAE Systems  
or its predecessor companies?

J ALDRIDGE: I can't recall that there was any specific  
training going back to 1988, it was more a case  
of on the job training.  
There were briefings at various points from  
various other areas of the company, security for  
instance, which of course you would expect in a  
defence company -

DI KERR: Yes.

J ALDRIDGE: - and the Legal Department where necessary and  
particularly after the introduction of the  
compliance program in 2001.

DI KERR: Yes.

J ALDRIDGE: And in between the company had instituted a  
management training, a general management  
training program -

DI KERR: Excuse me.

J ALDRIDGE: - which was largely along the lines of executive  
skills and the culture it expected to see among  
the management in the company.

DI KERR: What legal training did you have?

J ALDRIDGE: I have had no legal training as such, apart from

the briefings that the Legal Department have given in the way of compliance training and, of course, in the last five years, with a legal secondee in the department, we worked very closely with the Legal Department.

DI KERR: I'm sorry. One of the vagaries of working in this building, would you just repeat that last answer for me please, because there was a tannoy announcement?

J ALDRIDGE: So at least within the last five years we worked even more closely with the Legal Department having a legal secondee present, plus his superior, who was in a newly established role of International Compliance Director.

DI KERR: Who was this legal secondee?

J ALDRIDGE: Currently it's someone called Andy Ingram.

DI KERR: Yes.

J ALDRIDGE: Prior to that his superior Chris Wood looked after.

DI KERR: And do they provide you with training or advice?

J ALDRIDGE: Advice, plus the two of them run the company's compliance training program, so I and the rest of the department, will have received the standard compliance training.

DI KERR: Okay.

What you understand by compliance and compliance training and by, you mentioned the phrase, due diligence, these are key parts of the enquiry that I would like to ask you questions about today.

I think it is probably more appropriate that I

put them in the context of the appropriate part of the interview, so I will return to those at some point.

Is there any other training you have had which would be relevant, to help you do your job?

J ALDRIDGE: Not that I can specifically recall.

DI KERR: Okay.

J ALDRIDGE: Sorry, but I am essentially an administrator and I have done a General Arts Degree plus a Commercial PA course so, you know, as purely as an administrative function, presumably those skills were considered adequate at the time.

DI KERR: Okay that's fine, thank you.

Do you have any electronic or written training records that might give us an accurate record of the training that you received from the company?

J ALDRIDGE: Certainly there will be a record of compliance training.

I am not sure about the company's executive skills training, possibly yes.

Other than that I don't know.

DI KERR: Who would, who would maintain your training records if there are any?

J ALDRIDGE: Probably the HR Department in the case of the executive skills training, and the Legal Department in the case of the compliance training.

DI KERR: Okay.

Could you elaborate some more then on the compliance training that you have received for me?

J ALDRIDGE: Compliance training took the form of a presentation, and I believe the department had a dedicated session, which is generally how the training program is set up. So business areas and functions attend training sessions set up for them. Since then we have had refresher training, in fact we are due for refresher training at the moment, so that will be set up within the next few weeks. It's an ongoing process and if necessary one to one training can be provided.

DI KERR: Have you ever had any?

J ALDRIDGE: Not any one to one training but on the other hand I deal with the two legal secondees on a daily basis.

DI KERR: Okay. And when did this compliance training commence?

J ALDRIDGE: That was in 2000/2001.

DI KERR: Do you know what prompted the starting of compliance training?

J ALDRIDGE: Not precisely, I was just aware that that was the decision the company took.

DI KERR: Okay. What we will do during the conduct of the interview Mrs Aldridge, is at various points we'll sort of take a break to allow me to have the opportunity to, sort of, reflect on the answers you have given me in that part of the interview. Either Lydia or myself will be leading part of

the interview and the other person will then take over, really just to review to make sure that the answers you have given us in that last part are, we've got the appropriate understanding, that we are not making a mistake, just to make sure that everything is clear. So I'll ask Lydia now to review and summarise what you have just said, and she may then have some questions which I haven't actually identified.

L JONSON: You're General Degree was in Modern Arts but you had also some training in being a PA, is that right?

J ALDRIDGE: Yes.

L JONSON: And you then, when you joined British Aerospace as it was then, you were a PA to, did you say various people within the Commercial Aircraft Unit?

J ALDRIDGE: Yes.

L JONSON: There for four years before you went to HQ Marketing?

J ALDRIDGE: There for two years actually -

L JONSON: Two years.

J ALDRIDGE: - and then moved to Head Office Marketing.

L JONSON: Head Office. Who was, who did you report to at Head Office?

J ALDRIDGE: Good heavens, initially two of the Heads of Marketing, one was called General Perkins and the other was called Dick Vernal.

L JONSON: Dick?

J ALDRIDGE: Vernal.

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L JONSON: Vernal.  
And again your job there was administrative with a PA function?

J ALDRIDGE: Or more the other way round then really, PA with a -

L JONSON: PA -

J ALDRIDGE: less of the administrative functions.

L JONSON: - to both of those individuals?

J ALDRIDGE: Yes.

L JONSON: And in 1988 you moved to, as it was then called, HQ Marketing Services?

J ALDRIDGE: It may have been called something else actually at that time, I can't actually -

L JONSON: But essentially -

J ALDRIDGE: It's the same department.

L JONSON: - that's the centralised unit that co-ordinates Agency Agreements within BAE as it then was?

J ALDRIDGE: Yes.

L JONSON: And at that point who was the Head of -

J ALDRIDGE: Hugh Dickinson.

L JONSON: - and I think you said he retired in 2000, is that right?

J ALDRIDGE: 2000 or 2001, yeah.

L JONSON: Did he remain the Head throughout that time?

J ALDRIDGE: Yes.

L JONSON: When you joined HQ Marketing Services, you were one of four administrators co-ordinating Agreements with Marketing Consultants.

J ALDRIDGE: Mm-hmm.

L JONSON: Is that worldwide or within a particular area?

J ALDRIDGE: Worldwide.

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L JONSON: The Unit wasn't split up in to various particular continents for example and you had control over, for example Africa or Asia, you did every type of agreement?

J ALDRIDGE: To begin with yes.  
I think it was split up differently and over time it changed at various points.

L JONSON: In 1991 I think you said you moved, the office moved from London down to Farnborough where it remains today?

J ALDRIDGE: Yeah.

L JONSON: And you said that your role became more of a supervisory one, reporting I think you said to, Russ Andrews, who in turn reported to Dickinson, at that stage?

J ALDRIDGE: Yes.

L JONSON: Did you have an interview to, for that new post? Do you remember?

J ALDRIDGE: I can't recall actually.

L JONSON: If you can't remember, not to worry.  
And you stayed, I should ask you, who were the other administrators who were below you then at that time from about 1991 onwards?

J ALDRIDGE: Oh gosh, I'll try and remember their names but as part of the relocation down to Farnborough the team changed -

L JONSON: We can come back to it, if you need some more time to consider?

J ALDRIDGE: I probably would.

L JONSON: And in 1993 I think you said you were part of the wider management which involved you signing

documents, would that include Agency Agreements?

J ALDRIDGE:

Yes.

L JONSON:

Were you involved in the actual drafting of the agreements themselves in terms of the content of the various clauses?

J ALDRIDGE:

No the agreement itself was a standard company document produced by the Legal Department.

L JONSON:

Would you have any involvement at all in amending the content of those agreements?

J ALDRIDGE:

If following discussion with advisors points were raised and revise wording requested, then I or one of the administrators would produce a draft for review by the Legal Department.

L JONSON:

Right, so the decision to actually change would not be made by you, it will be made by the Legal Department?

J ALDRIDGE:

That's right.

L JONSON:

In 2000/2001 you say you became director of what became International Business Support, when did the name change occur, do you remember?

J ALDRIDGE:

Around the same time.

L JONSON:

And you say you became director, is that Board Director, or is that?

J ALDRIDGE:

No, no statutory directorships whatsoever at that point.

L JONSON:

So in terms of the hierarchy at IBS, who's at the top? Who at that point in 2000, when you became director?

J ALDRIDGE:

Well that is around the time that it changed from Hugh Dickinson to Andrew Fletcher.

L JONSON:

So Director isn't the most senior position

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within IBS?

J ALDRIDGE: No at the time the most senior title was the VP, Vice President of the Department.

L JONSON: Is there, forgive me I'm not that familiar with companies, is there a president of the department or is the VP the most senior -

J ALDRIDGE: No, VP was the most senior, yeah.

L JONSON: But that role wasn't in existence before Andrew Fletcher, is that right?

J ALDRIDGE: No, well titles changed at various times and really I can't remember whether Hugh Dickinson had that title or not.

L JONSON: But essentially Fletcher took over from Dickinson?

J ALDRIDGE: Yes.

L JONSON: You then said you became involved in more procedural matters and policy in particular the integrity in business dealings documents, did you have any specific involvement yourself in drafting that document?

J ALDRIDGE: The Lawyer dealing with it consulted me on various aspects of procedures -

L JONSON: Do you remember which parts?

J ALDRIDGE: - oh.

L JONSON: - we can come back to it later, because it is one of the documents that's included in the, in the bundle.

Would it be helpful if we went through it with the document in front of you?

J ALDRIDGE: Probably.

L JONSON: All right, we'll come back to that later on,

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that's probably easier.

You then said that in 2006 Andrew Fletcher retired and that you took over, so you are now EVP of IBS is that right?

J ALDRIDGE: I didn't actually change my title, I retain my director title.

L JONSON: Right.

You then went on just to deal with just a little bit of the training that you, that you'd had, including particularly the area we're interested in, which is compliance training.

You say that there was a presentation that the department received, who produced that presentation?

J ALDRIDGE: It would have been the International Compliance Director.

L JONSON: Who was that?

J ALDRIDGE: Chris Wood.

L JONSON: Chris Wood.

Do you remember when it was? Approximately, I am not tying you to dates.

J ALDRIDGE: Gosh, I really can't, no.

L JONSON: Year?

J ALDRIDGE: Well 2000/2001 really, more precisely.

L JONSON: And what format did the presentation take, can you remember, and how long was it?

J ALDRIDGE: Generally an hour and a half.

L JONSON: An hour and a half?

J ALDRIDGE: Mm-hmm.

L JONSON: And what topics did that cover?

J ALDRIDGE: It covered the company's policy with respect to

bribery and corruption, the gifts and hospitality aspects of the policy, it introduced the revised procedures, it reminded everybody of their responsibility and the company's general stance on ethics and later on introduced other aspects, such as references to Proceeds of Crime Act and our general legal obligations.

L JONSON: You say later on, do you mean, was that later on in time on another occasion?

It was separate training or within the same day?

J ALDRIDGE: I don't think it was separate, I believe as time went on the program was updated and other aspects were included.

L JONSON: Right.

You say that you had refresher training, although I think, one you said is due at the moment. How often was refresher training given?

J ALDRIDGE: It depends on the job you are doing but -

L JONSON: Well you for example?

J ALDRIDGE: - for me it would be annually.

L JONSON: Annually.

And what did the refresher training comprise?

J ALDRIDGE: Well in my case because I am often with the International Compliance Director, I will sit through training sessions that he gives to other parts of the company.

So it's, his standard training package.

L JONSON: You sit through other training sessions given by him to other people?

J ALDRIDGE: Yes.

L JONSON: How often do you do that?

J ALDRIDGE: Probably several a year actually.

L JONSON: Any particular reason, or?

J ALDRIDGE: No, purely because I happen to be with him for whatever reason in dealing with the business unit.

L JONSON: Is that summarised enough?

DI KERR: Yeah, I am happy with that, I think it's an appropriate point to move on to the next stage. Lydia's just looking at the tape timer there, it's 38 minutes into a 45-minute tape, so I'm really going to close this tape down, give you a short break, give you the opportunity to have a cup of coffee or some water and then we will resume on the next part on the next tape. So the time is now 11.42 hours and I am switching off this tape.

**(End of tape 1)**

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MONDAY, 16<sup>th</sup> JULY 2007.

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TAPE 2 OF A BATCH OF 6

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MOD POLICE FRAUD SQUAD
LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCKINNIS	-	SOLICITOR

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DI KERR:            This is the second tape, the continuation of an  
                         interview with Julia Caroline Aldridge. The  
                         date is Monday, the 16<sup>th</sup> July 2007, and the time  
                         is 12.00pm, midday exactly. Mrs Aldridge, I'll  
                         remind you that you have attended here at the  
                         SFO offices voluntarily, and I thank you very  
                         much for that, thank you for coming in and  
                         answering our questions today. I'll remind you  
                         that you are not under arrest, and you're free  
                         to leave now or any time during this interview.  
                         I must also caution you again.  
                         I must also caution you again, that you do not  
                         have to say anything but it may harm your  
                         defence if you do not mention when questioned  
                         something which you later rely on in court.

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Anything you do say may be given in evidence.  
Do you understand that?

J ALDRIDGE: Yes.

DI KERR: Right, again I'm sorry, I know I alluded to it a number of times during the previous interview. I only have a slight concern that the tape will have difficulty in picking up your voice, so if again if I could remind you to speak up as much as possible. During the previous tape we had asked you some questions about your background and the job that you performed within BAE Systems really since 1984. Sorry, is there something you want to say, Lydia?

L JONSON: I'm sorry, can I just interrupt? Just for the purposes of the tape, two further people have now started listening to the interview. They are two lawyers working within the SFO team; Sasi Kanth-Mallela and Paul Feldberg.

DI KERR: Thank you. I think probably the easiest way; we're trying to comply with your requests. If you've no objections, what we'll do is we'll just - I've asked them to keep a note of who's coming in and out, because we obviously can't tell you - there may be somebody who comes in for 10 minutes to listen to a line of investigation. We'll just provide you with a list of everybody who's come in, if you're happy with that?

N GERRARD: I think that's sensible.

DI KERR: Yeah.

N GERRARD: I think, however, anyone from outside the Serious Fraud Office, such as any other

international prosecutors, we would like to know in advance.

DI KERR: Okay.

N GERRARD: Or as they turn up.

DI KERR: Well, there's no-one at the moment other than Christer Vanderkwast.

N GERRARD: Yes. Who knows nothing about Swedish sailing boats, disappointingly.

DI KERR: I'm not going to be drawn on that one I'm afraid. Right, I'm sure I did caution Mrs Aldridge. Lydia's not sure that I did. I will re-caution her again. You do not have to say anything but it harm your defence if you do not mention something when questioned which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: I'm sure it's the second time but... Mrs Aldridge, I'd like to move on and ask you some questions about the Headquarters Marketing Department; its predecessor departments, I know the title's changed at least once or twice. So really, can you tell me when Headquarters Marketing in whatever form was established?

J ALDRIDGE: I'm sorry, do you actually mean Headquarters Marketing or do you mean Headquarters Marketing Services, of which I was involved?

DI KERR: Let's start with Headquarters Marketing. If you could tell me what the difference between the two is?

J ALDRIDGE: Well, Headquarters Marketing was the wider company department responsible for the marketing

of its products worldwide. Marketing Services was a discrete function, initially reporting to head of marketing but later with a separate reporting line.

DI KERR: Okay. Can you give me a little more of a description on what the purposes of the Headquarters Marketing Department, in that what service that provides to the company; the larger departments?

J ALDRIDGE: I think you're really better off really talking to head of marketing about that. My understanding is that they're generally responsible for the marketing of the company's products worldwide.

DI KERR: Okay.

J ALDRIDGE: But -

DI KERR: Who's the current head of marketing then?

J ALDRIDGE: Mike Rouse.

DI KERR: Okay, alright. And you currently head the Headquarters Marketing Services Department, is that right?

J ALDRIDGE: Now called International Business Support.

DI KERR: Okay. Can you tell me then when that department was established?

J ALDRIDGE: International Business Support was established with the introduction of the compliance programme, when it was felt that the department should be segregated from marketing with a separate reporting line, obviously for reasons of functional integrity.

DI KERR: And when was that?

J ALDRIDGE: In approximately 2001.

DI KERR: Alright, and what was that department's predecessor then? What happened prior to 2001?

J ALDRIDGE: That was when it was called HQ Marketing Services, and we were essentially part of the Headquarters Marketing Department.

DI KERR: And what did Headquarters Marketing Services - what function did that provide to BAE?

J ALDRIDGE: Purely the administration of marketing advisers whose appointment had been requested by the marketing people.

DI KERR: Alright. What do you mean by the 'administration' of the marketing advisers? What specifically do you do?

J ALDRIDGE: Well, upon receipt of proposal from the marketing people, which took the form of a standard document, a standard proposal form, we would essentially run through a procedure culminating in the signing of an adviser agreement with the third party, and later on making payments with respect to that agreement if they arose.

DI KERR: Okay. How many staff worked within the Headquarters Marketing Services Department then?

J ALDRIDGE: Well, currently, under International Business Support, or previously?

DI KERR: Yeah. Let's start currently.

J ALDRIDGE: Okay. Currently I am the head, I have a compliance manager, two coordinators currently, one secretary, two finance secondees, and a legal secondee.

DI KERR: Okay, can you identify who those people are for me, please? Your compliance manager?

J ALDRIDGE: Is Tom Rogers. The two coordinators are Natasha Banks and Beth Mortimore. The secretary is Jan Walker. The finance ladies are Anne Smith and Zena Hill, and the legal secondee is Andy Ingram.

DI KERR: Okay. Prior to this department, what system was in place then?

J ALDRIDGE: Very similar except that instead of having a legal secondee within the department we simply worked with them on a day-to-day basis. Otherwise, it was largely the same. I hadn't at that stage appointed a compliance manager. That was a new role which was created in approximately 2001.

DI KERR: Okay. So historically then, who held the key positions in this department?

J ALDRIDGE: Well, as I said, Hugh Dickinson was head of department from the time that I joined in 1988 until his retirement in 2000.

DI KERR: Okay.

J ALDRIDGE: He had a manager under him at various times, which was the job that I held between 1993 and his retirement, and as before we had a number of coordinators which fluctuated but was never more than four, I don't believe. And we introduced in approximately 1997, a finance secondee when the company decided to centralise the payments system.

DI KERR: Were you effectively Mr Dickinson's deputy?

J ALDRIDGE: Yeah.

DI KERR: Was there anyone in the management chain between you and Mr Dickinson?

J ALDRIDGE: Not from 1993 onwards.

DI KERR: Right. Were there any other people who held the key management positions from when you joined that department? Was it 1988?

J ALDRIDGE: Mm hmm.

DI KERR: Who else held key management positions within that department?

J ALDRIDGE: Some time between 1988 and 1991, Hugh had a deputy called Cathy Dixon. From 1991, his deputy was Russ Andrews, and from 1993, myself.

DI KERR: Where are the offices of the Headquarters Marketing Services Department?

J ALDRIDGE: Currently at Farnborough.

DI KERR: Is there only one office?

J ALDRIDGE: Yeah.

DI KERR: Could you give me the address of the office, please? Postal address?

J ALDRIDGE: Warwick House, which is at Farnborough Aerospace Centre, in Farnborough.

DI KERR: Okay, and really what I'd like to ask you some questions on is, is really about the job that you specifically do. I mean, can I start first of all, what is your job title?

J ALDRIDGE: My current title is Director International Business Support.

DI KERR: Right, and really, do you have a job description at all? Do you have a written job description that states out what your responsibilities are?

J ALDRIDGE: I may have had at some point, but I can't remember the last time that I did.

DI KERR: Really then, what I'd like to try and feel for now is exactly what you do in your day-to-day

job. So could I ask you to give me as in-depth a description you can of what you do for BAE Systems Limited?

J ALDRIDGE: Mm hmm. I supervise the running of the department in accordance with the current policy and procedures, so effectively the management of the appointment of marketing advisers, and in that respect, we, the department process any proposal paperwork which is raised by the marketing department, as I said, in accordance with the procedures.

So the marketing people will produce a data-pack for the appointment of an adviser which will come to the department for processing, which includes checking, due diligence, following up on queries, raising the agreement paperwork that will ultimately be signed, going through the approval system, which includes marketing sign-off, legal checking on rules, regulations and compliance aspects of the proposal, and more senior approvals required within the company. Following all of that process, an agreement will be raised for signature by the adviser. Once it's been executed and there is an internal system for logging and maintaining records, again fully in accordance the procedure that we have, and making payments. Payment instructions are produced in a standard format and logged with the finance department who will then deal with any subsequent payments. There are a number of other reporting requirements within the company to deal with auditors and regular

internal and external audits, and my job is to ensure that these internal requirements are all complied with. In addition to which, we will constantly deal with any number of queries from advisers, from marketing and from other areas of the company on an as-required basis.

DI KERR: And what sort of enquiries do you get?

J ALDRIDGE: Very often applications of policy, for instance, in that a business unit will perhaps let me know what sort of appointment he's proposing to make, and ask my views as to whether it would fall within the IBS remit or not.

DI KERR: Okay.

J ALDRIDGE: For instance.

DI KERR: Okay. You said that your job was to ensure that the company's current policy and procedures are adhered to. Where are the instructions, the procedures that you have to adhere to? Where are they laid down?

J ALDRIDGE: This is in the integrity and business dealings document that I referred to, that actually has now been replaced by an adviser policy, currently, and it's laid down as part of the company's overall governance document. At the moment the top level document is called the 'Operational Framework', and the adviser policy falls underneath that document.

DI KERR: And when did the new policy document come into being?

J ALDRIDGE: The latest version came into being on 1<sup>st</sup> of January this year.

DI KERR: Right, and previously?

J ALDRIDGE: Initially, the integrity and business dealings details document came in around 2001. That's been updated at various intervals. I believe version three was the last version, which was superseded by the 1<sup>st</sup> of January policy this year.

DI KERR: Okay. I'm sorry to keep reminding you but again your voice is slipping down. Could you try and speak up please? After this I will try and move the microphone a little bit nearer you perhaps. You said that that policy and procedure came in, in 2001?

J ALDRIDGE: Mm hmm.

DI KERR: How did you know how to carry out your job prior to that then?

J ALDRIDGE: It was more practice than detailed procedure, so there was an established practice that the department followed, under an overall policy document, and that's what we essentially what we did.

DI KERR: Does that policy document still exist?

J ALDRIDGE: Well there are various policy documents going back, as I've said, a number of years.

DI KERR: Uh huh; and where would I find copies of the policy documents going back historically really into the 1980's then? Where would I find those?

J ALDRIDGE: Well, you would need to request from the company, I guess.

DI KERR: Would they still be held by the company?

J ALDRIDGE: I wouldn't know if every version that's ever been produced is held, but certainly some are available.

DI KERR: This is the policy and procedure guidelines that you follow, is that correct?

J ALDRIDGE: Yeah.

DI KERR: Yeah, or historically through the years that you've followed?

J ALDRIDGE: Not just the department. These are in relation to the entire company. These are company policy documents.

DI KERR: Where would you go within your department to find these documents?

J ALDRIDGE: Well, in line with most companies we've largely gone electronic now, so they would be available to everybody on the electronic website.

DI KERR: What about historically in the 1990's and 1980's even?

J ALDRIDGE: Mm hmm. I don't know. Certainly hard copies were issued. I can certainly recall that when an update was produced, a hard copy was issued to, for instance, business unit managing directors. Other than that I don't know.

DI KERR: Okay. How often do you consult with your policy documents?

J ALDRIDGE: Whenever I need to.

DI KERR: Just on an ad-hoc basis?

J ALDRIDGE: Yes.

DI KERR: But you know where to find them?

J ALDRIDGE: Oh yes, yes.

DI KERR: Is it a daily - you know, do you consult with these documents daily or monthly, weekly, yearly?

J ALDRIDGE: I'm fairly familiar with them, so I don't need to consult that regularly, so maybe if there's

some point of detail. I couldn't say how often.

DI KERR: Okay. Who do you report to? Who's your boss?

J ALDRIDGE: Currently, an executive director, Chris Geoghan.

DI KERR: Chris...?

J ALDRIDGE: Geoghan.

DI KERR: Geoghan.

J ALDRIDGE: You're not going to ask me to spell that, are you?

DI KERR: Actually, that's the very question I was going to ask. I'm sure we can find out. I was going to make it easier for whoever's typing up the transcript, but I'm sure we can find out how to spell Mr Geoghan's name. What's the management chain upwards from Mr Geoghan then?

J ALDRIDGE: Mr Geoghan is a board director -

DI KERR: Yeah.

J ALDRIDGE: - and I believe he reports into the Chief Executive.

DI KERR: Straight to Mr...?

J ALDRIDGE: Mike Turner.

DI KERR: Mike Turner.

J ALDRIDGE: Is the Chief Executive.

DI KERR: Yeah, okay. Going the other way, who reports directly to you?

J ALDRIDGE: Tom Rogers, two coordinators and one secretary.

DI KERR: The coordinators being...?

J ALDRIDGE: Beth Mortimore and Natasha Banks.

DI KERR: Sorry, Natasha...?

J ALDRIDGE: Banks.

DI KERR: Banks. Do you want some more water? I'll just give you a second to take a drink of water. Obviously, we're very keen to find out from you

really what your job is, what your day-to-day job is. Maybe it might give us a bit of a better idea if you were to explain to us how you organise your day and how you organise your diaries?

J ALDRIDGE: Goodness. There are a number of regular events in my diary, such as a weekly team meeting, a two-weekly meeting with each of the coordinators, in addition to which I will have internal meetings with legal people, marketing people if we need to discuss in detail any of their particular proposals. More senior people if we need to seek approval, so Mike Rouse and Chris Geoghan. What else? Externally meetings with advisers to sign and/or review documents. And then time for general review of the paperwork that's been processed through the department.

DI KERR: Okay. Would all of these meetings be entered into some sort of spreadsheet or diary, either in hard copy or electronically?

J ALDRIDGE: Yes, I have electronic diaries.

DI KERR: It's an electronic diary. Again, sorry, I'm really struggling to pick up what your saying so. You have an electronic diary?

J ALDRIDGE: Yes.

DI KERR: Where is that kept?

J ALDRIDGE: At Farnborough.

DI KERR: In your office there?

J ALDRIDGE: We have all sorts of company file servers. I couldn't say which one it's on, but -

DI KERR: Okay.

J ALDRIDGE: - I guess it's on one of the main company databases.

DI KERR: Is that accessible remotely by laptop or...?

J ALDRIDGE: Yes, I can do.

DI KERR: Do you have a laptop, a company laptop?

J ALDRIDGE: Yes, I do.

DI KERR: As well as computers in your office?

J ALDRIDGE: And a BlackBerry even.

DI KERR: And a BlackBerry; right. You're now getting into an area that's beyond me. Really then I mean, what computers do you use at work?

J ALDRIDGE: Standard PCs, mine happens to be a laptop.

DI KERR: So you have one laptop, just?

J ALDRIDGE: Yes.

DI KERR: You don't have another PC that you use daily in the office?

J ALDRIDGE: That's the one I use daily in the office.

DI KERR: Right, like just a docking station?

J ALDRIDGE: Yeah.

DI KERR: And a BlackBerry?

J ALDRIDGE: And a BlackBerry.

DI KERR: Anything else?

J ALDRIDGE: Not I can immediately think of. We can access our diaries from other locations within the company i.e. If I'm at the head office in London, I can access my diary and emails from there.

DI KERR: Right. Are all your official meetings entered into this diary?

J ALDRIDGE: Depending on the efficiency of the secretary at any one time, yes, I would expect them to be.

DI KERR: Okay. So we have just the laptop, BlackBerry,

and nothing else?

J ALDRIDGE: Not that I can immediately think of.

DI KERR: Okay. What about previous to this electronic world that we live in today? Did you keep hard copy diaries?

J ALDRIDGE: Gosh. We've had electronic diaries going back a very, very long time, in one form or another. I can't actually recall having a hard copy diary.

DI KERR: Can you say roughly when you started maintaining an electronic diary?

J ALDRIDGE: I really can't remember when they were introduced.

DI KERR: Would you have access to any previous hard copy written diaries, at all?

J ALDRIDGE: Unlikely. I can't recall having seen anything for a long time like that.

DI KERR: Okay. I mean I know it's going back into the nineties and even the eighties, but such is the case that we're investigating here that there are relevant issues which go back that far. Okay. What did Hugh Dickinson's job entail?

J ALDRIDGE: As manager of the department at the time, largely dealing with matters, again in accordance with the then practice and policies.

DI KERR: Okay. And he was your boss, yeah?

J ALDRIDGE: Yeah.

DI KERR: Where does Mr Fletcher fit into - Andrew Fletcher, fit into the organisational structure?

J ALDRIDGE: Well, Andrew replaced Hugh in approximately 2000-2001, There was an overlap for a while. And took over from Hugh Dickinson in the role of head of department.

DI KERR: So you report up there now? Do you still report to Mr Fletcher?

J ALDRIDGE: No, Andrew Fletcher retired in 2006.

DI KERR: Was he replaced by Mr Geoghan?

J ALDRIDGE: No, no. He reported to Chris Geoghan prior to his retirement.

DI KERR: Right, okay. Perhaps I can ask you some questions now about the systems which were in place, the electronic systems that were in place through the nineties, or maybe it was prior to electronic systems. How did you actually keep records of the work that HQ Marketing Services did during the eighties and nineties?

J ALDRIDGE: All agreement paperwork produced by the department was produced electronically and stored electronically, as well as in hard copy format. In addition to which, we were required to maintain central records, so we had a database summarising the agreements that had been entered into. Following the centralisation of payments within head office, various payment cashbook databases were set up to manage and control those payments.

DI KERR: Okay. I'll come to the payments again probably this afternoon, and the systems that involved making payments to agents engaged by BAE Systems, but maybe just before we get on to that, you could describe for me the role played by Lloyds Bank historically?

J ALDRIDGE: Well, as far as I'm aware, they've been the company's bankers for a number of years. I can't remember exactly when that started.

That's not my remit and, you know, you'd really have to ask someone in the finance department.

DI KERR: Did you ever have any dealings with Lloyds Bank historically in the eighties and nineties particularly?

J ALDRIDGE: I can't recall that I did. I certainly did meet account managers on a couple of occasions, but I can't really recall exactly when.

DI KERR: Thank you. Lydia?

L JONSON: Just to summarise, Mrs Aldridge, you say that originally HQM - well, HQM and HQMS are totally separate entities. Is that correct?

J ALDRIDGE: HQM -

L JONSON: At the time, sorry, I know it's IBS now, but at the time HQM was the marketing, the general marketing department of BAE, and HQMS dealt with consultancy services?

J ALDRIDGE: It was a discrete function which reported into the marketing department.

L JONSON: And who was head of marketing throughout, say throughout the nineties before, certainly until HQMS had a separate reporting function?

J ALDRIDGE: Mm-hmm. Over the years, I think there were several people in that post. At one time Dick Evans, Mike Turner, Jerry Wooding.

L JONSON: What about just - if you can perhaps focus on just around the time that HQMS changed its reporting structure. Who was the last marketing director that Mr Dickinson would have reported to?

J ALDRIDGE: Right. Well, in fact for a while he didn't report to the marketing director, he reported to

Neils Petersen, who was the marketing operations, VP marketing operations, I think.

L JONSON: And that's different from the marketing director?

J ALDRIDGE: Yes. He himself reported to the marketing director.

L JONSON: Is that like a deputy? VP marketing operations?

J ALDRIDGE: Not really a deputy, he was more of a ADC, I suppose.

L JONSON: Sorry, you're going to have to help me with the acronyms.

J ALDRIDGE: Aide-de-Comp. He was more, sorry.

L JONSON: Policy and service? Right, I see so. Would that have been around the time that HQMS split up?

J ALDRIDGE: Yes, I believe it was.

L JONSON: Now, you went on to deal with your general role and you - well, you certainly you detailed the people in your department. I think you said a compliance manager who's Tom Rogers, the coordinators Natasha Banks and Beth Mortimore, the secretary Jan Walker; then there's Zena Hill and Ann Smith in finance, and Andy Ingram as your legal secondee. I think your words were that you '...appointed your compliance manager'. Is that right? Did you have a role in the appointing of Tom Rogers?

J ALDRIDGE: Yes, yes.

L JONSON: Did you interview him yourself?

J ALDRIDGE: Yes I did.

L JONSON: What was his background?

J ALDRIDGE: He was a project manager in one of our business

units at the time.

L JONSON: What would that have entailed? Very briefly. Is that a technical job or...?

J ALDRIDGE: Yes, his background was in engineering.

L JONSON: That's his training?

J ALDRIDGE: Yes.

L JONSON: And did he - what specific experience did he have to do a compliance role?

J ALDRIDGE: His skills in that area were that he's extremely meticulous; he obviously in a project management role, was used to developing processes, and generally his forte was in detailed work and documenting it.

L JONSON: Did he have any training at all in compliance before he applied for the job?

J ALDRIDGE: No.

L JONSON: Did he have any experience? No?

J ALDRIDGE: Generally of course, but not...

L JONSON: What do you mean 'generally'?

J ALDRIDGE: Well, even in the engineering field you have to be aware of certain compliance requirements. Very generally.

L JONSON: Right, as you probably - what do you understand by the word 'compliance'?

J ALDRIDGE: Complying with all legal and regulatory requirements that are applicable.

L JONSON: Was Mr Rogers given any training as a result of his appointment?

J ALDRIDGE: It was a new role and we were operating under new procedures, so the whole area really developed. We developed it in conjunction with the legal department, and in particular the

international compliance director.

L JONSON: Is that a yes or no?

J ALDRIDGE: It was on-the-job training, in addition to which he went to a large number of - at every opportunity - a large number of seminars and external briefings that were available. There was no specific in-house training available on compliance, other than as I said, the training programme run by the company's lawyers.

L JONSON: So when he started work, he wasn't given any specific training in advance of being handed, for example, an agency agreement. He wasn't given any training before that. Essentially he was required to learn as he went along with the idea that would be supplemented by seminars and in-house training as it - as and when it came along?

J ALDRIDGE: Mm hmm. Yeah.

L JONSON: Moving on to - we may come back to that a bit later on when we deal with international business dealings - can I just ask you a little bit about Mr Dickinson, because you can appreciate it's quite a complicated set-up and I've looked at quite a lot of documentation? I think that four times I said it and then I realised I didn't quite. How closely between 2000, sorry between 1993 and 2000 when you were his deputy, so after Andrews left, how closely would you work with Hugh Dickinson?

J ALDRIDGE: Well, I sought his advice as necessary, obviously, and to the extent that he was the managing - managing the department for whom we -

we talked -

L JONSON: Daily?

J ALDRIDGE: - when we needed to. Yes, probably on a daily basis.

L JONSON: Would you sign agreements even before you were director of international business support?

J ALDRIDGE: Yes.

L JONSON: Would you sign agreements instead of Mr Dickinson?

J ALDRIDGE: Yes, I have the authority to sign agreements from 1993 onwards, on a deputising basis.

L JONSON: Right, I was going to say that's going to be my next question. In what situations would, sorry hair in my eye. In what situation would you be required to sign an agreement or, well, have delegated authority?

J ALDRIDGE: On a deputised basis.

L JONSON: If he wasn't in the office or...?

J ALDRIDGE: Yes.

Or if he was on holiday or if he was elsewhere on business or any circumstances where he wasn't available.

L JONSON: I think you went on to say - sorry, my writing is terrible. I'll just try and re-decipher it. Sorry, 'that there were a number of coordinators within the department but never more than four, I mean, it was later on that the finance secondees and the legal secondees became involved'.

J ALDRIDGE: Mm hmm.

L JONSON: You say that you may have had a written job description, but if I recall rightly, you said

that you couldn't recall it specifically being written. You can't specifically recall one?

J ALDRIDGE: Mm hmm.

L JONSON: Do you - were you - you must have been interviewed for your position in 1993, sorry in 2000, to become director of IBS, is that right?

J ALDRIDGE: Yes.

L JONSON: Who were you interviewed by?

J ALDRIDGE: Niels Petersen.

L JONSON: Who at that time was...?

J ALDRIDGE: The VP marketing operations.

L JONSON: Still the same job as he was doing when HQMS re-employed?

J ALDRIDGE: I think so.

L JONSON: And did he explain to you any further what type of role you'd be doing at that point, even if you didn't have a written job description?

J ALDRIDGE: I really can't remember.

L JONSON: Well, as far as you were concerned, was it essentially - although you'd be given the title 'director', were you doing essentially the same thing as you were doing before?

J ALDRIDGE: At that point, yes.

L JONSON: Because although you say Mr Fletcher replaced Mr Dickinson -

J ALDRIDGE: Mm hmm.

L JONSON: - you were the director. What did Mr Fletcher actually do between 2000 and 2006 when he retired?

J ALDRIDGE: He was running the department.

L JONSON: But you had a supervisory role?

J ALDRIDGE: Mm hmm.

L JONSON: You're the director. You have an involvement in policy and procedural matters. Was he as involved as Mr Dickinson was?

J ALDRIDGE: Probably not to the same extent. Well, I don't know really, I think you'd have ask him that. And he was new to the job, so you know, a large part of his time initially was spent in meeting people and understanding the workings of the department. In addition to which of course, that was around the time that the new procedures were introduced, so I guess, you know, he was coming to grips with that as well.

L JONSON: Right but he's in the position for six years, obviously so he must have familiarised himself at some point. What I'm really asking is, on a day-to-day basis, in terms of signing the agreements, getting the recommendations, speaking to people in marketing; who was doing the bulk of the management?

J ALDRIDGE: Probably during that period it largely fell to me, because obviously I had the experience, because he was travelling a lot, and latterly because he was away ill.

L JONSON: Right, okay. Where did he come from before he went to IBS?

J ALDRIDGE: He was with one of the business units.

L JONSON: Do you remember which one? If you can't then don't....

J ALDRIDGE: Yes, I think it was the military aircraft unit.

L JONSON: Very briefly, you talked about your supervising the running of the department with the current policy and procedures. You went through at

length the type of things that you would do in order to, really, facilitate the signing of an agreement from the initial contact with marketing through to legal and due diligence, and you gave us a very full account which I don't think I need to go into in detail now, but when you were describing that, were you describing the type of procedures you go through now, or before the 2000-2001 change?

J ALDRIDGE: Mm hmm. More now.

L JONSON: Mm hmm. Could you just explain if you can, the type of procedures that you would have gone through before the change?

J ALDRIDGE: Mm hmm.

L JONSON: Stop me if I'm jumping ahead. I do have this tendency to jump ahead and cover it closely....

DI KERR: We're going to come very much to the procedural side of Mrs Aldridge's job, I think this afternoon.

L JONSON: I'm just getting anxious also at 41 minutes on the tape, so....

DI KERR: There's no problem on the tape here. I mean, we can either stop the tape and start again, or if we need more time, but I think that's probably an area that we will cover this afternoon, so it's rather a review rather than full....

L JONSON: Certainly. Just before we finish, I think I can just ask you a couple of questions about individuals. Chris Geoghan, who I think I can just about remember how to spell his name, is your boss now?

J ALDRIDGE: Yes.

L JONSON: Does he report to Mike Rouse?

J ALDRIDGE: No, no. Mike Turner.

L JONSON: He reports straight to Mike Turner, I'm sorry.

J ALDRIDGE: Yeah.

L JONSON: What is Mike Rouse's involvement? What's his job title now?

J ALDRIDGE: He's the group marketing director.

L JONSON: Right, and of course because HQMS report, as it was then, reported separately, you instead of reporting straight to marketing -

J ALDRIDGE: Mm hmm.

L JONSON: - or Mr Fletcher reporting to marketing, you would report through a different channel to Mr Geoghan?

J ALDRIDGE: Directly to Mr Geoghan.

L JONSON: And his title, you said he's an EVP, but I don't think you said in exactly what?

J ALDRIDGE: When Andrew was reporting to him, he was a COO, chief operating officer, but he'd dropped that title fairly recently. I can't remember, earlier this year I think, and he's now an executive director.

L JONSON: Right, thank you. I'm anxious of the tape, we're at 43 minutes.

DI KERR: It's okay. Anything else?

L JONSON: Nothing at the moment, thank you.

DI KERR: Right, we're coming to the end of this tape anyway. It may start buzzing in a second, and that's just to alert me that it's coming to the end of the tape. I'm going to switch this tape off, and ask you to take a lunch-break now because you've been here since 9.30 this

morning, so you've been here for more than three hours now, so I think it appropriate that we'll give you a break, Mrs Aldridge. Is there anything you want to say, anything else you want to say before I switch the tape off?

J ALDRIDGE: No, I don't think so.

DI KERR: Okay. The time is now 12.43, and I'm switching the tape off. Lydia, could you switch the...?

**(End of tape 2)**

TRANSCRIPT OF AN INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
MONDAY, 16<sup>th</sup> JULY 2007.

CASE REFERENCE: RL102

TAPE 3 OF A BATCH OF 6

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MOD POLICE FRAUD SQUAD
LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCKINNIS	-	SOLICITOR

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DI KERR: This is the third tape in the continuation of an interview with Julia Caroline Aldridge. The time is 14.01 hours, still Monday 16<sup>th</sup> July 2007. Mrs Aldridge, you've had the opportunity to have some lunch and take some refreshments, are you now happy to carry on with this interview?

J ALDRIDGE: I am.

DI KERR: I will remind you again. I've had some feedback that it's been difficult to hear what you've been saying, could I ask you again, please speak up so that the tape deck that's recording this interview can pick up exactly what you're saying, so there's no problems there. I remind

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you that you are still here voluntarily and thank you for that. That means that you're free to leave this interview room now or at any time during the interview. You've had the opportunity to consult with your solicitor during lunch time should you wish to have availed yourself of that opportunity. Is there anything you want to say to your solicitor in private before we continue?

J ALDRIDGE: No that's fine thanks.

DI KERR: I must remind you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence, do you understand that?

J ALDRIDGE: Yes.

DI KERR: Right. This morning we covered some questions, some fairly detailed questioning on your personal history and the function of the department in which you work for BAE Systems. We touched to some degree on the fact that you administer advisors or consultants, which do you prefer me to call them, advisors or consultants?

J ALDRIDGE: Advisors is the term that the company uses.

DI KERR: Right. I don't want to get involved in a war over that I'm using the wrong terminology there. That you administer advisors on behalf of BAE Systems. So I'd like to ask you some questions perhaps in more depth about what you do with these advisors. So can I first of all start by asking why do BAE employ advisors?

J ALDRIDGE: To assist them in selling products worldwide by advising them on how to go about that.

DI KERR: Okay. Could you give me an example of the types of advice that they would provide?

J ALDRIDGE: Mm-hmm. That's now generally set out in the schedule of services so all sorts of local advice on procurement and dealings in territory.

DI KERR: Can you be more specific there?

J ALDRIDGE: It does rather vary on a case by case basis and you know although we have a standard pro forma that marketing and sales people complete, nonetheless it would vary so really you know that's something you would need to ask the marketing people on how they determine or how they agree services are provided.

DI KERR: So do you have knowledge of the services which the advisors provide?

J ALDRIDGE: I have knowledge to the extent that the marketing people detail the types of services they wish to include in our agreement.

DI KERR: Okay but that's on a case by case basis?

J ALDRIDGE: Yeah.

DI KERR: We'll return to that point when we actually discuss some of the individual advisors. I think that's the appropriate way to deal with this.

J ALDRIDGE: Mm-hmm.

DI KERR: Can you explain to me then the process of how you go about employing an advisor? How do you identify an advisor and how do you then sign that person up?

J ALDRIDGE: Mm-hmm. The marketing people are responsible for identifying the advisor in the first instance. Presumably having made their choice from whatever selection is available. When they've determined who to appoint they will raise the standard set of paperwork to kick off the process of actually appointing him which will include an application form to be completed on the part of the advisor, supporting documentation as detailed in that application form together with an internal proposal form that the marketing people themselves complete. They will then forward their data pack to the department where we will go through the due diligence and approval procedures before we make the appointment.

DI KERR: Okay. So who actually makes the appointment of an advisor? You said before we make the appointment. Who has the authority to appoint an advisor?

J ALDRIDGE: The company appoints the advisor.

DI KERR: Who within the company?

J ALDRIDGE: I don't really understand what you mean.

DI KERR: For example, do you have authority to appoint an advisor?

N GERRARD: I think it might to be better, don't you mean select or identify?

DI KERR: No I, this is a separate thing. What I'm trying to get at here is your marketing department will find advisors, select advisors that they want to be appointed by the company. Who actually

within the company has the authority to say yes we will have that person as an advisor?

J ALDRIDGE: Well that's the marketing person in making his choice.

DI KERR: So it doesn't need authority from higher in the company?

J ALDRIDGE: Of course it needs the approval of a predetermined set of people.

DI KERR: Do you have the authority to state that an advisor will be accepted by BAE?

J ALDRIDGE: No I don't. No one person does. Any proposal must be approved by the people authorised to approve these things.

DI KERR: And who are those people?

J ALDRIDGE: Right. The regional managing director.

DI KERR: Who is?

J ALDRIDGE: Depends on the territory.

DI KERR: Depends on the area, yes.

J ALDRIDGE: There are a number of them in marketing. These are all people that have to sign off the form in total before an appointment can be made.

DI KERR: Okay.

J ALDRIDGE: So the regional marketing director. Myself or Tom Rogers to confirm that the compliance process has been completed.

DI KERR: Okay.

J ALDRIDGE: The group marketing director.

DI KERR: When you say group marketing director who is that?

J ALDRIDGE: Mike Rouse.

DI KERR: Right.

J ALDRIDGE: Chris Geoghan, my boss.

DI KERR: Yes.

J ALDRIDGE: On behalf of the board together with the legal department which is generally either the international compliance director or his deputy.

DI KERR: Okay and they are?

J ALDRIDGE: Chris Wood and Andy Ingram. In addition to which in certain circumstances a sign off by the finance department is required so the budget holder if for instance there is a retainer payable or in other circumstances where we're talking possibly about a FMS sale then someone more senior in finance.

DI KERR: Okay right. You say that really the first point of contact with an advisor is the marketing department?

J ALDRIDGE: Mm-hmm.

DI KERR: How large is your marketing department?

J ALDRIDGE: I'm not sure that I actually know at the moment. Maybe 50.

DI KERR: So it could be any of those 50 who would be, it's their responsibility to find advisors to help sell in country?

J ALDRIDGE: Yes it is but there are only certain people who will initiate appointments and an even smaller group of people who are authorised to sponsor them.

DI KERR: Okay.

J ALDRIDGE: That's all documented in the policy and procedures.

DI KERR: In which policy and procedures are those people,

is that documented?

J ALDRIDGE: Which ever current version we are working to.

DI KERR: Right is this the procedural documents we were talking about this morning?

J ALDRIDGE: Yes.

DI KERR: Okay. So in that case how many people are authorised then in the marketing department to identify people to be advisors to BAE?

J ALDRIDGE: I don't know but in theory providing they've had compliance training, they've signed the company's compliance certificate, and their job role entails dealing with advisors, then it can be most people in marketing and possibly some within sales and the business units. The sponsors who are more senior people within marketing who can sign off these things additionally are limited to the regional managing directors and one or two senior people in the business units.

DI KERR: Okay. You said that the marketing advisors when they, the marketing agents when they find an advisor they raise specified paperwork?

J ALDRIDGE: Yes.

DI KERR: Can you take me please step by step through what they have to do right from the point that they go and find an advisor. What do they have to do then to get that person accepted as an advisor by BAE Systems?

N GERRARD: Going through the whole process? Life cycle of a -

J ALDRIDGE: Okay. Will, as I said first, the advisor, must

complete a standard application form and provide the required supporting documentation. The application form which is as I said a standard document requires him to complete background information on his company, details of the services he can provide, information about the owners, directors, service providers and also requires them to sign a certificate. And the application form carries a briefing note explaining what the company's policy in relation to bribery and corruption and other compliance matters is, and part of the certification process is confirmation that they have read and understood the briefing note.

That form plus the certificate and the documentation that we require i.e. company registration documents together with three years worth of accounts are generally forwarded to the marketing people who will then supplement the data pack with the internal proposal document which they will have completed themselves. And had sponsored as I said by an authorised sponsor. Once that pack is received by international business support which I will refer to as IBS.

DI KERR:

Yeah.

J ALDRIDGE:

The proposal will be logged on our database and then it will commence processing through the system. The first step undertaken by the coordinators will be to request references from the referees nominated in the application form

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and to carry out some initial Internet searches on the advisor company and the people named in connection with that company. When they've received all of that information they will forward it to Tom Rogers for further review and checks. In parallel with that we will alert the legal department to the fact that we will need advice on rules and regulations in a particular territory if we haven't already got it to give them time to seek an opinion on doing business in that territory.

Tom Rogers will review the information pack and he will conduct further searches on various databases to which we subscribe such as for instance world compliance and visual compliances those sort of things. And he will prepare a review form in conjunction with a check list showing that we have considered various things in accordance with policy.

He may at any stage raise queries as indeed the coordinators may so for instance if there is missing information or a lack of clarity then they may go back to the proposed advisor or the marketing people to complete the information pack. Tom Rogers similarly if he has any issues he may discuss them with myself, or myself and the international compliance director, as appropriate.

When all of that is fully satisfied, if it's fully satisfied, then he will produce the approval form at which point we will seek the

approval of the people who need to sign it off. Once that process is complete - sorry I should have mentioned earlier, in parallel with this, the coordinator will raise a draft agreement and covering the proposed terms of the appointment. The agreement itself is a standard document which is produced by the legal department and we will assume that we are appointing on standard terms. On occasions for particular territories there may be certain special conditions that the legal department have already produced for us to comply with whatever aspects of local regulations they believe we need to set out in detail in the agreement and we will include those in the agreement.

The pack then will come to me for review before it goes on to any of the more senior approvers. And at that point I myself may likewise have further queries or require further clarification or decide to discuss matters with the director of international compliance.

Only when we have a full set of approvals will we produce a final version agreement for signature by the advisor. That will then be initialled either by myself or Tom Rogers and sent to the advisor for signature. When it has been returned to us we will execute the agreement. In fact it's only currently myself who will execute the agreement before a fully executed copy is sent back to the advisor. At that point we will raise what we refer to as a

finance data sheet summarising the terms of the appointment so the finance department can make payment at the appropriate juncture.

During the course of the appointments which are usually on a one year renewable basis we will raise requests for renewal of the agreement and the marketing department will again be required to produce forms confirming that they want to renew the agreement and on what terms.

They may themselves produce amendments to the terms in the interim but those proposals more or less go through the same process before any sort of amendment is issued.

DI KERR: Okay so this generates a considerable amount of paperwork. Where is all this paperwork kept?

J ALDRIDGE: At Farnborough.

DI KERR: Within your offices?

J ALDRIDGE: Yes. Although we have, because of the amount of paperwork we do have various archive stores around Farnborough.

DI KERR: Okay.

J ALDRIDGE: But yes.

DI KERR: How often are companies rejected during the course of this system? When I say companies, I mean advisors or prospective advisors? How often are they rejected?

J ALDRIDGE: Well I don't think I could say how often they're rejected. We've probably failed maybe 10 or 15 proposals in the last five or six years.

DI KERR: Okay. So that's the system that you employ today and that system has been in place since

when?

J ALDRIDGE: Since 2001.

DI KERR: What about prior to that, what was the system then?

J ALDRIDGE: The system then wasn't quite so detailed in terms of documented procedure. Essentially the marketing department would raise a proposal for the advisor they wanted to appoint. We did not at that time require - it was not the company's practice to require an application form from the advisor. So whereas now perhaps you could say the appointments are assessed for capability by the marketing department, in those days I would say that the marketing department had a greater role in also assessing the suitability of an advisor. So there was no detailed due diligence process carried out by IBS. We relied rather more on the checks that the marketing department themselves had made.

DI KERR: And have the marketing department changed the manner in which they carry out their checks?

J ALDRIDGE: I don't know. I don't actually know what sort of pre-appointment checks they do. It probably varies from area to area. You would really have to check that with the marketing people but when it comes to us of course we go through the checks that we have now put in place.

DI KERR: Okay.

J ALDRIDGE: Perhaps I should say more recently the system has slightly changed again to the extent that we are currently going through a revalidation

exercise which involves further checks outside the department.

DI KERR: What's a revalidation exercise?

J ALDRIDGE: It means a review of the appointments we are making.

DI KERR: The way you do it? The way you go about it?

J ALDRIDGE: Not the way we go about it at the moment. No it's a review of appointments themselves.

DI KERR: Okay that may be something we'll touch on later on in the interview I think. I've seen mention of a referrals committee. Can you tell me what the referrals committee is? You haven't mentioned that in the process?

J ALDRIDGE: Okay. That was the approval body that looked at appointments prior to 2001.

DI KERR: Right. What did they do?

J ALDRIDGE: Well effectively that committee sat and reviewed all proposals, renewals, amendments and the approval of that committee was required before any of those could proceed. It has essentially been replaced now by the approvals sheet which we deal with on an individual basis.

DI KERR: Right so it's not been replaced by any subsequent committee, it's just replaced by the process as such, is that correct?

J ALDRIDGE: That's correct. Except possibly as part of the current review there is a body but it's not really an approving committee in the sense that that referrals committee was?

DI KERR: What's this body? You said there's a body. It's not really the approvals committee but-

J ALDRIDGE: Well this is as I just mentioned part of the revalidation exercise so there is now a separate body that looks at these things in addition to or post the approval form.

DI KERR: Okay. Can I again remind you, I think your voice is tailing away again. Sorry to keep going on about this but it's absolutely essential that the tape picks up what you're saying.

J ALDRIDGE: Yeah.

DI KERR: I've seen evidence that these advisor positions are highly lucrative. Is there ever a tendering process for these advisor positions?

J ALDRIDGE: I wouldn't say there's a tendering process as such but as I said before I'm sure the marketing people go through some sort of selection process. So again that's something you would have to talk to them about.

DI KERR: Okay. How do these advisors once they have been appointed by BAE Systems, how do they receive their briefing from the company so that they know what to do?

J ALDRIDGE: Well apart from the schedule of services which details the tasks or at least the services they expect you to provide, the marketing people are in regular contact with them.

DI KERR: Is there ever any official briefing document supplied to the advisors to tell them the constraints within which they are expected to work?

J ALDRIDGE: Well of course. The briefing note I referred to

initially as part of the application form together with the terms and conditions of the agreement itself.

DI KERR: Okay. How are the levels of remuneration negotiated with the advisors?

J ALDRIDGE: That's the marketing department's remit.

DI KERR: So you just administer what the marketing department have negotiated, is that correct?

J ALDRIDGE: Yes.

DI KERR: And how are the advisors paid then?

J ALDRIDGE: Well as I said once the agreement has been signed, the data sheet will be provided to the finance department and any fees due will be calculated as necessary.

DI KERR: And how are those fees calculated?

J ALDRIDGE: Well in the case of regular retainer payments, the terms, i.e. amounts and timing of payment, will be set out in the data sheet and recorded on the cash book database. With respect to success fee payments -

DI KERR: Sorry what payments?

J ALDRIDGE: Success fee i.e. percentage payments.

DI KERR: Okay.

J ALDRIDGE: Of business done. The relevant finance departments in the business units doing the business are instructed to advise and notify finance upon receipt of a contract and payments made by the customer. And they will then calculate the fees due to the advisor and payment will be made in accordance with the procedure laid down by finance.

DI KERR: So are the levels of payment to an advisor from BAE set out in a contract document?

J ALDRIDGE: Yes.

DI KERR: Always without exception is that the case?

J ALDRIDGE: I believe so.

DI KERR: Okay. Who is authorised to actually commit BAE in a contract document with these advisors?

J ALDRIDGE: In what sense do you mean commit?

DI KERR: Well who signs the contracts? Who actually-

J ALDRIDGE: The advisor agreement?

DI KERR: Yeah. Is what I would call a contract, Is the advisor agreement a contract? You're still looking at the right terminology here?

J ALDRIDGE: That tends to get confusing with customer contracts so we tend to refer to them as agreements.

DI KERR: Okay I will call them advisor agreements. Who can sign an advisor agreement on behalf of BAE Systems?

J ALDRIDGE: Currently myself.

DI KERR: Anyone else?

J ALDRIDGE: No.

DI KERR: Okay what about prior to 2001? Was that system still in place?

J ALDRIDGE: No in fact prior to Andrew Fletcher's retirement in 2006 both he and I were authorised to sign agreements.

DI KERR: Yeah.

J ALDRIDGE: Prior to 2000 it would have in fact been only myself and Hugh Dickinson. As I said before myself deputising for Hugh Dickinson.

DI KERR: You still had these advisor agreements prior to 2000?

J ALDRIDGE: Yes.

DI KERR: Yes. Was that the situation when you joined this department? Have they been going into the eighties, these advisor agreements?

J ALDRIDGE: Yes yes.

DI KERR: Okay. I've heard the terms overt and covert advisors, what do you understand by the term overt advisor?

J ALDRIDGE: Overt and covert are not really terms I would generally use or recognise. But I guess what you mean there is the fact that there were representatives and confidential consultancies.

DI KERR: Okay. So what is the difference between a representative and a confidential consultant?

J ALDRIDGE: A confidential consultant would generally be appointed under a consultancy agreement as opposed to a representation agreement. In the case of the representation agreement, he was a sort of chap who perhaps put a brass plate on his door saying I represent the company in this country. Whereas an advisor is purely providing advice to the company. Sorry I should say a confidential advisor was providing advice to the company and in consideration of the commercial confidential aspects of his appointment, his agreement would be treated in a more sensitive manner and held in escrow.

DI KERR: Why is that then?

J ALDRIDGE: As I said to maintain the commercial

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confidentiality of the appointment.

DI KERR: Okay.

J ALDRIDGE: But this was the practice when I joined the department and that was just the way things were done.

DI KERR: Right I'm kind of missing the point here. Why were these two types of advisors, because there are almost separate types of advisors, why were they appointed in two different ways?

J ALDRIDGE: Well I didn't determine that as I said. That was the practice when I joined the department and I just went along with it until that practice changed.

N GERRARD: Who did determine whether they were confidential or not?

J ALDRIDGE: I guess the head of department.

DI KERR: Being?

J ALDRIDGE: At that time Hugh Dickinson.

DI KERR: Okay. I think it might be appropriate for us to cover what I've been calling overt and covert advisors on a case by case basis when we come to discuss some of the country lines of enquiry but I'm just, finally if I can ask on this, why were some considered to be more confidential than others?

J ALDRIDGE: I'm not sure that I can really answer that. I've seen policy documents, old policy documents referring to the fact that we or the company considered any aggregate fees in excess of a figure I've forgotten exactly what that is to be commercially confidential. And in the general

operation of the defence environment and the way that we were required to deal with any information within the company in relation to contracts then it just seemed normal practice.

DI KERR: I suppose the whole reason for the enquiry is concern over what the advisors did with money they were paid by BAE so how were they supervised once they were appointed?

J ALDRIDGE: I don't know. That was entirely down to the marketing department.

DI KERR: Would anyone in particular have responsibility for supervising agents?

J ALDRIDGE: I don't know.

DI KERR: You don't know?

J ALDRIDGE: I wasn't aware of it at the time. I don't know.

DI KERR: Sorry when you say at the time what do you mean by that?

J ALDRIDGE: I wasn't aware that any particular person or persons had been tasked with that particular responsibility.

DI KERR: Okay. Has anyone been given that responsibility now?

J ALDRIDGE: Well it's the responsibility of everybody basically in the marketing department.

DI KERR: Okay. Do the advisors submit written reports to BAE Systems?

J ALDRIDGE: If they're required to.

DI KERR: Are they required to?

J ALDRIDGE: It depends on the terms of the appointment and what is actually set out in the services.

DI KERR: Do you see these reports?

J ALDRIDGE: Some, not often. They are generally held by the marketing department.

DI KERR: Where would the reports provided by the agents to BAE Systems be held then?

J ALDRIDGE: Within the marketing department.

DI KERR: Which is where?

J ALDRIDGE: At Farnborough. Although possibly in some cases where the marketing person responsible for a particular territory is based overseas, the reports or details of services provided could well be held in overseas offices.

DI KERR: Would there be duplicates held in Farnborough?

J ALDRIDGE: I don't know.

DI KERR: And if I was to go to Farnborough to ask for access to reports provided to BAE Systems by the agents, who would I speak to? Who should I speak to to get access to such documentation?

J ALDRIDGE: I guess it would depend on the territory.

DI KERR: Can you help me further there?

J ALDRIDGE: Well the marketing department is organised by territory. There is a regional managing director in charge of each region and a number of people working for him. So depending on the territory covered by the agreement it would be the responsibility of someone within that team to file and maintain records of the advisors services.

DI KERR: Okay. But when the advisors meet with representatives of the marketing department, are minutes of those meetings maintained?

J ALDRIDGE: I believe some do produce contact logs but I

don't know if that's maintained across the board or in what form so again that's something that would be held by the marketing people and I don't have access to it.

DI KERR: Have you ever seen - what I'm really getting at here is, how do BAE Systems really monitor their contact with the advisors that they are paying large amounts of money to? How do they go about monitoring what the advisor does, detailing the advice that the advisor is giving to the company and storing that so that the company can use that advice in an appropriate manner?

J ALDRIDGE: Mm-hmm. Well the marketing department are required to keep records. They are I believe auditable by the international compliance director but how that's dealt with on a day to day basis I don't know. I don't have any involvement.

DI KERR: And the international compliance director being?

J ALDRIDGE: Chris Wood.

DI KERR: Sorry?

J ALDRIDGE: Chris Wood.

DI KERR: Just say that again, your solicitor was just, sorry, barrister was just changing books?

J ALDRIDGE: Chris Wood.

DI KERR: Chris Wood. Alright. Bear with me just a second until I review my notes here. I think it's probably an appropriate point for Lydia to review and summarise the areas that we've covered so far at this point.

L JONSON: Mrs Aldridge, you started off by mentioning a

schedule of services that you said was attached to an agent. Is this the schedule C that we might have seen in some of the agreements?

J ALDRIDGE:

Yes.

L JONSON:

Did that schedule exist in it's current format before the change in 2001?

J ALDRIDGE:

No.

L JONSON:

How did that come about to be produced?

J ALDRIDGE:

Well in fact initially when we put in place the new procedures it didn't exist. But we discovered that the input from marketing perhaps wasn't as detailed as we would like it to be so we produced a pro forma for them to work with.

L JONSON:

So it was your department that produced the skeleton if I can put it that way of the schedule C agreement, schedule.

J ALDRIDGE:

In conjunction with the legal department, yes.

L JONSON:

And just so everybody knows, that's a one page generally a one page document which sets out in some detail the type of services that the particular advisor to whom the agreement relates is to provide?

J ALDRIDGE:

Yes.

L JONSON:

And if one looks at any agreement that predates 2000, 2001, there will be no such detail, is that correct? When I say -

J ALDRIDGE:

That's right.

L JONSON:

- I mean to that extent?

J ALDRIDGE:

That's right.

L JONSON:

The reality is that any level of details as to services is limited to two or three lines, would

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you agree with that?

J ALDRIDGE: There was a generic form of words being used at that time, yes.

L JONSON: But you would agree that it was in a much shorter and less-detailed format?

J ALDRIDGE: Yes.

L JONSON: You've spoken about some individuals who needed to approve and sorry, this is, we're talking about today the way procedures operate today, that need to approve the agreements prior to them being signed by you and you detailed Chris Geoghan, Mike Rouse, the RMDs, yourself, Mr Rogers, Mr Wood. How many of those people would have to sign off on an agreement before it could be approved? Would it have to be all of them or just a certain number?

J ALDRIDGE: It would have to be the regional marketing director.

L JONSON: Yeah.

J ALDRIDGE: Myself or Tom Rogers.

L JONSON: Right.

J ALDRIDGE: The legal department i.e. Chris Wood or Andy Ingram. The group marketing director. Mike Rouse and Chris Geoghan.

L JONSON: So it would have to be all of them?

J ALDRIDGE: All of those and then depending on the finance terms possibly two from finance.

L JONSON: You mentioned something called FMS, what does that mean?

J ALDRIDGE: That's a US procurement system, foreign military sales.

L JONSON: And is that in relation to sales solely to the US?

J ALDRIDGE: No it's in relation to sales worldwide via the US or using US contracting systems.

L JONSON: Thank you, sorry it's just for my purposes, that's all. Now when we moved to post sorry pre 2001 I'll call it and you've mentioned the role of the referrals committee, did you sit on the referrals committee yourself?

J ALDRIDGE: For a time I was the secretary.

L JONSON: Can you tell me when that was?

J ALDRIDGE: Probably from around 1993 until it was disbanded some time in 2000 or 2001.

L JONSON: Does that mean you would be at every referrals committee meeting?

J ALDRIDGE: Well possibly not every one but -

L JONSON: The vast majority. What would happen if you couldn't be there, you know, who would act as secretary?

J ALDRIDGE: Probably Hugh Dickinson.

L JONSON: And what was his role on it?

J ALDRIDGE: He was a member of the committee.

L JONSON: Did everyone have equal standing on the committee? Equal voting rights?

J ALDRIDGE: I never really thought about it to be quite honest. Yes I suppose so. But there was a chairman.

L JONSON: Who was the chairman? If we take say for example from 1993 when you would have been involved?

J ALDRIDGE: Yes. Mainly for that period I think it was

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Philip Riley who was one of the company lawyers.

L JONSON: And after that?

J ALDRIDGE: Well that's when it was disbanded.

L JONSON: So for the entirety that you were secretary, he was the chairman?

J ALDRIDGE: I think so.

L JONSON: And if he wasn't, did the same apply if he couldn't be there would someone else be nominated as chairman?

J ALDRIDGE: I can't actually recall.

L JONSON: Who else - how many other members of the committee were there?

J ALDRIDGE: It changed over the years so.

L JONSON: Again from 1993 to-

J ALDRIDGE: Well even in that period it changed depending on the company structure and.

L JONSON: What was the minimum number of people that had to be sitting on that committee, that had to be sitting for an agreement to go through?

J ALDRIDGE: There needed to be the chairman, head of marketing.

L JONSON: Mr Rouse as he now is?

J ALDRIDGE: No, as he now is but I don't think he was ever on the committee.

DI KERR: I'm going to stop you there. You can have some time to think about that. I can see you're thinking about. The tape is coming to an end. Lydia will re-ask that question at the commencement of the next tape. So the time is 14.46 hours and I'll switch off the machine.

(End of tape 3)

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TRANSCRIPT OF AN INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
MONDAY, 16<sup>th</sup> JULY 2007.

CASE REFERENCE: RL102

TAPE 4 OF A BATCH OF 6

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MOD POLICE FRAUD SQUAD
LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCKINNIS	-	SOLICITOR

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DI KERR:            This is the fourth tape continuation of an  
                         interview with Julia Caroline Aldridge. The  
                         time is 15.07 hours, the date is still Monday  
                         16<sup>th</sup> July 2007. And the interview is still  
                         being conducted in an interview room number 4 at  
                         the Serious Fraud Offices in Elm Street in  
                         London.

Mrs Aldridge, I will remind you that you are  
here voluntarily. That means you can leave this  
interview at any during the interview. I must  
also remind you that you do not have to say  
anything but it may harm your defence if you do  
not mention when questioned something which you  
later rely on in court. Anything you do say may

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be given in evidence. Do you understand all that I've just told you?

J ALDRIDGE: Yes.

DI KERR: The interview is still being conducted by myself and Miss Jonson and in the presence of your solicitors. Are you happy to continue in the presence of your solicitors?

J ALDRIDGE: Yes I am.

DI KERR: Prior - we just had a break in the interview to give you the opportunity to take some refreshments. You've had some water. Can you confirm that that's the case?

J ALDRIDGE: Yes thank you.

DI KERR: Again can I remind you please speak up in order that the tape can pick up what you're saying. Prior to concluding the last tape, Lydia was reviewing the answers that you'd given me. I'll ask Lydia to continue with that?

L JONSON: We were talking about the existence of the referrals committee which was disbanded in 2001 and you confirmed that you were the secretary from 1993 until its expiration, if I can put it that way, and during that time the chairman was Philip Riley?

J ALDRIDGE: Although I'm not sure if he was the chairman for the whole of that period. I can't remember.

L JONSON: Do you know who else might have taken over from him as chairman?

J ALDRIDGE: Possibly Mike Turner was his predecessor in that role.

L JONSON: Do you know when Mr Turner was chairman?

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J ALDRIDGE: No I can't -

L JONSON: Was it before you were secretary? If you can't remember -

J ALDRIDGE: Possibly, I really can't remember.

L JONSON: How many people would sit on the referrals committee?

J ALDRIDGE: As I said it varied over time depending on the organisation of the company. There was - it comprised senior marketing people, a legal person, someone from finance, the head of IBS or HQ marketing services as was, and at some point business unit representatives.

L JONSON: Did all these people have a vote on the committee?

J ALDRIDGE: Effectively yes. Apart from myself who was simply there in the role of note taker.

L JONSON: When you say effectively you mean yes apart from you?

J ALDRIDGE: Yes.

L JONSON: Everybody else who attended that committee would have a vote?

J ALDRIDGE: Yes.

L JONSON: And that was an equal vote no one person held more sway than anyone else?

J ALDRIDGE: I believe that's right.

L JONSON: Now can you, firstly how regularly did these committees, did this committee sit?

J ALDRIDGE: Approximately every two to three months.

L JONSON: Was its sole purpose to approve or disapprove changes or new consultancy agreements?

J ALDRIDGE: Yes any proposals. So it could be new

appointments, renewals of appointments or amendments to appointments.

L JONSON: So if you can try and just recreate for me the scene of a standard referrals committee.

J ALDRIDGE: Mm-hmm.

L JONSON: A proposal comes in say for example for the Czech Republic, you - who suggests to start with that there should be, when the referrals committee should sit? Is it down to you as the secretary to -

J ALDRIDGE: Yes the dates were usually arranged a year in advance for that year's meetings.

L JONSON: So at the beginning of the year you would know all members of the committee would know how many committee meetings there were and which ones and when they were?

J ALDRIDGE: Yes although of course they got changed on occasions.

L JONSON: Alright. And I'm sorry I don't know if you've answered this question, you may have done. What was the minimum quorum that one had to have in order for the decisions of the committee to be valid?

J ALDRIDGE: I can't actually remember the specific people that needed to be there but it was the majority of the committee.

L JONSON: Well say for example only three people turned up would that have been enough?

J ALDRIDGE: Probably not. It was felt that the majority of people needed to be there. There were certain people where it wasn't essential like the

business unit representatives perhaps. But otherwise -

L JONSON: So the business units were, no disrespect to them, but the least important on the committee?

J ALDRIDGE: Yes.

L JONSON: Okay. Now is this documented? Is the constitution of the referrals committee and how it should operate documented in any document anywhere?

J ALDRIDGE: It was referred to in the company policies that were operating at the time I believe. I don't know if that was true right the way back but yes it was referred to as the approval body.

L JONSON: Alright but being referred to and having its constitution and operation set out are two very different things.

J ALDRIDGE: Right, Okay. No I don't believe its constitution and operation was set out.

L JONSON: So who would be the person to ask as to how it operated and how many people had to be present, would the chairman know?

J ALDRIDGE: Yes he would probably, yes I would expect so.

L JONSON: Right okay. So we'll go back to our example of the Czech Republic. Mr Scopes who I recall operated within that division was a regional managing director wants to propose a new agent for the Czech Republic.

J ALDRIDGE: Mm-hmm.

L JONSON: You are in the committee room, where would you have your meetings?

J ALDRIDGE: Again it varied over time but either in London

or at Farnborough.

- L JONSON: Right and how would the meeting progress? What would be said in order to inform the committee as to their decision making?
- J ALDRIDGE: The committee were provided with an agenda in advance of the meeting and copies of any proposals being put forward.
- L JONSON: Would this be a specific agenda for one proposal or would it cover everything?
- J ALDRIDGE: It would cover everything.
- L JONSON: I presume that more than one proposal was considered at these.
- J ALDRIDGE: Oh goodness yes.
- L JONSON: So provided with an agenda. Who would prepare that agenda?
- J ALDRIDGE: From 1993 onwards usually myself.
- L JONSON: And where would copies of these agendas be kept?
- J ALDRIDGE: They were kept on the file in our offices.
- L JONSON: Do you still retain copies of them?
- J ALDRIDGE: There will be copies. I don't know how far back they go, in accordance with document retention policy.
- L JONSON: As well as having an agenda, what was the other document that you said?
- J ALDRIDGE: Copies of the proposals being put forward.
- L JONSON: In what format, please can you give us a bit more detail?
- J ALDRIDGE: The internal proposal document produced by marketing in the case of new appointments or amendments was attached to the agenda.
- L JONSON: Right so for a new proposal that would be what?

A four to five-page form which had been filled in by your own marketing people?

J ALDRIDGE: Yes.

L JONSON: And for amendments that's a one page form which has been signed at the bottom by the proposer and the sponsor?

J ALDRIDGE: Well in those days it wasn't proposer and sponsor. It was slightly different terminology but essentially -

L JONSON: Signed off by two people, just a one page document?

J ALDRIDGE: Yes one or two I think.

L JONSON: Right. Now bearing in mind the volume of material that you're dealing with on that day, was anything else provided to the committee in order for them to reach their decision?

J ALDRIDGE: Yes I was required to produce summary papers setting out other arrangements pertinent to that particular business i.e. if there was another advisor in the territory then I made the committee aware of the details in relation to that other advisor.

L JONSON: Right so the committee would know, take for example an amendment. The committee would know how many people were operating in the territory in relation to the product concerned.

J ALDRIDGE: Mm-hmm.

L JONSON: What percentage or retainer they were operating at?

J ALDRIDGE: Yes.

L JONSON: And they would also know whether this was an

increase or a decrease in fee?

J ALDRIDGE:

Yes.

L JONSON:

Was anything else provided to them?

J ALDRIDGE:

Not that I can recall.

L JONSON:

So would it be fair to say the referrals really weren't a committee that dealt with due diligence in any way shape or form?

J ALDRIDGE:

That's probably right I think.

DI KERR:

Again can you speak up please?

L JONSON:

Sorry can you repeat that last bit?

J ALDRIDGE:

That's right.

L JONSON:

They were simply there to judge on a financial basis whether or not an agreement should be made bearing in mind the other commitments within the territory?

J ALDRIDGE:

Yes.

L JONSON:

Okay. You talked earlier about 10 to 15 I think you said proposals had failed in the last five to 10 years, were those-

N MCKINNIS:

Sorry I think it was-

L JONSON:

Please forgive me I think it may be my handwriting.

N MCKINNIS:

I think it was a shorter period than that.

L JONSON:

I have five to 10 but I'll be corrected if I'm wrong.

J ALDRIDGE:

Five.

L JONSON:

Please-

J ALDRIDGE:

Because it's only since 2000.

L JONSON:

Well that was going to be my next question. The proposals that have been failed was that since the changes?

J ALDRIDGE: Yes.

L JONSON: So does that mean that any proposals that were put before the referrals committee were always granted?

J ALDRIDGE: I can't remember.

L JONSON: The minutes that you took, presumably you took minutes of the meetings was that correct?

J ALDRIDGE: Yes.

L JONSON: Can you just explain to me the format that those minutes took? Firstly would you indicate who was present at the meeting?

J ALDRIDGE: Yes.

L JONSON: Right, secondly would you indicate what had been discussed?

J ALDRIDGE: The details of the proposal being put forward, yes. I mean there was rarely a great deal of detailed discussion but if there were any particular points arising or issues arising and action required then yes that would be documented.

L JONSON: So action that was required would be documented?

J ALDRIDGE: Yes.

L JONSON: So are you asking would anything else above action be documented?

J ALDRIDGE: Whether the proposal was approved or otherwise yes.

L JONSON: So simply yes or no and anything that needed to be done as a result?

J ALDRIDGE: Yes.

L JONSON: Why were the discussions not documented?

J ALDRIDGE: Well they were if they were relevant to the

action required but it was not the practice then to document detailed discussion in any event there wasn't a great deal of detailed discussion at those meetings.

L JONSON: What I'm struggling with is that this is a committee that sits on balance six times a year and in the period that you were secretary had a rolling membership presumably?

J ALDRIDGE: Yes.

L JONSON: Yes. And it deals not only with proposals but also with amendments?

J ALDRIDGE: Mm-hmm.

L JONSON: Now how could a committee come to consider an amendment to an agreement properly with all the requisite knowledge if a particular member wasn't on the original committee and there were no notes of how the original committee discussed the position? There were no notes to help them?

J ALDRIDGE: I don't know. That was the practice and that was just how it worked for the period I attended the meetings.

DI KERR: Sorry again could you speak up?

L JONSON: Were any presentations ever given at these meetings?

J ALDRIDGE: I can only recall one.

L JONSON: Which one was that?

J ALDRIDGE: There was a presentation given by the legal director on one occasion in relation to the ongoing activities of the OECD.

L JONSON: Can I, sorry, you put your fingers in front of your mouth. That's probably why the microphone

is not picking up. Sorry the legal director came along to give, was this an agent specific?

J ALDRIDGE: No, no; just a general update to the committee on the OECD.

L JONSON: Do you remember when this was?

J ALDRIDGE: Some time around 1997.

L JONSON: Now apart from that you don't remember any presentations being made by any members of, for example, business units or anyone giving a verbal presentation in support for example of why they thought agents should be brought on board?

J ALDRIDGE: No but then largely the right people weren't there to do that and it wasn't expected because the agendas went out well in advance of the meeting. Those sort of discussions would have occurred prior to the meeting and that people would have raised any queries that they had in advance of the meeting i.e. the head of marketing was present and I suppose I mean this is pure supposition on my part that he'd asked any questions of his marketing people prior to the meeting taking place.

L JONSON: So essentially the - if the proposal or amendment was on the table when the referrals committee was sitting, as far as the marketing director was concerned he had agreed it?

J ALDRIDGE: Yes.

L JONSON: And as far as you're concerned, did the other committee members who were sitting there rely on the obvious agreement of the marketing director?

J ALDRIDGE: Yes unless they had any other concerns.

L JONSON: So there would be no reason presumably to fail an agreement unless a specific member had financial concerns about whether or not it was costing the company too much money?

J ALDRIDGE: That's right.

L JONSON: I'd just like to ask you a few questions about ex committee members because as you know there was a vast amount of documents that were delivered up to us under a Section 2 notice and that includes documents included in the pack which are signed by yourself which is a request by you to various members, ex committee members they are called to approve amendments to contracts?

J ALDRIDGE: Mm-hmm.

L JONSON: Could you explain why on these occasions you wanted to go, well, you had or you wanted to go via an ex committee member rather than go to the referrals committee itself?

J ALDRIDGE: Mm-hmm. Purely if something cropped up well before the next meeting then it was simply the practice to deal with it in advance of the meeting. But any decisions taken, ex committee, were recorded at the following meeting in any event.

L JONSON: Right. And it was simply an urgency matter, is that what you're saying?

J ALDRIDGE: Yes in theory although I would consider that a lot of the items that might have been raised as urgent at the time were not particularly urgent

necessarily.

- L JONSON: So why would you not wait for the referrals committee?
- J ALDRIDGE: Because they may have been considered by others to be urgent.
- L JONSON: Like who? I mean obviously you're signing the document. Is someone else telling you to write the document asking for the ex committee referral or?
- J ALDRIDGE: Yes in effect we would say you know can this wait until the next meeting and they would say we'd rather get on with it now.
- L JONSON: Who is saying, sorry?
- J ALDRIDGE: Well either marketing or head of department.
- L JONSON: Your head being Hugh Dickinson at the time?
- J ALDRIDGE: Yes.
- L JONSON: And what about after 2000? I know, I appreciate that the system changed but there must have been a small period after Mr Dickinson left before when Mr Fletcher took over that you were still operating under the old system. Would that also apply to him?
- J ALDRIDGE: I can't recall.
- L JONSON: And how many committee members would you have to seek approval from outside the referrals committee?
- J ALDRIDGE: Again it depends on the timing in that period but I think certainly towards the end of the period there were only three or four.
- L JONSON: And how were they selected? Say for example you wanted to, there was a request to amend an

agreement, how would you select the individual members that you sent the documents to?

J ALDRIDGE: I believe that was documented in the policy, what constituted a minimum-

L JONSON: Yes but what about the identity of the individuals?

J ALDRIDGE: Well they were identified by position but I can't recall whether that is specifically documented or that was just the practice that I followed.

L JONSON: You see what we've seen is a number of these types of documents which are sent out and they have clearly very senior management names on but there can be a variety of different names with no obvious link to the territory concerned. So I was just wondering whether or not you were told to approach particular members?

J ALDRIDGE: No no no.

L JONSON: You just chose, pulled them out of a hat?

J ALDRIDGE: No no there were specific members depending on, I'm trying to remember what the criteria were and who you know depending on how the committee was formed at the time. But there were, it had, there had to be the chairman of the committee, I believe there had to be the top marketing person and there had to be a third person I can't actually recall what determined who the third person was. I think it varied depending on either the territory the proposal covered or the business that the proposal covered. I can't specifically remember.

L JONSON: Right. Did there ever come a time when you were asked to expedite approvals that you said well no this can wait until the next committee meeting?

J ALDRIDGE: Well it wasn't for me to judge the relevant urgency of it.

L JONSON: Or did you ever query with the person who asked well why does this happen, why. You know presumably the committee is there for a reason. It's been set up to make these decisions one way or another and it has a certain number of individuals that can each make an informed decision based on material that they have.

J ALDRIDGE: I don't recall that arising actually.

L JONSON: So you never turned round to anyone and said shouldn't this wait until the next committee meeting?

J ALDRIDGE: Well quite possibly but I can't recall specific instances.

L JONSON: And when you sent these papers out to the ex committee what were they given in order to be able to make their decision?

J ALDRIDGE: The same thing. They were shown a copy of the proposal.

L JONSON: They wouldn't have had a copy of the agenda because there wouldn't have been a meeting?

J ALDRIDGE: No.

L JONSON: So they had the proposal?

J ALDRIDGE: Mm-hmm.

L JONSON: Did they have your summary paper?

J ALDRIDGE: They may not have had a paper but generally the

same information was included on the ex committee paper so yes effectively they did.

L JONSON: And in all the times that you asked members of the ex committee to approve or disapprove an appointment was one ever declined?

J ALDRIDGE: Again I can't remember a specific instance where it was.

L JONSON: Just moving on to just a couple more things from DI Kerr's previous questions. You talked about success fees and retainers, can you explain why certain agents, sorry certain advisors received success fees rather than retainers?

J ALDRIDGE: It was company policy to remunerate by success fee generally. Retainers are very much the exception that was written in to the policy.

L JONSON: And is that the position pre 2001 or post 2001 or both?

J ALDRIDGE: Both I believe.

L JONSON: So standard practice is for a success fee?

J ALDRIDGE: Yes although it is accepted that retainers in some cases may be appropriate.

L JONSON: Do you know in which cases? Is there a-

J ALDRIDGE: Again that's down to whatever the marketing person agrees with the advisor.

L JONSON: Do you ever query with the advisor, sorry with the person from marketing as to why they opted for a retainer rather than a success fee?

J ALDRIDGE: That wouldn't be my job?

L JONSON: Not your job?

J ALDRIDGE: No.

L JONSON: You've never queried one? You've always

accepted the fee arrangements from the marketing department?

J ALDRIDGE: Yes.

L JONSON: And that includes the level of fee as well as they way they are paid?

J ALDRIDGE: Yes.

DI KERR: Sorry you said it's written into policy. Where is it written into policy?

J ALDRIDGE: The applicable company policy document I believe referred to the fact that the normal mode of remuneration would be by success fee.

DI KERR: Which applicable company policy document?

J ALDRIDGE: Which ever one was in operation at the time of the appointment.

DI KERR: Are we talking about the integrity in business dealings? That document and its predecessors?

J ALDRIDGE: Well going back further than that if you're talking at the time of the referrals committee.

DI KERR: Okay are copies of those documents still in view?

J ALDRIDGE: Well as I said before, I've seen some but I don't know where, if there is a full set available.

DI KERR: Okay. Sorry Lydia.

L JONSON: No that's fine. Moving on to overt and covert advisors. Please do check this but my note is that your description of an overt advisor was more a representative, somebody who could put a brass plate essentially outside their office and confirm to the world that they were British Aerospace's advisor in the country. And your

definition of a covert advisor, this is where I became somewhat confused is that firstly I think you said it was a confidential consultant who gives advice and who was not identified because of the commercial confidential aspect of the contract?

J ALDRIDGE:

Mm-hmm.

L JONSON:

But you also then went on to say that they were covert because of the aggregate figure that would have been given to them i.e. the amount that they were paid. Now those are two different reasons for why an advisor might be considered covert either because of the amount they are getting or secondly because the work they were doing was specifically confidential and commercially sensitive. Which one is the correct one?

J ALDRIDGE:

Well it wasn't actually for me to determine as I said before that was the head of department.

L JONSON:

Sorry head of, head of marketing department for that area, for that region?

J ALDRIDGE:

No.

L JONSON:

Or are you talking about Hugh Dickinson?

J ALDRIDGE:

Yes.

L JONSON:

Right so when a proposal came in, it was Mr Dickinson who said that will be an overt advisor, that will be a covert advisor?

J ALDRIDGE:

Well overt and covert as I said before are really not two terms I would recognise.

L JONSON:

What terms would he use then?

J ALDRIDGE:

Well I would recognise them as being

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confidential for general commercial confidentiality reasons.

L JONSON: Right so you've got your confidential advisor and then how would you describe what I have used the word overt?

J ALDRIDGE: Well I said that tended to be a representative.

L JONSON: Right. Well was it ever known for example for a brass plate representative to be the same as a covert confidential advisor?

J ALDRIDGE: Yes sometimes an advisor would have two agreements.

L JONSON: Why?

J ALDRIDGE: In order to maintain the commercial confidentiality on the level of his fee.

L JONSON: So it was simply the fact that he was being paid; he or she was being paid so much?

J ALDRIDGE: No I don't think the fact that's it was so much, it's just the fact that this is commercially confidential information and it was the company's practice to accord it due-

L JONSON: What - sorry. What I don't understand is why not just make him a confidential advisor? Why split it? Because-

J ALDRIDGE: Well again that's something that wasn't determined by me. It was the practice and at the time I simply followed it.

L JONSON: Did you ever say well I don't understand why has this person got two agreements?

J ALDRIDGE: No that was the practice.

L JONSON: You didn't think it was at all suspicious that-

J ALDRIDGE: No I didn't have any suspicions about it.

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L JONSON: Hang on. Let me finish. You didn't think it was suspicious that you had an advisor who had a brass plate and kid of saying yes I am an agent and therefore if anyone investigated that or what he was paid it would be a certain amount. And then BAE have a separate secretive arrangement to pay him presumably a lot more than appears on the brass plate. You didn't think that was suspicious at all?

J ALDRIDGE: No.

L JONSON: Why?

J ALDRIDGE: I never saw anything suspicious about it. I didn't have any suspicions around.

L JONSON: You also mentioned, I'm not going to deal with it in detail because I think we'll be coming on to it but you said that you wanted to deal with confidential agents in a more sensitive manner and handle in escrow. What did you mean by that? I know what escrow means but why?

J ALDRIDGE: You will have seen from documents that certain agreements i.e. the confidential category were deposited with a lawyer for safekeeping.

L JONSON: This is the one with Novelmight and Rene Merkt in Geneva?

J ALDRIDGE: Yes.

L JONSON: Alright. Is that what you mean by handling in escrow?

J ALDRIDGE: Yes.

L JONSON: Well we are going to come to that. I will stop there and. Just one final question, you remembered seeing some reports but not often.

Which reports would you see?

J ALDRIDGE: This is reports from advisors?

L JONSON: Sorry, reports from advisors?

J ALDRIDGE: Okay well any that came into our department as opposed to being sent to marketing or were for whatever reason copied by the advisor to IBS.

L JONSON: Was that a usual occurrence?

J ALDRIDGE: No.

L JONSON: Was it simply a case of coming in almost by error. Would you have forwarded them on or kept them?

J ALDRIDGE: Yes forwarded them on.

L JONSON: Would you have read them?

J ALDRIDGE: I may have flicked through one out of interest but no not really.

L JONSON: Okay finally what happens if you're away and an advisor agreement needs to be signed?

J ALDRIDGE: It has to wait until I get back.

L JONSON: Thank you.

DI KERR: Can I just build onto that please? Sorry were you finished there?

L JONSON: Yes yeah.

DI KERR: Can you see the importance of this point that we've been discussing now, Mrs Aldridge? I'm trying to get my head around why BAE would pay an advisor an amount of money and then set up another account and pay the same advisor perhaps in a different name, put in a different company, another very substantial amount of money. Now you say to us it's because the advisor wanted to keep the fee confidential is that correct?

J ALDRIDGE: The company wanted to maintain its commercial confidentiality.

DI KERR: So I'm very keen to understand why not just keep the whole advisor agreement as confidential and pay to the one company? Why split it with two companies?

J ALDRIDGE: Well it very often did.

DI KERR: I'm aware it did but why?

J ALDRIDGE: As I said that wasn't my decision. That was the practice and, you know, the reasons for that practice which went back a very long way I'm not aware of.

DI KERR: Okay.

L JONSON: Is it something that-

N McKINNIS: Sorry Murray.

DI KERR: No okay.

L JONSON: Is it something that would occur now after 2001?

J ALDRIDGE: No.

L JONSON: Why is that?

J ALDRIDGE: Because we changed our practices.

L JONSON: Why did you change your practices though so that that procedure would not be adopted now? What was it that made BAE decide to change its practice?

J ALDRIDGE: You mean the reasons for the compliance programme and the new -

L JONSON: Not the compliance in general we're just dealing with this specific part. What was it that in 2001 made the company think we cannot or we should not do this anymore?

J ALDRIDGE: Well that was part of the compliance programme

and the new procedures.

L JONSON: No I agree. But what - you don't create a compliance programme without a reason for it. There must have been something?

J ALDRIDGE: Okay. Well as I understood it a number of reasons really. One was the fact that we'd merged with Marconi and the company as a result acquired quite substantial American interests and I believe at the top it was decided to introduce a programme with a view to falling more in line with FCPA practices.

L JONSON: I don't want to go into it in too much detail about the general compliance but specifically this decision.

J ALDRIDGE: Mm-hmm.

L JONSON: Because somebody was involved in drafting that very detailed document, integrity in business dealings, and there must have been presumably a lot of negotiations by staff, by your department in how the compliance should be moulded.

J ALDRIDGE: No the legal department produced the document and yes we did have some input into it in terms of procedures but you know the standard I think principles were something that the legal department produced.

L JONSON: But post 2001 did anyone come to you and say can't do those overt covert split advisor agreements any more? Did anyone come to you and say that?

J ALDRIDGE: No that wasn't my, you know, that was implicit in the document and, you know, that was the new

practice.

L JONSON: But what I don't understand is somebody, looking at that document was it clear to you that IBS could no longer do split agreements? Because you are director by this point, you are in control?

J ALDRIDGE: No I'm not, not until 2006.

L JONSON: You accepted earlier you did the bulk of the management functions?

J ALDRIDGE: The day to day.

L JONSON: The day to day. Now, you've already accepted that Mr Fletcher took some time to familiarise himself with his role?

J ALDRIDGE: Mmm.

L JONSON: So this is the crunch time around 2001. Early days for Mr Fletcher. You're coordinating most of IBS yourself in terms of management.

J ALDRIDGE: Well-

L JONSON: When a proposal came in for a particular advisor what stopped you from making it a split agreement? Somebody must have said to you we can't do these anymore?

J ALDRIDGE: I can't recall that anyone specifically said that but as I've said it was implicit in the new procedure and well that was the new practice.

DI KERR: Why do you think it was implicit in the new procedure?

J ALDRIDGE: Well obviously it was considered to be better practice.

DI KERR: Now we've brought this to your attention, does it raise concern in you? Can you see where

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we're coming from here? That we're trying to find a reasonable explanation as to why BAE would set up agreements overt and covert as the phrase we've been using with effectively the one advisor? Does it raise concerns with you now that we're pointing this out to you?

J ALDRIDGE: No I was generally aware of the concerns over maintaining confidentiality in the general context of doing business in a defence environment and, you know, the amounts payable to advisors was just one of those areas of commercial confidentiality so it didn't seem odd at all.

DI KERR: Did it ever occur to you that the company could be accused of sanctioning corrupt payments by putting large sums of funding into an effectively hidden overt source?

J ALDRIDGE: No it didn't.

DI KERR: No okay. I think we're probably at an end at that point there. We're 37 minutes into a tape so Lydia is going to move on to the next section but I think it's probably appropriate for us to take a break since there's only eight minutes remaining on this tape unless there's anything else you want to say at this point, Lydia?

L JONSON: No nothing.

DI KERR: Right the time is 15.44 hours and I shall switch off this tape.

**(End of tape 4)**

TRANSCRIPT OF AN INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
MONDAY, 16<sup>th</sup> JULY 2007.

CASE REFERENCE: RL102

TAPE 5 OF A BATCH OF 6

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MOD POLICE FRAUD SQUAD
LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCKINNIS	-	SOLICITOR

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DI KERR: This is the fifth tape in the continuation of an interview with Julia Caroline Aldridge. The time is 16.07 hours, still on Monday 16<sup>th</sup> July 2007. The interview being conducted in interview room number 4 at the Serious Fraud Office, Elm Street, London.

I remind you, Mrs Aldridge that you are here voluntarily. That means you can leave during the course of this interview at any time. I will also remind you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. You've had the

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opportunity for a short break, you've taken some time outside to get a breath of air, are you-

J ALDRIDGE: Yes thank you.

DI KERR: -willing to continue?

J ALDRIDGE: Yes.

DI KERR: Again can I remind you to please speak up for the purposes of the tape.

J ALDRIDGE: Yes.

DI KERR: Right, prior to finishing the last tape we were discussing a number of issues but your solicitor has intimated to me that there's something that you wish to discuss or to further extend the answer that you've given to us and to give us more information.

J ALDRIDGE: Mm-hmm.

DI KERR: What would you like to say?

N GERRARD: Shall I just set the scene? The question I asked of you is could you repeat or refer to the confidential agreements issue and in particular I think you were making a point or you asked my client a question as to whether or not she was suspicious because of these confidentiality type agreements particularly where they were the brass plate type agreements. I wonder whether or not you might want to just refer to that?

DI KERR: Mrs Aldridge?

J ALDRIDGE: Well I do just want to further elaborate on the question of confidentiality and my understanding of why the company might want to protect that position in relation to these appointments. And the general understanding at the time was that

this sort of confidential information was treated on a need to know basis and for instance a company would not have wished its competitors to know what it was paying to individual advisors or indeed other advisors. So in that context I had no issue whatsoever with those sorts of arrangements.

DI KERR: Okay. It still doesn't fully explain to me or explain to me at all why two sets of advisors were being paid effectively on the same deal or why the same advisor was being paid in the guise of two companies on a number of occasions? Because you said that that sometimes happened, is that correct?

J ALDRIDGE: Yes and these advisors were advising us on sensitive matters so for the reasons I've said it didn't seem or there didn't seem to be anything at all suspicious about paying part of the fee under a confidential arrangement.

DI KERR: Is there any light you can shed on why there were these two sets of advisors paid on the same contract?

J ALDRIDGE: No as I said there were general reasons of commercial confidentiality which were respected and this was the general practice and the full knowledge of everyone concerned. The legal department, for instance, reviewed all of these agreements and I therefore had no reason to suppose that there should be anything wrong with them.

DI KERR: You said it was with the general knowledge of

everyone concerned?

J ALDRIDGE: I.e. the referrals committee and the legal department.

DI KERR: Again, so the people in the referrals committee would know, the people in the legal department would know. Who else would know?

J ALDRIDGE: Obviously the marketing people.

DI KERR: Yeah.

J ALDRIDGE: Auditors, finance people, you know, it was not a hidden thing.

DI KERR: But you say it was there to be confidential to protect the level of remuneration to the agents is that correct?

J ALDRIDGE: Yes as far as those without a need to know didn't need to know which is a general confidential consideration.

DI KERR: Yeah. Again I mean I will ask this finally, it's a question I've asked before. I'm still searching for an answer for this. Why not just have one payment to one agent and make it a confidential one?

J ALDRIDGE: Well in a lot of cases that was the case.

DI KERR: Right so why not in those cases?

J ALDRIDGE: Sorry in which cases?

N GERRARD: In all cases.

DI KERR: So why not in all cases? Why have this separation of two different systems?

J ALDRIDGE: Well it would I believe have been considered confusing to have more than one representative.

L JONSON: No I think you misunderstand it. Why not if you've got an advisor who has two separate

agreements, an overt and a covert agreement, why just not put all of his fee within one agreement, a covert agreement?

DI KERR: Make it covert?

L JONSON: Nobody needs to know apart from the people on the referrals committee, the marketing, the auditors. I just think, I don't think Inspector Kerr understands either why have the split?

J ALDRIDGE: Mm-hmm.

L JONSON: Why does that make it more confidential than just having a confidential agreement?

DI KERR: Because it's strikes-

J ALDRIDGE: Because of the fact is, having an agreement with the company wasn't an issue. The only issue was protecting the commercial confidentiality.

L JONSON: But I don't see how that's any more confidential if you have a split in agreement?

J ALDRIDGE: Mm-hmm. Well it is because the terms of your financial arrangement with the advisor are clearly not visible to competitors potentially or people who didn't need to know.

DI KERR: So it's there really in place to hide how much your, the company were really paying to advisors? To certain advisors, is that correct?

J ALDRIDGE: I wouldn't say to hide it in view of the number of people who were aware but to protect the information for the reasons I've said I understood.

DI KERR: Why would they need to protect that information?

J ALDRIDGE: Because as I said a general commercial consideration is that there are people who don't

need to know like other advisors like competitors like even the customer so.

L JONSON: Look okay can I just - we don't want to harp on about this because we've got other material to move on to, but can you just tell me which of these is the more secure arrangement? BAE entering into a confidential agreement with advisor A, one agreement totally confidential or scenario two which is BAE entering into two parallel agreements with the agent, the advisor, one brass plate and one confidential? So that some people know that he's being paid something but nobody knows that he's being paid a separate amount as well. Which is the more confidential of the two?

J ALDRIDGE: Well that's really, I wouldn't comment on that.

L JONSON: Well it's got to be the first one hasn't it?

J ALDRIDGE: That wasn't my decision and that was the practice.

L JONSON: I'm not asking you to comment on it, it's what is human logical sense. Surely the first scenario when it's a straightforward covert agreement is by far the most consistently confidential because nobody would know. Nobody at all outside the people in the organisation who had to know. Nobody would know that they were even operating even assisting you. Whereas this system that the company operated of splitting its agreements is surely going to let at least some people know that this advisor is involved. So there is less confidentiality by

its very nature.

J ALDRIDGE: Well you may be right but that wasn't you know that wasn't my decision and for all the reasons I said I didn't have any concerns about it.

L JONSON: You just accepted that it was as confidential as having a single agreement?

J ALDRIDGE: I didn't consider the respective levels of confidentiality. There were good reasons for having a representative in the territory in some circumstances but that wasn't my decision.

L JONSON: Right. I'd like, sorry -

DI KERR: Before we move on, did you consider that people may allege or consider that the money paid in a covert or confidential way could be used for unlawful purposes?

J ALDRIDGE: At the time, no.

DI KERR: What about now?

J ALDRIDGE: Well yes I can see that it may well look suspicious.

DI KERR: When did it dawn on you that it could look suspicious?

J ALDRIDGE: I couldn't actually say it suddenly dawned on me that it might look suspicious. But clearly though in light of current investigations and there is a view that it might be considered so.

DI KERR: Did the view that it could be seen as suspicious, certainly allegations are concerned that it is suspicious, occur to you prior to the investigation commencing or prior to you becoming aware that there was an investigation?

J ALDRIDGE: No the only time that possibly it did was at the

inception of Red Diamond -

DI KERR: Right.

J ALDRIDGE: -which I thought might give the wrong impression.

DI KERR: Can you elaborate on that? What made you think it might give the wrong impression?

J ALDRIDGE: Because the setting up, as it was briefly explained to me, the setting up of an offshore company to contract with these arrangements, I thought was well over the top and simply might well give the wrong impression.

DI KERR: So did it give you cause for concern then that the split payments to agents could be up for question at that point then?

J ALDRIDGE: No I don't think I had any concerns around the split payments at all or any other payments.

DI KERR: Okay.

J ALDRIDGE: It was merely a perception issue.

DI KERR: Okay. Did you do anything about that perception?

J ALDRIDGE: In relation to Red Diamond?

DI KERR: Yeah well in relation to the payments. Did you bring anybody, did you bring it to anyone's notice, your concerns that the company could be the subject of allegations of money being used unlawfully?

J ALDRIDGE: There was only one occasion when I was consulted, or not, I wouldn't call it consulted, put on notice that there was an intention to set up the Red Diamond company as it ended up and yes I did express the view that I thought it

might be misconstrued and I was told that my point was noted and that was the end of the matter.

DI KERR: What were the circumstances of you raising your viewpoint there, who to?

J ALDRIDGE: Hugh Dickinson.

DI KERR: Hugh Dickinson. Was that documented at all?

J ALDRIDGE: No.

DI KERR: Can you remember when or where?

J ALDRIDGE: Not especially. I guess it would have just been a regular meeting in Farnborough.

DI KERR: Okay there's nothing else I really want to ask about that unless there's something else you want to revisit there. Because we are going to ask questions about Red Diamond in some depth.

L JONSON: We are. Did he justify, you said your point was noted?

J ALDRIDGE: Mm-hmm.

L JONSON: But did he attempt to justify in any way why he presumably thought that Red Diamond was an appropriate vehicle?

J ALDRIDGE: No he didn't but later on when I saw the number of people that were involved or consulted on its setting up then my concerns were allayed and I didn't pursue it.

DI KERR: Right we're going to, Lydia is going to lead on to the next line of questioning that we'd like to ask you some questions about. Lydia?

L JONSON: This is really to do with due diligence. I'd like to split the questioning into pre 2001 and post 2001. To start with can you explain what

you understand by the term due diligence?

J ALDRIDGE: I take it to mean the proper review, investigation, consideration of the facts that you're looking into i.e. in our case the advisor that we were seeking to appoint

L JONSON: What would be the purpose of conducting due diligence on an advisor?

J ALDRIDGE: Mm-hmm. As far as IBS were concerned to check the suitability of this person for appointment.

L JONSON: What do you mean by suitability?

J ALDRIDGE: To check whether they have an appropriate background, whether they might be likely to cause reputational issues, whether they have any history of corruption or fraud or anything untoward or whether there are any conflicts of interest in the appointment.

L JONSON: Would it be fair to say that, I think you've touched on the word corruption, would it be fair to say that you understood the purpose of due diligence is to isolate where there might be concerns for potential corruption? What would and again let's stay with - well let's talk generally for the moment. What would as far as you were concerned the attitude of the company be if they had concerns about an advisor who was suspected of corruption?

J ALDRIDGE: Now?

L JONSON: Just generally. Before 2002, post 2002.

J ALDRIDGE: Well certainly post 2002 we would review the circumstances and potentially terminate the arrangement.

L JONSON: You said potentially?

J ALDRIDGE: Mm-hmm.

L JONSON: In what circumstances would you not terminate the arrangements?

J ALDRIDGE: Well for instance it might be an allegation that turned out to be incorrect or untrue?

L JONSON: Right what would you do to establish that?

J ALDRIDGE: If necessary we would employ third parties to look into it.

L JONSON: And by third parties whom do you mean?

J ALDRIDGE: Local lawyers or specialist investigative outfits or even forensic accountants.

L JONSON: As far as you're concerned, I did say I want to start with pre 2002, but just staying on this for a moment. It's my fault, don't worry. Has that ever occurred? Were you ever employed where you have suspected your advisors of potential corruption and you have employed third parties to establish whether or not that's accurate?

J ALDRIDGE: Yes.

L JONSON: Can you give me any examples?

J ALDRIDGE: Mm-hmm. Well there's a recent case in the Far East where a marketing person raised with myself and the legal department the fact that he believed there had been a local bribery case in which the advisor was implicated.

L JONSON: When was this?

J ALDRIDGE: Within the past year.

L JONSON: Within the past year and which country was that?

J ALDRIDGE: In Korea.

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L JONSON: What about before last year?

J ALDRIDGE: Before last year there have been a number of occasions where we have terminated agreements ourselves where we might have acquired a relationship from another company and have had suspicions about it and as a result have terminated without actually going to third parties for-

L JONSON: And have you terminated those agreements soon after acquiring the agent or has that been, has the agent, sorry the advisor, operated for a period of time before the termination?

J ALDRIDGE: No these are largely expired agreements with legacy payments where we looked in or reviewed the files and decided not to make any further payments.

L JONSON: But these are advisors that were not proposed or agreements were not entered into originally by the company?

J ALDRIDGE: That's right.

L JONSON: They are, they didn't go through the company's own due diligence?

J ALDRIDGE: That's correct.

L JONSON: Apart from those and apart from the Korean episode can you think of any other occasions?

J ALDRIDGE: I can't recall any specific instances.

L JONSON: Well I'll let you think about it and if you want to come back of course you may do so. Going back to pre 2001, you talked a little earlier about the procedure that was in operation during that time and you accepted that prior to 2001

the overall procedure for appointing advisors was not quite so detailed in terms of the documentation that was required?

J ALDRIDGE: Yes.

L JONSON: My note states that no detailed due diligence was carried out by IBS. Can you explain what type of due diligence was conducted prior to 2002 and who conducted it?

J ALDRIDGE: Mm-hmm.

L JONSON: And at what stage I should say as well.

J ALDRIDGE: Okay. Any that was carried out was carried out by the marketing department I assume but to what extent they made checks or who they consulted I don't know.

L JONSON: You assume they made checks?

J ALDRIDGE: Yes.

L JONSON: Did you ever ask any marketing, anyone from marketing, whether they had made checks?

J ALDRIDGE: No there were various questions on the internal proposal form. And had they been answered in the negative then that would have put us on notice that we needed to ask further questions but I can't recall specific instances where that was the case.

L JONSON: So as far as you're concerned due diligence was the responsibility of marketing prior to 2001?

J ALDRIDGE: Yes.

L JONSON: You had absolutely no remit to conduct any due diligence of your own once that proposal had arrived at HQMS?

J ALDRIDGE: That's right.

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L JONSON: Is that a procedure documented in one of the policy documents that you've been talking about earlier?

J ALDRIDGE: Well it wasn't detailed procedure at that time as I've already explained.

L JONSON: Do you know that it's set down anywhere in writing as to whose function it would have been at that time to conduct due diligence?

J ALDRIDGE: There were general statements in the company policy on the appointment of advisors to the effect that we would only consider appointing people of the highest integrity and I believe possibly checks should be made with perhaps relevant government departments or-

L JONSON: Yes I obviously appreciate that's all well and good to issue these edicts if nobody is actually enforcing them then frankly they're hollow, do you agree?

J ALDRIDGE: I don't know whether they were enforced or not.

L JONSON: So you can't point me to anywhere where it's written down who would have responsibility of establishing whether these people were truly the ethical people that the company sought to appoint?

J ALDRIDGE: Other than saying my understanding was that that was marketing's responsibility at the time.

L JONSON: When you came into IBS, sorry it was HQMS then, did anyone sit down with you and explain to you your role in relation to due diligence? Sit down and say don't worry about that, that's marketing, they will have decided the person's

quite fit for purpose before it arrives at your desk?

J ALDRIDGE: I can't recall if anyone actually sat me down but I was well aware that that was the case and we simply administered agreements on the basis of the proposal that marketing put in.

L JONSON: Throughout this time did you ever having received a proposal did you ever have any concerns about any due diligence that had been done?

J ALDRIDGE: I can't recall that I did.

L JONSON: What product did you get from the marketing department?

J ALDRIDGE: The proposal form.

L JONSON: That was it? The proposal form?

J ALDRIDGE: Yes.

L JONSON: What about company registration documents?

J ALDRIDGE: Okay, sometimes those came in from marketing. I can't remember at what point the requirement for those was introduced and in some circumstances we asked the advisor for them ourselves but yes, we did ask for actual copies of the company memos and articles or what have you.

L JONSON: You asked for those, you yourself within HQMS?

J ALDRIDGE: If they had not been provided by marketing.

L JONSON: Right. What else would you ask for?

J ALDRIDGE: Again I can't recall at what point it was introduced but we may have asked for some sort of evidence that the advisor was authorised to sign on behalf of the company we were appointing.

L JONSON: Like a power of attorney or something?

J ALDRIDGE: Yeah.

L JONSON: That's not really due diligence, is it? That's not establishing - how were you satisfied that the person that you were drafting agreements for was for example the beneficial owner of the company? How could you be satisfied from the material that marketing had provided?

J ALDRIDGE: It wasn't something that it was our responsibility to check at the time.

L JONSON: So it wasn't even, it wasn't something you considered to be a concern?

J ALDRIDGE: No.

L JONSON: Even if the advisor for example was operating in South Africa but had an offshore bank account in the Bahamas?

J ALDRIDGE: Mm-hmm.

L JONSON: It wasn't something that you would ever query marketing about?

J ALDRIDGE: No.

L JONSON: As long as you had a copy of the registration certificate confirming, and confirming that whoever was signing the agreement was allowed to sign the agreement, you were happy?

J ALDRIDGE: Yes and providing the appointment was approved by the committee and the legal department had reviewed the agreement then you know-

L JONSON: But hang on a minute you said earlier that the referrals committee had absolutely no due diligence function whatsoever. You said yourself that it was there as a check really on

the financing to make sure that the company didn't overexpose itself within a territory? Sorry for the benefit of the tape Mrs Aldridge is nodding. You need to say it.

J ALDRIDGE: Sorry yes.

L JONSON: I mean you agree that there's no use in relying on the referrals committee minutes is there? In reality? For something like this?

J ALDRIDGE: Well I did. I mean if everybody approved the appointment then I had absolutely no reason to suppose there was anything wrong with it.

L JONSON: Right but we're dealing with due diligence and you've already stated that the role of the referrals committee was only to deal with the financial implications?

J ALDRIDGE: Mm-hmm.

L JONSON: So how could you - legal is a different matter, we'll come to that in a minute - but why would you rely on the fact that the finance section had approved it in order to satisfy yourself that the advisor was acceptable?

J ALDRIDGE: Well and the marketing had completed the form to indicate that he was.

L JONSON: Right so you relied just on marketing? Are you now saying you didn't rely on the referrals committee?

J ALDRIDGE: Well in total we relied on the information we received from marketing on them having carried out their jobs properly in line with company policy. The referrals committee approving it and no-one there raising any concerns and the

legal department reviewing it and being satisfied it was fully compliant with whatever laws.

L JONSON: Alright. I understand the reliance on the marketing information. They're the people who've got the contact with the advisor who made the proposal in the first place. I can understand the natural wish to rely on something like that, but what I don't understand is why you would rely on a committee that has nothing to do with due diligence to start with?

J ALDRIDGE: Well that was the practice at the time and I didn't think to question it.

N GERRARD: I'm not sure we are actually saying that the referrals committee has nothing to do with due diligence, are we? That seems to have been drifted into this conversation. Are you actually saying that the referral committee had nothing to do with due diligence?

J ALDRIDGE: Well-

N GERRARD: Clearly it related to the finance function as well but what are you actually saying on that?

J ALDRIDGE: Well I'm saying that presumably those who approved it were satisfied that it was a proper agreement to enter into and all concerned were happy with it.

L JONSON: I'm not going to go back onto the referrals committee we dealt with it at length if anything else arises from that we can deal with it later but let's move on to the legal department. As far as you were concerned what documentation did

the legal department see in order for them to sign off on an agreement? Did it go through them first before coming to you or did you send material to them?

J ALDRIDGE: The legal presence on the referrals committee apart, we sent to them a draft agreement for approval. In all cases if it was a confidential agreement and in some cases if it was not, if there were any substantive changes to the wording of the agreement.

L JONSON: Right. So you send them the agreement?

J ALDRIDGE: Yes.

L JONSON: Anything else?

J ALDRIDGE: No.

L JONSON: Right so how do you rely on their analysis of the due diligence to satisfy yourself that the advisor is appropriate? What have they seen that will enable them to make an assessment that the advisor is suitable?

J ALDRIDGE: Well I don't know that's the assessment they were making at the time but they were looking at the draft.

L JONSON: The draft is a standard agreement, just a standard agreement for each agent, isn't it?

J ALDRIDGE: Yes but we had to send them each and every single draft agreement.

L JONSON: The content of the agreement never changes.

J ALDRIDGE: Well it did change.

L JONSON: Very, very minorly. The reality is that the only thing that would ever change would be the schedules at the back, A and B, which dealt with

the bank details belonging to the advisor, the address of the advisor and of course schedule three which would deal with either the payment arrangements.

J ALDRIDGE:

Mm-hmm.

L JONSON:

So all the legal department have got to go on in terms of due diligence is a standard agreement which would make no difference in reality for any advisor, and whether or not it's an offshore bank account or an offshore company and whether it's a success fee and the amount of success fee. How would they be able to make an assessment that the advisor was suitable based on that documentation?

J ALDRIDGE:

Well I'm not saying they could make an assessment of whether he was suitable. I'm saying they had full visibility of who we were appointing, where they were being appointed, how much we were paying them and where we were paying it. And-

L JONSON:

But you said you relied on the fact that they had visibility. You relied on the fact that the referrals committee had visibility. My point is if they didn't actually have visibility and you know they don't have visibility what's the point of relying on them?

J ALDRIDGE:

These are senior people and you know if they had any queries or issues in relation to the appointment then you know at any time there was nothing to stop them raising it and vetoing the appointment.

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L JONSON: But do you not think that you had some form of proactive role certainly in the latter stages of HQMS when you were director, sorry I should say when you were supervising in a senior management role, to be proactive and say well hang on, why are we paying £40 million to this offshore bank account? Why aren't we paying to an advisor in territory for example?

J ALDRIDGE: No I'm sorry I didn't at all. And it wasn't until as I've said in and around 2001 where I became involved in policy matters and procedural reforms that I had to any extent any input into these areas.

L JONSON: What type of due diligence would marketing do, do you know?

J ALDRIDGE: No I've already said I don't know.

L JONSON: You don't know?

J ALDRIDGE: No.

L JONSON: Did you ever ask?

J ALDRIDGE: No.

L JONSON: If they did keep records of due diligence, do you know if it would still be retained? And I'm talking about all the way back to 1993/94?

J ALDRIDGE: I've no idea.

L JONSON: What is your policy on document retention?

J ALDRIDGE: Six years.

L JONSON: Right. So it's fair to say it's unlikely there will be anything going back that far.

J ALDRIDGE: Mm-hmm pretty unlikely.

L JONSON: Did there ever come a time, and again dealing with pre 2001, that you were dissatisfied with

the lack of due diligence conducted on a particular agent?

J ALDRIDGE: I'm afraid it simply didn't occur to me. There was no reason why it should. It was, there was nothing to make me suspicious about.

L JONSON: Well moving on to 2001 and the change in procedure. Can you tell me, I think earlier you mentioned the Foreign Corrupt Practices Act, can you tell us a little bit more about what prompted the change in procedure? As far as you know?

J ALDRIDGE: Well I believe as I said it was a combination of acquiring the American interests.

L JONSON: Yes.

J ALDRIDGE: As a result also of the merger acquiring some knowledge maybe of better practice in some areas. I believe in any event our then CEO wrote a letter to a senior American senator confirming that we would put in place a compliance programme.

L JONSON: Right. Who was your CEO at the time?

J ALDRIDGE: John Weston.

L JONSON: Right.

J ALDRIDGE: And of course we were very much aware that the OECD treaty on bribery and corruption, I can't remember exactly when it was signed, but around that time anyway, it was signed and we needed to make sure that we were compliant with it.

L JONSON: Right. Did you consider that your previous system was not in compliance with the FCPA and, well let's deal with the FCPA to start with?

J ALDRIDGE: No I don't.

L JONSON: You don't?

J ALDRIDGE: No it's just at the time we didn't have detailed procedures to be able to demonstrate that was the case.

L JONSON: Well you've already dealt with in the last tape the fact that the covert and overt splitting of agents was no longer adopted after the change of procedure, what was it about that and the Foreign Corrupt Practices Act that made that no longer appropriate?

J ALDRIDGE: Well the preference was to contract as far as possible within the local territory while accepting that there may well be exceptions on occasion.

L JONSON: Why? Why was that? What was the rationale behind that preference?

J ALDRIDGE: Because it afforded a greater degree of transparency I assume.

L JONSON: So the argument is if the advisor amongst other things is not in territory, it would be easier for them to act inappropriately and for that not to be visible to the authorities, do you agree?

J ALDRIDGE: Yes I can see that that could be the perception.

L JONSON: The document, integrity in business dealings, perhaps we can go to it. It's at HQMS005. The doc man reference number is 004235000005. Sorry just dropped my file. You've seen a copy of this, Mrs Aldridge?

J ALDRIDGE: Yes.

L JONSON: Are you familiar with this document?

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J ALDRIDGE: Yes.

L JONSON: This document is signed off by the chief executive, is that Mike Turner in, sorry I'm looking at page 6, so, in May 2002?

J ALDRIDGE: Yes.

L JONSON: Earlier you were talking about the change being in 2000, 2001?

J ALDRIDGE: Mm-hmm.

L JONSON: Now looking at this document, does that assist any more in terms of when the date of the change in practices?

J ALDRIDGE: Well this is issue 2.

L JONSON: Right.

J ALDRIDGE: So there was a previous issue.

L JONSON: Do you remember when that was?

J ALDRIDGE: Sometime in the second half of 2001.

L JONSON: Right. Who drafted this document?

J ALDRIDGE: Legal department.

L JONSON: And as far as you were concerned, what was its purpose?

J ALDRIDGE: As I said because the decision had been made to change our procedures.

L JONSON: How widely was it circulated?

J ALDRIDGE: Fairly generally not in hard copy form I don't believe but certainly electronically, but that wasn't actually my responsibility. Again that was the legal department's responsibility so precisely how and to whom it was distributed, I don't know.

L JONSON: But you obviously had a copy of had visibility of a copy?

J ALDRIDGE: Yes.

L JONSON: What about the people in your department?

J ALDRIDGE: Yes.

L JONSON: As I understand it this document produced a new set of documents which were used as part of the advisor application, is that correct? I think they're called IBS1 to IBS8?

J ALDRIDGE: Mm-hmm.

L JONSON: And this is totally new sets of application forms, internal proposal forms, other internal checks and balances forms, if I can put it that way, sponsor certification forms. We will move on to them when we deal with the various countries. But essentially it's abandoning the old process which was one form in from marketing?

J ALDRIDGE: Yes.

L JONSON: And the substitution of a number of different types of documents?

J ALDRIDGE: Well over time. I don't know that they were all introduced on day one but yeah.

L JONSON: Alright. Now within this document there were a number and I'm looking at HQMS022, the doc man reference number is 004235000022, which is annex F and warning signs?

J ALDRIDGE: Mm-hmm.

L JONSON: And this particular document gives examples of circumstances in which, which could give rise to doubt that the advisor is operating appropriately, do you agree with that?

J ALDRIDGE: Yes.

L JONSON: And we have a number of warning signs which include the advisor not being located in territory, the advisor asking to be paid in the name of a third party, the size of payment or commission, anonymity, banking in a third country and the advisor refusing to provide full details, sorry full reports of what he has done. That's right at the bottom.

J ALDRIDGE: Oh yeah.

L JONSON: You confirm that those were all warning signs which are identified?

J ALDRIDGE: Mm-hmm.

L JONSON: Now having seen this document at the time, did you immediately have any concerns about the arrangements that were in place with some of your existing advisors?

J ALDRIDGE: No I did not.

L JONSON: It's fair to say, is it not, that a number of the existing advisors were offshore entities, banking outside the territory?

J ALDRIDGE: Mm-hmm.

L JONSON: Essentially anonymous, with very large payment, sizes of payments?

J ALDRIDGE: Yes.

L JONSON: Now with those in mind and having read this document, what was it that gave you comfort that your advisors were operating correctly?

J ALDRIDGE: Well I had no reason to suppose they were not. I had not seen any instances where they were not. The agreement itself contained conditions precluding certain types of activity.

L JONSON: Alright well lets just, we're interested in bribery and corruption that's, let's talk about that.

J ALDRIDGE: The agreement certainly the version we were operating under from I don't know around 1998 contained anti-bribery provisions. So no I had no reason to suspect them.

L JONSON: Right so as far as you were concerned the advisor had signed a document saying I'm not going to bribe a foreign public official -

J ALDRIDGE: Mm-hmm.

L JONSON: - and you were satisfied with that? Despite the fact at least four of the company's own warning signs had been flagged up?

J ALDRIDGE: Well this is a change of practice introduced some time in 2001. I mean, that was before and this is after so you know if a company changes its criteria then these are the new criteria we are working to.

L JONSON: But that's my question, Mrs Aldridge, it's having seen these flags, at that point when your own company is saying hang on a minute these could cause us some concerns -

J ALDRIDGE: Mm-hmm.

L JONSON: - your answer earlier was well despite all these, I didn't have any concerns. Simply because somebody had signed a clause in the agreement saying they wouldn't bribe anybody?

J ALDRIDGE: No because I hadn't seen anything to give me any concern.

L JONSON: You didn't consider the existence of more than

one warning sign to be a concern?

J ALDRIDGE: Well I would now but I hadn't prior to the date that this was introduced.

L JONSON: I'm not asking prior to that. My question was having seen this document, as a result of having your own copy of this document, did you immediately have some concerns?

J ALDRIDGE: No I didn't have any immediate concerns and if I was reviewing those appointments now under the new criteria then obviously I would view it differently.

L JONSON: But you had a number of existing arrangements?

DI KERR: I'm going to stop there because the tape is now due to run out. We need to continue this on the next tape. The time is 16.54 hours. I'm going to switch off this tape.

**(End of tape 5)**

TRANSCRIPT OF AN INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
MONDAY, 16<sup>th</sup> JULY 2007.

CASE REFERENCE: RL102

TAPE 6 OF A BATCH OF 6

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MOD POLICE FRAUD SQUAD
LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCKINNIS	-	SOLICITOR

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DI KERR: This is the sixth tape in the continuation of the interview with Julia Caroline Aldridge. The time is 15.19, sorry, 17.19 hours, still on Monday the 16<sup>th</sup> July 2007. Mrs Aldridge, I will remind you that you are still here voluntarily and can leave at any time during this interview. I will also caution you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes, I do.

DI KERR: You have been given the opportunity to consult

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privately with your solicitor, is there anything you want to discuss following that consultation?

N GERRARD: No other than I think if you just continue with your questions

L JONSON: Great, thank you.

N GERRARD: I think you were half-way through or just after.

L JONSON: Yes. Well, I -

DI KERR: We've proposed... Sorry, we've proposed to try and finish fairly shortly but we will continue with the line of questioning that Lydia was proceeding just as the tape completed.

L JONSON: The last thing we looked at were the warning signs of course within the internal, the integrity of the business dealings document.

J ALDRIDGE: Mm-hmm.

L JONSON: Leaving that for one side at the moment can I just ask you about the new format that was used post 2001? I think earlier you said that marketing people were still responsible for identifying the proposed advisers.

J ALDRIDGE: Mm-hmm.

L JONSON: And you then went on to say that they raised the standard paperwork, would that be the IBS's one to etc. that was necessary?

J ALDRIDGE: The internal proposal form.

L JONSON: Yes. And I think you also said that the adviser had to complete an application form, is that right?

J ALDRIDGE: Yes.

L JONSON: And, yes, you said the application form supporting document plus the internal proposal

form. You said that a data pack would be sent to the department and I think you then went on to say that you would go through the due diligence and approval procedures before, 'We made the appointment.'

J ALDRIDGE: Yes.

L JONSON: Now, when you were talking about due diligence at that point, were you talking about due diligence that had already been done before the proposal had got to you or material afterwards?

J ALDRIDGE: material afterwards.

L JONSON: After the system had changed was any due diligence by the marketing before it came to you?

J ALDRIDGE: Marketing were still required to check the bona fides of the proposed appointee.

L JONSON: Mm-hmm.

J ALDRIDGE: In fact there is probably greater documented onus on them to do that.

L JONSON: Did you see any of the documentation that they provided?

J ALDRIDGE: No.

L JONSON: Right, so even though your procedures have changed -

J ALDRIDGE: Mm-hmm.

L JONSON: - and you require more documents from them -

J ALDRIDGE: Mm-hmm.

L JONSON: - that don't... Doesn't include the results of any due diligence they would have done?

J ALDRIDGE: No, but there were various declarations on the form to the effect that they had made or at

least had satisfied themselves that the adviser was an appropriate person to appoint.

L JONSON: Did you rely on their due diligence as part of your own due diligence process?

J ALDRIDGE: Mm-hmm.

L JONSON: Because obviously things changed and I think -

J ALDRIDGE: Right

L JONSON: - you accepted that your department -

J ALDRIDGE: Okay.

L JONSON: - now does some due diligence. But due also was one of those-

J ALDRIDGE: Right.

L JONSON: -limbs, if I can put it that way, rely on the fact that marketing has considered the adviser to be suitable.

J ALDRIDGE: No, due diligence became the task of the department.

L JONSON: Right. Now, once it has come through, we know that Tom Rogers was appointed, was that as a direct result of the document that we have just seen?

J ALDRIDGE: Well, the earlier version, yes.

L JONSON: Yes, the earlier version. And he reported to you I think you said earlier.

J ALDRIDGE: Yes.

L JONSON: Was he the only person that did due diligence within International Business Support?

J ALDRIDGE: No, as I said before the coordinators carry out, carried out certain checks.

L JONSON: Right, what checks would they be?

J ALDRIDGE: Checking the documentation, reviewing the

responses we'd been given to various questions.

L JONSON: Alright, pause there for a minute. Reviewing the documentation, which documentation is this?

J ALDRIDGE: The application and proposal form.

L JONSON: So they would review the document that was filled in by the adviser.

J ALDRIDGE: Yes.

L JONSON: And they would review marketing's own form they filled in.

J ALDRIDGE: Yes.

L JONSON: Were they given any other documents to help them to review that document, those documents or were they just relying on exactly what was within?

J ALDRIDGE: Early on I believe the Legal Department did produce some general guidance on what we anticipated looking for in the way of due diligence.

L JONSON: Mm-hmm. Sorry, that... My question was, when the coordinators were looking at... Were doing some initial checks and they were looking at the advisers' own form and the proposals form -

J ALDRIDGE: Mm-hmm.

L JONSON: - were they given anything else to help them assess, to make their decisions on due diligence, because otherwise as you can see my example, if the adviser says that there is a question saying, 'I have never paid any foreign public official,' and he ticks the box, 'No, not done,' how is the coordinator going to be able to verify that without any other documentation?

J ALDRIDGE: It wasn't really the coordinators job to assess

on the due diligence side, it was merely to review the paperwork, fill in any gaps, raise any issues that they may have spotted.

L JONSON: So it is not to make any checks themselves?

J ALDRIDGE: Yes, they would check the paperwork for completeness, accuracy as far as possible-

L JONSON: But no independent checks? By that I mean they wouldn't consult with any of your search engines that you mentioned earlier?

J ALDRIDGE: Yes, the Internet checks.

L JONSON: Would they do those?

J ALDRIDGE: Yes.

L JONSON: Right. What would they do? Could you explain a bit more because obviously you have just mentioned checking forms so far?

J ALDRIDGE: Mm-hmm. Well, they would check or carry out searches on the Internet for names of people mentioned in the forms.

L JONSON: How would they do that? You say the Internet and you obviously, you mentioned the search engines earlier, would they use or different ones or a combination?

J ALDRIDGE: No, they wouldn't use the databases that we subscribed to necessarily. That was usually Tom's job, but they would carry out general checks on the Internet -

L JONSON: Using?

J ALDRIDGE: - Google or what have you.

L JONSON: So you Googled. What kind of term would they put in?

J ALDRIDGE: Names, names plus corruption, names plus

bribery, that sort of thing.

L JONSON:

Alright.

J ALDRIDGE:

Also they would search newspaper databases for any articles that may have been published in relation to any of those names.

L JONSON:

Did you subscribe to a newspaper database?

J ALDRIDGE:

Yes.

L JONSON:

And, so which one was that?

J ALDRIDGE:

Factiva, was it? Or something like that?

L JONSON:

Right, and the coordinators would do that as a matter of course.

J ALDRIDGE:

Yes.

L JONSON:

Okay. Now once this had gone through coordinators where does it go?

J ALDRIDGE:

To Tom Rogers.

L JONSON:

Mm-hmm. And what does he do?

J ALDRIDGE:

He carries out further checks, the databases I've mentioned, a review of the coordinator's work.

L JONSON:

Right.

J ALDRIDGE:

A further review of the references received. He would in effect review the entire data pack.

L JONSON:

Right, so the references received, these are the three standard references that go out which didn't... This format didn't exist before the change.

J ALDRIDGE:

No.

L JONSON:

So three standard references go out and are received back. Did the coordinators review those or are they only reviewed by Tom Rogers?

J ALDRIDGE:

Um, they do review them but then they are

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re-reviewed by Tom as part of his check.

L JONSON: Is that every example without exception?

J ALDRIDGE: Well, I couldn't say that for absolute certain but, yes.

L JONSON: Well, presumably they have a job description where they... It is set out clearly what exactly they should do as part of their due diligence role in the early stages of compliance within the department.

J ALDRIDGE: I don't believe they have a formal job description actually setting that out.

L JONSON: Aright, well who tells them-

J ALDRIDGE: Everybody was made aware of the requirements of the new procedures and what was expected and what was expected of them.

L JONSON: It is just difficult trying to identify exactly what are the procedures because you've mentioned search engines -

J ALDRIDGE: Mm-hmm.

L JONSON: - and you've mentioned references but what I would like to know is was there a set procedure? So for example when the agreement got to the coordinator the first thing they did was look at Internet searches -

J ALDRIDGE: Mm-hmm.

L JONSON: - and there was a specific search engine they would use and specific types of terms or was it left to their own initiative to decide how to go about that?

J ALDRIDGE: No, they were given guidance -

L JONSON: By who?

J ALDRIDGE: Initially by the legal department who talked to us generally because this was new to everybody, talked to us generally and as I said I believe there was at the time something produced by the legal department in writing as to the sorts of checks -

L JONSON: Right.

J ALDRIDGE: - that we would carry out. And that was issued to the coordinators, followed up over time as Tom became more familiar with the role, additional or enhancements or more sophisticated searches and -

L JONSON: What if they received an agreement from an... A proposal, an application from an adviser -

J ALDRIDGE: Mm-hmm.

L JONSON: - in the name of its company but not identifying its principal -

J ALDRIDGE: Mm-hmm.

L JONSON: - what would the coordinators do in terms of due diligence on that to satisfy themselves that the company was appropriate?

J ALDRIDGE: Well, there would be an incomplete box on the form so they would go back and ask for it to be completed.

L JONSON: Is this... Is this now the form and the box which requires the-

J ALDRIDGE: Yes.

L JONSON: Yes.

J ALDRIDGE: Yes.

L JONSON: Was there any such requirement before 2001?

J ALDRIDGE: So search in what sense?

L JONSON: No... any such requirement to identify the principal when that proposal form came in from marketing?

J ALDRIDGE: It is possible that we did ask at some point for the beneficial owner to be identified on the proposal form but I can't recall for certain.

L JONSON: So it wasn't certainly part of the form itself?

J ALDRIDGE: Without checking back I can't remember -

L JONSON: Alright, alright.

J ALDRIDGE: - what the actual question was.

L JONSON: We've dealt with the coordinators and Mr Rogers. What would you do yourself if Mr Rogers came to you with a concern about compliance?

J ALDRIDGE: Mm-hmm. Well, I might recommend a course of action or I might decide we need to sit down with the Compliance Director and discuss it.

L JONSON: What do you mean by course of action?

J ALDRIDGE: Possibly -

L JONSON: Say for example it was a standard agreement... It was an agreement, a new agreement and Mr Rogers had found an article where the agent, the adviser, I am sorry, had been suspected of corruption in another, in a similar arms deal in relation to another company. What would you do now?

J ALDRIDGE: Well, in that sort of instance we would probably almost, well, we would almost certainly discuss it with the International Compliance Director and see what course of action to take, i.e. whether we needed to appoint third parties to investigate it or whether we would go back to

marketing and request further information from them or the adviser directly.

L JONSON: Now all new adviser agreements, did they follow this new protocol, this new IBS's one to eight?

J ALDRIDGE: I can't remember exactly which one to eight are but, yes, we followed whichever protocol was required in the way of forms, yeah.

L JONSON: What happened to the adviser agreements that were already in existence when the change... When the changeover took place?

J ALDRIDGE: In some cases... Well, they were allowed to lapse to start with and any adviser that had previously been on the portfolio was subject to re-appointment under the new procedures. So even if they had been representing as the company, for say 20, 30 years, they were still required to go through the re-appointment process.

L JONSON: Does the same apply if it was an adviser for whom, for a contract had already been entered into i.e. the customer had signed the agreement with the company and it was just a question of being paid on a milestone basis?

J ALDRIDGE:

Mm-hmm.

L JONSON: What happened to those agreements? Is it the same, did they just lapse and then have to re-apply?

J ALDRIDGE: Yes, if they needed to be re-appointed for new business.

L JONSON: But what if they didn't need to be re-appointed because of course advisers would still be

receiving payments and in some circumstances perhaps significant payments after the change in procedure.

J ALDRIDGE: Mm-hmm.

L JONSON: What happened in relation to those?

J ALDRIDGE: In... Some time in 2002 the company decided to introduce a payments certification process.

L JONSON: Right. What is that?

J ALDRIDGE: It was a three-stage stage exercise which involved the legal person responsible interviewing someone from marketing in relation to that prior appointment.

L JONSON: Right.

J ALDRIDGE: The marketing person being required to sign a certificate which was endorsed by the legal interviewer and a certificate being signed by the adviser himself to confirm that payments were not being used for any corrupt purposes, or would not be used, have not and would not in the future.

L JONSON: Would the agreements themselves ever be left to expire?

J ALDRIDGE: Yes.

L JONSON: And would payments continue to be made after agreements have expired?

J ALDRIDGE: Yes, those are standard terms of the agreements and still are.

L JONSON: That even if the agreement is expired any payments would still be contractually, the company would still be contractually obliged to pay.

J ALDRIDGE: Right, yes, yes.

L JONSON: Now this three-stage stage exercise, was that the extent of due diligence that was conducted on these outstanding advisers?

J ALDRIDGE: It was at that time. At a later point in time the Audit Department recommended that we should carry out due diligence on all of the legacy agreements.

L JONSON: Who within the Audit Department? Who was the head of the Audit Department?

J ALDRIDGE: Grenville Hodge.

L JONSON: And do you remember when that was?

J ALDRIDGE: Some time last year I think, 2006.

L JONSON: So certainly until then the only due diligence that was conducted related to a self, well a certificate signed by the adviser himself that he would not use the money for any untoward purpose?

J ALDRIDGE: Yes.

L JONSON: A certificate signed by someone in marketing, any particular person in marketing or-

J ALDRIDGE: Someone who was familiar with the adviser and the activities of the adviser.

L JONSON: And an interview between someone in the Legal Department and the marketing adviser.

J ALDRIDGE: Yes.

L JONSON: Which would ask what type of questions?

J ALDRIDGE: They had an interview sheet but I didn't see those completed sheets.

L JONSON: And all of these three separate aspects of documents.

J ALDRIDGE: Yes.

L JONSON: And where would copies of those documents be retained?

J ALDRIDGE: Mostly on the adviser files except for the legal interview sheet which I believe they retained themselves.

L JONSON: They have those themselves.

J ALDRIDGE: Mm-hmm.

N GERRARD: Can I just clarify one point? I think you asked my client about the interview by legal of the marketing advisers, is that what you-

L JONSON: Sorry, I meant marketing executive, sorry. Did... Was the, the interview, was it with the adviser himself or someone within the Marketing Department?

J ALDRIDGE: No, someone within the Marketing Department.

L JONSON: Sorry, that's what I understood, it is my fault, I am very sorry. Did you ask Tom Rogers to do any particular due diligence of these types of legacy agreements?

J ALDRIDGE: Not until 2006.

L JONSON: Did you ask Tom Rogers to do any due diligence in respect of other types of legacy agreements? So ones that were still heading towards a contract with a customer, if you see what I mean.

J ALDRIDGE: Well, these would have... Those would have been new appointments or re-appointments under the new procedures.

L JONSON: So they would... Sorry, they were allowed to lapse and then they would just be re-appointed under

the new rules?

J ALDRIDGE:

Yes.

L JONSON:

Did you consider the three-stage exercise to be sufficient due diligence?

J ALDRIDGE:

It was a process devised and approved by the Legal Department so I had no reason to doubt that it was suitable for the purpose.

L JONSON:

I think we'll leave it there. Actually no, one more thing I should ask. Were any agents who went through, sorry, advisers who went through this three-stage exercise, were any of them terminated as a result because it was felt that they failed to comply?

J ALDRIDGE:

Not that I can recall.

L JONSON:

And whose responsibility was it to ensure that the agreements, the existing agreements and new agreements, after 2001 were compliant?

J ALDRIDGE:

Probably... it was as I said a combination of marketing putting forward suitable people, ourselves carrying out to the best of our abilities, the checks that were required of us as IBS, and the Legal Department carrying out a further review of the file, and the senior approvers being satisfied on all accounts, so that was the process.

L JONSON:

Right, I have no further questions on that Murray, I don't know if you have any.

DI KERR:

I don't think I've got very many questions but I just want to review that to make sure that we've got all the points that you've given us there in this section of the interview absolutely

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correct. Can you confirm for me that you said that the due diligence, the purpose of due diligence is the proper review of the advisers that the company were seeking to appointment?

J ALDRIDGE:

Yes.

DI KERR:

And that the due diligence was carried out to check the suitability of the advisers before that they were actually appointed?

J ALDRIDGE:

As far as possible.

DI KERR:

And that due diligence would have identified, in theory, any histories of corruption, fraud or any conflicts of interest with the company?

J ALDRIDGE:

Well, there is no guarantee that you can always identify all of these things but-

DI KERR:

But that was the purpose of it.

J ALDRIDGE:

That was the purpose, yes.

DI KERR:

And that the company would, in using this due diligence procedure, consider to potentially terminate the appointment of any adviser if they found anything that they had concerns with.

J ALDRIDGE:

Yes.

DI KERR:

Sorry, could you speak up again?

J ALDRIDGE:

Yes, that was my understanding.

DI KERR:

There was one case recently where in the Far East a marketing person had identified that an adviser was implicated in corruption. Can you recall who that marketing person was?

J ALDRIDGE:

I've forgotten his name but he's based out in the office in Korea.

DI KERR:

Do you know, can you recall which company it was?

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J ALDRIDGE: The adviser company?

DI KERR: Yeah.

J ALDRIDGE: It was a company called Eusan.

DI KERR: Sorry?

J ALDRIDGE: Eusan, E-U-S-A-N.

DI KERR: Right. But there have been other occasions when the company has terminated agreements inherited from other companies?

J ALDRIDGE: Yes.

DI KERR: And it was... That is really because these inherited advisers didn't go through the same, the BAE, due diligence procedures.

J ALDRIDGE: That's correct.

DI KERR: When the companies were inherited from other companies, or the advisers were inherited from other companies were the due diligence procedures carried out by those predecessor companies handed over to BAE?

J ALDRIDGE: Well, we inherited the file, it was... So, you know, whatever was on the files was available to see.

DI KERR: Aright. Can you just confirm for me then please that prior to 2002 no due diligence procedures were carried out by IBS?

J ALDRIDGE: That is correct.

DI KERR: Yeah. And that you did your job in the assumption that the marketing advisers in other departments within BAE had been making the appropriate checks?

J ALDRIDGE: Yes, as I said marketing and the referrals committee and legal.

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DI KERR: And prior to 2002, and of course 2002, it was the company policy that only people with integrity could be appointed where possible, or where you could identify them. That was badly put, let me ask that question again. We're getting tired I guess. The company policy was such that if there was any doubt as to the integrity of any of the advisers that had been appointed then they wouldn't appoint them.

J ALDRIDGE: That's right, the company did not countenance corruption and it was stated in the policy that we would only be prepared to appoint people of the highest integrity.

DI KERR: Okay, and you said that it was not your responsibility to be concerned about the due diligence procedures because you relied on the fact that the other departments were doing their work.

J ALDRIDGE: Are you saying pre-2001 now?

DI KERR: Yes, pre-2002, yeah.

J ALDRIDGE: That's right. We simply processed whatever paperwork was given to us, we had no other remit in that respect.

DI KERR: And therefore you just literally had no reason to consider there would be anything wrong if the Marketing Department had done their work?

J ALDRIDGE: That's right and in conjunction with the company's stated policy.

DI KERR: Okay. Can you confirm, can you elaborate on your company's document retention policy? Is there a laid down document retention policy

within the company?

J ALDRIDGE: Yes, there is. I think it was only brought in around 2003.

DI KERR: Right. So what was... What happened prior to 2003?

J ALDRIDGE: It was really... Well, as I understood it it was at the discretion of the head of department. I don't recall ever being aware of any set policy being in place prior to that.

DI KERR: And where is the document retention policy now? Where can I get a copy of that?

N GERRARD: It is probably being retained somewhere.

J ALDRIDGE: Well, I believe it was issued by the Legal Department so-

DI KERR: Okay.

N GERRARD: It could have been destroyed if it is more than six years old.

DI KERR: I would hope not. Post 2001 you said that the changes were prompted really by two things. Firstly, the OECD compliance, is that correct?

J ALDRIDGE: Yes.

DI KERR: And secondly, the company gained knowledge of the foreign... The US Foreign Corrupt Practices Act because they wanted to do business there.

J ALDRIDGE: Well, this is my understanding as communicated to me by others because I was not party to those decisions.

DI KERR: That's fine, thank you. That is why I am just trying to clarify these points.

J ALDRIDGE: Mm-hmm.

DI KERR: You discussed that halting payments outside of

territory would need to be made more visible, is that correct?

J ALDRIDGE: I'm sorry-

DI KERR: When payments were made outside of... to advisers outside of territory, after 2001 they were to be made more visible. Is that correct, that the payments would be halted?

J ALDRIDGE: What was the context of that, I am missing it I'm afraid.

DI KERR: You said that you believed that the procedures were compliant pre-2001 but you just didn't log the procedures very well. You then went on to say that when payments were made outside of territory, so in a jurisdiction that the adviser wasn't within, then that would need to be made more visible as a part, as a result of the changes in procedures. Is that correct? Have I got that wrong?

L JONSON: I didn't get that but I can take a note.

N GERRARD: We'll have to check our notes on that I'm afraid.

DI KERR: Okay.

N GERRARD: Because I don't recall that.

DI KERR: I think we are all getting tired here. I then very briefly would like to discuss, you referred to Annex F in the IBS documents which is headed Warning Signs, you referred to that and you gave examples or you were shown examples of what warning signs were and that you said that even though you've seen the document headed Warning Signs and you accept that some of these warning

signs were if payments were being made offshore that banking was being made outside to territory and that large covert payments were made, those were still warning signs and even although you were aware that these things were happening in some... With some advisers, you still had no concerns.

J ALDRIDGE: No, with hindsight maybe I would but at the time when the company introduced this it was made clear to me, communicated to me by either my boss or the Legal Department or senior people that this was to be applied moving forward.

DI KERR: Okay.

J ALDRIDGE: And though because I had no concerns because of the company's attitude on corruption and its policy I have no concerns in relation to those previous appointments.

DI KERR: Post 2001 then the Marketing Department were still responsible for identifying advisers and completing the paperwork but due diligence procedures became part of a task that was within your department, is that correct?

J ALDRIDGE: Yes, and we were separated from marketing at that time.

DI KERR: And, finally, in 2002 the company introduced the three-stage appointment process. Can you just run through the stages, the three stages of that appointment process again for me please?

J ALDRIDGE: Do you mean the payments certification process?

DI KERR: Yes.

J ALDRIDGE: Right. Legal interview with a marketing person

who was aware of the identity and the activities of the adviser concerned. Certification by the adviser himself in relation to past and future payments. What was I looking for? Oh, the legal interview sheet. Sorry, I said that first didn't I? The legal interview sheet which I didn't see, the marketing certificate which was countersigned by legal following the interview, the adviser certificate.

DI KERR: And the purpose of the adviser certificate? What did the adviser have to undertake on the certificate?

J ALDRIDGE: To give added assurance that the conditions he'd originally signed up to in his agreement concerning bribery and corruption were, remained true and applied to payments made and payments that would be made.

DI KERR: I have no other questions I want to ask, Lydia?

L JONSON: No, thanks.

DI KERR: Right.

N GERRARD: Lydia's got a big cross on her notebook; surely you've got one question for us Lydia?

L JONSON: I'm saving that.

N GERRARD: I thought you might be.

DI KERR: Right the time is now 17.52 hours. I am going to switch off the tape.

**(End of Interview).**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
TUESDAY, 17<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 1 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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DI KERR: Yeah, enter the room please.

C BROWN: She's just knocked, I think she says the things  
not working.

DI KERR: Right, just switch the tape off.

**(Brief pause)**

DI KERR: This interview is being tape recorded and may be  
given in evidence if your case is brought to  
trial. I am Detective Inspector Murray Kerr,  
from the Ministry of Defence Police Fraud Squad,  
and my colleague in the room is Carl Brown.  
Carl, will you introduce yourself please?

C BROWN: Yes, my name is Carl Brown. I'm an investigator  
with the Serious Fraud Office.

DI KERR: The time is 10.30 on Tuesday, 17<sup>th</sup> July 2007 and

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this is the continuation of the interview with Mrs Aldridge, commenced previously, on 16<sup>th</sup> July 2007. This interview is being conducted in an interview room number four, at the Serious Fraud Office at Elm Street, London. I am interviewing, still... could you please state, again, your name, place, and date of birth?

J ALDRIDGE: Julia Caroline Aldridge. 31<sup>st</sup> March 1957.

DI KERR: And also present in the room are your solicitors..

N GERRARD: Neil Gerrard from DLA Piper, Julia Aldridge's solicitor.

N MCGUINNES: Neil McGuinness, associate and employed barrister at DLA Piper.

DI KERR: At the conclusion of the interview, Mrs Aldridge, I'll give you a form that'll explain what'll happen to the tapes which are recording the interview, and that form will explain how you can access a copy of those tapes. I am required to stress that you are here voluntarily, and are not under arrest. You are free to leave these offices at any time during the interview. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: You are also entitled to free and independent legal advice, you can consult with a solicitor free of charge, in addition to the solicitors you've brought with you. Do you want to consult with another solicitor?

J ALDRIDGE: No, I don't, thank you.

DI KERR: You are entitled to consult with the Codes of Practice whilst you are here. I explained yesterday that the Codes of Practice is a book which, really, details the conditions and the treatment that you have... the way you are to be treated whilst you are being interviewed by the police. Do you want to consult with the Codes of Practice.

J ALDRIDGE: No, thank you.

DI KERR: Right. I will advise you again that this interview is being monitored, remotely, in another room, for the purposes of advising the interviewing officers of any areas which it might be pertinent to ask you questions on, that we might have missed during questioning. Do you understand that?

J ALDRIDGE: I do.

DI KERR: I must caution you that, you do not have to say anything, but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: Right. As I said, this is a continuation of an interview that we commenced yesterday on 16<sup>th</sup> July. I'd like to move on and ask you some questions about your role in a company called Red Diamond. So first of all, can you tell me what you know about Red Diamond?

J ALDRIDGE: I know that it's a company registered in the BVI. Most of what I know about its structure,

I've learnt recently, in the course of the investigations, and in the process of liquidating it. It was used by the company, between approximately 1998 and 2000/2001, for contracting with advisors.

DI KERR: Okay. What do you mean, 'Contracting with advisors'? What did the company do?

J ALDRIDGE: As the contracting party to agreements with advisors.

DI KERR: Okay. When was Red Diamond established?

J ALDRIDGE: I can't recall exactly. I believe some time in 1997.

DI KERR: Why was it set up, then? What was the purpose of setting up Red Diamond?

J ALDRIDGE: I wasn't involved in discussions around the setting up of Red Diamond. I was merely informed at the time that the intention was to proceed with a dedicated company for contracting purposes.

DI KERR: Was it explained to you why a dedicated company was needed?

J ALDRIDGE: Not in any detail, but in the context of various security and confidentiality concerns at the time, I generally understood the reasons. However, having said that, I did, at the time, feel that it was rather over the top, and I expressed the concern that it might give the wrong impression.

DI KERR: What did you mean, what did you think, wrong impression? What were your concerns?

J ALDRIDGE: Because it was an off-shore company and didn't

carry the BAE name.

DI KERR: Okay. You said that there were security... it was set up because of security concerns. What were those security concerns?

J ALDRIDGE: No, what I said was, I understand... understood at the time there were general concerns around competitor activity, industrial espionage, that sort of thing, activist activity, general internal concerns around maintaining confidentiality of information and that sort of environment.

DI KERR: Okay, and you raised concerns. Specifically, what were the concerns that you raised?

J ALDRIDGE: Just that, that I just felt that the establishment of that company might give the wrong impression.

DI KERR: Okay, what made you feel that?

J ALDRIDGE: Well, as I said, because it was an off-shore company, and it seemed to me an over the top reaction to the concerns that were perceived by the company.

DI KERR: Who did you raise your concerns with?

J ALDRIDGE: Hugh Dickinson, and he noted my concern at the time, but nonetheless, it was agreed to proceed with the setting up of Red Diamond.

DI KERR: Did you do it officially? Did you do it in writing?

J ALDRIDGE: No.

DI KERR: Can you recall conversations with Hugh about it?

J ALDRIDGE: Only very vaguely from that time. I didn't pursue it, because it became clear to me, in the

period between the conversation and the setting up of the company, that the structure had been very carefully considered by all sorts of professionals, internal, external, legal people, tax people, company's auditors, financial experts, etc. So that gave me the comfort that it was perfectly in order.

DI KERR: Okay, tell me about the setting up of Red Diamond, then please?

J ALDRIDGE: I don't know anything about the setting up of it, I wasn't party to it.

DI KERR: Do you know who set it up?

J ALDRIDGE: From what I've seen recently, a combination of the legal department and Hugh Dickinson.

DI KERR: Okay. You said that it had been considered by the likes of the legal department, and what management in BAE? Do you know who had offered views? Have you seen any documents which would indicated people who had offered views as to why Red Diamond needed to be set up?

J ALDRIDGE: Only during the course of the current investigations.

DI KERR: Who were the first directors of Red Diamond?

J ALDRIDGE: From memory, I believe they were Gerry Wooding, marketing director, Philip Riley from legal, and Hugh Dickinson.

DI KERR: Was that all?

J ALDRIDGE: As far as I can recall.

DI KERR: Right, and you've said, sort of, background why it was set up, but what does it actually do for BAE? What's the function of the company?

J ALDRIDGE: To act as the contracting party on agreements with advisors.

DI KERR: What does that mean?, in a...I don't really-

J ALDRIDGE: To enter into contracts with the marketing advisors that we appointed.

DI KERR: Okay, so a person on behalf of Red Diamond would sign, on behalf of, effectively, BAE. Is that correct?

J ALDRIDGE: Yes, that's right. In fact, I myself had power of attorney, along with Hugh Dickinson, and possibly somebody else to do that.

DI KERR: Are you a director of Red Diamond?

J ALDRIDGE: I was for a short period, prior to its liquidation.

DI KERR: Can you tell me the circumstances how you became a director?

J ALDRIDGE: Purely through changes of personnel, and people retiring or leaving the company.

DI KERR: Who did you replace?

J ALDRIDGE: I can't actually recall. It was around the time that Hugh Dickinson retired, and Andrew Fletcher came on board, I believe.

DI KERR: I see, right. Can you recall who asked you to become a director?

J ALDRIDGE: I believe it was someone in the legal department.

DI KERR: Do you know who?

J ALDRIDGE: Probably Chris Wood.

DI KERR: Did that bring with it additional responsibilities?

J ALDRIDGE: Only insomuch as if there were corporate

documents that were required to be signed in connection with the company itself, then yes. But other than that, no. In other words, I was mainly involved as director in dealing with the liquidation.

DI KERR: Okay, so... sorry, can you refresh, when did you become a director?

J ALDRIDGE: I believe sometime in 2001.

DI KERR: What was your salary with BAE prior to you becoming a director?

N GERRARD: Are you talking about a director with Red Diamond or a director as in BAE?

DI KERR: Well, I'm trying to get a feel here for the position that Mrs Aldridge has within, generally, BAE and within Red Diamond, so I'm trying, really to establish, you know, what level of directorship you have here; the position in the management chain. So, did you have a separate salary with Red Diamond?

J ALDRIDGE: No, I received no additional remuneration whatsoever. No consideration for it.

DI KERR: You didn't get any extra money for the extra responsibility?

J ALDRIDGE: No, well, I didn't see it as an extra responsibility. It was purely an administrative function.

DI KERR: Right, what was your salary, then, when Red Diamond came into being?

J ALDRIDGE: I can't recall without checking back. I don't know, around 60- or 70,000.

DI KERR: And now?

J ALDRIDGE: 88,000.

DI KERR: 88,000. Does that include any bonuses or...?

J ALDRIDGE: No.

DI KERR: No. Are there any additions to that?

J ALDRIDGE: There are standard company bonus schemes.

DI KERR: How large are those?

J ALDRIDGE: My current executive grade, potentially 20% of the salary?

DI KERR: Okay. Is that what you got last year?

J ALDRIDGE: No, no.

DI KERR: No?

J ALDRIDGE: I don't think it's possible to get the full amount. I certainly never managed it.

DI KERR: What percentage last year?

J ALDRIDGE: 15%

DI KERR: 15%, and the year before?

J ALDRIDGE: I can't recall.

DI KERR: Okay. Sorry. You touched on power of attorney. Can you detail to me, for me, what your power of attorney was?

J ALDRIDGE: It simply gave me the authority to sign agreements with third parties, on behalf of Red Diamond.

DI KERR: And when were you given the power of attorney?

J ALDRIDGE: Some time in 1998, I think.

DI KERR: Okay. Now, was Red Diamond set up as a sort of secret organisation within BAE?

J ALDRIDGE: I wouldn't call it a secret organisation. I mean, generally, I suppose Hugh Dickinson did take a rather James Bond approach to these sort of things, but other than that, it was no

different really, from the way confidential agreements had previously been managed. It was simply a different company contracting and in all other respects, life carried on as normal. And it didn't mean anything in particular to me, because the company owns hundreds of other companies, so it was just simply another company in the group.

DI KERR: Okay, who within BAE were aware that Red Diamond was a company operating under the BAE brand?

J ALDRIDGE: Presumably all those that had been consulted as to its setup. So, audit, finance, senior people, legal of course, the department, probably most of marketing.

DI KERR: So, generally, within the company, it's well known that Red Diamond is a BAE brand?

J ALDRIDGE: Yes.

DI KERR: What about outside the company?

J ALDRIDGE: Well, as I've said, those professionals that were consulted, the bank, of course; we had to set up bank accounts for it. Advisors, of course, who contracted with it. Our escrow agents, who had a mandate to hold documents in escrow. The external auditors.

DI KERR: Okay. Does Red Diamond have any offices?

J ALDRIDGE: In what respect?

DI KERR: Where does the company trade from? The company Red Diamond?

J ALDRIDGE: Well, it's a BVI registered company, so it's managed within the BVI, but there are also administrators, I believe... well, understand now,

in Lichtenstein.

DI KERR: Can you tell me about the Lichtenstein administrators, please?

J ALDRIDGE: Not in any great detail; I've only dealt with them in recent years, largely in connection with its liquidation.

DI KERR: What did they do in Lichtenstein for Red Diamond?

J ALDRIDGE: They mainly dealt with the corporate registrations and the general administration of the company.

DI KERR: And what is the general administration of the company?

J ALDRIDGE: Simply, I believe maintaining whatever's required to keep it in existence at the time.

DI KERR: Right, because I don't really understand what Red Diamond does here, not properly. I mean, it sort of... does it make anything? Does it manufacture anything?

J ALDRIDGE: No, it's not a trading entity.

DI KERR: So it provides a service, yes?

J ALDRIDGE: Well, I don't know how you'd describe it, really. As I said, it was purely used, to my knowledge, for contracting purposes with marketing advisors.

DI KERR: So, what do you actually need administrators for, then? What do they do?

J ALDRIDGE: They do whatever is required on a regulatory basis to maintain the company.

DI KERR: Who are the administrators?

J ALDRIDGE: They... well, were, prior to its liquidation, a

firm called ATU in Lichtenstein.

DI KERR: ATU, do you know what that stands for?

J ALDRIDGE: It's a German name; I can't immediately tell you what it is.

DI KERR: Do you know their address?

J ALDRIDGE: I have been to the premises, yes.

DI KERR: When was that?

J ALDRIDGE: On several occasions in recent years.

DI KERR: And for what purpose?

J ALDRIDGE: In conjunction with the legal department, in dealing with corporate documents and more latterly, as I said, with the liquidation of the company.

DI KERR: Okay. Where is any documentation, generated by Red Diamond held, then?

J ALDRIDGE: Corporate documentation, with the legal department. Agreements-

DI KERR: Sorry, the legal department where?

J ALDRIDGE: At Farnborough.

DI KERR: At Farnborough, right.

J ALDRIDGE: Agreements, with third parties, as per normal practice, either on the advisor files or in escrow with lawyers.

DI KERR: You mentioned this term, 'In escrow', yesterday. What do you understand by the term, 'In escrow'?

J ALDRIDGE: It was the practice of depositing agreements for safekeeping with a neutral party.

DI KERR: Okay, I'll come back to that shortly. Are there any electronic documents held by Red Diamond, as an entity?

J ALDRIDGE: Well, any agreement paperwork raised by the

department would be held in the normal way.

DI KERR: Does it have its own computer system?

J ALDRIDGE: No.

DI KERR: So, it would all be scooped up within the BAE electronic systems?

J ALDRIDGE: Yes, I believe so, yes.

DI KERR: What bank accounts does Red Diamond hold?

J ALDRIDGE: It held accounts with Lloyds in the same way that we hold the BAE accounts.

DI KERR: Were there any other accounts?

J ALDRIDGE: No, I don't believe so, no.

DI KERR: What about outside the UK? Were there any accounts outside the UK?

J ALDRIDGE: Not that I'm aware of.

DI KERR: Were there any accounts in Switzerland?

J ALDRIDGE: No, not that I'm aware of.

DI KERR: Were there any accounts in Lugano?

J ALDRIDGE: No, really, not that I'm aware of at all. There were just the accounts with Lloyds in London.

DI KERR: What about Swiss banks UBS and BSI?

J ALDRIDGE: No, not that I can recall.

DI KERR: Okay. Who can authorise payments, then, from the Red Diamond bank accounts?

J ALDRIDGE: Whoever is determined by the finance director. I really can't recall who was on the list at any one time.

DI KERR: So, you said that Red Diamond was there really to become involved in contract procedures with agents, yes?

J ALDRIDGE: Yes.

DI KERR: So, broadening on from that, they make payments

to agents; the company makes payments to agents.  
Is that correct?

J ALDRIDGE: Yes.

DI KERR: Can you tell me about that payment system?

J ALDRIDGE: Well, as I've mentioned before; there are two finance secondees within the department, who manage the payment of fees to advisors on behalf of the finance department. I've also mentioned before that when an agreement is executed, the finance co-ordinators will receive an instruction sheet from which they would calculate fees due. That will then be checked by someone in IBS; a manager, either, currently Tom Rogers or myself, before payment is sent out to the finance department for approval.

DI KERR: Right, so you first said that Red Diamond were there to contract with companies, but this is sort of broadening that now. So, they also make payments to companies on behalf of BAE?

J ALDRIDGE: Yes, as the contracting party under the agreement, that company, yes, made payments.

DI KERR: What other functions does the company perform for BAE, then, apart from entering into the contracts on behalf of BAE and making payments on behalf of BAE? What else does it do for the greater company, BAE Systems PLC?

J ALDRIDGE: I'm not aware that it had any other function.

DI KERR: Okay, so payments can be authorised by...?

J ALDRIDGE: As I said, whoever was determined by the finance director.

DI KERR: The finance director being...?

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J ALDRIDGE: George Rose.

DI KERR: George...?

J ALDRIDGE: Rose.

DI KERR: R-O-S-E?

J ALDRIDGE: Yes.

DI KERR: And who does Mr Rose delegate the authority to make... to authorise payments for the company?

J ALDRIDGE: I can't recall exactly who was on the mandate for the Red Diamond accounts at any one time. It was a combination of management in IBS and people in finance or tax.

DI KERR: Can you give me some names of people who had authority to commit the company to payments?

J ALDRIDGE: Purely on behalf of Red Diamond or in relation to BAE as well?

DI KERR: Just Red Diamond.

J ALDRIDGE: Well, to begin with, on the IBS side, it would have been Hugh Dickinson or myself, followed by Andrew Fletcher or myself, plus whoever was authorised, as I said, from finance or tax, which were fairly senior people.

DI KERR: Okay, so was it... it was the job of somebody senior in the management, then?

J ALDRIDGE: Yes.

DI KERR: And were there separate levels of payments that people were allowed to authorise?

J ALDRIDGE: Not that I can recall, no.

DI KERR: Did you have a financial delegation at all?

J ALDRIDGE: Well, I was authorised to sign payments in respect of Red Diamond, as I've said.

DI KERR: Okay, if I were to try and piece together an

audit trail of the payments made by Red Diamond, how would I go about doing that?

J ALDRIDGE: In the same way as you would with any BAE payment; it really didn't operate any differently and to all intents and purposes, it was simply all recorded on the books as if it were a BAE transaction. In practice, there was simply no differentiation.

DI KERR: Did the company have auditors?

J ALDRIDGE: Yes.

DI KERR: Who were they?

J ALDRIDGE: KPMG.

DI KERR: KPMG. Which office? Do you know anyone in particular, or which office did those audits?

J ALDRIDGE: No, I don't. Over the years, we've had a number of different individuals who've been in to carry out audits.

DI KERR: Okay, where does Red Diamond get its money to make the payments? What's the source of its funds?

J ALDRIDGE: It's funded from the BAE account.

DI KERR: Which account's that?

J ALDRIDGE: The IBS account.

DI KERR: Okay. Would you then just take me through exactly what happens to... first of all, to initiate a payment from Red Diamond, and secondly how you go about making the payment? So how do you know, first of all, that somebody needs to be paid?

J ALDRIDGE: Well, as I said, the finance people are provided with a summary sheet with terms of the

agreement, and when they receive receipt information from the business units, they will calculate what is due.

DI KERR: Right.

J ALDRIDGE: From which they will set up a batch of payments to be authorised in accordance with whatever mandate is given.

DI KERR: So who in finance sets these batches up?

J ALDRIDGE: The two secondees within the department.

DI KERR: Who are they currently?

J ALDRIDGE: Zena Hill and Dan Smith.

DI KERR: Okay. So what did they do to generate the next step in the payment chain?

J ALDRIDGE: Well, in order to calculate the payments, there are two cashbook systems. One is called Cashbook, which is used for calculating retainer-type payments, and the other is a contract cashbook system, which is used to calculate contract payments, and they will feed in the appropriate information to produce a calculation sheet, which acts as the back up for the approvers in checking that the payment going out is correct.

DI KERR: So, why the two payment systems, then? Why the two? One's Cashbook; why is that set up?

J ALDRIDGE: Just historic, really. Retainers are obviously determined on a time-required basis, whereas success fees need to be calculated as and when they arrive. So, it's purely a function of the type of payment.

DI KERR: So, how do they know to raise a payment on a

success fee?

J ALDRIDGE: When they received receipt information from the business units.

DI KERR: And that would be raised by whom?

J ALDRIDGE: The finance directors of each of the business units have an instruction to provide the information to IBS. It's all part of the company procedure.

DI KERR: Okay, so finance raise their paperwork, what happens next?

J ALDRIDGE: As I've said, they will enter it, the details of the payments due into what's referred to as the LloydsLink system, the electronic banking system, and produce a summary report of payments for approval.

DI KERR: Right, and then?

J ALDRIDGE: Then, that will firstly come to Tom Rogers or myself for an initial cross-checking, and subsequently, if it's all correct, go to the authorisers.

DI KERR: And the authorisers are?

J ALDRIDGE: Those on the banking mandate.

DI KERR: What happens then?

J ALDRIDGE: The finance co-ordinators will send off the payment.

DI KERR: Right. Why did BAE not just pay the advisors straight from their own, BAE Systems bank accounts?

J ALDRIDGE: They do; they're all BAE Systems bank accounts.

DI KERR: Well, this is paid from a Red Diamond bank account, so it's not obvious that it's BAE

that's making the payment.

J ALDRIDGE:

Mm-mm.

DI KERR:

So why do BAE not just make the payment from a BAE Systems bank account?

J ALDRIDGE:

Because a contracting party to the agreements was Red Diamond.

DI KERR:

Was Red Diamond really in existence to disguise the fact that BAE had dealings with their advisors?

J ALDRIDGE:

I don't believe, and you know, I've only, as I say, I've only recently seen paperwork in connection with the setting up of Red Diamond, I don't believe it was to disguise it in the sense that it reduced public visibility at a time when there were concerns around general security and commercial confidentiality.

DI KERR:

Okay. Were any documents created by the company, Red Diamond, held anywhere other than in Lichtenstein... sorry, you said, was it British Virgin Islands?

J ALDRIDGE:

Mm-mm

DI KERR:

And Farnborough. Were documents held elsewhere?

J ALDRIDGE:

Well, as you all know, there was a Novelmight office over in Geneva.

DI KERR:

I will come, perhaps, in more detail to Novelmight, but why were Red Diamond documents held in Geneva, then?

J ALDRIDGE:

That was the practice. It wasn't just Red Diamond documents, it was any BAE agreements considered confidential... of a confidential nature. And the practice goes back to, I

believe, the early-1980s, if not before, when documents were held in escrow in Geneva.

DI KERR: Okay. I understand the practice goes back a number of years, do you know why?

J ALDRIDGE: No. Well, to some extent; it seemed to me that it gave comfort to the other party that the agreement was being held by a neutral escrow agent, and you know, it just gave them comfort that obligations would be honoured, but beyond that, no, I'm not aware of any other reason.

DI KERR: Okay, I'll come back to Geneva and the purposes of Geneva shortly, I think. Was there a document retention policy in... specifically in connection with Red Diamond documents?

J ALDRIDGE: No, there was a general company policy that was issued, as I mentioned yesterday, some time in 2003, I believe.

DI KERR: Alright. I mean, is it your responsibility to ensure that these advisors don't bribe officials?

J ALDRIDGE: No, I don't believe it is. It is my responsibility to ensure that company policy and procedure is followed to the extent of my role.

DI KERR: So, you are telling me that it's not your responsibility to ensure that the company don't abide by the law, and the people that they're contracting with don't abide by the law?

J ALDRIDGE: No, I'm not saying that; I'm saying that I've followed company procedure in that respect, which makes it perfectly clear that we will always abide by the law, and that we absolutely

do not encourage bribery or corruption.

DI KERR: Sorry, so it is then your responsibility, or a part of your responsibilities to ensure that the company and their advisors abide by the law?

J ALDRIDGE: Yes, sorry, I misunderstood you. It is not my sole responsibility; it is the responsibility of everyone in accordance with their role.

DI KERR: Okay. When audits were carried out by Red Diamond, were there any concerns highlighted by any of the auditors?

J ALDRIDGE: As I say, I was not involved in those discussions, so I don't know.

DI KERR: Who was involved in the discussions with KPMG?

J ALDRIDGE: At the time of setting it up?

DI KERR: Or on any audits?

J ALDRIDGE: Presumably head of department. I have met KPMG partners in relation to audits, more recently, and I have provided them with whatever information they required.

DI KERR: And what sort of information do they require?

J ALDRIDGE: If they've had any queries when they've carried out the audit, then they will raise them with me, and I can't recall what specific queries they might have had, but I don't recall that they had any purely around Red Diamond, and more recently, I think, this year, I provided an update to the auditor on the proposed liquidation of Red Diamond.

DI KERR: Okay. Did the audits focus on any payments that could have been seen as bribes?

J ALDRIDGE: Not to my knowledge.

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DI KERR: Okay. Perhaps you could tell me, do BAE employ advisors that are paid directly by BAE and not through an intermediary company like Red Diamond, because I understand there are other companies as well, set up on similar terms as Red Diamond?

J ALDRIDGE: Well, certainly BAE continued to contract with representatives, as discussed yesterday, and then there are others that I'm aware of. I believe there was a company called Poseidon, that may have been used in relation to some Saudi agreements, and there was a company that we acquired from Siemens Plessey that we wound up as soon as convenient after the acquisition.

DI KERR: What was that company called?

J ALDRIDGE: Plessey Systems Export.

DI KERR: So, BAE do pay other companies, then, through the BAE bank accounts... they pay advisors, sorry, through the BAE bank accounts, is that correct?

J ALDRIDGE: Yes. Well, all advisors are currently paid through the BAE bank account.

DI KERR: Right, so when Red Diamond was in existence, then, what was the criteria for allocating payments to that advisor, through Red Diamond?

J ALDRIDGE: Well, as I said, if Red Diamond was the contracting party to the agreement, then the payment was made from its account.

DI KERR: Right, what was the criteria then, for contracting with an advisor through Red Diamond and not through BAE?

J ALDRIDGE: Well, as I said yesterday, if they fell into the

confidential category, as determined by the head of department, then subsequent to the Red Diamond company being set up, they became a Red Diamond agreement.

DI KERR: And what was the criteria for them falling into the category of confidential advisor?

J ALDRIDGE: As I said, that was the discretion of the head of department, and I was not party to the specific... or at least, it was never explained to me what the specific reasons were, other than the general commercial confidentiality requirements.

DI KERR: So, when you say, 'Head of department', who do I need to speak to find out why certain advisors were treated as confidential, whilst other advisors were treated as more overt?

J ALDRIDGE: Hugh Dickinson.

DI KERR: Hugh Dickinson. Who else?

J ALDRIDGE: Any of his predecessors.

DI KERR: So, it was Mr Dickinson. You say you had no knowledge of why advisors were made to confidential?

J ALDRIDGE: As I say, my knowledge was limited to commercial confidentiality requirements.

DI KERR: Can you tell me then... you said that it's commercial confidentiality requirements, can you tell me then why any advisor was made to be confidential?

J ALDRIDGE: Well, the specific criteria I can think of was the level of fee, and as we discussed yesterday, I have seen in policy documents the fact that

fees, aggregate fees over a certain level would be considered confidential, for whatever reasons that were not discussed with me. But I did surmise that they were to do with general sensitivities of working in the defence industry.

DI KERR: Right. You said Mr Dickinson and his predecessors made those decisions. Anyone else?

J ALDRIDGE: Well, again, this was in the full knowledge of the legal department, the senior people in the referrals committee, and certainly in the case of Red Diamond, as I've said, finance people, auditors.

DI KERR: Did you make, or were you involved in the making of, a decision to ensure that an advisor was decided to be confidential and therefore paid through Red Diamond.

J ALDRIDGE: No, I just simply followed the practice.

DI KERR: So, you just administered the payments once somebody had been selected for that route?

J ALDRIDGE: Administered the agreements.

DI KERR: The agreements, and subsequently the payments?

J ALDRIDGE: Well, they were administered by finance people on secondment.

DI KERR: Under your level of authority... under your line of authority?

J ALDRIDGE: No, they report to the finance department.

DI KERR: Okay. Is there a list of advisors paid by Red Diamond?

J ALDRIDGE: Well, there isn't a list as such, but clearly we hold the information and they could easily be

produced.

DI KERR: Okay. What involvement in the decision making as to whether a company was treated to be a confidential advisor through Red Diamond did Dick Evans have?

J ALDRIDGE: I have no idea.

DI KERR: Had you no contact with him?

J ALDRIDGE: No.

DI KERR: What about Mr Turner?

J ALDRIDGE: Ditto.

DI KERR: Sorry, could you speak up?

J ALDRIDGE: The same. I didn't ever have a discussion along those lines with either of them.

DI KERR: And Mr Rouse?

J ALDRIDGE: No, similarly.

DI KERR: Right, the tape counter reads 44 minutes here, but I haven't had any warning that the tape is about to end. I'm assuming it is going to end, since we had a slight start, so I'm going to suspend this interview for the purpose of changing the tapes. The time is now 11.14 hours, and I'll switch off this tape.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
TUESDAY, 17<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 2 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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DI KERR: This is now the eighth tape, and the continuation of an interview with Julia Caroline Aldridge. The time is 11.51 hours on Tuesday, 17<sup>th</sup> July 2007. I'll remind you, Mrs Aldridge, that you're here voluntarily, and that you can leave this interview room at any time. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: I'll also remind you that you do not have to say anything, but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes.

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DI KERR: Prior to the break in interview, I was asking you questions about Red Diamond. I'll return to that. We had got to the point where you had told me Red Diamond no longer existed as an entity?

J ALDRIDGE: That's right.

DI KERR: Can you tell me about the winding up of the company?

J ALDRIDGE: The decision, I believe, to wind it up, was taken back in 2001, obviously with the introduction of the new procedures. Following that, steps were taken to... no agreements were renewed in the name of Red Diamond after that time, and steps were taken to reduce or settle company's liabilities to enable the winding up to occur.

DI KERR: Why did the company decide to stop making payments utilising Red Diamond?

J ALDRIDGE: That was a decision taken at the time that the compliance programme was brought in place, and I wasn't party to it.

DI KERR: Did anybody discuss with you why the company was removing Red Diamond?

J ALDRIDGE: Not specifically, but in the context of the new procedures, clearly the practice changed, and we were moving on.

DI KERR: I would've thought, as the person responsible for administering Red Diamond as an entity, you would have been made aware of a significant change, i.e. removing the company from trading, effectively?

J ALDRIDGE: Well, the company wasn't trading, as we've said; it was simply a company that was party to the agreements. So, yes, I understood that it would no longer contract, but it did need to meet its existing obligations.

DI KERR: Okay. The company... the decision was made to stop Red Diamond from trading. I'm guessing that advisors still needed to be paid. What system replaced Red Diamond?

J ALDRIDGE: Sorry, in what sense? I don't quite understand the question.

DI KERR: Well, BAE Systems were using Red Diamond as a vehicle to pay agents, yes?

J ALDRIDGE: To appoint agents.

DI KERR: To appoint agents, and to make remuneration to them. Is that correct?

J ALDRIDGE: Yes, if it was the contracting party, yes.

DI KERR: So, how did they pay their agents after they had decided no longer to use Red Diamond?

J ALDRIDGE: As I said, Red Diamond continued to meet its obligations up to the point that they ceased and it could be liquidated. In the meantime, of course, we reappointed people under the new procedures, and they were all appointed in the name of BAE.

DI KERR: Okay. Did you not think that strange?

J ALDRIDGE: No, the company made a decision and that was fine by me, and I understood it, and that was what we did.

DI KERR: Alright, so let me go back to... BAE had decided that they were going to pay confidential

advisors through Red Diamond, is that correct?

J ALDRIDGE: I believe so, yes.

DI KERR: When they wanted to keep the identity of their advisors as a confidential matter, is that correct?

J ALDRIDGE: The commercial confidentiality that I've referred to before, was my understanding of the confidential-type arrangements.

DI KERR: So how did BAE ensure commercial confidentiality once they decided no longer to use Red Diamond?

J ALDRIDGE: It was... we've always had confidentiality provisions in our agreements, always, whichever form of agreement has been used in any sort of contracting. It's just that the additional steps that were taken previously were dispensed with.

DI KERR: So, you've always had these confidentiality clauses-

J ALDRIDGE: And we still do.

DI KERR: - prior to Red Diamond, then?

J ALDRIDGE: Prior to Red Diamond and on any sort of agreement, and we still do.

DI KERR: This brings me back to... I'm struggling to understand why the need for Red Diamond. If you've always had these confidentiality clauses, then you bring in Red Diamond to make it more confidential. Then you stop Red Diamond, and it remains as confidential, why was there ever a need for Red Diamond in the first place?

J ALDRIDGE: Well, as I've said, I thought it was a bit of a nonsense and completely over-the-top reaction to

issues, security concerns that were perceived to exist at the time, but you know, I had no reason... I never had any concerns over Red Diamond per se. Company policy remained the same, the company, as I've said, had a policy of no corruption, and as far as I was concerned it was, you know, simply a change in use of a company which was agreed by others. It didn't concern me.

DI KERR: It's not exactly true that you didn't have concerns about Red Diamond, because you've already told me that you brought some concerns to Hugh Dickinson's attention.

J ALDRIDGE: The concern was that it might give the wrong impression. I didn't have any concerns that it might be used for wrong purpose, and in fact, at the time, there were other steps taken to address concerns within the company. For instance, a greater centralisation of activities around marketing advisor appointments. For instance, the referrals committee was centralised, the business unit delegations that previously in place, were suspended and payments also were centralised. And I saw all of this as positive steps to prevent abuse of the system and keep these sorts of appointment under better control.

DI KERR: You see, I have a concern here. It's absolutely apparent from the line of questioning I've been pursuing this morning that I have a real concern that Red Diamond has been used as a vehicle to

make corrupt payments and to hide those corrupt payments to agents employed by BAE. These confidential agents that BAE have decided, really, and we're not really getting to the bottom of why these agents are confidential, or considered to be confidential, and my concern is that the real reason is that they're there to facilitate corrupt payments to officials within other jurisdictions.

J ALDRIDGE: As I've said, I've seen no evidence of that. I was not on notice that that was the case; there were no specific changes at the time that occurred to me that that might be the case. In practice, very little changed, other than the change of name. So, everything, as I said, was accounted for in exactly the same way, as if it was BAE; the same systems were used, the same books were used, and I simply had no concerns on that score.

DI KERR: Okay. Let me take you back to when you raised your concerns with Mr Dickinson. I've said that my concern is that Red Diamond could be seen as a vehicle for making corrupt payments. Did you express that to Mr Dickinson at the time?

J ALDRIDGE: I can't recall exactly what I said to him. But it was along the lines of the fact that I thought it might give the wrong impression.

DI KERR: Right. This is an extremely important point; it's key to the issue. We're here to try and determine your... whether you're involved in a crime or whether you're an innocent party to a

crime. Now, this is a key point. Now, you are telling me that you have raised some concerns about what we consider could be a vehicle for making corrupt payments, and there's certainly some evidence to that effect. Now, it's really important that you consider now what you told Mr Dickinson, and try and recall exactly the circumstances of where you had this conversation with him, when you had the conversation with him, and what you actually said, and what his responses were?

J ALDRIDGE: I not sure that I can in detail. It's a long time ago, and it was very cursory; it wasn't a detailed discussion. All that I can recall is that he advised me that this was a proposal that the company was considering or was going to do, and that was my immediate reaction. As I said, I didn't pursue it; I didn't actually have any concerns re corruption whatsoever, and it wasn't taken any further.

DI KERR: You can't remember when you had this conversation?

J ALDRIDGE: Well, probably some time around 1996-1997.

DI KERR: And when was Red Diamond set up?

J ALDRIDGE: I believe around 1998.

DI KERR: Did you know in 1996-1997 that Red Diamond was going to be set up?

J ALDRIDGE: As I've said, this conversation was around the fact that this was a proposal, or something the company intended to do. But it was a long time before it actually did it, and in the interim, I

became aware then that the intention, or the proposal was being scrutinised by others, both internally and externally.

DI KERR: Okay. I'm just pushing you one more time on Mr Dickinson's responses. Can you elaborate more on that?

J ALDRIDGE: Well, all that I can recall is that he said to me, 'Yes, it was noted', and that was really an end of the conversation.

DI KERR: No further word?

J ALDRIDGE: No.

DI KERR: Okay. I'd just like to ask, before I ask Carl if there's anything that he wants to say, I'd like to ask one more question. You said that documents were taken to Geneva, and we will discuss Novelmight in a second. Was it only Red Diamond documentation that was taken to Geneva?

J ALDRIDGE: No, I believe it was any that fell into the confidential category, so any previous arrangements that had been entered into by BAE, where the agreements were held in escrow, were also taken to Geneva.

DI KERR: I'll come to that, really, as a separate topic, I think. Carl, is there anything you want to say?

C BROWN: Yes. Mrs Aldridge, I accept it's a long time ago. Can you remember when Mr Dickinson mentioned, in 1996-1997 that this is what the company was intending to do. Can you remember his explanation?

J ALDRIDGE: No, I can't specifically, but as I've said, I was aware generally of security concerns at the time. I mean, it was something the company was very concerned about all the time; our security department, our audit people. We had had instances of break-ins, there was a certain amount of protestor activity about; we'd had big redundancy programmes with disaffected employees, all sorts of issues that were around at the time, that I was aware of.

C BROWN: Okay. Are you aware of who, within BAE, would've had these discussions surrounding these security concerns? Were you ever involved in any discussions surrounding security concerns?

J ALDRIDGE: We were constantly briefed by the security department, at the time, there were regular briefings. They produced all manner of material; it wasn't just in relation to the department, this was across the board.

C BROWN: But specific to your role within HQ Marketing, as Mr Dickinson's deputy at the time, were you, in 1996?

J ALDRIDGE: Yes.

C BROWN: What specifically... and your role, and the role of the department was to administer these agreements.

J ALDRIDGE: Yes.

C BROWN: So, what were the specific security concerns surrounding the agreements?

J ALDRIDGE: I can't recall a... one conversation where this was discussed, but these were generally known

and accepted issues, such as, as we said yesterday, competitors and the possibility of industrial espionage; people, you know, wanting to poach your advisor; agents themselves, advisors themselves becoming aware of what other advisors were paid. That sort of general issue, in addition to which, there was the general more physical security concerns of others, such as activists and the like.

C BROWN: Prior to Red Diamond being established, you said that the agreements that were considered confidential were held in escrow anyway.

J ALDRIDGE: The agreements were held in escrow, yes.

C BROWN: Okay, so what was the concern about burglars or protestors that were specific to the agreements?

J ALDRIDGE: Well, commercially confidential agreements... contracts of any sort within the company are, you know, treated with due respect, whether it's national security, or to the same level on the commercial confidentiality side. So, you know, it was just part and parcel of the way we worked.

N GERRARD: I've just got two quick points, if I may. Carl, I recognise that you've already recognised this as possibly, nearly ten years ago. Can I just remind you both that, I think, my client has made it clear, regularly, that this wasn't her idea; she didn't agree with it anyway, to quote her, 'It was over the top' and unnecessary. So, you are asking her to justify someone else's decision, over ten years ago, and I think she's

virtually given the full explanation four times, and I just want... I appreciate where... that you'd like to know more, but I suspect that my client doesn't know much more than she's already given you and repeated at least three times.

C BROWN: Yes, I'm just trying to understand the nature in which the message was delivered, and the thinking behind setting up this mechanism.

N GERRARD: If I may... may I ask a question, which might actually prompt that. Are you aware, Julia, who else was involved in it, before you were told about it? Were there any other parties, people, departments, people involved? Can you remember anything?

J ALDRIDGE: Sorry, in...?

N GERRARD: In the setting up of Red Diamond?

J ALDRIDGE: In the setting up of Red Diamond. No. As I've said, I've only become aware in the course of the current investigations and seeing some paperwork.

N GERRARD: So, this was just presented to you on a particular day, and you didn't think it was a great idea, unnecessary whatever, and it still went ahead?

J ALDRIDGE: That's right.

N GERRARD: You've no idea who else was involved in that process?

J ALDRIDGE: No.

C BROWN: Okay. Alright, well, I'll move on. I've got a couple more questions. You said that you thought that it was over-the-top, 'An over-the-

top response to the security concerns', okay, and you also said that it 'May give the wrong impression'.

J ALDRIDGE: Mm-mm.

C BROWN: Can you explain what you mean by that? In what sense would it give the wrong impression?

J ALDRIDGE: Well, as we've seen from recent events, clearly it has. But, I didn't have any concerns that it might give the impressions that it was being used for the wrong purpose, just that the use of an offshore company clearly was over-complicated. In my view, it was over-complicated and unnecessary.

C BROWN: So, excuse me, I'll have to ask you the question again, because I'm not sure I understand your response. You were concerned that the setting up of this kind of system, would create the wrong impression, but you didn't have any specific concerns about corruption?

J ALDRIDGE: No, I didn't have any specific concerns, because I hadn't seen any evidence that that was the case, but on the other hand, it might give rise to suspicions where, as far as I was concerned, none existed.

C BROWN: So, what were your concerns about the wrong impression?

J ALDRIDGE: Well, as I've said, having a BVI company with the Red Diamond name.

C BROWN: Did you ever express any concerns to Mr Dickinson that this might be perceived as a vehicle to make corrupt payments?

J ALDRIDGE: No. I'd no reason to consider that at the time.

C BROWN: Okay. You said that you spoke to outside organisations, such as Lloyds Bank about setting up accounts and things like that. Did you, specifically, talk to the bank?

J ALDRIDGE: No.

C BROWN: That was just-

J ALDRIDGE: It was just dealt with in a routine manner.

C BROWN: Who would've dealt with that, do you know who dealt with Lloyds Bank?

J ALDRIDGE: The finance treasury department.

C BROWN: Okay. Were you involved in explaining to the advisors themselves that this is how things were going to be done from now on?

J ALDRIDGE: On occasions, yes.

C BROWN: What kind of reaction did you get from that?

J ALDRIDGE: Well, in some cases... I should mention that, at the same time as this occurred, the company introduced a new formal agreement, which was largely the basis agreement we're using now, which was a complete change from the previous consultancy agreement, so less an issue than the simple change of contracting party, was the fact that we now had this 20 page document, whereas previously, as I say, we had a very simple formal document. So, the discussions mainly were around explaining the new provisions in the agreement, which carried new representations on bribery and corruption, which, you know, also at the time, seemed to me, to be additional steps in ensuring that the company's policy was met.

C BROWN: Okay, so did any of these advisors ever express the concern that, having previously been in a contractual arrangement with BAE, they were now being asked to enter a contractual arrangement with a British Virgin Islands, off-shore entity.

J ALDRIDGE: Okay. Yes, sometimes they did, sometimes they did and I was provided with a back-up, if you like, in the form of a letter from BAE, signed by an official, confirming that arrangements entered into by Red Diamond would be, effectively, underwritten by the company.

C BROWN: Okay, did any of the advisors express any kind of surprise or concern about this.

J ALDRIDGE: Not that I can specifically recall.

C BROWN: We spoke... I think you spoke yesterday when you were talking about the two kinds of advisors. I think the kind of language we used was overt and covert; you described them as 'Brass Plate representatives' and 'Confidential consultancies'.

J ALDRIDGE: Mmm.

C BROWN: Were any 'Brass Plate' representatives paid through Red Diamond?

J ALDRIDGE: No, I don't believe so.

C BROWN: So it was purely used for the commercially sensitive, higher percentage contracts, is that...?

J ALDRIDGE: Yes, and as I said, overt and covert really are not terms that, you know, I would use, and I believe, unfortunately, perhaps Hugh Dickinson has used such language, again out of his sort of

James Bond approach to things, might give rise to suspicions where, actually, none existed.

C BROWN: Okay. You said that, the purpose of Red Diamond trading was not to disguise the nature of the payment, but to reduce public visibility at a time of concern. Can you explain what concerns existed, in terms of public visibility?

J ALDRIDGE: Well, this is where I said that I was aware of issues around competitors and industrial espionage scenarios and that sort of thing.

C BROWN: So, it was a form of disguise?

J ALDRIDGE: Well, you could put it that way, but not with any intention to deceive or otherwise. It was simply, you know, a neutral name.

C BROWN: Okay, were any concerns expressed to you or your department, by advisors themselves, about them being in agreements with British Aerospace, when they would rather be in agreements with something less easily identifiable?

N GERRARD: We're still talking about external advisors, as opposed to internal advisors?

C BROWN: Yes. We're here to talk about these confidential commission fees that have been paid. Did anybody that received one of these commission payments ever express to you or your department that there was concern about him or her being overtly in an agreement with BAE?

J ALDRIDGE: Not that I can recall.

C BROWN: So, the concern was wholly on the part of the company?

J ALDRIDGE: I'd guess so. As I say, not as far as I'm

aware.

C BROWN: Okay. I've got nothing more.

DI KERR: Right, there's only 15 minutes left on the tape, but I am going to press on nevertheless, to start some questioning... line of questioning in relation to a company which I believe is called Novelmight. So, can you tell me what you know about Novelmight?

J ALDRIDGE: Well, Novelmight was, I believe, set up purely to hold the lease on the office property in Geneva and it didn't serve any other purpose.

DI KERR: Okay, what property was that in Geneva?

J ALDRIDGE: That was the office lease by the company in Geneva.

DI KERR: When was Novelmight established, then?

J ALDRIDGE: I can't specifically recall, but again, around this period, 1996-1997. To being with, it was established as a UK company and you know... in the usual way that subsidiary companies are approved and set up by BAE.

DI KERR: What was the management structure of Novelmight?

J ALDRIDGE: I really can't remember. There were a selection of employees who acted as directors, but I can't remember who they were when it was set up.

DI KERR: When was the company closed down?

J ALDRIDGE: Shortly after the office itself was closed. But, in between, the name Novelmight, or the company name, Novelmight, was re-registered as a BVI company. I don't know why the decision was taken to do that; I was not party to it, but nonetheless, the BVI Novelmight company, simply

continued to hold the lease. It was transferred with the estate agents, and pay the bills on the property, and that was its sole function.

DI KERR: And when was the property closed down?

J ALDRIDGE: Finally, in 2006, I think.

DI KERR: Okay. Were you a director of Novelmight?

J ALDRIDGE: I probably was towards the end of its existence.

DI KERR: And can you recall who were the directors towards the end of its existence.

J ALDRIDGE: Actually, I can't, because the corporate arrangements were managed by the legal department, and although I acted as director in order to sign off authorised bills etc., payment of utility bills, other than that, to be quite honest, I didn't take that much recognition; I simply did what was necessary to get the bills paid and deal with the property.

DI KERR: Alright, I'd like you to try and answer the next question in as full a manner as possible. What did Novelmight actually do for BAE?

J ALDRIDGE: It simply held the lease on the property and paid the bills in relation to that property. So, as far as I'm aware, it had a bank account in Geneva for that purpose, with Lloyds Bank, and obviously it held the lease contract, it held contracts with utility companies for various services, and just purely in relation to the existence of the office.

DI KERR: What offices does Novelmight have or did it have?

J ALDRIDGE: Well, it had a very small suite of offices in

Geneva.

DI KERR: Can you remember the address?

J ALDRIDGE: Yes, it was 48 Route des Acacias.

DI KERR: And during what period did Novelmight have that address?

J ALDRIDGE: From the time that the office was opened, and I really can't recall whether that was 1996 or 1997, up until it was closed down in 2006.

DI KERR: Okay, and what did Novelmight or BAE set up that address for?

J ALDRIDGE: Purely for storage purposes, was my understanding.

DI KERR: Storage of what?

J ALDRIDGE: Storage of agreement files.

DI KERR: Agreements with whom?

J ALDRIDGE: These were the confidential agreements that had been entered into by BAE and subsequently, Red Diamond.

DI KERR: Okay, so there were confidential files there for BAE agreements, as well as Red Diamond, is that correct?

J ALDRIDGE: Yes, that's correct.

DI KERR: How many files were held out there?

J ALDRIDGE: I couldn't tell you; there were quite a lot, because it had been company practice to retain files for a long time. So, there were quite a number of files. It also.. the office also.. it was actually a convenient base, as far as I was concerned, in dealing with the escrow arrangements; administratively, it was very convenient to have an office there. I have to

say, also, another function was in the run up to the millennium, when everyone was getting paranoid about the big bang that didn't happen, there was a lot of disaster planning activity, so in that respect, and when the company got very hot on disaster planning, it was very useful to have an alternative facility.

DI KERR: Can you take me on a sort of estate agent's tour of what the offices were, and was contained within the offices?

J ALDRIDGE: Well, it was a simple suite of offices; I can't remember exactly how many rooms there were, mainly used for storage. There were, obviously, washroom facilities, a small kitchen, offices that could be used literally as offices, and that was about it.

DI KERR: You say you can't remember, at the moment I don't have a picture in my mind. Are we talking about 500 rooms?

J ALDRIDGE: Okay, no I said a small suite of offices, so it was probably about, I don't know, six or seven rooms.

DI KERR: Six or seven rooms. Was there a main storage area?

J ALDRIDGE: There were very small rooms, actually, and some were just used for storage, and others were set out as offices.

DI KERR: How were the files stored, then?

J ALDRIDGE: In our normal way, either in fire safes or in file cabinets, the same as they are at Farnborough.

DI KERR: So, what, the standard four-drawer cabinets with a bar on the front.

J ALDRIDGE: Yes, or fire safes.

DI KERR: Were there any documents held in a less secure fashion in there?

J ALDRIDGE: No, but then there wouldn't be in our offices either.

DI KERR: Right. Were the offices manned... or very badly put... staffed, during the day?

J ALDRIDGE: No, they weren't. It was purely used as a visiting office by myself or Hugh Dickinson, Andrew Fletcher, whoever was making a trip to Geneva and any of the staff who dealt with the regular paperwork and filing.

DI KERR: So, it was really used as a storage. How many of the five or six rooms were used for storage?

J ALDRIDGE: Maybe four or five.

DI KERR: Right, and I take it you had a general office out there?

J ALDRIDGE: Sorry, had a general...?

DI KERR: You had a sort of general, I don't know, examination room or something like that?

J ALDRIDGE: Within the suite?

DI KERR: Yes.

J ALDRIDGE: Yes, it was set up as offices in circumstances, as I said, for sort of disaster planning purposes, so that if necessary, it could be used as a day-to-day office.

DI KERR: What about security? What security was there in these offices?

J ALDRIDGE: Just standard security, you'd expect. A main

door, and because it was left unattended, it had your usual camera job and there were local security people contracted.

DI KERR: To do what?

J ALDRIDGE: Just to keep an eye on it.

DI KERR: And what were they contracted to do... I'm trying to get a... I'm really having to draw this out of you. What I'm trying to get a feel for, here is that BAE are storing their very confidential documents out there. I'm trying to satisfy myself that their motives were proper in storing them out, so I'm trying to find out what security measures BAE had put in, to ensure their very confidential documents were properly kept, and the fact that it was more secure out there than it would've been, what is, I assume, their very secure offices in Farnborough?

J ALDRIDGE: Mm, well quite.

DI KERR: Continuing down that line, give me some comfort that this was a proper, secure building, and that proper security measures had been taken out there.

J ALDRIDGE: Well, in line with our security department requirements, and they were, security people were involved in setting it up, they reviewed the security arrangements, and we did whatever they felt was appropriate.

DI KERR: And what did they feel was appropriate?

J ALDRIDGE: That there was a proper, secured door at the front, that files were being kept in a proper, secure manner, i.e. fire safes and the barred

cabinets, and that because our own security obviously wasn't on site to man it, that we employed or contracted a local security firm to do that.

DI KERR: How often did the security firm visit the offices?

J ALDRIDGE: I think they went in if they needed to, i.e. if something came to their attention, which set off an alarm. I mean, it could be a spider or something.

DI KERR: Would the offices be regularly unattended for periods of days, weeks.

J ALDRIDGE: No, there were fairly regular visits by myself. I, at that time, or Hugh Dickinson or Andrew Fletcher went out to Geneva to deal with the escrow arrangements on a fairly regular basis, every couple of weeks or so, and in addition to which, as I said, one of the administrators would go and bring the filing up to date, or repatriate papers that we required for working purposes.

DI KERR: So it was quite an expensive operation to maintain, really, to continually send people out on a weekly basis to Geneva, is that correct?

J ALDRIDGE: Well, I don't know about the budgeting arrangements, only that, you know, this is what was decided to do, and you know, it was budgeted for accordingly.

DI KERR: Do you know why it was considered that these documents should be stored in Geneva and not in, say the BAE offices in Farnborough?

J ALDRIDGE: No, not specifically. I was not party to those discussions, and I was not involved in the decision to do that.

DI KERR: Well, it must have been quite inconvenient for you, having to go so regularly to Geneva?

J ALDRIDGE: Well, yes, I agree. I did find it all a bit of a nuisance, because most of the running of the office fell to me, so yes, it was additional work, and it was a nuisance in that respect. But, as I said, it did have its advantages, in that it was convenient for visiting the lawyers and, as I say, that's what the company decided to do and...

DI KERR: Would it not have been more convenient to site it at Farnborough?

J ALDRIDGE: We had an office at Farnborough.

DI KERR: Exactly. Thinking of the cost implications for one thing, and secondly... I don't understand... I'm assuming that BAE have very, very secure offices at Farnborough?

J ALDRIDGE: Well, they were secure, but as I said, around that time, there were... there was a lot in the way of activist activity and, you know, people did have concern about break-ins.

DI KERR: I'm just trying to feel for why BAE would store very, very confidential documents, very important documents for them in a place that's a flight and an expensive place to maintain, in a place that's, I guess, not ideal for their employees who need to go there, when they've got pretty secure offices up and down the country.

I'm just trying to understand why?

J ALDRIDGE: Well, as I said, the rationale, I don't know. I mean, that was what it decided to do, and quite honestly, the company opens and closes offices all around the world all the time and, you know, I'm not the one who looks at the cost considerations of doing that.

DI KERR: Yet, you as... I mean, you were responsible for administering Novelmight, is that correct?

J ALDRIDGE: No, the legal department administered Novelmight.

DI KERR: But it was certainly eating into your day, your responsibilities to the company, the company Novelmight. Would that not be something that would raise your concern; did you never say to anybody, well, why can't we do this, or store these documents in Farnborough?

J ALDRIDGE: No, because the decision had been made to adopt a different practice.

N GERRARD: Have you not already said that you raised these concerns when this was first brought to your attention?

J ALDRIDGE: Well, that was on that one occasion where I was told that this was what we going to do.

DI KERR: It seems that the buzzer on the tape deck's not functioning properly, so I'll need to keep an eye on where the tape is. It's saying 44 minutes, so just in case the tape runs out, I'm going to-

C BROWN: There you go.

DI KERR: -The tape timer seems to be slightly ahead of

the buzzer. I'm going to stop the tapes, change the tapes. The time is now 12.35, I'm going to change the tapes.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
TUESDAY, 17<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 3 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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DI KERR: This interview is being tape-recorded and may be given in evidence if your case is brought to trial. This is the continuation of an interview with Julia Caroline Aldridge. The time is 13.45 hours on Tuesday the 17<sup>th</sup> of July 2007.

Still present in the interview room are the interviewing officers, DI Kerr and Carl Brown. Mrs Aldridge, I remind you that you're here voluntarily and that means you're free to leave now or at any time during this interview. Do you understand that?

J ALDRIDGE: Yes I do.

DI KERR: I will remind you that you're under caution, that is you do not have to say anything but it

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may harm your defence if you do not mention when questioned something which you'll later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: I do.

DI KERR: Prior to, you've had the opportunity to have some lunch now. Are you content to continue with the interview now?

J ALDRIDGE: Yes that's fine.

DI KERR: Prior to wrapping up for lunch we were discussing your dealing with an entity called Novelmight and the work that you carried out in Geneva on behalf of BAE Systems and the entity Novelmight.

Can I start this afternoon then by asking you to tell me what sort of electronic systems the company Novelmight were running?

J ALDRIDGE: Electronic in the way of IT equipment and suchlike?

DI KERR: Yeah.

J ALDRIDGE: There were computers and PCs based out of the office but they were almost never used. There was a fax machine and telephones obviously. We also kept out there backup copies of the database back in Farnborough as a contingency planning, disaster planning exercise.

DI KERR: Right. And what sort of documents were held electronically out there?

J ALDRIDGE: Everything that we had on the database in Farnborough. It was literally a backup tape, as I said, for disaster planning purposes. I can't

actually recall that it was ever accessed.

DI KERR: Right and what hard copy documents did they keep out there then?

J ALDRIDGE: As I said, all of the files in relation to confidential advisors and a lot of other archive material. Payment material, data sheets, a lot of old files. I can't actually think of any other specific types of information.

DI KERR: All right, you said that you launched the files with the confidential advisors, in relation to the confidential advisors? What was actually held in those files?

J ALDRIDGE: All of the usual working papers. The draft agreements, backup papers that we may have received from advisors, proposal forms and internal proposal forms. Whatever was required we held on file at the time. Later on we included copies of the relevant referrals minute approving the proposal, but that was a later practice. Copies of any correspondence in relation to that advisor, internal or external.

DI KERR: So where did all these proposal forms and copies of correspondence emanate from?

J ALDRIDGE: Well proposal forms, as we've said, were raised by the marketing people and they may have kept copies on their files back at Farnborough. Any documents that we raised that were on the files were kept electronically at Farnborough. And any payment data that was held in hard copy in Geneva was also kept electronically back at Farnborough.

DI KERR: So everything that was in Geneva, there was either an electronic or hard copy kept in Farnborough as well?

J ALDRIDGE: Uh-huh. No, not hard copies of agreements and proposals, unless they were being worked on in the office at the time or, as I've said, if the marketing people kept their own copies of proposals, for instance.

DI KERR: What about the proposals, if they were being worked on, would they be, would there be hard copies in Farnborough?

J ALDRIDGE: Yes there would be a working file, so at any one time, yes, anything that was going through the process for approval or, in the way of new paperwork, would be held at Farnborough.

DI KERR: And would there be working copies of the agreements themselves with the, the agents, held in Farnborough?

J ALDRIDGE: Yes.

DI KERR: You said this morning, if I'm not incorrect, that the reason that the documentation was held in Farnborough was because you wanted increased security in relation to this documentation, you didn't want anybody to know of the existence of the documentation and the agents. Is that correct?

J ALDRIDGE: Uh-huh. What I think I said was that there was a, there were perceived risks around security, and I had certainly been aware, and that it was accepted that if there were working copies at Farnborough, then you know, that, that was a

risk, but a lesser risk than a holding everything. But I know, agree, in my mind it made a complete nonsense and you know, really, really didn't make much sense.

DI KERR: That's the problem I'm having here. It really, I'm looking for a logical explanation as to why, when there's documents all over Farnborough in various departments in Farnborough, you would, I'm talking about you now, you personally, you would consider it more secure to store copies of those documents in Geneva in an office which is an office suite, which is not staffed 24 hours a day.

J ALDRIDGE: No, I didn't consider it better. It would have been better held at Farnborough. It wasn't my decision and, you know, I just went along with the practice but I didn't consider it in any way better.

DI KERR: What is this security like at Farnborough?

J ALDRIDGE: It's, well, we have our own security people and, you know, on the basis that various parts of the company hold classified information then you know, it's reasonably secure, one would hope.

DI KERR: I'm kind of guessing that BAE Systems at Farnborough is a pretty secure place. Is it staffed 24 hours a day?

J ALDRIDGE: Yes, there is a security presence 24 hours a day, yes, but you know, it's a bit like a university campus, there are buildings dotted everywhere and there are not security people in every building all of the time.

DI KERR: Right, has there ever been a break-in and compromise of secret information or confidential information at BAE Systems that you're aware of at Farnborough?

J ALDRIDGE: What, at Farnborough? I'm not sure. I wouldn't necessarily know. I don't know if that's occurred elsewhere.

DI KERR: But they certainly have the facility to access bar-fronted cabinets, filing safes, things like that, yeah?

J ALDRIDGE: Sorry, who does?

DI KERR: That's all held in Farnborough, isn't it? You have file safes, bar-fronted cabinets. I'm trying to paint the picture here of is Farnborough a secure place?

J ALDRIDGE: Yes, yes, I believe it is.

DI KERR: Because I'm struggling to get to grips with the concept of why you would want to secure documents in Geneva, which isn't on your doorstep. Forget the cost, the costs, I guess, were fairly considerable in setting up an extra office and travelling out to that office. You know, the impact upon your time and other's time would be significant, I'm guessing. Is that correct?

J ALDRIDGE: Yes and as I've said, the whole thing to me was a big nuisance in that sense.

DI KERR: Did anyone else suggest a reason why you went through this? It's a bit of a charade really.

J ALDRIDGE: Well, yes when it was first mentioned to the rest of the department, I recall that others

were also, saw it as rather a nuisance and no more than that. But, you know, that was the decision that was taken and those were the instructions and you went along with it.

DI KERR: Do you know who made the decision?

J ALDRIDGE: Well that was communicated to me by Hugh Dickinson. Who actually decided to open the office I don't know.

DI KERR: Okay. The Novelmight office in Geneva is closed now, yeah?

J ALDRIDGE: Yeah.

DI KERR: When did it close?

J ALDRIDGE: I believe in 2006.

DI KERR: Okay.

J ALDRIDGE: There were, sorry, there were various windows on the lease. We had taken the lease originally for a certain period, as I recall, and there were various windows, so the actual timing of the exit was in accordance with whatever agreement had been signed with estate agents.

DI KERR: Okay, can you lead me through the circumstances in which the office was shut?

J ALDRIDGE: Mm-hmm. Well, basically removals people were organised, this was contracted out. I think Andrew Fletcher arranged for that to happen, so we just used an international removals firm and it was repatriated to the UK, I think, in two instalments.

DI KERR: And when was this?

J ALDRIDGE: I can't remember whether it actually straddled 2005, 2006, I think it might have done. I think

maybe the first transfer back to UK occurred in 2005 and the second in 2006.

DI KERR: Did you question why the company were shutting down the Novelmight office?

J ALDRIDGE: No, I didn't question why. That was, you know, someone else's decision and I was quite happy for it to close.

DI KERR: Okay, so what happened to the documents that were in the Novelmight office?

J ALDRIDGE: They came back to Farnborough, although I should say in the interim, of course, the document retention policy had been introduced, so as part of the regular visits for updating files, the co-ordinating staff did some housekeeping and disposed of old files or redundant files before we made the move back to the UK.

DI KERR: Was there a list of the files that were held at Novelmight's offices in Geneva?

J ALDRIDGE: There were various lists yes, in order to be able to determine whether we could dispose of something in accordance with the policy. We drew up various lists and categorised them according to the policy requirements.

DI KERR: I'm guessing you would have to have a list of the documents you held there in the first place so that you know what's there. Did you?

J ALDRIDGE: Well that was a bit more difficult because we'd acquired a lot of files from, for instance, Siemens-Plessey and wherever, so no, we didn't have a comprehensive filing list.

DI KERR: So BAE put files in Geneva?

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J ALDRIDGE: Uh-huh.

DI KERR: Are you telling me that no-one knew really what was in there?

J ALDRIDGE: Um, well that's quite possible in the case of some acquired files. Otherwise, for our own files, yes we would know. We had them all recorded on the database, unless they were very old.

DI KERR: What, what do you mean by acquired files then? What would be contained within them?

J ALDRIDGE: Well, for instance, upon acquisition of Siemens-Plessey, any agreements or agreement paperwork and files of their own were sent to us because we had a centralised activity, i.e., HQMS or IBS managed or administered these arrangements on behalf of the group. So if there was a separate department in an acquired company that had been dealing with that, then we would take it on. So they would simply send us all of their files, whether or not they were live.

DI KERR: Now I'm assuming that not all of Siemens-Plessey's files ended up in Geneva?

J ALDRIDGE: Well, maybe not. They may have done, we have simply put the lot out there as archive.

DI KERR: Okay, well those-

J ALDRIDGE: And to be quite honest, we'd run out of room, I mean the space is fairly critical on the Farnborough site and we were running out of storage space. And when they introduced the document retention policy, that allowed us to

free up space for those files that were needed.

DI KERR: Is it accurate to say then that files were out there and you didn't know exactly what was out there?

J ALDRIDGE: No, but we did, as we went through, we documented what was there and what had been destroyed and what needed to be retained.

DI KERR: So where are the lists of the files that were held out there then?

J ALDRIDGE: At Farnborough.

DI KERR: And under whose control?

J ALDRIDGE: They were within the department.

DI KERR: Were you head?

J ALDRIDGE: Yes.

DI KERR: So under your control?

J ALDRIDGE: Yes.

DI KERR: What about documents that were destroyed? Were any destruction certificates produced?

J ALDRIDGE: No, the lists, we produced lists which were annotated.

DI KERR: Sorry, can you elaborate on that?

J ALDRIDGE: Okay, well the lists and files that we documented at the time, and identified which ones could be destroyed in accordance with the policy, we then annotated as having been destroyed on a certain date. So it didn't go on individual files but it is on the summary lists.

DI KERR: Who made the decisions what to destroy?

J ALDRIDGE: Well we produced a sub-policy, if you like, of the group retention policy applicable to the department. So we set out certain types of

documents. Some, obviously, have to be kept in perpetuity, so they needed to be identified, and gave instructions to the co-ordinators on how the files needed to be dealt with. We did go through the lists of the BAE files. I personally went through some of the lists and checked whether there were any circumstances in which things that were out of date could not be destroyed. For instance, if there was a dispute or anything of that nature.

DI KERR: So who made the decision as to whether to destroy a document?

J ALDRIDGE: It was done in accordance with policy so it was not any one person, it was whoever looked at that particular file at the time in accordance with both policy and the lists that we'd produced.

DI KERR: But out in Geneva, this was on-site out in Geneva, yeah?

J ALDRIDGE: Yes, well no, I mean the work on the list was done back in the UK, except where we needed to see what was in, for instance, old Siemens-Plessey files and compute lists to review what needed to be done.

DI KERR: Right, so okay, the work was done in Farnborough then to decide which files to destroy?

J ALDRIDGE: Yes.

DI KERR: By whom?

J ALDRIDGE: Well I produced lists, the co-ordinators did some work on it. I reviewed work that they'd done. Tom Rogers assisted in the process

sometimes and possibly Andrew Fletcher as well,  
so...

DI KERR: Which co-ordinators?

J ALDRIDGE: I'm trying to think who was still there at the  
time. It would have been Beth Mortimore,  
possibly Valerie Hanscombe, and Natasha Banks,  
and the two finance girls had a helping hand as  
well.

DI KERR: Your solicitor is indicating to me that he wants  
to make a point here.

SOLICITOR: Just to ask a question if I may. Julie, did you  
take any advice from anyone as to which  
documents should be destroyed and which not?

J ALDRIDGE: Not specifically. We were given the policy and  
we were expected to carry it out, as simple as  
that.

DI KERR: All right, so you've, again I'm struggling to  
get my head around this. You've sort of got a  
lot of documents out in Geneva that you said you  
catalogued towards the end of the life of the  
offices, is that right?

J ALDRIDGE: Um, well the retention policy came out in 2003,  
I think it was sometime before the then head of  
department, Andrew Fletcher, agreed the  
department policy and we started dealing with it  
shortly after that.

DI KERR: Did you know what was held out there before you  
started cataloguing it for the closure of the  
office?

J ALDRIDGE: We did not have comprehensive lists of exactly  
what was there, no.

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DI KERR: Right. Describe to me the partial lists that you had then.

J ALDRIDGE: Well we had a data, the main database back in Farnborough that detailed all of the files and all of the agreements going back to the time that the database was set up. So at any time we could produce a list from the system if we needed to. And that's the basis of what we used to apply the document retention policy.

DI KERR: You see I'm linking this to the whole reason why the office was set up and you're telling me the reason is to store documents in a confidential manner. But it strikes me that it's a pointless exercise if you don't know exactly what's out there anyway?

J ALDRIDGE: Well I agree it was a pretty pointless exercise.

DI KERR: But you didn't challenge that, as to why the company would be going, entering into this whole elaborate procedure?

J ALDRIDGE: Only to the extent that I had the opportunity when it was first mentioned to me. And as I've said, I did then say that, you know, all, all of this might give the wrong impression.

DI KERR: When you say "the wrong impression", what did you mean by that, "might give the wrong impression"?

J ALDRIDGE: Well as I've said, that it could be misinterpreted as being for the wrong reasons. But on the other hand, you know, I had no suspicions that there were any wrong reasons, so I didn't question it any further.

DI KERR: What were the wrong reasons that you were questioning? What did you think might be interpreted for the wrong reasons?

J ALDRIDGE: Well, as we can see, that you know, people might possibly perceive that it was covering something up.

DI KERR: And covering what up in particular?

J ALDRIDGE: Well corruption and that sort of idea.

DI KERR: That's clearly the concern I have. I'm bound to ask you, do you have any knowledge that documents related to any corruption committed on the part of BAE were held in the Geneva offices?

J ALDRIDGE: No I don't. I didn't see any evidence of it and that's why I've been saying to you, you know, I didn't question these things any further. It seemed like odd practice to me, unnecessary, completely over the top, but on the other hand I couldn't see anything wrong in it. And in particular, since, you know, it had been reviewed by all of these other people, the legal people were party to setting up Novelmight, for instance, as well as the Red Diamond arrangements, so no, I didn't have any concerns.

DI KERR: What work did you actually do when you went out there then? I understand you went to Geneva quite frequently, is that correct?

J ALDRIDGE: Fairly frequently.

DI KERR: How often did you go?

J ALDRIDGE: Well as I said before, either head of department or myself would go sort of every few weeks or so in order to house-keep the escrow arrangements.

DI KERR: What did you actually do out there?

J ALDRIDGE: Well I would go to the lawyers that acted as escrow agents and deposit documents that had been executed or withdraw those that were terminated.

DI KERR: Deposit documents with lawyers?

J ALDRIDGE: Yes the lawyers that were acting as the escrow agents in Geneva.

DI KERR: At, at their offices?

J ALDRIDGE: Yes, at their offices.

DI KERR: So where did the lawyers keep the documents?

J ALDRIDGE: I believe they had a vault, as lawyers do.

DI KERR: So the lawyers didn't keep the documents you took out there in the offices of Novelmight?

J ALDRIDGE: No, the escrowing arrangements went back to whenever, the early 90s, maybe before. So that was purely in relation to original signed agreements.

DI KERR: So you would take original signed agreements to the lawyers, yeah?

J ALDRIDGE: Yes, yes.

DI KERR: Ah, which lawyers were they?

J ALDRIDGE: Rene Merkt and Associates.

DI KERR: Did anyone accompany you when you went to see Mr Merkt?

J ALDRIDGE: Not usually. Sometimes one of the legal people would be there, but no. Well, okay, sometimes advisors would want to be present when we were escrowing agreements because they wanted to satisfy themselves that agreements were being held with a proper person.

DI KERR: Right. So can you give me the circumstances of setting up with Mr Merkt then, setting up the escrowing agreement with Mr Merkt?

J ALDRIDGE: Um, well I don't think I can. I wasn't involved in those original setting up arrangements. And in fact, prior to dealing with Merkt we dealt with a bank in Geneva and similarly, you know, that, that was the established practice when I joined the department, so I wasn't involved. The only time I actually dealt with anything, I think, in relation to the escrow mandate was I think producing a new document in the name of Red Diamond for the legal signatory to authorise.

DI KERR: So what documents did Mr Merkt hold then?

J ALDRIDGE: All confidential agreements with both BAE and later Red Diamond.

DI KERR: Is there a list of the agreements that Mr Merkt holds?

J ALDRIDGE: There isn't a list but there is a database which records all documents that we have deposited.

DI KERR: And where is that database?

J ALDRIDGE: In Farnborough.

DI KERR: Who is authorised to have access to the documents held by Mr Merkt?

J ALDRIDGE: Well there is a specific mandate which is reflected in the terms of the agreements. So in terms of depositing documents, either the head of the department, so originally Hugh Dickinson and then Andrew Fletcher, or myself deputising. In the case of withdrawals, a certificate had to

be signed by a lawyer, company lawyer. And at any one time there may have been two or three who were authorised to carry out that function.

DI KERR: Are advisors authorised to withdraw these agreements?

J ALDRIDGE: No they're not unless there's a dispute or an arbitration of some sort. So they couldn't ever unilaterally withdraw the agreement.

DI KERR: So are these the original agreements?

J ALDRIDGE: Yes they're the executed, signed documents.

DI KERR: Sorry, could you keep your voice up please? So these are the, just the signed original agreements. Nothing else was held by Mr Merkt?

J ALDRIDGE: Just the signed agreements.

DI KERR: And how often did you go to Mr Merkt, to his offices?

J ALDRIDGE: I couldn't say, over the period of time. I mean, I may not have personally gone for months but then maybe Hugh Dickinson or Andrew Fletcher did. And then, you know, possibly I may have gone two weeks running. So it just depended on the circumstance. If there was an advisor who wanted to go then we would arrange to go with him. Otherwise, if we needed to update things, as I say as a general house-keeping exercise, then we would go and do that.

DI KERR: So are we talking about two separate issues here? You have the deposit of documentation with Mr Merkt, as a solicitor holding confidential documentation on behalf of BAE.

J ALDRIDGE: Mm-hmm.

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DI KERR: And you also have a separate issue here where you have offices of Novelmight, which holds confidential information in relation to the same agents, is that correct?

J ALDRIDGE: For a period of time, yes, while the office in Geneva was in operation, that's right.

DI KERR: Okay, but that office contains many more documents then, I take it, than that was held at Mr Merkt?

J ALDRIDGE: Oh yes, it held all historic files.

DI KERR: Okay, do any other lawyers or accountants or any other companies offer a service to BAE similar to that provided by Mr Merkt?

J ALDRIDGE: Yes, sometimes, well as I've said originally documents were held by a bank. Sometimes if an advisor insisted, documents may be held with a different lawyer that was recognised by them, I can't recall, excuse me, that I ever actually set up one of those arrangements. And there were also documents held by a subsidiary of Lloyds Bank called Primeway.

DI KERR: Primeway?

J ALDRIDGE: Yes.

DI KERR: Documents were held. Where are Primeway based?

J ALDRIDGE: In Geneva.

DI KERR: So we have all documents in relation to confidential advisors. Or any other material?

J ALDRIDGE: Not that I'm aware of. I can't think of any other material.

DI KERR: What did Lombard ODA do?

J ALDRIDGE: Well they were the predecessor to Rene Merkt and

that arrangement changed in, I believe, about 1991.

DI KERR: And why did that arrangement change?

J ALDRIDGE: I can't exactly recall. But in any event, between Lombard ODA and the company it was agreed that we would cease using their facility and go elsewhere.

DI KERR: Right, when the Novelmight office closed in Geneva, were there any changes in the arrangements with Renny Merkt?

J ALDRIDGE: No.

DI KERR: Does he still hold the original signed agreements in escrow?

J ALDRIDGE: He holds a few residual agreements, yes.

DI KERR: So what happened to the other agreements that he held then?

J ALDRIDGE: They, they were withdrawn as and when they were terminated and in accordance with the mandate, taken out.

DI KERR: Sorry could you speak up please? Is there a list of which documents were withdrawn from Mr Merkt and when?

J ALDRIDGE: As I've said, it was all recorded on a database so yes, it's held electronically, in addition to which every time we carried out any sort of escrow arrangements, each individual activity was recorded separately in an exchange of letters. And all of those letters are held on the files now back at Farnborough.

DI KERR: Okay. If documents were destroyed when they were drawn from Mr Merkt or when they were, you

decided to destroy the documents from the Novelmight offices in Geneva, how were they actually destroyed?

J ALDRIDGE: They were shredded.

DI KERR: Who did the shredding?

J ALDRIDGE: Um, mainly the co-ordinators.

DI KERR: Being?

J ALDRIDGE: Well, as I've said, probably Natasha Banks, Beth Mortimore, Valerie, Valerie Hanscombe sorry, and on occasions the two finance co-ordinators.

DI KERR: Did they shred them in UK or in Geneva?

J ALDRIDGE: They shredded them in Geneva at that time.

DI KERR: Okay, are, do BAE store documents in Switzerland today other than the few remaining agreements that you say are held with Mr Merkt?

J ALDRIDGE: No.

DI KERR: You have no offices in Geneva at all?

J ALDRIDGE: No.

DI KERR: Or anywhere else in Switzerland?

J ALDRIDGE: No. Or anywhere else. IBS only has an office in Farnborough.

DI KERR: Okay. Carl, is there anything you want to ask?

C BROWN: Yes, could we just clarify one point, I think? When Novelmight was closed in 2006, and you said that this document retention policy came in 2003 and had been adapted to your department some time later, was that policy implemented before you moved the documents back to the UK? Did this shredding take place before you came back?

J ALDRIDGE: Yes it did, yes.

C BROWN: And can you give an explanation of which kinds

of documents would have fallen under that, in the category of documents that could be destroyed at that time?

J ALDRIDGE: Well as I said we attempted in the department sub-policy to identify the types of documents that we would generally use, the ones that needed to be kept in perpetuity and what constituted an active or a non-active file in line with the corporate policy.

C BROWN: And what kind of document would have to be held in perpetuity?

J ALDRIDGE: Original agreements, powers of attorney, I think that was about, about it.

C BROWN: So they couldn't be destroyed?

J ALDRIDGE: That's right.

C BROWN: And would you consider original agreements and powers of attorney to be confidential?

J ALDRIDGE: Yes.

C BROWN: Yes. Part of the reason why they were held in Switzerland I guess.

J ALDRIDGE: Yes.

C BROWN: Because of concerns about security. But you said that they were transported back to the UK by a, an international removal firm. Did anybody raise any concerns about that being a potential breach of security?

J ALDRIDGE: No, we, we, I say we, Andrew Fletcher and I discussed this and as I say, he arranged for this firm to be contracted to deal with it. But you know, the documents were of course kept in their locked fire safes or bar cabinets so no,

he considered that was fine.

C BROWN: So the entirety of the safe itself was transported?

J ALDRIDGE: Yes.

C BROWN: Not just the, you didn't leave the safe there?

J ALDRIDGE: No, no, we were required to empty the premises.

C BROWN: Did you take any advice from security in your discussions with Mr Fletcher about moving material?

J ALDRIDGE: I didn't. I don't know whether he did or not at that time.

C BROWN: Okay. All right.

DI KERR: Now I've had the opportunity to review my notes there's one other thing that I'd like to ask. What did the agents actually think of setting up offices in Geneva?

J ALDRIDGE: I don't think they were aware, apart from one or two, that did visit the office for meetings.

DI KERR: Who visited the offices for meetings then?

J ALDRIDGE: Well I've no idea now who Hugh met there?

DI KERR: Who did you meet?

J ALDRIDGE: Over the entire period we were there, as I say only one or two. I'm not even sure I can remember which without checking back at my diary or, or thinking about it further.

DI KERR: Was it BAE that insisted that the original agreements would be held in escrow in Geneva?

J ALDRIDGE: Yes. As I've said, that was the company practice that went back to, I don't know, probably the early 80s and originally, and this was the case when I joined the department, those

arrangements were administered entirely by the legal department. And it was only later on that the general administration fell to Hugh Dickinson.

DI KERR: Did the agents ever express any concerns to you?

J ALDRIDGE: Over?

DI KERR: About holding the documents in Geneva?

J ALDRIDGE: Um, no. As I say, often they seemed to gain comfort from the fact that they were being held by a neutral party. I don't think it was by any means an uncommon practice.

DI KERR: Okay, there's nothing else I want to say on this topic at the moment. We're at 41 minutes on the tape, I'll give you the opportunity to take some water, to take a cup of coffee. The time is now 14.26 hours and I shall switch off the tape.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
TUESDAY, 17<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 4 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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DI KERR: This is the continuation of a taped interview with Julia Caroline Aldridge. The time is 14.54 hours, the date is still Tuesday, the 17<sup>th</sup> of July 2007. Mrs Aldridge, I'll remind you that you're here voluntarily and can leave this room at any time during the course of the interview, do you understand that?

J ALDRIDGE: Yes.

DI KERR: I'll also remind you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you'll later rely on in court. Anything you do say may be given in evidence, do you understand that?

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J ALDRIDGE: Yes.

DI KERR: Sorry could you speak up again for me?

J ALDRIDGE: Yes.

DI KERR: You've had the opportunity to consult with your solicitor and you've had the opportunity to take some refreshments, are you content to continue with the interview now?

J ALDRIDGE: Yes, I am.

DI KERR: Prior to the end of the previous tape I was discussing with you issues concerning the entity Novelmite and their offices on behalf of BAE in Switzerland, principally in Geneva. There was one area of which I didn't really cover to my full satisfaction and I would like to revisit the area of the destruction of the documents that BAE or Novelmite, Novelmite-owned documents in Geneva.

What I'd like you to do for me please is lead me through what happened in relation to the destruction of those documents, when that, first of all the decision to destroy them took place, when the documents were destroyed and the full circumstances surrounding the destruction of those documents.

J ALDRIDGE: The corporate document retention policy, I believe, was issued at approximately the beginning of 2003. It was issued by the legal director and the instruction was on the company generally to apply it as of the date of issue. At a department level, a sub-policy was drafted setting out the circumstances in which

department documents, or relevant documents, would be destroyed in accordance with that policy. That was reviewed by the head of department, Andrew Fletcher, at the time. I cannot recall whether or not it was also reviewed separately by the legal department.

DI KERR: Sorry, can I just stop you there? This is quite an important point and I'm a bit concerned that there's a paper blowing straight on the microphone, can you take that paper away please? Sorry to bother you, I, just this is an important point and I wouldn't want the microphone for the tape deck not to pick this up.

J ALDRIDGE: Once the department document policy was agreed by the head of department, his instruction was that we should proceed in implementing it. And the department and I, effectively, carried out this instruction by producing an operating procedure which involved determining which files were kept, starting with the Geneva office, and which ones were eligible for destruction. And having gone through that process, the files were then destroyed. As I've said they were shredded in accordance with that procedure. That practice ceased when completed some time in 2005 and it certainly was discontinued at the time that the legal department issued a non-destruction notice and suspended the document retention policy following a receipt of Section 2 notices.

DI KERR: Right.

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J ALDRIDGE: However, I mean the department fully implemented that instruction. I'm aware of one exception to it that arose at a later date, when in the company of a company lawyer I went to Rene Merkt to withdraw some documents that were eligible for withdrawal and Merkt advised us, one of the lawyers at Merkt, advised us that he was holding this particular set of documents under a special mandate which required their destruction by him. The company lawyer, Chris Wood, who was with me, took the decision to destroy those documents, or allow the lawyer at Merkt to destroy those documents in his presence, and I believe he followed that up back at Farnborough with a meeting with relevant legal people to explain what had occurred. It's also documented on file back at Farnborough.

This agreement, which was in relation to Qatar, is not one of the named companies in which, for which we have received specific Section 2 notices.

DI KERR: Okay, let me start at the very beginning then. You said that destruction policy was issued by the legal director, who is that?

J ALDRIDGE: That, at the time, was Michael Lester.

DI KERR: Right. Documentation was destroyed, brought from Geneva to Farnborough and destroyed there?

J ALDRIDGE: No, as I said it was destroyed in Farnborough, sorry, in Geneva at that time.

DI KERR: It was destroyed in Geneva. In one visit?

J ALDRIDGE: No, no, no, several visits.

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DI KERR: Several visits. And who physically did the destroying of these documents?

J ALDRIDGE: The co-ordinators within the department.

DI KERR: And again, their names?

J ALDRIDGE: Valerie Hanscombe, Natasha Banks, Beth Mortimor, Ann Smith, Zena Hill. I can't think of any others that have since left that may have carried it out.

DI KERR: And when exactly did this destruction process take place, or between dates, when did it take place?

J ALDRIDGE: Mm-hmm. Again I can't, I can't recall exactly when the department policy was issued and the instruction given to implement it, but sometime in 2003 or 2004. And it was suspended, as I said, on receipt of the instruction, the general instruction from the legal director.

DI KERR: Can you specify more what that general instruction stated from the legal director?

J ALDRIDGE: It was a, a quite extensive do not destroy notice and referred to the document retention policy and referred to the fact that no documents in relation to certain activities must be destroyed.

DI KERR: And where would I get a copy of that notice from Mr Lester?

J ALDRIDGE: From our legal department.

DI KERR: Okay. Do you retain a copy of that document?

J ALDRIDGE: Yes, I do.

DI KERR: All right. What was, can you recall the date that that instruction came out from Mr Lester?

J ALDRIDGE: I can't precisely, no. Sometime at the end of 2005, I believe.

DI KERR: Well the initial Section 2 notices on the non-Al Yamamah element of this case were issued from the 14<sup>th</sup> of October 2005, so it's fair to suggest that it would be post-14<sup>th</sup> October 2005, is that correct?

J ALDRIDGE: I would imagine so, yes, that sort of date.

DI KERR: Right, can you tell me when your visit to Geneva took place with Mr Wood.

J ALDRIDGE: Mm-hmm. I can't exactly recall. I believe it to be sometime during 2006.

DI KERR: Sometime during 2006?

J ALDRIDGE: Yes.

DI KERR: Can you roughly tell me what part of the year?

J ALDRIDGE: I'm afraid I really can't recall.

DI KERR: Will that be documented within your diaries?

J ALDRIDGE: Yes.

DI KERR: So you should be able to tell me exactly from your records, from your flight records and from your personal, your work calendar, the dates, the exact dates of your visit to Geneva?

J ALDRIDGE: Yes and as I've said a file note was put on the file explaining the circumstances.

DI KERR: Okay, can you tell me exactly what happened when you went to Mr Merkt's offices then in Geneva with Mr Wood?

J ALDRIDGE: Right, one of the document sets that we were withdrawing, although we had understood was deposited in accordance with a fairly standard mandate, in fact we discovered, since neither of

us had dealt with that particular file previously in any detail, carried a specific instruction which Merkt & Associates had confirmed to the other party that, upon withdrawal of the documents, they would be destroyed.

DI KERR: Okay, what was the party involved in this? Who was the agent?

J ALDRIDGE: It was a company called Euromoga.

DI KERR: Sorry, could you spell that for me?

J ALDRIDGE: Euro as in E-U-R-O, M-O-G-A.

DI KERR: Okay. And they were an advisor to BAE Systems in which country?

J ALDRIDGE: Qatar.

DI KERR: Is that Qatar?

J ALDRIDGE: Yes, all right.

DI KERR: To people like me? I'm not quite sure how to pronounce it. I've heard some of my colleagues describe it as Gatar.

J ALDRIDGE: I've heard it pronounced all ways.

DI KERR: But it's Qatar, or "Gatar".

J ALDRIDGE: Yes.

DI KERR: Right. Why was that document being withdrawn from Mr Merkt's offices?

J ALDRIDGE: Because it effectively terminated and under the terms of the mandate with Merkt, once it occurred and a withdrawal certificate signed by a company lawyer confirming that was the case, then we could withdraw the documents from custody.

DI KERR: So the instruction was from one of the BAE

company lawyers?

J ALDRIDGE:

Yes.

DI KERR:

Do you know which one?

J ALDRIDGE:

It was generally, at that time, Chris Wood who signed those sorts of documents.

DI KERR:

Okay. Describe to me please what happened when you and Mr Wood were actually at Mr Merkt's. What were the conversations?

J ALDRIDGE:

The conversation was a standard, well not the conversation, the action was a standard presentation of the withdrawal request, upon which the lawyer dealing with us on that particular day would produce the documents to be withdrawn. He would require a counter-signature of a receipt to confirm that we had received the documents, but on this occasion, as I said at that point he said to us that he, he would be unable to hand the documents over to us because they carried this special mandate.

DI KERR:

Right and what happened then?

J ALDRIDGE:

As I said, Chris Wood took the decision to allow Merkt's to carry out the instruction that they had.

DI KERR:

And who destroyed the documents?

J ALDRIDGE:

The lawyer at Merkt, witnessed by Chris Wood.

DI KERR:

Were you present?

J ALDRIDGE:

I was present in the office when the discussion was taking place. I didn't walk out of the room and witness the destruction, I left that to Chris.

DI KERR:

What happened subsequent to you leaving Mr

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Merkt's offices then?

J ALDRIDGE: Chris Wood advised me that he would need to report the facts of the matter back to headquarters and the legal department. Obviously, in relation to Section 2 notices.

DI KERR: So Mr Wood was, was aware of the Section 2 notice at that time?

J ALDRIDGE: Yes.

DI KERR: And were you aware of the Section 2 notice at that time?

J ALDRIDGE: Yes.

DI KERR: And what do you understand a Section 2 notice to be?

J ALDRIDGE: A legal requirement to deal with things in a certain way.

DI KERR: Issued by which department?

J ALDRIDGE: Well the SFO.

DI KERR: Okay. Right you said that when you came back to the UK a file note was prepared?

J ALDRIDGE: Mm-hmm.

DI KERR: By whom?

J ALDRIDGE: I prepared the file note.

DI KERR: And what did you do with the file note?

J ALDRIDGE: I put it on the relevant file.

DI KERR: And what does that file note state on it?

J ALDRIDGE: It states the circumstances in which the documents were destroyed.

DI KERR: Okay, I think that's all I'd like to ask about that. This is an appropriate point I think, actually. You've mentioned Qatar, is it Qatar?

C BROWN: 'Gatar.'

DI KERR: 'Gatar.' I think I'm going to hand over to Carl now and ask Carl to ask you some questions in relation to BAE's dealings in that country, neatly side-stepping how to pronounce it.

C BROWN: Yeah, sure. I mean, before we move on to that Murray, can I just go back to a couple of things.

DI KERR: Sorry, yeah certainly.

C BROWN: Mrs. Aldridge, in your experience were there many agreements with this clause in that said that the document would be destroyed?

J ALDRIDGE: No, I'd never come across that before, it was a surprise.

C BROWN: And can you tell me something about your understanding of Euromoga and who the principals were behind Euromoga?

J ALDRIDGE: I don't know a lot about the arrangement except that I believe an individual called Jean-Paul Soulie is a principal there.

C BROWN: Okay. And this agreement was still, this was sometime early in 2006, when you went to Merkt to collect this document?

J ALDRIDGE: I believe it was sometime in '06, yes.

C BROWN: Okay. While Mr Dickinson was still at, in charge of HQMS, and I believe you were his deputy, the Jersey authorities investigated Project Nile, a contract with Qatar.

J ALDRIDGE: Yes.

C BROWN: And the SFO assisted them in that inquiry.

DI KERR: Sorry, are you moving on to this?

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C BROWN: I am yes.

DI KERR: There's one thing and I apologise, there's one thing that has, before Carl moves on to that. Are you aware of any other documents being destroyed in contravention of the Section 2 notice issued by the Serious Fraud Office on the 14<sup>th</sup> of October 2005?

J ALDRIDGE: No I'm not.

DI KERR: So there's just this one instance.

SOLICITOR: I'm not sure my client's saying that she knew it was in contravention.

DI KERR: No, I accept that. Sorry that was badly put, yeah. Since the, the issue of the Section 2 notice on the 14<sup>th</sup> of October 2005, are you aware of any other documents that have been destroyed?

J ALDRIDGE: No, I'm not aware of any.

DI KERR: In relation to agents?

J ALDRIDGE: No.

DI KERR: Thank you. Sorry Carl.

C BROWN: Okay if we go back to Project Nile and the Jersey investigation and the SFO assistance that was given to that investigation, you were never interviewed as part of that investigation I don't think.

J ALDRIDGE: Right.

C BROWN: But Mr Dickinson was and one of the administrators at HQMS was, Lesley Wheatley.

J ALDRIDGE: That's right.

C BROWN: The Jersey investigation were looking at, amongst other things, commissions paid to a

company called Knock Ltd.

J ALDRIDGE:

Mm-hmm.

C BROWN:

I believe Mr Dickinson was questioned about Knock Ltd. and I'm really interested in your knowledge of Knock Ltd and whether you can explain the concern caused to your department by the Jersey investigation. Can you help me with that?

J ALDRIDGE:

Sorry, which question do you want me to respond to?

C BROWN:

Well if you, if you can tell me about how your department responded to the issuing of the Section 2 notices?

J ALDRIDGE:

Okay, I'll start with that one. Well, sorry it's quite a while ago and I'm just trying to remember...

SOLICITOR:

Can you just remind me what year we're talking about? I've heard it...

C BROWN:

2000 was, I think, I think I recall that 2000 was the year that the notices were issued and the SFO began their assistance to Jersey. Knock was paid money on Project Nile which was a little bit before that. I think between 1998 and 2000 they received some funds.

J ALDRIDGE:

Okay. Well at the time the notice was issued I was made aware that this was the case and I was instructed to assist in producing required files and that, actually, was, from recollection, the extent of my involvement.

C BROWN:

And did you have any understanding of Knock as an entity as an advisor?

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J ALDRIDGE: I'd heard of it. I'd had very little to do with any dealings with it.

C BROWN: Who would have had the dealings with it?

J ALDRIDGE: Hugh Dickinson had.

C BROWN: Hugh Dickinson. And you didn't deputise for him on any occasion?

J ALDRIDGE: I can't recall that I did, although, let me think. Well on one occasion yes I did meet a business manager, I believe, in relation to that company.

C BROWN: Do you recall a name?

J ALDRIDGE: Was it John Rae or something?

C BROWN: John Rae?

J ALDRIDGE: Mm-hmm.

C BROWN: And who was John Rae in relation to Knock?

J ALDRIDGE: My understanding was that he was the business manager.

C BROWN: What, of Knock?

J ALDRIDGE: Yeah.

C BROWN: Okay. At the time of Project Nile, which I think is going back a little bit, 1996, whenever Knock was originally appointed, did you have any idea who was the principal behind the company?

J ALDRIDGE: I was aware that there was an individual that was referred to as HBJ, that I had absolutely no idea that he held any sort of official position.

C BROWN: And how did you become aware of HBJ?

J ALDRIDGE: Sorry in what sense? That he?

C BROWN: That he was the principal behind Knock?

J ALDRIDGE: He was just noted on our system, or on the file, as being a principal.

C BROWN: What was noted on the file, just those initials?

J ALDRIDGE: Just the name. Just the name.

C BROWN: The name?

J ALDRIDGE: Yes, I mean, whatever HBJ stands for, something like Hammad Bin Jassem or something to that effect.

C BROWN: Did it go on to complete the name, did it give his full name?

J ALDRIDGE: I can't recall if it did or not. I don't think it did because, as I say, the reference was usually to HBJ.

C BROWN: Okay but that was on the file?

J ALDRIDGE: Yes.

C BROWN: And was that on the, at what point did that appear on the file? Was it on the marketing department's proposal to appoint a manager, do you recall?

J ALDRIDGE: I really, I really don't know.

C BROWN: You don't, okay, that's fine. But is it fair to say that at the time of Project Nile, when Knock was first taken on as an advisor, you were aware that HBJ was the principal?

J ALDRIDGE: I was aware that a person called HBJ was a principal. I had no idea whatsoever that he held any sort of official position.

C BROWN: And when did you become aware that that was the case?

J ALDRIDGE: When the Section 2 notice was issued.

C BROWN: In the, in the Jersey investigation?

J ALDRIDGE: Yes.

C BROWN: Yes. And what, did this cause you any concern?

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J ALDRIDGE: Yes, I was pretty shocked.

C BROWN: And so what did you do?

J ALDRIDGE: Well I didn't do anything other than produce the files that were asked of me. I think at that time both Andrew Fletcher and Hugh Dickinson were in situ. There was a handover period and they, they were dealing with the requests from the legal department etc. etc. So, no, there wasn't anything for me to do. At a later date and when the people had sort of produced whatever was required, there were conversations around knowledge of who HBJ was and, at that point, it was clear that the marketing department did know, but certainly I did not. And I got the impression that the head of department wasn't aware either.

C BROWN: Mr Dickinson? Is that who you're referring to when you say head of department?

J ALDRIDGE: Well at that time there were two of them, there was Andrew and Hugh Dickinson. And certainly I know that Andrew, who was new anyway, wasn't aware.

C BROWN: Okay, you say the people in marketing were aware? Do you know who was aware?

J ALDRIDGE: Well I'm only aware now sort of following events, so yes, I'm aware, for instance, that Jerry Wooding knew of that.

C BROWN: Okay.

J ALDRIDGE: And I also have to say, because it did cause me quite a lot of concern at the time, which is why I spoke to Hugh Dickinson about it and I was

very much of the impression that it was, this was an absolute exceptional circumstance and yes it was in contravention with company policy. And you know, it was a completely one-off event as far as they were concerned.

C BROWN: Just a one-off, something that got through the net, is that what you're saying?

J ALDRIDGE: Yes.

C BROWN: Okay. Do you recall Jerry Wooding proposing Knock as an advisor to the referrals committee? I mean, you spoke yesterday at some length about the referrals committee, I was listening. But I'm not sure, so I'll, if you don't mind I'll ask a couple of questions.

Was it, I mean you said you sat on the referrals committee as a secretary? Was it a regular practice for RMDs to give presentations to the members of the referrals committee about the proposals and what the advisor, what the services would be etc?

J ALDRIDGE: No it wasn't standard practice. Although if queries arose from anybody then they were answered.

C BROWN: Okay and on the referrals committee was there any level of scrutiny about the appropriateness of an advisor?

J ALDRIDGE: No, as far as I'm concerned, that had been addressed as we went through yesterday, in the sense that the marketing people were responsible for ensuring that were appointing people of high integrity. But all of the paperwork that was

provided to us by marketing in the way of proposals was available to the referrals committee. So they would have seen anything that we had in that regard.

C BROWN: Okay, so they would have seen these initials, HBJ?

J ALDRIDGE: Well, if it was...

C BROWN: Potentially they could have seen it, is that correct?

J ALDRIDGE: They could, if it had been on the proposal form.

C BROWN: Okay. Would they have seen, of course your file wouldn't have come into existence until after the referrals committee agreed it, is that correct?

J ALDRIDGE: Well there would be a working file up to that point.

C BROWN: Okay. At the time of that referrals committee meeting that was presented by Mr Wooding, certainly you've just said Mr Wooding was aware of who the principal was. Do you know of anybody else at that referrals committee would be aware of the principal behind an agent?

J ALDRIDGE: I have no idea.

C BROWN: Okay. But certainly it's fair to say that at the time the market department were knowingly proposing an agent that was a foreign public official.

J ALDRIDGE: On, in this one instance at the time.

C BROWN: Okay, and because, for one reason or another, he got through, yes?

J ALDRIDGE: Yes.

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C BROWN: And as part of the questioning that took place around that investigation, the company Euromoga was mentioned. Were you ever made aware of that by Mr Dickinson or any of the people questioned?

J ALDRIDGE: Only to the extent that if it had been required then the file would have been produced.

C BROWN: On Euromoga?

J ALDRIDGE: Yes.

C BROWN: But it was never, I mean you don't recall them having some conversations about concern surrounding Knock or Euromoga?

J ALDRIDGE: No, only post-event in relation to Knock, as I've said.

C BROWN: All right. So once the investigation pointed out to Mr Dickinson that the principal behind Knock was this individual, what was his reaction?

J ALDRIDGE: I wasn't really party to any of those discussions apart from raising my concern whenever I did that.

C BROWN: And what, can you try and recall specifically what that concern was?

J ALDRIDGE: Well my concern was obviously, you know, that this had been, possibly, done in breach of company policy and could I have some reassurances that it wasn't a regular event. And I very much got the impression, as I said, that it was an entirely exceptional circumstance and that it was not known to have occurred elsewhere.

C BROWN: Okay. Did you speak to Mr Wooding about your

concerns?

J ALDRIDGE: No, but I wouldn't have spoken to him directly over Hugh Dickinson's head. I mean if Hugh had reassured me that was the case, then that was fine by me.

MR GERRARD: Okay. Don't tell me we're here to go to document number two.

C BROWN: Yes, well.

MR GERRARD: Progress. It's not there.

C BROWN: It must be this one; I don't know how she arranged her file. Okay.

DI KERR: Do you need some time to review this. Forgive me here, this, this was part of the interview which was envisaged would be led by Lydia so Carl is standing in at short notice here.

MR GERRARD: No problem.

C BROWN: I think it's okay, Murray.

DI KERR: Are you sure?

C BROWN: Yes, absolutely. This is a document and I'll read out the docman reference, its 009906000071 and 72 and it will be in your, is that bundle the same as this one. Yes, it's the first document under HQMS. Do you recall this document, Mrs Aldridge.

MR GERRARD: This is the document ending in 71, is it?

C BROWN: 71 and 72.

MR GERRARD: Perfect.

J ALDRIDGE: Well I hadn't at all revisited in the course of their own investigation.

C BROWN: Okay it's a letter dated the 9<sup>th</sup> of April 1997 and it is to Mr C. Leeds, head of underwriting

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at the ECGD.

J ALDRIDGE:

Mm-hmm.

C BROWN:

And it's headed 'overseas agents'. And one, two, three, four, five paragraphs down towards the bottom of the first page it says, 'Our policies on the appointment of advisors include a stipulation that no appointment shall be made if, to our knowledge, the relevant individual is: an employee of a political party, a civil servant or a member of the government of a relevant country, a member of the armed forces or the police authority of a relevant country, or the director or officer of a company to which our products are sold'.

And that's signed for Mr Dickinson by you, is that your signature?

J ALDRIDGE:

Yes.

DI KERR:

Sorry, again could you just speak up your confirmation of that?

J ALDRIDGE:

Yes, it is.

C BROWN:

So in April 1997 you signed this, stating that you were, the company policy on the appointment of advisors. How were you able to satisfy yourself that that was the case?

J ALDRIDGE:

Well I have to say I didn't draft the letter, that was drafted by Hugh Dickinson and our legal department. And in fact the contents appear to me to more or less reflect what the company policy was. So, you know, I wouldn't have had a difficulty in purely Pping it for Hugh Dickinson, which seemingly I did in his absence.

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C BROWN: Okay, but how, so when you wrote, when you signed this you read it and you thought, that's company policy, I'm quite happy to sign that. And you were, at this stage, April 9<sup>th</sup> 1997, the only thing you knew about Knock was that the principal was HBJ.

J ALDRIDGE: Well if that at that time. I don't know when I became aware of even that.

C BROWN: Okay, that's fine. Can you tell me whether this letter was used on other occasions to reassure the ECGD about the appropriateness of advisor appointments?

J ALDRIDGE: I don't know. My, my dealings with ECGD were fairly limited until quite recently. On occasions I did draft letters of disclosure in accordance with whatever requirements they had at the time, and at some point a statement was introduced in those letters confirming that the specific arrangements were in accordance with company policy.

C BROWN: So...

J ALDRIDGE: But I had no reason not to doubt on any occasion, so no it probably wouldn't have.

C BROWN: But you had a reason to doubt it once you found out who the principal of Knock was, didn't you?

J ALDRIDGE: Yes, but that wasn't until 2000 or whenever.

C BROWN: Okay. So what did you do about that?

J ALDRIDGE: Sorry when, in 2000.

C BROWN: In 2000, when you became aware.

J ALDRIDGE: Well I'd probably forgotten all about this letter anyway but in any event, as I said, each

individual disclosure letter to the ECGD carried a statement to the effect that the specific arrangements in connection with that cover were in accordance with company policy.

C BROWN: Okay. And once you found out that the principal behind Knock was actually, one, two of these things and in breach, clearly in breach of the company's policy, whenever you wrote one of these disclosure letters later, did you make the effort to satisfy yourself once you found out that it had been breached?

J ALDRIDGE: I can't recall that I made specific inquiries on the basis that I had understood that this was an exceptional circumstance, circumstance, and I had no reason to doubt that company policy wasn't being followed in any other case.

C BROWN: So of all the advisor agreements, confidential agreements that had been entered into either by BAE or Red Diamond or now BAE again, this is the only one that went to an official? None of the others?

J ALDRIDGE: To my knowledge.

C BROWN: Okay.

Can you tell your department's, describe to me your department's reaction to the official investigation in 2000?

J ALDRIDGE: I'm not sure that I can. I mean it was clearly an extremely unusual event and you know, the reaction was simply to find whatever we needed to find and produce whatever had been requested.

C BROWN: Under the terms of the notice?

J ALDRIDGE: Yeah.

C BROWN: Okay. I mean were you concerned at all?

J ALDRIDGE: Of course.

C BROWN: Did you have discussions with your co-ordinators? I mean, was there a level of office talk about it?

J ALDRIDGE: No, not generally, no.

C BROWN: Okay.

J ALDRIDGE: That isn't the way actually Hugh Dickinson or Andrew Fletcher would have dealt with matters.

C BROWN: Okay, do you know how they dealt with matters?

J ALDRIDGE: In what respect?

C BROWN: In, you have a company policy that states that you will not do this. This agent has been put forward and an agreement has been entered into and money has been paid. And then you find out that this is in breach of your, not only your company policy, but your obligations under, towards the Foreign Practice Act of the OECD Convention, and if it wasn't a Middle Eastern country then possibly British law as well. I mean, was there a level of discussion about that?

J ALDRIDGE: I'm, I'm pretty sure there was but I wasn't party to it.

C BROWN: Okay, you had no such discussion?

J ALDRIDGE: No

C BROWN: Was there any kind of review instigated to state, to examine whether other agents, whether this kind of accident had happened again?

J ALDRIDGE: Mm-hmm.

DI KERR: Sorry could you speak up?

J ALDRIDGE: I haven't said anything yet.

DI KERR: Sorry, I thought you said...

J ALDRIDGE: I'm just considering that one. Not that I'm aware of.

C BROWN: Did that cause you any concern?

J ALDRIDGE: No it didn't because, as I said, I always assumed people were operating under company policy. I'd never seen any evidence to suggest they were not.

C BROWN: Until this point.

J ALDRIDGE: Until this point.

C BROWN: But you were satisfied by, was it Mr Dickinson who told you that this was just a one-off?

J ALDRIDGE: Yes.

C BROWN: Do you think that a review of the agents at that time would have been appropriate?

J ALDRIDGE: I can't comment really, that wasn't my decision. I mean I guess, you know, the legal department, who were obviously involved with the Section 2 notices felt the need, all senior people had felt the need then, you know, that's what they would have done. But no I'm not aware...

C BROWN: But they didn't. Did the Jersey investigation and the circumstances surrounding the Jersey investigation cause BAE to amend its procedures when appointing advisors?

J ALDRIDGE: I, I don't know, I'm not sure it's directly had any impact. I know it was during 2000 and 2001 that procedures were in any event changed but I'd never actually made the link there before.

I'd assumed it was for other reasons.

C BROWN: For those other reasons that you explained either earlier today or yesterday?

J ALDRIDGE: Mm-hmm.

C BROWN: Okay. Was the relationship with Knock terminated?

J ALDRIDGE: I really don't know how it was dealt with at the time.

C BROWN: Okay. Was that handled by Mr Dickinson?

J ALDRIDGE: Yes.

C BROWN: Shall we have a break now, its at 43 now?

DI KERR: Well it's on 44 minutes now. I'm not satisfied that the buzzer's in sync with the rest of the tapes, so I think it's probably an appropriate point to take a break there. The time is now 15.38 hours and we'll switch off these tapes.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
WEDNESDAY, 18<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 5 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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DI KERR: This interview is being tape-recorded and may be given in evidence if your case is brought to trial. I'm Detective Inspector Murray Kerr from the Ministry of Defence Police Fraud Squad, and my colleague, Carl Brown, an employee of the Serious Fraud Office is also in the room. Carl, will you introduce yourself, please?

C BROWN: Yes, certainly. My name is Carl Brown and I'm an investigator with the SFO.

DI KERR: The time is 14.48 hours and the date is Wednesday the 18<sup>th</sup> July 2007. This is a continuation of an interview with Julia Caroline Aldridge which is being conducted in interview room number four at the Serious

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Fraud Office. Mrs Aldridge, would you please state your full name, place and date of birth?

J ALDRIDGE: Julia Caroline Aldridge, born in Stafford, England. Date of birth is 31/03/57.

DI KERR: Can I remind you, would you please speak up particularly as we've got a fan running in the room today? Also present in the room is:

N GERRARD: Neil Gerrard from DLA Piper, solicitor to Julia Aldridge.

N MCGUINNESS: Neil McGuinness, Associate and employ Barrister, DLA Piper.

DI KERR: At the conclusion of the interview, Mrs Aldridge, I'll give you a form which will explain what will happen to the tapes which are recording this interview, and that form will also explain how you can gain access to a copy of those tapes should you be charged. Do you understand that?

J ALDRIDGE: Yes, I do.

DI KERR: I'm required to stress that you're here voluntarily. That means that you're not under arrest, you're free to leave these offices at any time, now or at any time during the interview. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: You're entitled to seek free and independent legal advice in addition to the legal advice you've already sought from these gentlemen. Do you wish to exercise your right to seek free legal advice?

J ALDRIDGE: No, thank you.

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DI KERR: That, you can change your mind in relation to that at any point during the interview. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: I must caution you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes, I do.

DI KERR: This is now the 11<sup>th</sup> tape in the continuation of an interview with you which we've conducted over the last two days on Monday and Tuesday. To start this interview I shall ask Carl just to clarify one or two points from yesterday's.

J ALDRIDGE: Okay.

C BROWN: Yeah, thanks Mrs Aldridge. You spoke yesterday about an agreement that was lodged at Rene Merkt that you said was with a company called Euromoga.

J ALDRIDGE: Yes.

C BROWN: That you and, I think Mr Woods went over there to Switzerland to retrieve the document and found a clause in it that said it would be destroyed by the lawyer in Switzerland.

J ALDRIDGE: Not that there was a clause in the document itself but the lawyer held a separate instruction that that would be done upon withdrawal.

C BROWN: So it wasn't a clause in the actual agreement itself?

J ALDRIDGE: No.

C BROWN: No, okay. Did you know anything about that clause?

J ALDRIDGE: No, no, it was a complete surprise both to myself and Mr Wood and it was not a circumstance we'd come across before.

C BROWN: Okay. Can you tell me, tell me about the agreement with Euromoga? Which country it related to and which deal?

J ALDRIDGE: I haven't had much involvement with this agreement but I know that it relates to Qatar, and I believe with relation to some Ballast Needham business.

C BROWN: Okay. Who are, what's Ballast Needham in relation to BAE?

J ALDRIDGE: It was a company that BAE owned at one time.

C BROWN: Okay. Do they still, does BAE still own Ballast Needham?

J ALDRIDGE: No, I don't believe it does, no.

C BROWN: Okay. And, so, what was the on-going relationship with Euromoga then? They were still in 2006.

J ALDRIDGE: Right. Well, as far as I'm aware, there wasn't one which is why we were withdrawing the documents from custody. It had terminated and I was simply fulfilling a house-keeping role in removing them from escrow.

C BROWN: Do you know when it terminated, when the agreement terminated with Euromoga?

J ALDRIDGE: I really can't recall. I would have to check.

C BROWN: Okay. Were you familiar with the terms of the

agreement, the percentages involved, commission payments?

J ALDRIDGE: No.

C BROWN: No.

J ALDRIDGE: No.

C BROWN: Was it a standard, a lot of the agreements have pretty standard wording, was it a standard BAE advisors agreement?

J ALDRIDGE: I really have no idea. It's not an agreement as I said that I really had much to do with so I've no idea.

C BROWN: Okay. Who, who would be able to help us with that?

J ALDRIDGE: Presumably Hugh Dickinson.

C BROWN: Okay. And what was your understanding of Mr John Paul Soulie.

J ALDRIDGE: Again, I had no dealings with him until it came to withdrawing the documents and I discovered that notice of withdrawal was required. So, I simply endeavoured to ensure that that happened which was, in effect, providing Rene Merkt with an instruction that we were planning to withdraw the documents to enable him to issue a notice of withdrawal.

C BROWN: Would you do that with all your agreements that were held by Mr Merkt?

J ALDRIDGE: Not necessarily. Some carried notice, some didn't.

C BROWN: Okay. And how was it decided whether an agreement would carry such a notice?

J ALDRIDGE: Usually at the request of the other party.

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C BROWN: Okay. So, is it fair to say that Mr Soulie would have made that request on behalf of the agreement with Euromoga?

J ALDRIDGE: I would assume so but I don't know.

C BROWN: Okay. But to your knowledge, Mr Soulie was the principal behind Euromoga?

J ALDRIDGE: Yes, that was my understanding.

C BROWN: Okay. I think that's it, Murray.

DI KERR: Can we just cover clearly the period of services that Euromoga actually, the period during which Euromoga provided services to BAE?

J ALDRIDGE: Mm-hmm.

DI KERR: Can you elaborate on your knowledge of that?

J ALDRIDGE: I really can't without checking. As I say, I really didn't have a great deal to do with that arrangement at all until it came to tidying up escrow arrangements.

DI KERR: Right. And when was the tidying up of the escrow arrangements?

J ALDRIDGE: It was an on-going process but that one, I picked up in the last couple of years.

DI KERR: So, 2005-2006?

J ALDRIDGE: Yes, probably.

DI KERR: Would it be unreasonable to expect Euromoga to have provided services after 2003?

J ALDRIDGE: I've no idea. I think it unlikely that the agreement was in existence up until then but really without checking the details -

DI KERR: Okay.

J ALDRIDGE: - as I said I'm not familiar with it.

DI KERR: Okay. Where can we check that, Mrs Aldridge?

J ALDRIDGE: Pardon?

DI KERR: Where can we check the details of the times that Euromoga provided the services to the company?

J ALDRIDGE: Well, a copy of the agreement will be held within IBS.

DI KERR: Okay, thank you. I'd like to ask you some questions now regarding a contract entered into by BAE Systems to sell an air-traffic control system to the government of Tanzania. Can I ask you, first of all, just to outline your knowledge of, of that contract?

J ALDRIDGE: Mm-hmm. The contract with the customer or with the advisor?

DI KERR: Let's start with, well, your whole knowledge. Let's start with the contract with the customer.

J ALDRIDGE: Right. I believe this was a campaign that Siemens Plessey had been working on for some time at the point at which we acquired them, and really I don't know the commercial details of the discussion, that's not something I would ever get involved in. But there was an advisor agreement that we acquired with all of the rest upon acquisition of Siemens Plessey, and it was up the marketing department to decide, following the acquisition, whether or not that was something we wished to continue with. On the basis that a proposal to reappoint the advisor was provided to IBS, then clearly the opportunity was still there and subsequently a reappointment of the advisor made by BAE.

DI KERR: So, right, who was driving the proposal to

reappoint or to pursue this line of business?

J ALDRIDGE: I can't specifically remember the names of individuals but I guess that would have been the sales people in ex-Siemens Plessey in conjunction with the marketing, our marketing people responsible at the time.

DI KERR: Okay. So, what happened then? They pursued a proposal to follow the business, what happened subsequent to that?

J ALDRIDGE: We entered into agreements with the advisor and, ultimately, the business with the, or the contract with the customer was signed.

DI KERR: And what services did BAE Systems provide to the government of Tanzania?

J ALDRIDGE: What, sorry?

DI KERR: What did they do, what was the contract for?

J ALDRIDGE: Oh, well, the contract covered radars. That was the business of the Siemens Plessey group that we acquired.

DI KERR: Yeah.

J ALDRIDGE: Mm-hmm.

DI KERR: So, what did they, did they sell a radar?

J ALDRIDGE: Yes, the company sold radars. I'm not sure how many radars, I don't know that amount of detail, but it sold some radar to the government of Tanzania.

DI KERR: Do you know the costs involved in that contract?

J ALDRIDGE: I can't specifically recall but I know that I have seen certain schedules because at the time that we were dealing with the proposal to appoint the advisor there were fixed fees

involved and in the course of those, carrying out the admin on the agreement, we did look at some of the proposed payment terms. I can't recall the detail now.

DI KERR: When did this sale of radar equipment take place?

J ALDRIDGE: Goodness. Again, I'm afraid I can't exactly recall that.

DI KERR: Can you give me a rough guide without referring to any notes?

J ALDRIDGE: Well, I believe we acquired Siemens Plessey in approximately '98 so, obviously, it's sometime after that and I don't think it was too long after that, so.

DI KERR: I'll be able to refresh your memory from some documentation shortly anyway.

J ALDRIDGE: Mm-hmm.

DI KERR: You said there was a second agreement entered into, this time with an agent.

J ALDRIDGE: Mm-hmm.

DI KERR: Can you tell me what were the circumstances of entering into an agreement with an agent in relation to this?

J ALDRIDGE: Well, a proposal was provided and, you know, we administered it in the normal way. I, it came into the department, we would have sought approval for it, raised a draft agreement and, ultimately, had it signed by the advisor.

DI KERR: Right.

J ALDRIDGE: There were particular circumstances here because the fee that was proposed in relation to

this appointment was exceptionally high and on that basis it exceeded the then limit of approval that the committee had, and so it did actually require further approval from the company.

DI KERR: You say the fee was exceptionally high, what do you mean by that?

J ALDRIDGE: Well, as I recall, it was around 31% which is a very high percentage.

DI KERR: The fee payable to whom?

J ALDRIDGE: To the companies that we appointed.

DI KERR: Can you recall who the companies were?

J ALDRIDGE: Yes. There was a company called Merlin and a company called Envers.

DI KERR: Okay. I'll turn shortly to Envers and Merlin. Why, before I move on to those though, I'd like to really break down step by step your role in the, first of all the lead up, the negotiations to obtaining the contracts, that's the contract with the government of Tanzania and, secondly, any involvement you had in the negotiations or in pursuing the agreements to appoint Merlin and Envers.

J ALDRIDGE: Mm-hmm. Okay.

DI KERR: So, can I start with the contract of the government of Tanzania? What was your role in that?

J ALDRIDGE: Absolutely none whatsoever. That was the responsibility of the business unit concerned in conjunction with marketing, and the department wouldn't even necessarily know that a contract

with a customer had been signed unless either we were notified by a business unit or we read about it on the company notice or in the newspapers.

DI KERR: Right. So you would hear about it in the newspapers before you knew about it in the office?

J ALDRIDGE: Sometimes, yes, yeah.

DI KERR: Right, okay. What about the terms of the contract? When did you learn about the terms of the contract then?

J ALDRIDGE: Mm-hmm. We had sight, as I said because they were a fixed fees, we had sight, I recall, of a proposed schedule of payments, and I can't recall if later on we had sight of the actual schedule of payments, but this was purely to assist us in drafting the agreement terms otherwise we would not, we would not have seen the complete customer contract at any point, that would be quite unusual. And, no, I don't recall ever actually having any other involvement with the actual contract itself.

DI KERR: Okay. So what about your dealings with the agent in this instance? You said there were two companies, they were...?

J ALDRIDGE: There were two companies, both under the ownership of the same principal which was Mr Vithlani.

DI KERR: Who is Mr Vithlani? What is your knowledge of him?

J ALDRIDGE: Mm-hmm. He's a local businessman with whom

Siemens Plessey had previously been contracting, as I said. I'm not sure what else I can say to you about it. I mean, I knew at some stage he had a partner or partners. We reviewed his local entity in more detail later on, but at the time that we made the appointment really I knew no more about him than was put on the proposal form, i.e. it was Mr Vithlani that we were appointing and these were the proposed terms.

DI KERR: Okay. What did you subsequently find out about Mr Vithlani then?

J ALDRIDGE: Sorry, in what respect?

DI KERR: I'm just trying to get some background as to how much knowledge you have about Mr Vithlani, what he did for the company.

J ALDRIDGE: Mm-hmm.

DI KERR: What his expertise in business is? What services he provided to BAE?

J ALDRIDGE: Mm-hmm.

DI KERR: So, what did you find out about Mr Vithlani?

N GERRARD: I'm assuming we're talking about at the time of the contract, not subsequently.

DI KERR: Well, I know, I know Mrs Aldridge has told me that she didn't know anything about him other than what was on the proposal form at the time of the contract. What did you subsequently find out about Mr Vithlani?

J ALDRIDGE: Mm-hmm. Well, sometime later when one of our other business units wanted to appoint him post-2001 we clearly required our new forms to be completed. So, the application form that he

completed then clearly gave us more background information on his local company. And so we did become aware at that point of the number of employees he had, who else was engaged in providing the services, etc. etc., and what the more detailed services were expected at that point by that business unit.

- DI KERR: Okay. So do you know what services Mr Vithlani provided to BAE in connection with this, this air-traffic control system which was sold?
- J ALDRIDGE: No, I don't in any detail. That would be down to the marketing and sales people.
- DI KERR: Are you aware of any reports ever produced by Mr Vithlani on the work that he's done on behalf of BAE?
- J ALDRIDGE: No, but then, you know, I wouldn't necessarily see them in any case.
- DI KERR: Where would they be held if they exist?
- J ALDRIDGE: Presumably in the sales and marketing departments.
- DI KERR: Right. Okay. You mentioned Mr Vithlani's partners as well.
- J ALDRIDGE: Mm-hmm.
- DI KERR: Who are they?
- J ALDRIDGE: The only one whose name I can recall is Mr Somaiya.
- DI KERR: And what did Mr Somaiya do?
- J ALDRIDGE: Again, I don't know. As I've said, his name, I think, only came more into the frame when we were expecting to appoint Merlin for a different business unit later on. In the event

we didn't because we sold that business off, but there was, as I say, an application form in the process at one time.

DI KERR: Right. Okay. The BAE Systems web site states that Mr Vithlani was employed as an agent from October 1997.

J ALDRIDGE: Does it?

DI KERR: Yeah.

J ALDRIDGE: Oh, right.

DI KERR: Was there any due diligence done in relation to Mr Vithlani around that time, either in 1997 or in 1998?

J ALDRIDGE: Well, as I think we said previously, any due diligence that was done would have been carried out by marketing or the predecessor company in this case.

DI KERR: Yeah. And I think, just so that it's, it's clear in your mind exactly where I'm going from with this, I'm trying to start the story really at the beginning. I've got document, unique reference number 008658000103, 103 to 107 and then, in addition, 99. Have you seen this document before? Starting on the Tanzanian file. These were the documents that you were given pre-disclosure of on Monday. Have you seen that document before this week?

N GERRARD: Can you just repeat the number?

DI KERR: Yeah, it ends in 103.

Yeah, it's a Plessey Systems -

J ALDRIDGE: Yeah.

DI KERR: - marketing consultant agreement.

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J ALDRIDGE: Well, I can't recall specifically seeing this document.

DI KERR: This confirms that Mr Vithlani entered into an agent's, a marketing consulting agreement with Plessey Systems on the 12<sup>th</sup> September 1997.

J ALDRIDGE: Yeah.

DI KERR: So, was this the agreement that BAE Systems wanted to pursue the business, this line of business following the take-over of Siemens Plessey?

J ALDRIDGE: Presumably, yeah.

DI KERR: So, at that time what due diligence would have been done on Mr Vithlani then?

J ALDRIDGE: Well, as I've said, I don't know.

DI KERR: Who was responsible at that time for the due diligence process?

J ALDRIDGE: Any due diligence on the part of BAE Systems would have been carried out by marketing. I don't know what sort of due diligence Siemens Plessey themselves carried out, or what checks our own marketing people may have made at the time of the reappointment.

DI KERR: So, you're not aware of any due diligence that's been done? You don't have any personal knowledge of any then?

J ALDRIDGE: No, no.

DI KERR: Okay. Do you know who made the decision to retain Mr Vithlani?

J ALDRIDGE: Well, as I've said, a proposal to reappoint would have been put forward by either Siemens Plessey sales or our own marketing people, and

then it would have been approved in the normal way under BAE Systems procedures at the time.

DI KERR: So, in 1997 and 1998 what was your responsibilities in relation to due diligence?

J ALDRIDGE: None. We simply administered the agreements. The proposal came in and we put it through the process which involved raising the agreement paperwork, seeking the approval of any appropriate body up to the appropriate level, and entering into the agreement with the other part and, subsequently, administering any payments due.

DI KERR: So, you administered the process?

J ALDRIDGE: Yes.

DI KERR: You had no responsibilities?

J ALDRIDGE: No.

DI KERR: As you don't know who took the decision to retain Mr Vithlani, are you aware of where I might find evidence on how that decision was arrived at?

J ALDRIDGE: Well, the approvals are all documented. I can't recall who signed the proposal form in the first place, I would have to check. But the committee approval would be documented on a minute or an ex-committee paper. I think in this case, from recollection, it was an ex-committee paper and the further approval required at the time.

DI KERR: Okay. And then I'd like to bring your attention to document reference 00991, again, this is in the same bundle that was issued to you on

Monday, 0000044.

J ALDRIDGE: Mm-hmm.

DI KERR: Do you recognise any of the signatures on there?  
Now, I accept that this is a Plessey agreement.

J ALDRIDGE: Well, this, this is the approval by committee members on an ex-committee basis for the reappointment.

DI KERR: Yeah. So this is for, this is the beginning really then of BAE Systems taking on board this proposed line of business, is that correct?

J ALDRIDGE: Yes.

DI KERR: Do you recognise the signatures on there?

J ALDRIDGE: Yes, I do, yes.

DI KERR: Whose are those?

J ALDRIDGE: The first one is Philip Riley in his capacity as Chairman of the Referrals Committee. The second one is Alan McDonald. I can't recall in exactly what capacity, presumably he was Head of Marketing for that area at the time. And the third one was Mike Turner and, again, I can't remember precisely what position he was in at that time but in any event formed part of the ex-committee forum.

DI KERR: I'll read from this document. It says, 'Proposal. It's proposed to reappoint Mr MS', sorry, 'to reappoint MS Vithlani for radars at 31%, split between an overt and covert agreement'. What does that mean?

J ALDRIDGE: Essentially, as I've said before, you know, these are really terms that I wouldn't use myself and what I would recognise there is the

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fact that there would be a local, local representative agreement and, in addition, there would be an off-shore agreement with an aggregate fee of 31%.

DI KERR: So, does this mean that somebody has taken the decision that Mr Vithlani will be a confidential agent?

J ALDRIDGE: In part, yes.

DI KERR: In part. And part, not so confidential?

J ALDRIDGE: No, he was acting as local representative so confidential element clearly is the commercial aspects of the fee.

DI KERR: Okay. Can you explain to me why we would get in the position where somebody is acting as an agent and getting part of the fee for being, this document says, overt and part of the fee for working as a covert agent? Can you explain to me why that circumstance would arise?

J ALDRIDGE: Well, as we've said before, my understanding at the time, and this was the then practice, that there were good reasons for maintaining our commercial confidentiality around the level of fees. For instance, competitor's knowledge of what we're paying our advisors, protecting our commercial situation in that respect, and, you know, all the other reasons I've already stated in the last two days.

DI KERR: In the sale of an air-traffic control system, sorry, a radar system it says on this, to the government of Tanzania, why would BAE Systems need to protect the level of remuneration to

their agent?

J ALDRIDGE: Because it's commercially confidential. I always viewed it in the same way as one wouldn't, perhaps, tell the world what one's salary was. But, you know, that wasn't my decision. That was the practice then and, yeah, that was simply how it was done.

DI KERR: Would BAE tell anybody about the money that they're giving to Mr Vithlani in the overt section of this agreement?

J ALDRIDGE: I can't think of any circumstances in which they would.

DI KERR: Yeah, I can understand that that would be confidential. I just don't understand why it would be more confidential to hide a proportion or portion of the money that Mr Vithlani is being paid.

J ALDRIDGE: Mm-hmm.

DI KERR: Or to try and disguise it more. Can you shed any light on that?

J ALDRIDGE: Only, as we've said before, that the total fee was considered to be commercially confidential, and, particularly, anything going, this is going back years, anything over, I don't know, I think I've seen a policy document that states anything over 7%.

DI KERR: So, anything over, you've seen a policy document saying that anything over 7% in remuneration to an agent would be considered to be high.

J ALDRIDGE: I didn't say high, I just said considered to be commercially confidential.

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DI KERR: Okay. This, this is a payment. You said that, earlier on in the interview, that this payment of 31% to Mr Vithlani was considered to be high, is that correct?

J ALDRIDGE: Yes, that's right. It exceeded even the maximum fees that the referrals committee were authorised to approve.

DI KERR: What was the circumstances that you found out then that Mr Vithlani was expected to receive 31%?

J ALDRIDGE: When the proposal came in to reappoint him.

DI KERR: Mm-hmm. And what did you do?

J ALDRIDGE: Well, someone and I, you know, I'm not sure exactly who, would have simply prepared the approval paperwork and started drafting an agreement.

DI KERR: Did this raise any concerns in you that Mr Vithlani was going to receive 31% of the agreed contract price?

J ALDRIDGE: No, no. I knew it was a high figure but provided it was approved by whoever needed to approve it then, you know, that was their decision.

DI KERR: Did you do anything to establish yourself that this was a proper way, or a proper sum for Mr Vithlani to receive?

J ALDRIDGE: No, I had no reason to suppose it wasn't. That was someone else's responsibility.

DI KERR: The marketing department?

J ALDRIDGE: Yes.

DI KERR: Do you know the role of the Regional Marketing

Directors in relation to, and the business units, in relation to the decision to appoint Mr Vithlani at this level of remuneration?

J ALDRIDGE: No, I don't. As I've said, I can't recall who actually made the proposal although clearly it is signed off here by the then marketing person responsible for that region.

DI KERR: Right. I'd like to show you document 009910000024. Again, it's the last document in the, in fact it's that one there, the last document that we submitted to you on Monday.

J ALDRIDGE: Mm-hmm.

DI KERR: Is this your hand-writing on this document?

J ALDRIDGE: Yes.

DI KERR: Can you read what it says for me, please?

J ALDRIDGE: It says, 'TAN', which means Tanzania, '-Envers subsequent contracts change from TBA to 30% was approved. Need to discuss other agreement with RR'.

DI KERR: What does that mean then?

J ALDRIDGE: I can't precisely recall the circumstance in which I would have noted this down but, basically, I'm saying that other, new, new business which may have been on a To Be Agreed, fee to be agreed basis, is to have a 30% fee included in the agreement in line with the approval. It says was approved so, presumably, I was noting that 30% had been approved. I need to discuss other agreement with RR who was probably Rolf Rue who'd replaced Allan McDonald, I expect, as the marketing chap responsible for

that area. I can't actually recall what I meant by that at all.

DI KERR: Can you recall any discussions that took place with Mr Rue, Rolf Rue did you say?

J ALDRIDGE: Yeah. No, I can't actually.

DI KERR: Do you have any recollection of any discussions with the referrals committee, or during the course of the meetings of the referrals committee, agreeing renewal agreement and agreeing to pay 30% for other phases of the project?

J ALDRIDGE: No, I can't.

DI KERR: Okay. I'm going to move on to discuss Envers Trading but just before I do that, Carl is there anything you want to say about what we've discussed at this point?

C BROWN: Yeah. I've just got a couple of questions, Murray. Just bear with me a sec. You said that Mr Vithlani was, you were aware that Mr Vithlani was going to be the advisor -

J ALDRIDGE: Yes.

C BROWN: - on this deal -

J ALDRIDGE: Yes.

C BROWN: - and then later on when a further proposal had come in to use, I think you said Merlin, you became aware of his other business partners and you said that you can recall specifically Mr Somaiya.

J ALDRIDGE: Mm-hmm.

C BROWN: Did he have other business partners apart from Mr Somaiya?

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J ALDRIDGE: I can't actually remember. It would be on the application form that we received at the time, but I can't remember.

C BROWN: Which other business was that for? Do you recall?

J ALDRIDGE: I think it may have been in relation to a German company that we owned at the time called Atlas.

C BROWN: Atlas? What did Atlas do?

J ALDRIDGE: All sorts of underwater products and such like. Naval.

C BROWN: Okay. So you may have had a proposal to appoint an advisor from Atlas -

J ALDRIDGE: Mm-hmm.

C BROWN: - and it mentioned Merlin.

J ALDRIDGE: Mm-hmm, yes.

C BROWN: And you specifically remember Mr Somaiya. Now, I accept you've said you can't recall specifically others, but do you recall other people attending meetings with Mr Vithlani? Did you ever encounter any one other than Mr Somaiya?

J ALDRIDGE: No, I didn't. I never met Mr Somaiya -

C BROWN: Okay.

J ALDRIDGE: - until we, you know -

C BROWN: Okay. When BAE acquired Plessey, and we've seen the old, some of the old agreements -

J ALDRIDGE: Mm-hmm.

C BROWN: - there, I understand when an acquisition like this is made you would have inherited, made quite a number of these agreements -

J ALDRIDGE: Yes.

C BROWN: - agency agreements -

J ALDRIDGE: Yes.

C BROWN: - or advisor agreements. How were they handled within BAE? Did they come to HQ marketing?

J ALDRIDGE: Yes, they did and we would then, as and when they expired or perhaps even as a separate exercise, raise the fact of their existence with the marketing people and left it for them to determine what happened with them in the future.

C BROWN: Okay. So, you'd, upon the inherited agreement coming towards expiry you would get back in touch with the marketing people, yeah?

J ALDRIDGE: Yes.

C BROWN: Were all the percentages this high for the Siemens agreement that you acquired?

J ALDRIDGE: I don't think so. I can't actually recall having to get special approval for any other reappointments that were made.

C BROWN: Okay. And, so you've seen that this inherited agreement has a very large commission fee attached to it, were you used to seeing such figures? I mean, I appreciate that you've said that you can't, and even the referrals committee can't make a decision on this, it's had to go higher than that. Did just the size of the fee surprise you or were you used to seeing such large percentages?

J ALDRIDGE: No, as I said, it was very unusual hence the requirement for special approval.

C BROWN: But procedurally, personally yourself -

J ALDRIDGE: Mm-hmm.

C BROWN: - were you concerned or surprised by the size of the commission? Before you sent it to Mr Turner and Mr McDonald -

J ALDRIDGE: Mm-hmm.

C BROWN: - did you mention it to Mr Dickinson at all?

J ALDRIDGE: Well, I believe he would have been well aware of it so I don't recall that I actually raised the ex-committee paper. And so -

C BROWN: Well, given that you've said it's not language that you would use -

J ALDRIDGE: No.

C BROWN: - the overt and covert, then that's certainly, probably a fair point. I'm interested in whether you'd had any discussions or your feelings about it at the time -

J ALDRIDGE: Mm-hmm.

C BROWN: - when it appeared on your desk.

J ALDRIDGE: No. I mean, I may have registered that it was a high number and really, you know, I, simply, if it came to my notice at that time would simply have recognised the fact that it required the additional approval.

C BROWN: That would be the only concern it caused you?

J ALDRIDGE: Yes.

C BROWN: Okay. And did you see many deals over the course of your time in HQMS in IBS that required this extra level of approval?

J ALDRIDGE: No, no.

C BROWN: How many do you know? Five? Ten?

J ALDRIDGE: No, nothing like that, no.

C BROWN: One?

J ALDRIDGE: I, I can't recall really. I mean, I wouldn't necessarily in any event have dealt with them so maybe, maybe one or two.

C BROWN: Okay. Do you recall how much the proposal was for his, Mr Vithlani's commission on the Atlas proposal?

J ALDRIDGE: No, I can't but, you know, that's something Atlas would have agreed with him independently anyway. I don't know.

C BROWN: But it would have been on the proposal to appoint?

J ALDRIDGE: Yes.

C BROWN: Okay. But you can't, you don't recall?

J ALDRIDGE: No.

C BROWN: Okay. And then when Murray was talking to you about the overt and covert set up, the split between the fee -

J ALDRIDGE: Mm-hmm.

C BROWN: - the total 31%, you said that he, Mr Vithlani would act as a local representative and the, the off-shore and confidential agreement comprised of the commercial aspects of the fee.

J ALDRIDGE: Mm-hmm.

C BROWN: That's what you said. Can you explain what that actually means? When you say the commercial aspect of the fee, what is the commercial -

J ALDRIDGE: Mm-hmm.

C BROWN: - aspect of the fee?

J ALDRIDGE: The fee itself. The value of the fee itself. In other words, Mr Vithlani was, sort of, quite openly acting as the company's representative in

territory, and the only commercial consideration or confidential aspect to it would have been the fee itself.

DI MURRAY: Have you any other questions, Carl?

C BROWN: No, not, not really, no.

DI MURRAY: Okay. The buzzer has indicated the tape is coming to an end. The time is now 15.33 hours and I'll switch this tape off and change the tapes.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
WEDNESDAY, 18<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 6 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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M KERR: This is a continuation of an interview with  
Julia Caroline Aldridge. The time is 15.48  
hours. The date is Wednesday 18<sup>th</sup> July 2007 and  
this is the twelfth tape on an interview, which  
has been continuing over, it's now into its  
third day.

Mrs Aldridge I will remind you that you are here  
voluntarily and are free to leave this room at  
any time during this interview, do you  
understand that?

J ALDRIDGE: Yes.

M KERR: I will also remind you that you are still under  
caution, that is you do not have to say anything  
but it may harm your defence if you do not  
mention when questioned, something which you

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will later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE:

Yes.

M KERR:

I am going to start by offering you, offering your representatives the opportunity to say something about some note taking during the previous tape.

N GERRARD:

It was put to my client towards the end of the last tape that she had said earlier in the interview that the off shore payment was the commercially confidential aspect of the fee. I don't think she had said this earlier in the interview and perhaps this can be clarified for the purposes of the tape.

M KERR:

Okay. Mrs Aldridge, can you clarify, can you go over your answer to that previously?

J ALDRIDGE:

Mmm. I believe I was making a reference to the total fee being commercially confidential, i.e. the total fee of 31% would have been considered commercially confidential.

M KERR:

Rather than a part of the fee?

J ALDRIDGE:

Yes.

M KERR:

Okay. There is also one thing that I, from the previous tape that I would like to visit again, if I can refer you to document number 009910000044. Document here it's the-

N GERRARD:

It's the Approval, the Ex-Comms Approval.

SOLICITOR:

Yes we have got that here. I think its here. Here it is, I have got it.

M KERR:

I believe that the last written note on the

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documents, I think it says RHC something approved? Already approved?

J ALDRIDGE: Yes it would be—

M KERR: Is that your writing?

J ALDRIDGE: No I think that would have been Mike Turner's writing alongside his approval.

M KERR: Right. What does that mean? What's RH, is it RHE or RHC?

J ALDRIDGE: It would be RHE and it's a reference to the fact that it required higher approval.

M KERR: Right and what higher approval was that?

J ALDRIDGE: That would in fact have been the chairman's approval.

M KERR: Being?

J ALDRIDGE: Dick Evans.

M KERR: Dick Evans?

J ALDRIDGE: Mmm.

M KERR: So this had actually gone to Mr Evans for his personal approval. Does this indicate that?

J ALDRIDGE: That's correct.

M KERR: Sorry, again can you speak up so that the tape can pick you up, hear what you are saying. Is that unusual that the employment of agents such as this would go to Sir Richard Evans for approval.

J ALDRIDGE: Yes, as I said, it was highly exceptional and I can only recall a couple of instances where it occurred.

M KERR: Was there a financial level or a set out policy in what had to be referred to the highest level?

J ALDRIDGE: I don't recall seeing it if there was, but my

understanding was that anything over 20% would require that level of approval.

M KERR: 20% of the contract price payable to an agent?

J ALDRIDGE: Yes.

M KERR: Okay. I would like to move on to discuss a company called Envers Trading. Now we have touched on Envers in the first portion of this interview. Before I discuss Envers, can you tell me what your understanding is of the term 'Beneficial owner'?

J ALDRIDGE: The ultimate owner of the company.

M KERR: What, the person who gets the money at the end of the day?

J ALDRIDGE: Essentially yes.

M KERR: Can you tell me who the beneficial owner of Envers Trading is?

J ALDRIDGE: I assume that it was Mr Vithlani.

M KERR: Did you say you assume it was Mr Vithlani. Do you know of any work that was done to verify who the beneficial owner of Envers Trading was?

J ALDRIDGE: At the time, no.

M KERR: Why not?

J ALDRIDGE: Because at the time as I said, the department wasn't responsible for carrying out any due diligence.

M KERR: Okay. Were you involved in the setting up of Envers Trading on behalf of Mr Vithlani?

J ALDRIDGE: No.

M KERR: Are you aware of any BAE employee being involved in the setting up of Envers Trading on behalf of Mr Vithlani?

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J ALDRIDGE: No I am not.

M KERR: Okay and what were the payment terms for Envers Trading?

J ALDRIDGE: Other than the fact that they were fairly complicated, I can't specifically recall, but it's fully documented on the agreement.

M KERR: Okay. Did Mr Vithlani propose that payments be made to him through an offshore company?

J ALDRIDGE: I don't know whether he did or not.

M KERR: Do you have any knowledge of whether he proposed the payments be made through an offshore company?

J ALDRIDGE: Well clearly it was his company and he agreed that we should enter into an agreement with it for an element of his fee, but whether he specifically proposed that or someone else, I don't know.

M KERR: What I am trying to get at here is, was this BAE who suggested first that Envers be paid through an offshore bank account or was this suggestion from Mr Vithlani?

J ALDRIDGE: I don't think I can specifically answer the question in this case, I don't know.

M KERR: Did you administer the payments to Envers Trading or did your department administer those payments?

J ALDRIDGE: Yes we did. There was an agreement with Envers and we would expect to pay Envers.

M KERR: But you didn't ask any questions as to why they were being paid offshore?

J ALDRIDGE: No. That would be entirely consistent with our

own commercial considerations, commercial confidentiality considerations.

- M KERR: Okay. Can I refer you then to document 013213000045, that's the first document in your Tanzanian pack. Can you tell me what you recognise this document to be?
- J ALDRIDGE: It looks like a standard form agreement between Red Diamond and if I check Envers Trading Corporation.
- M KERR: Do you, please look at page 52, so it's 013213000052. I will just refer to the last couple of page, last couple of digits in this. Do you recognise the signatures on there?
- J ALDRIDGE: Yes.
- M KERR: Who are they?
- J ALDRIDGE: One is myself signing on behalf of the company and the other one appears to be Mr Vithlani.
- M KERR: Were you present when Mr Vithlani signed?
- J ALDRIDGE: I believe I was.
- M KERR: Prior to signing the contract, was any extra due diligence carried out in relation to Mr Vithlani?
- J ALDRIDGE: As I said I wouldn't know because it wasn't our responsibility at the time.
- M KERR: Right. But you signed this agreement in what capacity?
- J ALDRIDGE: As it says, as an authorised representative of the company.
- M KERR: And the company in this instance being?
- J ALDRIDGE: Red Diamond.
- M KERR: Do you know who negotiated this agreement on

behalf of Red Diamond?

J ALDRIDGE: The terms, financial terms would have been negotiated by marketing or sales people as I said and formed part of the proposal. The general terms and conditions of the agreement were a standard legal approved document and would have been presented to the other party on that basis.

M KERR: Do you know who negotiated on behalf of Envers?

J ALDRIDGE: No I don't.

M KERR: Do you know where I might find any notes of the negotiations between Red Diamond and Envers?

J ALDRIDGE: Sorry do you mean Red Diamond or do you mean the marketing sales people who agree to the terms?

M KERR: Well this contract is between Red Diamond and Envers Trading, so if they, Red Diamond is entering into a contract, they must know what they are entering into, or the terms of the contract they are entering into. So I am trying to get at who negotiated on behalf of Red Diamond.

J ALDRIDGE: The terms as I said were negotiated by the sales and marketing people and they were simply included in the agreement as agreed terms.

M KERR: Yes. But you don't know who negotiated these terms?

J ALDRIDGE: No. As I said I can't recall who produced the proposal document.

M KERR: Okay and what service was provided under this agreement, this agreement dated 2<sup>nd</sup> of September 1999?

J ALDRIDGE: The services are detailed in part four of schedule A.

M KERR: Right. So you don't know without referring to the schedule, what the services were?

J ALDRIDGE: No as I have said, again that was the responsibility of the marketing and sales people and I wasn't party to that.

M KERR: Are you aware of any particular expertise or organisational skills, which lead Envers to be appointed to act as the agent in this case?

J ALDRIDGE: No I don't believe that I am.

M KERR: Are you aware whether anyone other than Mr Vithlani provided any services under this agreement?

J ALDRIDGE: As I said I don't know, I am aware that he had a business partner Mr Somaiya, but I don't know the extent to which either provided any services.

M KERR: Are you aware of who administered the work carried out by Envers under this agreement?

J ALDRIDGE: Sorry, who administered it in what sense?

M KERR: Yes, who actually regulated and checked that Envers were doing what they were being asked to do?

J ALDRIDGE: Well again marketing and sales.

M KERR: Right. Are you aware how BAE were updated in the progress of any work by Envers?

J ALDRIDGE: No I have no idea.

M KERR: Okay. Are you aware of any documents, which were produced to audit the work carried out by Envers?

J ALDRIDGE: No. As I have said that simply was not the departments' responsibility.

M KERR: Okay. Can you describe to me then what your roles and responsibilities in relation to this contract were?

J ALDRIDGE: Purely the administration of it.

M KERR: What do you mean by that?

J ALDRIDGE: Processing the proposal as it came in, insuring it was approved in accordance with company policy, raising the agreement and executing it and subsequently giving instructions to the finance department in what circumstances to pay.

M KERR: Did you personally instruct the finance department that they should pay?

J ALDRIDGE: There was a data sheet summarising the terms of the agreement which I may have signed or I may not, I can't recall whether it's myself or Hugh Dickinson, Andrew Fletcher, whoever at the time.

M KERR: Okay. Was any due diligence carried out in relation to Envers after the 14<sup>th</sup> of February 2002?

J ALDRIDGE: We would have gone through the payment certification process that was the approved practice then, so I believe that was carried out in relation to Envers, yes.

M KERR: Can you describe that process for me?

J ALDRIDGE: This is the three part process that involved signature of a further certificate by the advisor in relation to payments made or payments to be made. An interview-

M KERR: So this is the advisor saying I am not going to

bribe anybody?

N GERRARD: Self certification.

M KERR: Yes? Is that correct?

J ALDRIDGE: Yes, yes.

M KERR: Okay.

J ALDRIDGE: An interview by the legal department of the marketing person responsible.

M KERR: Yes.

J ALDRIDGE: And signature-

M KERR: Sorry and that interview, purpose of that interview was what?

J ALDRIDGE: For the legal department to see the whites of the marketing eyes I suppose.

M KERR: So for legal to say to marketing, make sure nobody gets bribed?

J ALDRIDGE: No, I believe they, they had an interview sheet that I have seen, I haven't seen all completed sheets but they had an interview sheet asking certain questions about services provided, whether they were aware of any circumstances in which corrupt payments had been made etc. Can't remember the precise questions.

M KERR: Oh so there was a set pattern, a set pro-forma?

J ALDRIDGE: There was one, yes.

M KERR: Yes.

J ALDRIDGE: I mean no doubt you know legal exercised their discretion asking any questions they liked. I mean I wasn't present at these interviews, subsequent to which the marketing person who had undertaken the interview would sign a certificate to that effect and it would be

countersigned by the legal person who carried out the interview confirming to me, well confirming to the department that that had taken place.

M KERR: And the third stage being? So you have got the agent saying there is your certificate?

J ALDRIDGE: Yes.

M KERR: You have got legal carrying out an interview with marketing to ensure compliance—

J ALDRIDGE: The marketing yes.

M KERR: With the law.

J ALDRIDGE: And the marketing certificate and there was also a summary sheet that we completed for our own purposes to check that these things had all been done.

M KERR: Okay. Do you understand the significance of this date, 14<sup>th</sup> of February 2002?

J ALDRIDGE: Yes I do.

M KERR: What is that significance?

J ALDRIDGE: That's the date on which the anti-terrorism, 2001 Anti-Terrorism Act came into effect.

M KERR: Sorry the Anti-Terrorism Crime and Security Act 2001 and do you understand the relevance of what the act says in relation to international corruption?

J ALDRIDGE: Generally, I am not a lawyer but yes generally.

M KERR: Can you give me what your understanding of that is please?

J ALDRIDGE: Well my general understanding is that previous statutes in relation to bribery and corruption were effectively extended to, well extended to

cover extra territoriality.

M KERR: So what do you mean by extra territoriality?

J ALDRIDGE: Foreign public officials.

M KERR: So it was unlawful in this country to bribe foreign public officials yes?

J ALDRIDGE: Yes.

M KERR: And that was your understanding of it when the act came into force in 2002 yes?

J ALDRIDGE: Yes.

M KERR: Sorry could you speak up?

J ALDRIDGE: Yes, yes.

M KERR: Can I refer you now, to the document that I have just disclosed to you this afternoon? I am sorry, I apologise for not disclosing it before now because I omitted from the file in my error. It's document number 012532000010.

J ALDRIDGE: Mmm.

M KERR: I would like you to look at the third line on the sheet there and could you read that out for me please?

J ALDRIDGE: Is this the 3rd of the 1st 2003 entry?

M KERR: That's the one.

J ALDRIDGE: On hold awaiting JA meeting to determine who owns the business.

M KERR: Now can you tell me what this document is first of all?

J ALDRIDGE: It's a database progress sheet essentially that the co-ordinators use for logging the process of any particular proposal.

M KERR: And this document is in relation to which company?

J ALDRIDGE: It appears to cover Envers and Merlin.

M KERR: Can you explain what that entry means?

J ALDRIDGE: I take it to be a reference to the fact that the radar business which we had acquired from Siemens Plessey had actually been moved into a joint venture company with FinnMechanica called AMS and I recall that there was some lack of understanding on my part as to whether the Tanzanian business had actually been transferred into the joint venture.

M KERR: So what does it mean, is JA there referring to you?

J ALDRIDGE: Presumably yes.

M KERR: It says 'On hold awaiting JA', I am guessing MTG is meeting, 'To determine who owns business'. Which business is that referring to?

J ALDRIDGE: The radar business.

M KERR: Which radar business?

J ALDRIDGE: The company's radar business, i.e. what was Siemens Plessey and became I think BA Systems Defence Systems Limited or some such thing and subsequently went into the joint venture company called AMS.

M KERR: Alright so this is not referring then to Envers?

J ALDRIDGE: No, I don't believe it is, no.

M KERR: Do you know who subsequently was found to own AMS?

J ALDRIDGE: Sorry who?

M KERR: Who subsequently, it's saying who owns the business.

J ALDRIDGE: Mmm.

M KERR: Do you know who was found to own the business?

J ALDRIDGE: There was a lot of discussion as I recall between the commercial and legal departments because it was unclear as to which contracts had been moved in to the joint venture company and I think ultimately this contract was determined to have remained with BAE.

M KERR: Okay. Between January 2000 and December 2005 payments were made to Envers Trading from the Red Diamond US Dollar accounts number 11272128. Those payments were made on 12 occasions totalling \$8,462,480. But on 14<sup>th</sup> December 2005 a payment was made from the Red Diamond Sterling account number 00707770 in the sum of £1,899,576.27. So we have got a payment of approximately \$8.5 million followed by a payment of approximately £1.9 million. Do you know what these payments were for?

J ALDRIDGE: They presumably were to meet the obligations under the agreement in relation to the sale of the radars.

M KERR: Do you know why there were more than 12 payments there?

J ALDRIDGE: That would be in line with whatever payment terms were agreed.

M KERR: And who was responsible for authorising and administering these payments?

J ALDRIDGE: The finance department were responsible for making payments, the authorising as I think I said before was determined by the mandate set by the finance director.

M KERR: Sorry who, sorry can you repeat that for me, just?

J ALDRIDGE: Okay. Payments to be made to advisors was the responsibility of the finance department so effectively we would provide a summary sheet setting out the terms of an agreement-

M KERR: Yes.

J ALDRIDGE: And as and when receipts from the customer were notified by the business units, the finance department calculated fees due which then, as we talked over the last few days, were put through the process and authorised by those or the required number of those in accordance with the mandate agreed by the finance director.

M KERR: And what was your specific role in this?

J ALDRIDGE: In the case of Red Diamond I was one of how ever many authorisers on payment, on the bank mandate.

M KERR: One of many authorisers on payment?

J ALDRIDGE: I can't recall how many there were specifically, but I was one of a number.

M KERR: Okay. Let me just review my thoughts for a second. Carl, was there anything you want to say?

C BROWN: Yes. Can I just take you back to this document here, the latest piece of disclosure we gave you today and just really confirm your account of what that entry meant 'On hold awaiting JA meeting to determine who owns the business'. Can you go into a bit more detail about this joint venture?

J ALDRIDGE: Mmm.

C BROWN: You said that you, that BAE had entered a joint venture with FinnMechanica is that right, it's an Italian firm?

J ALDRIDGE: Mmm.

C BROWN: And the joint venture was AMS and you were awaiting, you were going to a meeting to determine who owned the business?

J ALDRIDGE: Mmm.

C BROWN: The business of the radar, providing the radar. Have I got this right?

J ALDRIDGE: I can't specifically recall precisely who I was meeting at the time, but it was to determine who, who owned the Tanzanian contract basically.

C BROWN: Okay so because if I understand from your previous explanation, you have entered into a joint venture and created this AMS entity and you were trying to establish whether the business was being done by BAE or by the joint venture.

J ALDRIDGE: Yes.

C BROWN: Is that correct?

J ALDRIDGE: This is sort of internal accounting. I needed to know where the contract payments were coming in in future, purely to know where to charge fees.

C BROWN: Okay and would you, would you have, you said you had not been involved in the commercial side, would this have effected the paying of Mr Vithlani's fees?

J ALDRIDGE: No it's purely internal accounting.

C BROWN: Okay so on or around, what's the date, January 2003, around that time you were expecting to go to a meeting to determine which entity was going to build and provide the radar?

J ALDRIDGE: Well I would imagine by that stage the contract was already in existence.

C BROWN: Okay so what were you trying to determine?

J ALDRIDGE: As I have said, I wasn't clear at one point as to whether the customer contract, the contract between the company and the Government of Tanzania had been novated to the joint venture or whether it was still retained by the company.

C BROWN: Okay and that's what you were seeking to determine. How would that have impacted on your position in HQMS?

J ALDRIDGE: Only in the sense that the finance data sheet that we provided to the marketing, sorry the finance people gave them instruction on where to make charges and you know if it had changed then they needed to be aware.

C BROWN: Okay and do you recall the outcome of the meeting?

J ALDRIDGE: Yes as I said ultimately we determined that the contract had been retained by BAE so the charges—

C BROWN: That contract, okay, sorry to interrupt that contract had been retained by BAE, the contract to provide the radar?

J ALDRIDGE: Yes.

C BROWN: Okay so you have been to a meeting, you have had a concern about where you lie contractually, is

it AMS building it or is it BA building it. You come away and you say I am happy BAE still retain the contract. Is that, that's my understanding, in laymen's terms.

J ALDRIDGE: Well that's essentially it but I think it was a bit more complicated than that because I know that there was some discussion that was left with the respective legal commercial departments to sort out.

C BROWN: Okay.

J ALDRIDGE: But I wasn't party to those discussions, I just needed to know ultimately-

C BROWN: So the net result was that the contract wasn't novated and you carried on administering the fees through HQMS?

J ALDRIDGE: I believe so.

C BROWN: Okay. I just wanted to, I was just a little bit confused by what you were talking about. You also mentioned the stages of the new procedures where you started to learn something about Mr Vithlani, the IBS procedures post 2002. You said that Mr Vithlani would sign a document to say, 'I hereby do not intend to pay bribes with this money'.

J ALDRIDGE: Which he had already stated in the agreement of course.

C BROWN: Yes.

J ALDRIDGE: It's simply a re-validation-

C BROWN: It's just reminding him that he shouldn't be paying bribes.

J ALDRIDGE: Mmm.

C BROWN: And then you said that somebody from the legal department would go and talk to a sales executive and that sales executive would be interviewed and sign off to say that everything was in order?

J ALDRIDGE: Yes.

C BROWN: Okay and if this procedure, see what your, what you make of this question but if this procedure had been in existence some years before and somebody from the legal department had gone to Mr Wooding for example and said, 'Can you tell me all about Knock Limited?' what do you think he might have said in that interview?

J ALDRIDGE: I couldn't comment, I really couldn't comment.

C BROWN: Okay but you would expect the, whoever from the legal department to be satisfied by the executives' explanation that this isn't, there is absolutely no way this is bribery?

J ALDRIDGE: As I said the intention was to see the whites of their eyes so yes.

C BROWN: Okay, okay and this was enough for you procedurally to carry on?

J ALDRIDGE: It wasn't me that determined it, I mean that was, you know that was a requirement of the legal department as a re-assurance following as you said the changes in the law so.

C BROWN: Okay as set down post 2002 by the legal department?

J ALDRIDGE: Yes.

C BROWN: Okay but I mean did you, you signed the agreement on behalf of Red Diamond, did you make

an effort to satisfy yourself other than another declaration from Vithlani?

N GERRARD: Other than rely on the legal department?

C BROWN: Yes other than this procedure that you have described here, a declaration from the agent and from the salesman?

J ALDRIDGE: I relied on the process that the legal department had put in place.

C BROWN: Okay.

N GERRARD: Are you suggesting that that was unreasonable?

C BROWN: Not at all but Mrs Aldridge has signed an agreement—

N GERRARD: Relying on the legal department. Your question I thought that you said no, seemed to suggest that perhaps she should have done more.

C BROWN: Well it's just, I am merely just asking the question. Whether she felt it necessary, she said no, she was satisfied by the process.

N GERRARD: Yes.

C BROWN: Okay Murray.

M KERR: Right I would like to ask you some questions about a company called Merlin International. Can you tell me what your knowledge of Merlin International is please?

J ALDRIDGE: I understood it to be Mr Vithlani's company and as I said we did gain some more background information later on when the proposal, when the application was put forward, but really without looking at it again I can't recall what it actually contained.

M KERR: Was any due diligence carried out by your

department in relation to Merlin International?

J ALDRIDGE: At that later date, yes.

M KERR: But that was after, some time after Merlin were employed as an agent on behalf of BA Systems or Red Diamond?

J ALDRIDGE: Yes.

M KERR: Why did Red Diamond make payments to Merlin International? You have said under the control of Mr Vithlani and to Envers Trading? Why were the payments made to two companies?

J ALDRIDGE: I don't think Red Diamond made payments to Merlin International, I believe those would have been made by BAE.

M KERR: Actually you are quite right. Between January 2000 and January 2005, payments were made to Merlin International from the BAE marketing Services dollar accounts on 13 occasions totalling \$397,000 or \$397,974.50. In addition to that on the 11<sup>th</sup> April 2006 a payment was made to Merlin International from the BAE Marketing Services Sterling account in the sum of £100,000. Can you explain to me why payments were made to Merlin International from BAE accounts and not Red Diamond accounts?

J ALDRIDGE: Because the agreement with Merlin was contracted by BAE.

M KERR: Can you explain to me why then, you accept that Merlin International is Mr Vithlani?

J ALDRIDGE: Mmm.

M KERR: Sorry can you answer?

J ALDRIDGE: Yes. Sorry.

RLI274

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M KERR: These payments were in connection with the same air traffic control system, is that correct?

J ALDRIDGE: Yes.

M Kerr: So why are BAE paying Merlin the sum of maybe \$400,000 and £100,000 but yet BAE contract to Red Diamond to make the payments to Envers as we have already discussed significantly more I think it comes to something in the region of \$11,000,000 if the pounds and dollars are added together. So why both sets of payments?

J ALDRIDGE: Well as I have said, one agreement was between BAE and Merlin, the other agreement was between Envers and Red Diamond and the total level of fee was considered to be commercially confidential and that was simply the then practice.

M KERR: Right, is there any reason why both sets of payments weren't made from Red Diamond?

J ALDRIDGE: No if there was an agreement between BAE and Merlin then we would have paid from BAE.

M KERR: Okay. I am going to take a break here. The time is 16.25 hours and I am going to switch off the tape.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
WEDNESDAY, 18<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 7 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	DLA PIPER
MR NEIL MCGUINNESS	-	DLA PIPER

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DI KERR: This is a continuation of an interview with Julia Caroline Aldridge. This is the 13<sup>th</sup> tape in the interview. The date is Wednesday the 18<sup>th</sup> of July 2007 and the time is 17.03 hours. Mrs Aldridge, I would remind you that you are here voluntarily and can leave this interview room at any time. Do you understand?

J ALDRIDGE: Yes.

DI KERR: I would also remind you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

RLI275

FIRST DRAFT

J ALDRIDGE: Yes. Yes I do.

DI KERR: We have had a short break and you have had the opportunity to take a cup of tea. Is that right?

J ALDRIDGE: Yes, thank you.

DI KERR: Right. Prior to the break in interview I was asking some questions which I felt were beginning to become a little repetitive. So I have taken a few moments to review my interview plan and have decided that it would not be appropriate for me to continue to put all of the questions I had in my interview plan to Mrs Aldridge.

There are just a few points that I would like to raise with you and ask you for your comment in relation to those points. And I think what I would like to return to first of all was an intervention just at the end of the last tape from yourself. Really when, you asked the question, are we saying that it is unreasonable for Mrs Aldridge to rely on the information from elsewhere within the company, i.e. from the marketing department, from the legal department? And I think the point I am making is yes, I am saying that I think it is unreasonable for Mrs Aldridge to rely on those departments entirely. Would you comment on that Mrs Aldridge?

J ALDRIDGE: I thought the point actually at the time was specifically in relation to the legal department in any event.

N GERRARD: Yes. I think as I raised the question, if I can

just put it into the context that I thought I was asking it in.

DI KERR: Please do.

N GERRARD: I think Carl asked the question and whether or not my client made any further, any other inquiries or did she just rely on the legal department. If you remember he was referring to the questionnaires, the interviews, the three-stage process.

DI KERR: Yes.

N GERRARD: But particularly the interviews. And it was in that respect that I asked the question of him as he was actually asking us the question-

DI KERR: Yes.

N GERRARD: -whether or not he felt that she shouldn't have relied solely on the legal department. And the point I was making is that they are the legal department and it seems quite reasonable to assume that she should rely on the legal department. She is not a lawyer. You made the point that it was quite an interesting time with the new law coming in. These additional checks were brought in, interviewed by the legal department and I asked for them not to, that was reasonable and I think Mr Brown said and Neil's note may confirm it but he thought that was reasonable. She didn't necessarily need to do anything else. That was the point of my intervention.

DI KERR: Okay. I think over the last two days Mrs Aldridge has gone to great lengths to

demonstrate to me in interview that she reacts and relies very heavily on information provided to her by a), the legal department, b), the marketing department and really from the agents themselves. Now, she is a director of Red Diamond, a senior executive within BAE systems. She is an individual who is authorising massive payments to agents. If she has any good reason to believe that the payments are corrupt then she should be doing more work in my view to establish, to establish whether the payments that were being made offshore were corrupt.

N GERRARD: May I just take issue there? I don't understand where you got the, if she had reason to believe the payments were corrupt, from?

DI KERR: Yes.

N GERRARD: At no stage and please correct me if I'm wrong anyone, has Julia Aldridge suggested, intimated, said that she thought that or suspected that payments were corrupt.

DI KERR: Yes. But I think if the advice is, when you take the payments as a whole, the payments are massive. That payments are being made, you have been asked about the warning signs yourself to offshore entities. The payments are, a percentage of the payments are, huge in comparison with the overt and covert portions of the payments. When payments are being made to the covert entities they are massive percentages of the contract value whereas the overt payments

are actually by comparison quite small percentages. Now Mrs Aldridge, did that not raise concerns in your mind in itself?

J ALDRIDGE:

No, it didn't.

DI KERR:

But surely as, in your position as a director of Red Diamond, it should do?

N GERRARD:

Why?

DI KERR:

But do you not recognise that large percentage payments are indicators of corruption?

J ALDRIDGE:

No. As I said the commercial judgment was made by others and I have no reason to suspect there was anything untoward about it.

DI KERR:

I mean you have said in relation to this Tanzanian contract that the percentages are exceptionally high. Is that correct?

J ALDRIDGE:

Yes.

N GERRARD:

No.

DI KERR:

What is your knowledge of Tanzania? I mean have you any knowledge of the likelihood of corruption being high in Tanzania?

J ALDRIDGE:

I've no idea. That wasn't at the time anything we took into account and, you know, as I say I have no reason to suspect anything untoward about that appointment.

DI KERR:

When you say you didn't take it into account, isn't that something that your company should be taking into account, that you as an individual authorising payments to Tanzania should be taken into account?

J ALDRIDGE:

If the company had decided to do business in Tanzania and in conjunction with that appointed

advisors then, you know, we simply administered that process.

DI KERR: Did you see any evidence about the nature of the services provided by these agents?

J ALDRIDGE: I've already said that I did not.

DI KERR: Or not only of the nature of the services that they were going to provide but the services which they actually provided. Did you see any evidence of that?

J ALDRIDGE: No. As I said that was not my responsibility.

DI KERR: Now, putting those two things together, should it not have been, did you not see it as your responsibility to ensure that these large percentage payments that were being made into Tanzania were actually being used for lawful purposes?

J ALDRIDGE: Sorry, can you repeat the question there?

DI KERR: I mean when you actually take into account the fact that you have not seen any evidence of what the services were for, not seen any evidence of the services which were actually provided yet you were authorising massive payments into Tanzania. Did you not see it as your duty to ensure that these payments were for lawful purposes and being used for lawful purposes?

J ALDRIDGE: I had absolutely no reason to suppose that it would be otherwise. If the appointment had been approved by the approval body, in this case at a fairly senior level, the standard procedures have been followed, the agreement contained the right provisions and no, I was not on notice

that there was anything untoward about it.

DI KERR: What about, as I said, your knowledge of Tanzania? Surely that is a country where the risks of corruption are extremely high?

J ALDRIDGE: Well you may be right but that doesn't mean to say that there was any, we had any reason to suppose here that there was any suggestion that that was the case.

DI KERR: Putting that together with the payments as I say which are massive, which you have accepted yourself were exceptionally high, do you not think the risks of those payments being used for corrupt purposes would have been increased?

J ALDRIDGE: It wasn't my job to take into account those risks. If the company decided to prosecute businesses in Tanzania then that was the decision of other people.

N GERRARD: I think we just also need to remind ourselves, don't we, that on the Tanzania matter, didn't my client remind you, point in the direction that this was a matter which was considered further. It was actually looked at, I'm not sure whether you actually said it was the Chairman but it was certainly re-looked at, it was re-considered because it was over some sort of, the normal policy. And can I just come back to seek clarity on, because I don't know where we are at the moment?

DI KERR: Sure.

N GERRARD: I asked the question whether or not Carl Brown felt that was it reasonable for her to rely on

what the lawyers were doing, this full-blown discussion meeting with the marketing department, this pro-forma questionnaire, this, you know, interview, let's call it that for the time being-

DI KERR: Yes.

N GERRARD: -because none of us have seen that document. I haven't either.

DI KERR: Yes.

N GERRARD: It seems to me perfectly reasonable that anyone, whether she was a director or not, would be entitled to take comfort and rely on that and that was the question I put to him and he indicated that he thought the same. Are you now saying DI Kerr that you don't think it is reasonable? Are you withdrawing that?

DI KERR: I am saying that if Mrs Aldridge was receiving information from yes, A, the legal department but B, from the agents themselves and C, the marketing department who really have an incentive to ensure that the deal goes through. They have huge financial incentives. Does that not strengthen the fact that you should have been asking questions in relation to-

N GERRARD: But she said numerous times that there was this process. She administered the process and information was provided to her by the marketing guys who could work out whether it was commercial, etc, etc. And ultimately legal department also checked it through their, through their international compliance officer.

So she was getting comfort from there. But the point I was making and answering was the fact that legal, I'm not sure who invented this process, this three stage process, but someone did. I think we've heard that my client didn't and legal sat down and actually appeared to have interviewed the marketing people who no doubt met these people and agreed the terms. Now, I think that my proposition was that she was entitled to rely on that and I didn't see and don't see any suggestion why she should go away from that and make other enquiries. And I think someone was agreeing with me on that, Mr Brown was agreeing with me.

DI KERR: Okay.

N GERRARD: Are you-

DI KERR: You agreed that point.

N GERRARD: Yes but you started off this interview by, by withdrawing that point and I want to know are you and if you are, why?

DI KERR: No. I would expect, I would expect because of the position that Mrs Aldridge holds I would expect her to be ensuring that she is not authorising payments where there is a risk that those payments would be possibly used to pay corrupt bribes.

N GERRARD: But I think, I think, I think, I think we are all in agreement that if she deemed there to be a risk she wouldn't have done it. She was comforted by the fact that she had advisors, legal, looking at this and if there had been a

risk I've no doubt the company wouldn't have done it at all.

DI KERR: And Mrs Aldridge has now been given the opportunity to say exactly that. I don't think there is any more questions that I can usefully ask this afternoon. Is there anything you want to say Mrs Aldridge?

J ALDRIDGE: No, there isn't.

DI KERR: Is there anything you further want to say?

N GERRARD: No. Thank you, no.

DI KERR: Right. I'm going to suspend this interview now. The time is 17.18 hours and I'll switch off the tape.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT SERIOUS FRAUD OFFICE ON  
WEDNESDAY, 19<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 8 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MS LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCGUINNESS	-	SOLICITOR

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DI KERR: This interview is being tape-recorded, and may be given in evidence if your case is brought to trial. I'm Detective Inspector Murray Kerr from the Ministry of Defence Police Fraud Squad, and my colleague, Lydia Jonson, is a barrister instructed by the Serious Fraud Office. Lydia, would you please introduce yourself?

L JONSON: Lydia Jonson. As Mr Kerr said instructed by the Serious Fraud Office, 18 Red Lion Court.

DI KERR: The time is 10.21 hours and the date is Thursday the 19<sup>th</sup> July 2007. This interview is being conducted at interview room number four at the Serious Fraud Offices at Elm Street in London. I am interviewing; please state your name, place and date of birth?

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J ALDRIDGE: Hmm. Julia Caroline Aldridge, born Stafford, England, 31<sup>st</sup> March 1957.

DI KERR: Mrs Aldridge, at the conclusion of the interview I will give you a notice which will explain what will happen to the tapes which have been recording this interview, and how you can - that notice will explain how you can gain access to a copy of those tapes. I'm required to stress that you are here voluntarily and you're not under arrest. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: You're free to leave these offices now or at any time during this interview. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: Again, I'll remind you, you're entitled to free and independent legal advice, and I can arrange for you to have access to legal advice free of charge at any time during the interview. Do you want to exercise that right?

J ALDRIDGE: No I don't, thank you.

DI KERR: You have a solicitor with you here this morning. Mr Gerrard, would you introduce yourself please?

N GERRARD: Yes, my name is Neil Gerrard, I'm a partner at the law firm, DLA Piper, and I am the solicitor to Julia Aldridge.

DI KERR: Also present in the room is:

N MCGUINNESS: Neil McGuinness. I'm an associate and employed barrister at DLA Piper.

DI KERR: I should inform you that this interview is being remotely monitored by members of the Serious Fraud Office and police team that are

investigating these allegations. The purpose of this remote monitoring is to provide me with advice so that I don't miss any key points which we may have to return to and ask you later on.

N GERRARD: DI Kerr, can I just confirm that we're still getting the names of the people that are remotely monitoring?

DI KERR: Yes. Yes, I'll provide you with a list of the names.

N GERRARD: Super.

DI KERR: I must inform you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that, Mrs Aldridge?

J ALDRIDGE: Yes I do.

DI KERR: Sorry, again could I remind you to speak up so that the microphone can pick up what you're saying? This is the 14<sup>th</sup> tape in an interview which has now been continuing over the past three days. Last night when we broke during the interview, I needed some time to review whether it would be appropriate to put many more questions to you, and I needed time to just review my interview plan. So I thank you for coming back this morning.

I'd like to start my line of questioning this morning by asking you some questions about your knowledge of what corruption is, and your **knowledge of corruption.** So first of all, can you tell me, are you aware of any of BAE's

competitors making corrupt payments in order to win business, at any time in the past?

J ALDRIDGE: Goodness. Only from what I've read in newspapers or journals of various sorts.

DI KERR: And what's that? What have you read?

J ALDRIDGE: I'm aware of various cases over the years, for instance, Lockheed Martin, in the States, recent cases involving Thales and I believe another one involving EADS. So yes, I'm generally aware of cases that have been, but not in any detail.

DI KERR: What were the concerns about Lockheed Martin? What do you know about that?

J ALDRIDGE: Not a great deal but just that there was a big case involving them quite a long time ago.

DI KERR: When was that?

J ALDRIDGE: Goodness. Perhaps even going back to the seventies.

DI KERR: Okay. What about any other cases? You said two others?

J ALDRIDGE: Yes, I've read a bit about cases involving, as I said, Thales and EADS.

DI KERR: What were those two cases?

J ALDRIDGE: EADS, I believe, were involved in a corruption case in South Africa. I can't actually recall where the Thales case was immediately.

L JONSON: When was that, the EADS case?

J ALDRIDGE: A few years ago.

L JONSON: Do you know if British Aerospace were involved in bidding for the same contracts?

J ALDRIDGE: I've no idea, no idea. So no, I don't know that they were competitors on the specific business concerned. All I'm saying is they're generally

competitors in the industry.

L JONSON: Is it not something that's talked about in the office?

J ALDRIDGE: Sorry, is what talked about?

L JONSON: The fact that your competitors are known to either make or have made corrupt payments in the past in order to secure a contract?

J ALDRIDGE: No, I don't really think it is.

L JONSON: Do you recall one instance over the past twenty years, in your capacity as a manager of IBS or HQMS where anybody, senior or otherwise, has made reference to your competitors paying bribes?

J ALDRIDGE: No, not the fact that competitors pay bribes as such. I mean, part of the presentation material that we get on our compliance briefings contain references to the fact that, you know, we'd all need to be alert and aware of this sort of activity, but no one specifically, I can't recall, talked about competitors actually engaging in corrupt activity.

DI KERR: Okay. Are there any countries in the world where you've heard that it might be inherent that if you want to win contracts then the right people need to be bribed?

J ALDRIDGE: Hmm. No, I mean, clearly, I'm aware of TI Indices where risks are considered greater in some countries, but then I'm also aware, for instance, that a recent corruption case involved I think Norway that's right at the top of the list. So, although, yes I'm aware of the Perception Indices, and you know, that is

something generally taken into account, as I said yesterday, when the company's considering where it will do business, that's not an area in which I am directly involved.

DI KERR: What's a TI Indices? What are they?

J ALDRIDGE: Transparency International.

DI KERR: Ah-ha.

J ALDRIDGE: And perception, corruption perception indices.

DI KERR: And could you elaborate a bit more perhaps as to what they are?

J ALDRIDGE: Well, these are published ratings by Transparency International on how corrupt countries are perceived to be.

DI KERR: And have you ever seen any of those indices before?

J ALDRIDGE: Yes, yes. As I said, these are things that are made aware to us in the presentations that we receive as part of our general ethics training.

DI KERR: And are there any particular parts of the world that these indices indicate would be more liable to be countries where corruption is an inherent way of life than others?

J ALDRIDGE: Hmm. Well, the indices obviously rate countries, sort of from top to bottom, so...

DI KERR: And what sort of countries are considered to be more liable to bribing, or bribery being a way of life than others?

J ALDRIDGE: Hmm. I'm not sure what you mean by what sort of countries. I mean, each territory is...

DI KERR: Are there any particular areas of the world?

J ALDRIDGE: Well, clearly for instance you don't get many - I'm not allowed to call them third world

countries anymore, but -

L JONSON: Developing?

J ALDRIDGE: - developing countries, near the top of the list.

DI KERR: And what areas would you call developing countries? Or what parts of the world would you describe as developing countries?

J ALDRIDGE: Hmm. Well, generally the same as anybody else is aware, sort of, some African countries, not all. Various others on the Indian subcontinent, I suppose.

DI KERR: Have you ever seen Tanzania as being a country indicated that it would be high on the list of indicators, where a country might be susceptible to bribing as a way of life?

J ALDRIDGE: Hmm. Well, I'm sure it features on the list, the same as most other countries, but I can't specifically recall where it falls.

DI KERR: We discussed Tanzania yesterday; the fact that it is an East African country. There's the fact that it would fall within the TI indices. Would that not raise your concerns when you were making such large payments to Mr Vithlani in relation to an agent in Tanzania?

J ALDRIDGE: This is something we've become more aware of since compliance programme was introduced in 2001/2002, and in relation to appointments made since then, as I said yesterday, if the business, the company had decided that it was going to deal in those countries, then clearly those sort of risks are taken into account. In carrying out the due diligence checks that my

department made, we took the view, on the advice of the legal department, that we should accord the same level of scrutiny across the board. And I think my example a few minutes ago of the Norwegian case sort of bears out that it would be dangerous not to do that.

DI KERR: Hmm.

L JONSON: Can I, sorry, can I just ask a question at this point? You said it's something that you become more aware of post 2001/2002; the position of the country within the Transparency International Index?

J ALDRIDGE: Or even the existence of it.

L JONSON: Or even existence. Does that mean that little or no attention was paid to it before 2001?

J ALDRIDGE: Hmm.

L JONSON: As part of that due diligence process?

J ALDRIDGE: Well, as I said before, we in International Business Support were not responsible for carrying out any due diligence.

L JONSON: Right, but you were still heading up a department that was administering agreements with agents worldwide?

J ALDRIDGE: I was not heading that department.

L JONSON: You were definitely. You were occupying a senior management role, you accepted on Monday?

J ALDRIDGE: Hmm.

L JONSON: Does it surprise you to know that in 2001, Tanzania was in the bottom twelve countries around the world in terms of the Transparency International Index?

J ALDRIDGE: Well, probably not. I mean that's, you know...

L JONSON: It doesn't surprise you? No?

J ALDRIDGE: Well, it's an African country, and you know, as I said, I know, I recognise they're more likely to be in the bottom sector.

L JONSON: Did you know that it was in the bottom 12 in 2001?

J ALDRIDGE: I wouldn't have had cause to specifically recognise where Tanzania featured on the list until such time as a proposal was submitted to the department for processing.

L JONSON: Well, we'll come onto that in due course, but you accepted yesterday that you had to reconsider some legacy agreements, firstly when you inherited them from subsidiaries that you acquired. For example, say for Tanzania that was Siemens Plessey. And also you accepted for the legacy agreements that were outstanding when there was a change in procedure, you adopted a three-stage test?

J ALDRIDGE: The Company did.

L JONSON: Yes, well, copies of the those are in your files, which have been provided to us, so you would have seen those. Now, having seen those -

J ALDRIDGE: Hmm.

L JONSON: - that you would accept is the sum total of the due diligence that was conducted on the legacy agreements in 2001/2002, yes? That three-stage process?

J ALDRIDGE: That was the process that the legal department instituted at that time, yes.

L JONSON: Do you consider that sufficient in relation to Tanzania, knowing that Tanzania were at the

bottom of the Transparency International Index?

J ALDRIDGE: It didn't occur to me to question it. This was a process that the legal department produced in response to changes in law, and you know, we went through the process to satisfy their requirements, so...

L JONSON: You were happy to simply accept what the legal department had told you. Is that correct?

J ALDRIDGE: That's right.

L JONSON: Sorry about this.

DI KERR: Are there certain countries in the world, Mrs Aldridge, with whom BAE will not deal with because of the need to pay bribes to get business?

J ALDRIDGE: The marketing department work on a priority market basis, and, you know, the markets they tend to deal with generally fall within the top sector, I suppose, of the categorised list, but that doesn't necessarily mean that business won't be conducted at all in countries that fall further down...

DI KERR: Ah-ha.

J ALDRIDGE: Sorry, you might need to repeat the question to me.

DI KERR: So, do BAE - are there certain countries with whom BAE will not deal with, because they would need to pay large bribes in order to get a contract?

J ALDRIDGE: Hmm. I think you would need really to ask the marketing people how they determine in which markets they operate.

DI KERR: So again it's your position that's something you

would have nothing to do with?

J ALDRIDGE: No, I mean, I'm aware for instance that decisions have been made not to, for instance, do business in, say Nigeria, which, you know, I would assume is for that reason.

DI KERR: Right.

J ALDRIDGE: Because that risk is perceived to be high, and that, you know, generally which countries, the company has decided to work in or not work in, and, you know, I don't know.

DI KERR: And you've never heard of any example of corruption having taken place in any BAE contract, is that correct? Oh, with the exception of course of the one in relation to Qatar, that we've already discussed this week?

J ALDRIDGE: Can I have a word with you on that one about Qatar because its?

N GERRARD: Yes.

DI KERR: You want to take a short break?

J ALDRIDGE: Hmm. Yes please.

DI KERR: The time is 10.39 hours, and I'll be switching off the tape.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
THURSDAY, 19<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 9 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MS LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCGUINNESS	-	SOLICITOR

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DI KERR: This is the 15<sup>th</sup> tape in a continuation of an interview with Julia Caroline Aldridge. The time is 11.56 hours, and the date is Thursday the 19<sup>th</sup> of July 2007. Mrs Aldridge, I would remind you that you're here voluntarily, and that means you can leave at any time during this interview. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: I would also remind you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes.

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DI KERR: During the previous interview, I was discussing generally your knowledge of corruption, asking you questions about any knowledge you had of corruption within BAE Systems Plc, or any knowledge you had in relation to corruption having been committed by any of BAE's competitors. I asked a question which you then asked for a private consultation with your solicitor to discuss prior to answering it. Before I re-ask my question, is there anything you or your counsel wish to say?

N GERRARD: Nothing from our side, thank you.

DI KERR: Alright.

N GERRARD: Other than, please re-put your question.

DI KERR: Yeah. I was putting the point during the previous interview that I was trying to establish that BAE are proclaiming that they expect their employees to meet certain standards in relation to corruption, and that they have not - they widely claim that they have not committed any criminal offences in relation to corruption, and I asked a question about Qatar, and whether the issues concerning Qatar that we had discussed earlier in the week, in relation to Knock Limited, had slipped through the net. So my question was, do you know of any example of corruption that you've heard of within BAE, other than the one in relation to Qatar, which had slipped through the net?

J ALDRIDGE: Right. Can I deal with Qatar first?

DI KERR: Sure.

J ALDRIDGE: When I explained the other day that I'd been

satisfied with a respect to Qatar, it was explained to me that this was an exceptional circumstance and a one-off. And the explanation given to me was that the appointment and the payments made in relation to that appointment, were in the full knowledge of UK government and the Qatari customer, i.e. the government, and so on that basis, I didn't consider it to be corrupt. So I was satisfied that although, strictly speaking, the appointment was in breach of company policy, those circumstances gave me comfort and alleviated my concerns.

DI KERR: Did the issue concerning Qatar meet the standards that BAE Systems themselves set?

J ALDRIDGE: I couldn't comment on that. I said to you that I was not directly involved in that, and I had concerns at the time and I received the explanation and I was satisfied with it.

L JONSON: Why can't you comment on it?

DI KERR: Hang on. Do you - what is your opinion? I'm trying to get your opinion here, Mrs Aldridge. You say...

J ALDRIDGE: I was satisfied at the time with the explanation I was given that this was not a case of corruption for the reasons stated, and I didn't have any further discussions on the matter. I was perfectly satisfied it was being dealt with by others, and including the legal department, and that's as far as it went, as far as I was concerned.

DI KERR: Lydia?

L JONSON: Right. So you have been told, having

established that payments were made to a foreign public official in Qatar by your company, that in fact because the Qatari government knew about it, and because the payments were in full knowledge of the United Kingdom government, it was all okay. That's what you were told?

J ALDRIDGE: Yes.

L JONSON: And bearing in mind the company's stated policy from, well over how many years? 20 years? That they will not tolerate payments to foreign public officials in any way, shape or form, you were satisfied with that explanation and you did not question that further. Is that correct?

J ALDRIDGE: That's correct. I had raised it as a concern and I was satisfied with the response.

L JONSON: Who did you...

**(Pause)**

L JONSON: Who did you have this conversation with?

J ALDRIDGE: Probably Hugh Dickinson, at the time.

L JONSON: Hugh Dickinson, your immediate boss, yes?

J ALDRIDGE: Hmm.

L JONSON: With whom you have a good working relationship?

J ALDRIDGE: I've worked with him for a number of years, and yes, I would say it was a good relationship.

L JONSON: You deferred to him for advice on a daily basis, yes?

J ALDRIDGE: Yes.

L JONSON: And if I'm not mistaken, when we asked you about Knock yesterday or the day before, your understanding was that he knew, he found out when you did, that HBJ was linked to the Amir? Yes?

J ALDRIDGE: I believe that to be the case.

L JONSON: On what basis?

J ALDRIDGE: Just the general understanding at the time, but as I've said, you know, I wasn't particularly involved in this. I mean, I was simply involved because the company was, as I understand it, just acting as a witness in the case, as in pulling together information and I had a very peripheral role, as I say, so...

L JONSON: You're senior management of the department that administers agency agreements. There is no other department in BAE that administers the agreements, yes?

J ALDRIDGE: That's right.

L JONSON: And you're saying, essentially that you weren't particularly interested in whether or not the policies had been complied with?

J ALDRIDGE: No, I said to you the other day that I was shocked at the time when I discovered that this had been the case, and I sought an explanation. I raised my concerns, I'd sought an explanation, and yes, I was satisfied by that explanation.

L JONSON: You must have been absolutely horrified that this had happened?

J ALDRIDGE: Yes, that's what I said. I was quite shocked.

L JONSON: Because if Knock was indeed a relative of the Emir, then all the due diligence that you rely on from your marketing department is an absolute sham. It is shown to be a sham. Something can get through, that's right?

J ALDRIDGE: Let's remember that in this timeframe, we were in any event reviewing our policies, and it

wasn't long after this that we - or the legal department - started drafting what ultimately ended up as the compliance programme, so this was in a similar sort of timeframe, so the fact that everything, the way we did things was under review, and we were taken out of marketing, and we were issued with a very detailed set of procedures for the future. In my mind, gave me comfort that the system had been looked at.

L JONSON: I asked you on Monday whether or not you felt that the change in the system was effected because BAE felt their old due diligence procedures were not sufficient to counter corruption, and you said no. You said you thought the procedures were entirely adequate. Are you now wishing to revise what you said?

J ALDRIDGE: No, I'm not saying I wish to revise what I said, but I'm merely pointing out that this happened in the same sort of timeframe, so, you know, if there was any failing then that would have been taken account of, but these were not things that I was looking at or reviewing. It was not my responsibility.

L JONSON: But I still don't understand, Mrs Aldridge, you've got payments to foreign public officials which have occurred on your watch, and when I mean yours, I mean you as deputy head, and Hugh Dickinson's watch, of the department that deals with the agreements. That means your procedures have failed you. That must be right, yes? If you don't know that the principal is a foreign public official then your due diligence at that

stage cannot be good enough. Is that right?

J ALDRIDGE: I said we were not carrying out due diligence at that stage. That's something we subsequently implemented.

L JONSON: That's my point though. You relied on what other people told you. Gerry Woodham didn't come to you and say, 'Sorry guys, actually HBJ is Al Tani, the very close relative of the Amir'. No-one told you -

J ALDRIDGE: No.

L JONSON: - so you rely on what they say. If no-one tells you, you've been failed, and therefore you unwittingly administer what is clearly contrary to BAE policy.

J ALDRIDGE: I said to you, I understood that to be an exceptional circumstance and a one-off, and I was...

L JONSON: How were you satisfied it was a one-off? How were you satisfied with that?

J ALDRIDGE: Because the exceptional circumstances were described to me, as I've said that there was a UK government involvement, full knowledge of the customer, and you know, everyone concerned was aware of this appointment, and you know, that - I fully accepted that that was a singular circumstance.

L JONSON: Okay. Did you ever say 'Hang on, this is totally contrary to what John Weston has told the American Attorney General' - sorry, the Secretary of State for Defence?

N GERRARD: What has he said?

L JONSON: He said that BAE will not make payments to

foreign public officials.

J ALDRIDGE: I don't think that's what he said actually. I think he said we would institute a compliance programme, which is what we did, and that's what I'm saying, this was happening in the same sort of timeframe.

L JONSON: Okay, well I think I would probably take issue with you on that, but I'm not going to do it without what he said in front of me, so we'll leave that to the next tape, and I'll go and get it. But as far as you were concerned, Hugh Dickinson, a man who you trusted, yes?

J ALDRIDGE: Of course.

L JONSON: Can I ask you one question? Did you ever ask him directly, 'When did you know that Knock was a foreign public official?'

J ALDRIDGE: I really can't recall. I can't recall.

L JONSON: Is it a question you think you would have asked? 'Come on Hugh, did you know about this? When did you know?'

J ALDRIDGE: I really can't recall.

L JONSON: Does it come as a surprise to you that Mr Dickinson of his own volition accepted that he knew that HBJ was a foreign public official as far back as August 1996?

J ALDRIDGE: Yes.

L JONSON: Now, knowing that and bearing in mind the conversations you had with him -

J ALDRIDGE: Hmm.

L JONSON: - do you still trust everything he's told you?

J ALDRIDGE: Yes, because as I've said, I can't recall when I got that understanding, and whether I asked him

that specific question, or whether it was an assumption that I made at the time.

L JONSON: Murray I'm done here.

DI KERR: Okay. I think I'll move on to a different topic. I'd like to get an understanding so that I'm absolutely clear in my own mind, of what your position is within the greater BAE Systems Plc management structure.

J ALDRIDGE: Hmm.

DI KERR: So can I ask you to start right at the very top of the organisational structure? Who is currently the chief executive of the whole company?

J ALDRIDGE: Mike Turner.

DI KERR: Right, and coming down the management chain within your area of responsibility, who would be next in line down from Mr Turner?

J ALDRIDGE: There were two COOs - in fact I think there are two COOs - one of which until fairly recently was my current boss.

DI KERR: Yeah.

J ALDRIDGE: He's no longer a COO, as I explained before, he's an executive director.

DI KERR: So, until recently, when was that?

J ALDRIDGE: Earlier this year.

DI KERR: Right, and that person was...?

J ALDRIDGE: Chris Geoghegan

DI KERR: Mr Geoghegan?

J ALDRIDGE: Hmm.

DI KERR: And he was your direct boss?

J ALDRIDGE: He still is my direct boss.

DI KERR: Right. So let me get this absolutely right in my mind. So we have the chief executive of the organisation, then Mr Geoghegan reporting to him  
-

J ALDRIDGE: Yes.

DI KERR: - and you would report to Mr Geoghegan?

J ALDRIDGE: Hmm.

DI KERR: So that puts you very, very high up. Would it be fair to say that that puts you very, very senior in the organisational structure of BAE Systems?

J ALDRIDGE: No, it doesn't really, we're a peripheral headquarters function and for convenience and so that we're removed from marketing function; we currently report into Mr Geoghegan.

DI KERR: How would you describe your level of seniority within the organisation then?

J ALDRIDGE: In a big organisation like ours? I'm a - I'm not on the most senior executive grading by any means, so I'm just the head of a head-office service function.

DI KERR: Okay. Commanding a salary of - including all your bonuses?

J ALDRIDGE: Hmm. Well, the basic salary is around £88,000.

DI KERR: And last year, on top of that, any bonuses?

J ALDRIDGE: Yes, I've already said that I received a bonus, well this year, of 15%.

DI KERR: So you commanded a salary of what? In excess of £100,000?

J ALDRIDGE: Yes.

DI KERR: Sorry, could you speak up? So therefore, I mean, would you describe yourself as a senior

executive of BAE Systems?

J ALDRIDGE: Well, in the scheme of things within BAE Systems, no, I wouldn't count myself as a senior executive. I just count myself as a head of a head-office function. You know, senior executives, you know, run businesses. I mean, I just - I'm a head of a service function. I'm not that senior actually.

DI KERR: But you also hold the position where you're a director of a company called Red Diamond. Is that correct?

J ALDRIDGE: Yes.

DI KERR: Yeah. And would you describe that Red Diamond is an important vehicle for making payments on behalf of BAE Systems?

J ALDRIDGE: No, I'd say Red Diamond is just one of, you know, many hundred companies within the group. I was just the director for purposes of signing agreements and dealing with any corporate paperwork.

DI KERR: Okay.

J ALDRIDGE: The responsibilities under, you know, that directorship were fairly limited.

DI KERR: Would you describe yourself as someone who has experience within your organisation, and within the job that you do?

J ALDRIDGE: Yes, I would say so. I've been there quite a long time.

DI KERR: And how many years experience?

J ALDRIDGE: Well, as I've said, I joined the department in 1988.

DI KERR: Lydia, you wanted to ask a question?

L JONSON: Certainly. Mrs Aldridge, do you accept that if the company wanted to make corrupt payments to foreign public officials, Red Diamond would be a very good mechanism by which to do that? Yes or no?

J ALDRIDGE: No. I've said previously the Red Diamond company as a contracting party made no difference in my view to the arrangements that were previously in place i.e. there were confidential aspects to the agreements, and that went back, well as I've said, I believe to at least the early eighties.

L JONSON: So what's the point in having Red Diamond at all then, if you're right?

J ALDRIDGE: Well, I said that as well, that in my view, it was pretty nonsensical, although I generally understood that there were concerns at the time, but in mind it was excessive, it was just an over-the-top reaction.

L JONSON: You certainly gave the wrong impression.

J ALDRIDGE: Yes.

L JONSON: And I think when you were asked questions about this, you said, when pushed, that the impression that other outsiders might get was that it might be used as a vehicle for corruption, for bribery, yes?

J ALDRIDGE: Hmm.

L JONSON: So do you agree that the practice of using an offshore based company with a correspondence address in the BVI? Which banks in a tote, a name that to anybody looking at a bank statement abroad or in this country, would not link it to

the company? Do you think that that would be quite a handy way of administering bribes? If someone wanted to do it?

J ALDRIDGE: I never saw any evidence -

L JONSON: Not the question.

J ALDRIDGE: - that that was the case.

L JONSON: Not the question. The question was if the company - it's a hypothetical - say, I'm right and the company is paying bribes, the setting up of Red Diamond is a good way to add another layer between the company and any prying eye that wants to look into it. Do you agree?

J ALDRIDGE: One of the aspects, as I've said, was reducing public visibility, but I don't believe that it was for the wrong purposes.

L JONSON: I don't know whether you're misunderstanding me, Mrs Aldridge, or I'm not putting my question clearly enough. It's a hypothetical. If the company is making bribes, do you agree that the setting up of Red Diamond would help them hide the fact that they are making bribes? Do you agree that? It's a secret company.

J ALDRIDGE: No, I don't see, you know, that it would. I mean, you know, talking about payments funded by BAE, going through the BAE books, and you know, it was a straightforward process. Nothing was hidden. The only aspect was the name that reduced the public visibility, otherwise, you know, it was just as it had been before. A straightforward process of appointing and making payments.

L JONSON: Certainly, I'll hand you over to Murray who

wishes to ask a question.

DI KERR:

You say that nothing was hidden. I have a concern there. The position we're taking is quite apparent to you. I mean, if I can run through one or two of the agents that have been paid by Red Diamond and employed in different countries that we are currently investigating lines of concern about. I mean FTNSA were a Jersey-registered company, trading in South Africa, and employed as an agent by BAE Systems in connection with South Africa, but they're banking in Jersey and in Switzerland. Similarly in relation to South Africa, an agent company called Huderfield were paid via Red Diamond. They're registered in the British Virgin Islands, they're trading in South Africa, and they're banking in the Bahamas. Kayswell, another company employed as an agent in relation to South African deals, registered in the British Virgin Islands, trading in South Africa, banking in Liechtenstein, and in Curasal. And I'll just run -

N GERRARD:

And your point is?

DI KERR:

My point with all this is, is Mrs Aldridge is saying that there is nothing hidden at all, but these are definitely hiding the fact that what the true nature of the agency fees are, what the payments are made, and all of these payments have been authorised by Mrs Aldridge.

N GERRARD:

With the greatest respect, my client has made it abundantly clear what she means by not being hidden, and she's told you that in the company's

books, which the auditors audit, it is clear Red Diamond's there. It's clear that the payments that are made to Red Diamond. It goes through the company's bank accounts. That's what she means. Abundantly clear. And from which, she has also told you, she takes comfort. This isn't something that one or two people hatched up somewhere away from the glare of the company. This is something that the company and its advisers appear to have known about it and had time to audit it over the years.

DI KERR:

Okay. I take what you've said.

N GERRARD:

You'll also appreciate that had this been suspicious, particularly with the law as it is, those advisers are under a duty to make the appropriate reports, and you I assume, would be in a position to know whether they have or not. So I think that my client has made it abundantly clear that, knowing the system, and knowing that it was put in place, and knowing that there were an army of in-house, perhaps even external, advisers looking at it, such as auditors etc. she's entitled to rely and take comfort from that.

DI KERR:

If I may - I wasn't reading out lists there for no reason - there was a question at the end of it. If I may just ask your client the question, and then we'll have dealt with that issue and move on. Identified that these companies are registered offshore, the payments are offshore, they're all agents on behalf of BAE. Did that raise concerns in you?

J ALDRIDGE: No it didn't.

DI KERR: Was that hidden?

J ALDRIDGE: No, I don't believe it was.

DI KERR: Okay. Lydia, is there anything else you want to ask on that?

L JONSON: Just give me a moment.

DI KERR: Yeah.

L JONSON: Not at the moment. I will have later.

DI KERR: Mrs Aldridge, I want to ask you some questions now just confirming again some of the areas we discussed earlier this week, concerning overt and covert systems. I know that you've said that this is not a phrase with which you're comfortable, but we've seen many examples of that very phraseology being used within your company in documentation.

N GERRARD: Have we seen many?

DI KERR: I've seen...

N GERRARD: You've only put one to us.

DI KERR: We've only put one to you -

N GERRARD: Okay.

DI KERR: - but I have seen on a number of occasions within the company documentation. As you probably have realised, we had anticipated we might be putting significantly more documents to Mrs Aldridge during this week. Can you confirm for me, Mrs Aldridge that you've told me about a system whereby BAE employ agents to assist in the selling of their products in many parts of the world? Is that the system that BAE use?

J ALDRIDGE: To provide advice to the company.

DI KERR: That's why, in a nutshell, why you would

describe why BAE uses advisers?

J ALDRIDGE:

Yes.

DI KERR:

Agents? And again, if you would just confirm for me that you've informed me that you're a director of Red Diamond, and that this company was set up by BAE to enter into contractual arrangements with these agents?

J ALDRIDGE:

I've relatively recently been a director of Red Diamond.

L JONSON:

When did you become a director of Red Diamond?

J ALDRIDGE:

Oh gosh. I can't recall exactly. I think it may have been in 2003.

L JONSON:

And the company is now liquidated?

J ALDRIDGE:

Yes.

L JONSON:

Can you remind me why it was liquidated?

J ALDRIDGE:

Because the company made a decision - the company being BAE - made a decision to wind it down.

L JONSON:

Did you ask why?

J ALDRIDGE:

No, not specifically, but by then of course we'd introduced the new procedures, and I think I've said before, you know, we made the decision to change the process.

L JONSON:

But why would that need - if your account is correct, and Red Diamond really isn't of much use in helping or hiding anything - why would you need to get rid of Red Diamond? I mean, you're the director.

J ALDRIDGE:

Hmm.

L JONSON:

You obviously, you must have realised that being a director of a company is onerous duty, yes?

J ALDRIDGE:

It wasn't an onerous duty, as I've said, you

know, the directorship as far as I was concerned was merely to enable me to sign agreements on its behalf, and in conjunction with any other directors including the legal department, and deal with any corporate paperwork.

L JONSON: What did you consider your liabilities to be as a director of Red Diamond? Your responsibilities?

J ALDRIDGE: I'm not sure that I actually ever considered it.

L JONSON: Well, did you not have any legal responsibilities?

J ALDRIDGE: As far as the corporate side of the company went, yes, and you know, if the legal department raised paperwork, i.e. in connection with the liquidation, that required the signature of a director, then - and it was explained to me the purpose of it - then yes, you know, I would understand what I was signing.

L JONSON: But what if - what if something happened to the company; it didn't pay its debts, or it was forced into liquidation or something along those lines, as a director you're faced with huge difficulties, surely? Did you not make any enquiries in relation to that before you agreed to take it on?

J ALDRIDGE: No, I didn't, you know, the same way that I'm authorised - I have a title of director within BAE and I'm authorised to sign documents on behalf of BAE. I saw it as a similar responsibility and...

L JONSON: But as a director of BAE, you're not legally responsible, are you?

J ALDRIDGE: No, no I'm not.

L JONSON: Whereas in Red Diamond -

J ALDRIDGE: Hmm.

L JONSON: - you are. Or you were before it was liquidated? Do you accept that?

J ALDRIDGE: To a certain extent, but you know, this company was, as far as I was aware, my understanding, that it was fully underwritten by BAE.

L JONSON: Right.

DI KERR: Alright, can I just ask you again please, Mrs Aldridge, to confirm one or two facts, to make sure that I've got them absolutely right in my head? You've told me that on a number of occasions that the agents employed by BAE Systems, or Red Diamond more accurately that they would have contracted with, would set up two companies. One company being paid in-country, in the country that they worked for, the advice was going relate to, and the other company, the other sets of payments, being paid offshore. Is that correct?

J ALDRIDGE: Yes.

DI KERR: Payment to the second company offshore?

J ALDRIDGE: Hmm.

DI KERR: Sorry, could you speak up?

J ALDRIDGE: Yes, sorry.

DI KERR: I mean, I have significant evidence that the payments made within in-country, are very commonly paid - in the industry it seemed to be a reasonable amount and a reasonable value, and the fees paid in-country would be consistent with normal agency fees for providing advice on

the selling of products within a company. I also have significant evidence that the payments to these offshore entities - the entities that you've described to us as 'confidential' companies - I would describe them as 'covert' as what I've seen in the company documentation. These payments are massive in nature, and they're significantly beyond that which would normally be expected were the payments for a legitimate business expense. Now, I've used Tanzania as an example, where Mr Vithlani was paid approximately \$11,000,000 for his agency work, offshore. Now, our concern is that that \$11,000,000 really was intended by BAE Systems to be used as corrupt - to corruptly influence people within Tanzania. People within the government, people within the civil service in Tanzania. Now, you've told us that you had no knowledge of the work that Mr Vithlani did. I'm using him as an example, but the example could be carried over to any of the covert agents that we have concerns about. You say you have no knowledge of what you did. Is there nowhere I can go to actually find out if these payments - let me use Mr Vithlani as an example - were for a legitimate purpose? I'm trying to get you to help me here, because really, if we can answer the question, was Mr Vithlani given \$11,000,000 for a legitimate purpose? If somebody can say 'Yeah, he was given it for this', then the issue would go away really.

J ALDRIDGE:

Well, I've explained before, it was the

marketing department's judgement as to the level of fees that were proposed.

L JONSON: But don't you ever think about the amount of fee, once it comes to you, and of your own independent thought think 'Hang on, that's a phenomenal amount of money', in relation to a country that is incredibly poor? 'I'd better, you know, I better just double-check there's nothing fishy going on here'?

J ALDRIDGE: I accept that they are big sums of money, but it was not my call. It was approved through the system, and you know, at the end of the day, I didn't see anything that gave me any concern.

L JONSON: But you didn't see anything, let alone anything that could give you concern. You don't know one way or the other. I mean, it's the same with Knock. You didn't see anything because Mr Woodham didn't write you a note saying; 'The Emir is - Sheikh Al Thani is a relative of the Emir'. How can you make that assumption when you haven't got full visibility?

J ALDRIDGE: The company had a policy which I expected was being followed. At the time that we made the, for instance, Tanzania appointments, you know, we had provisions in the agreement, and okay, you know, we can call that self-certification if you want to.

L JONSON: The advisers saying 'I promise not to pay any bribes to anybody'?

J ALDRIDGE: Yes, but nonetheless, you know, the legal department had included those for good reasons in my view, and you know, taking everything into

account, no, you know, I didn't have any reason to query it.

L JONSON: The way you were describing your job to me, Mrs Aldridge, as somebody who did not have a clue what was happening in the marketing department, and frankly, didn't really seem to care. That's the way it's coming across.

J ALDRIDGE: It wasn't my job to deal with that, you know, there's a - the marketing people selected who to appoint. They were the ones monitoring the activities of the adviser. They were the ones in regular contact with the adviser. You know, I simply didn't get involved at all in the day-to-day activities or any of the activities that marketing and sales, you know, were carrying out in doing their roles.

L JONSON: So, your account is that you were essentially an administrator - sorry, you're nodding, for the purpose?

J ALDRIDGE: Yes, yes, sorry.

L JONSON: And you were simply there to tick the boxes, to make sure that other people had done their job, and there to draft and sign agreements? That's just your job. You were not required, and this is not meant to be disrespectful, but really you were not required to exercise any form of independent thought. That was your job?

J ALDRIDGE: Yes, we were administrators. An administrative department that followed a process.

L JONSON: And you were - you have no qualms with your position, bearing in mind that at the last count of authorisations that we can establish can be

attributed to you, over £72,000,000 were authorised by you yourself as payments to offshore bank accounts in relation to a number of different agents, and you simply - you were absolutely happy to do that - simply on the information that you were given?

J ALDRIDGE: Yes, I mean £72,000,000, yes, sounds like a lot of money, but we're talking about, you know, big contracts that I don't know, how many advisers, over what period of time, so maybe, maybe.

L JONSON: It's not actually that many advisers. I mean, I'm only interested in South Africa, Tanzania, and Czech Republic. Those are the three countries, and the bulk is South Africa at £71,000,000, so let's have a look. I mean, we're talking - well, I can tell you them off by heart; Kayswell, Arstow, Brookland, Huderfield, FTNSA. There's a maximum eight. Eight agents. £72,000,000 to them. You've signed it off, yourself, as a director of Red Diamond and an authoriser. But your job is simply an administrator?

J ALDRIDGE: If payments became due under an agreement and I was on the banking mandate, then yes, I would have signed it off, and that agreement had been through the approval process which had been approved by legal - all of those agreements were approved by the legal department - then yes, I would have no issue with signing off the payment.

L JONSON: And you did say that obviously legal had only actually seen a copy of the agreement; they

didn't see anything else? So all they had was a copy of the draft Red Diamond agreement with the advisers saying 'I promise not to pay any bribes'?

J ALDRIDGE: No, legal run the referrals' committee. Legal saw a draft of every one of those agreements that we entered into. That was a requirement.

L JONSON: Okay, you've already said that on the referrals' committee, there were no real presentations about the due diligence, you just expected people to have spoke to marketing if they felt it was necessary. I mean, at any time on a referrals' committee did anybody, in relation to any adviser, say 'Okay, we need to talk about risk of corruption here. I can tell you no risk here because I know X, Y and Z, and it's absolutely fine'. Did that ever happen?

J ALDRIDGE: No it didn't, but then, you know, I don't know that that would have been discussed at that meeting. If anyone had got any issue, then you know, of that sort, then presumably that would have been something that would have been addressed outside the meeting. As I said, you know, the marketing people determined where they were going to be doing business.

L JONSON: That makes the whole referrals' committee a rubber-stamping exercise, don't you agree?

J ALDRIDGE: Well, you may think so. I don't know. There was senior people on the committee and you know, they were approving or not approving things, so...

L JONSON: Well, hang on, what you said, in the entirety of

the referrals' committee, all agreements were always approved. There was never a question of any one not being approved.

J ALDRIDGE: Well, I can't recall if there was nothing that was not ever approved.

L JONSON: Well, that's not what you said the other day.

J ALDRIDGE: Okay, well, maybe I shouldn't have been so categorical, but...

L JONSON: Well, I'd like to give you some time because I think that's a really important point.

J ALDRIDGE: Hmm.

L JONSON: What I'm suggesting to you at the moment, the way it looks to us, is that the referrals' committee was just not really worth having, because you could have just gone to finance and asked them, 'Well, can we afford the agreements in the country?'

J ALDRIDGE: But, you know, that's not my decision. The referrals' committee is set up at a very senior level, and you know, it's down to those members whether they approve things or not. I mean, I don't know on what basis they're making that judgement. That's not, you know, I mean...

L JONSON: You're sitting in as a secretary. You're having to go to all these meetings.

J ALDRIDGE: As a note-taker.

L JONSON: Yeah, I know, but it's time in your day. I mean, surely in the seven years that you did it, at some point you said, 'Oh my goodness, I'm going to have to go to this meeting again. We approve every single one. There's never any discussion. I only write one line saying

approval or - well, approval'. So did at no point, I mean -

J ALDRIDGE:

No.

L JONSON:

- it's natural human reaction to say, 'Well, what is the point of these meetings? They chat around the coffee machine.'

J ALDRIDGE:

No, it didn't actually. No it didn't. I got the impression that people had looked at the paperwork before the meeting when they were sent the agenda, and that, you know, everyone knew what proposals were going through.

L JONSON:

How could you know that if nobody - if there were never any detailed discussions about - in the meetings? How could you know that people had looked at the material?

J ALDRIDGE:

Because they'd been sent it a week in advance, so it was up to them, you know, to what degree of scrutiny they gave it.

L JONSON:

But we've already said you only sent them a copy. What did they get? A copy of the proposal?

J ALDRIDGE:

Yes.

L JONSON:

Right, but which had no real due diligence on?

J ALDRIDGE:

Well, as I said, that wasn't my responsibility at the time.

L JONSON:

No, no. This is not a criticism of you, but you accept that the proposal had no real due diligence on? Yes or no?

J ALDRIDGE:

Well, to the extent that marketing had carried out whatever checks they carried out.

L JONSON:

Well, you know what's in a proposal form, what was in the old-style proposal form? What was it

in that form that would satisfy an independent observer which I presume that was the point of the referrals' committee, what was it in there that would satisfy somebody? Ah yes, marketing know what they're doing here, because they've considered sufficiently the risks of corruption and they have satisfied themselves appropriately. How can you tell that from that form?

- N GERRARD: Are we talking about the old system or the new system?
- L JONSON: No, old system.
- J ALDRIDGE: No, well I agree you probably couldn't tell it from the form, but nonetheless there was a company policy in place.
- L JONSON: Again, at the moment I'm just trying to find out what the people who were on that committee have, okay? So, we've got that proposal form, okay, of absolutely zero use in reality, in establishing whether or not the adviser was a risk person to appoint. Do you agree?
- N GERRARD: Whoa. I don't think you're being fair here. You've both felt and pointed out that the large amounts, the large figures... Am I allowed to finish this? It's a fairly short point.
- DI KERR: Very, very briefly, yeah. You've got about a minute.
- N GERRARD: Okay. No pressure there then. You've both highlighted that these are large amounts, and you both keep saying, 'Gosh, aren't these large amounts suspicious?' You've both said that.
- L JONSON: We're not really talking about that though at

the moment, in fairness. We're talking about -

N GERRARD: No, you are. No, you are.

L JONSON: No, no, no.

N GERRARD: You are saying there is nothing there, and there's the agreement with the contract terms, isn't it? Thank you.

L JONSON: We haven't even got on to that yet.

DI KERR: I'm going to stop this here because I think this is something that's not going to be dealt with in the next few seconds, so the tape is now running out. The time is 12.41 hours, and I'll take a short break to change the tapes.

N GERRARD: 12.40.

L JONSON: Need a break as well. Shall I stop this?

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
THURSDAY, 19<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 10 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MS LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCGUINNESS	-	SOLICITOR

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DI KERR: This is the continuation of a taped interview with Julia Caroline Aldridge. The time is 14.12 hours and the date is Thursday 19<sup>th</sup> July 2007. This is the sixteenth tape in the continuation of this interview. Mrs Aldridge I should remind you that you are here voluntarily and that means that you can leave, you're free to leave this interview room now or at any time during the interview. Do you understand that?

J ALDRIDGE: Yes, I do.

DI KERR: I must also remind you that you are under caution and that means that you do not have to say anything but it may harm your defence if you do not mention when questioned something which

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you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE:

Yes.

DI KERR:

You've had the opportunity to take some lunch in the break, in the interim since the last interview. Are you content now to continue with the interview?

J ALDRIDGE:

Yes. Thank you.

DI KERR:

Lydia I'm going to ask you to start off this part of the interview.

L JONSON:

Yes. Mrs Aldridge, just before we broke for lunch I was just asking you a few questions in relation to the material that was being provided to the referrals committee in order for them to make their assessment on whether to approve an agent or otherwise.

J ALDRIDGE:

Mm-hmm.

L JONSON:

And we established that they were provided with a copy of the proposal form.

J ALDRIDGE:

Mm-hmm.

L JONSON:

And I think we dealt with what was contained within that proposal form for that. I just want to clarify exactly what else they would give. I think you said a couple of days ago a summary which you provided for them which essentially set out the names and brief payment details of the other agents in the territory. Is that correct?

J ALDRIDGE:

That's correct. Yes.

L JONSON:

And was that, oh and a copy of the draft

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agreement, they were also given a copy of that.

J ALDRIDGE: No the committee wasn't given a copy of the draft agreement. That was reviewed by the legal department subsequently.

L JONSON: Right so the only material that the referrals committee had was the proposal and a summary that you gave?

J ALDRIDGE: They did. Can I just mention at this point that the proposal form contained details of the transaction envisaged, i.e. for the value of the contract for which the appointment was being made? And also the proposed terms of the appointment with the advisor. So the quantum fees which you were referring to again earlier was very much in evidence at the meetings and indeed you know there was a finance director at the, on the committee and various other senior people who were well versed in the commercial aspects of the business, who would have had full knowledge of the proposed business and you know the amounts that would ultimately become payable.

So-

L JONSON: I don't dispute that the referrals committee would have seen the amount of fee. If they had a copy of the proposal that would have been set out quite clearly. But what wouldn't have been set out is the identity of the principal or the beneficial owner necessarily. Can you confirm that?

J ALDRIDGE: That would have depended entirely on what the

marketing person had included on his form. But none the less you know that question could be asked at any time, indeed the marketing director was a representative on the committee a member of the committee.

L JONSON: So the, would the marketing director have always been on that committee when their agent was being discussed?

J ALDRIDGE: Yes.

L JONSON: And do you remember that question being asked? Who's the principal behind this? It is the name of a company but we can't tell who the principal is. Do you remember that being asked?

J ALDRIDGE: No I can't recall whether that was ever asked. The main discussion around the committee table was the level and amount of fees being paid.

L JONSON: It was really in the exposure of the company within the territory.

J ALDRIDGE: Yes.

L JONSON: Would you think it's fair to say that the role of the committee was not really to establish whether or not it was appropriate to pay the advisor in terms of risk of corruption but more whether or not the company had sufficient exposure or otherwise.

J ALDRIDGE: I suppose you could put it that way, yes. But on the other hand of course, you know, the marketing director was there and you know one would expect that he was fully ok with the appointment being made.

L JONSON: But just for the sake of argument and bear with

me on this, say for example the marketing director knows there's corruption. Just say for the sake of argument the marketing director knows, he's not going to volunteer that necessarily to the committee is he?

J ALDRIDGE: Well it wouldn't have been at question. I mean we knew what the policy was and you know and I'm certain I took that on trust. So-

L JONSON: But of course your trust was broken in the case of Qatar. Because you trusted that you were not paying-

J ALDRIDGE: Yes. But I've already said, you know, I was fully satisfied that that was a total exception.

L JONSON: Murray.

DI KERR: All right. I'd like to, to ask just clarify some issues in relation to our discussions yesterday in connection with Novelmight. Or it may have been Tuesday actually. Can you just confirm one or two things for me please? Firstly can you confirm that you've told me about the setting up of the company called Novelmight and that the purpose of this company was to be as a vehicle to store documents which BAE Systems wanted to surround in commercial secrecy. Is that correct?

J ALDRIDGE: I can't remember the exact way I put it but yes, I believe, sums it up.

DI KERR: All right. And that the agreements with these companies were held in Geneva in an un-staffed office, which you visited weekly, or monthly. Is that correct?

J ALDRIDGE: I visited yes, that, irregular times, but yes I mean sometimes monthly sometimes weekly.

DI KERR: Okay. I have, I've quite a concern with the whole issue surrounding the Novelmight offices Mrs Aldridge. And it seems quite implausible and the reason or the reasons that I have concern about why this office was set up or why Novelmight was set up, is, firstly because of the financial costs to BAE Systems. There are I guess significant costs in setting up an office and then running it and then with the continual drain on your time going back on the costs of flights etc., getting out to Geneva. Secondly really in a very much is it a drain on your time and as busy employee within BAE at Farnborough I can't understand why you would go out to Geneva to do work which it seems to me and you've said yourself, may conceivably have been done in Farnborough. And thirdly and really much more importantly I mean you maintain that the primary reason for setting this, setting up this office is to maintain the security of the documents. Is that correct?

J ALDRIDGE: That was my understanding at the time.

N GERRARD: What are we saying corrected. You made three points, are we saying correct on all or-

DI KERR: Well is it correct-

N GERRARD: -and if you are-

DI KERR: -is it correct that the office was set up to maintain the security of the documents? Because it was felt they would be more secure in Geneva

than in Farnborough?

J ALDRIDGE: No. What I said was it was my understanding that it was to address particular security concerns at the time so I'm not saying the office in Geneva was any more secure in itself than the office in Farnborough.

DI KERR: Okay.

J ALDRIDGE: I'm merely saying the fact that they weren't at Farnborough where there was a perceived risk of whatever activists at the time, running in, and that sort of thing though was the reason, as I understood it for the removal.

DI KERR: Did anybody within BAE suggest that the reason for lodging these documents could be seen as keeping them away from the sort of prying eyes of an investigation in the UK?

J ALDRIDGE: I never heard that mentioned.

DI KERR: You never heard that before? And would you accept that you were probably the person who was most closely associated with Novelmight?

J ALDRIDGE: Once the decision had been made to set it up but that was more by virtue of the fact that I spoke some French so clearly I could deal with contractors' utility people. And because I regularly visited Geneva to deal with general housekeeping on the escrow arrangements.

DI KERR: And who made the decision to set it up, can you recall?

J ALDRIDGE: Mm-hmm. No because I wasn't actually involved in that process. It was communicated to me by Hugh Dickinson but who specifically had agreed

to it all I don't know.

L JONSON: Have you have ever asked why? I mean if it's not, it's no more secure than Farnborough as you accepted yourself. So you're the person that has to travel out there every week, did you not ever ask someone why?

J ALDRIDGE: No. I expressed, as I said before, I expressed my concern about the whole concept of the office, Red Diamond and you know they were noted and I was overruled. Well you know I'm not the one in charge if I'm overruled then-

L JONSON: Okay. Then let's split them up, we've asked about Red Diamond but coming back to Novelmight. You're still the person that has to travel out to Switzerland, sometimes every week, to deposit the contents of your files and retrieve others. You accepted I think before that you couldn't really see any reason on a security point of view for them being over in Switzerland, finding no more comfort as far as you were concerned, than them being at Farnborough.

J ALDRIDGE: No. It was a bit over the top.

L JONSON: Over the period that Novelmight was operating and the times that you were visiting, I mean how many times do you think you went over that, approximately-

J ALDRIDGE: I have no idea.

L JONSON: Hundreds?

J ALDRIDGE: I really can't remember. I'd have to check that.

But I would have been going anyway to do with

the escrow stuff I mean so that wasn't the point. I mean I've already said I considered it to be a big nuisance. But at the time it was set up you know I didn't fully appreciate what it would involve in terms of pressure on my time or anything else.

L JONSON: And how much pressure did it involve on your time?

J ALDRIDGE: In fact not a huge amount because as I said I was going out there anyway.

L JONSON: Every time you went to see Rene Merkt as well that you were, as well as this going to Novelmight?

J ALDRIDGE: Usually.

L JONSON: But obviously you're doing two tasks there rather than a simple one.

J ALDRIDGE: Yes. Yes. That's right. So it took longer.

L JONSON: After expressing your initial concerns you just didn't ask anymore. Is that right?

J ALDRIDGE: Well that's right. I mean it was perfectly apparent to me you know it was just an overseas office, mainly a storage facility, visiting office. I said it was fairly convenient and apart from that-

L JONSON: It was not your decision to make?

J ALDRIDGE: No.

L JONSON: Murray do you have anything else on Novelmight?

DI KERR: No.

L JONSON: Mrs Aldridge I'd like to ask you some questions about the legacy agreements. Now post 2001 you were responsible, you are responsible for the

due diligence on agents. Is that right?

J ALDRIDGE: The head of department was responsible for-

L JONSON: Right. So it would be wrong to say that you were responsible?

J ALDRIDGE: I've been with the department since-.

L JONSON: So since 2006, so between 2001 and 2006 it would be Andrew Fletcher?

J ALDRIDGE: Yes.

L JONSON: But since Tom Rogers was appointed he reported to you, is that right?

J ALDRIDGE: Yes.

L JONSON: And when he reported to you, you would deal with his queries and that would if necessary involve going to the compliance, the head of compliance, Chris Wood.

J ALDRIDGE: Yes.

L JONSON: Or dealing with Andrew Fletcher.

J ALDRIDGE: Mm-hmm.

L JONSON: Now when these legacy agreements were adopted it was decided by some people that they should undergo a three-stage procedure.

J ALDRIDGE: Mm-hmm.

L JONSON: Forms IBS five, six and seven that we've spoken at length about. So the payment certification by the advisor, an ascertain, a signed ascertain by someone in marketing saying that they were satisfied and if necessary albeit, I don't think you said, did happen all the time, but an interview between legal and someone in marketing. Is that correct?

J ALDRIDGE: That always happened.

L JONSON: That always happened. Thank you.

J ALDRIDGE: Plus I said there was a check sheet that we run through.

L JONSON: To confirm that those three documents had been signed and that company registration documents were present.

J ALDRIDGE: Yes. I can't remember exactly what was on the sheet but more or less that-

L JONSON: We can refer to one if it would help you but that's my understanding of it, correct me if I'm wrong.

J ALDRIDGE: Mm-hmm.

L JONSON: Now as long as those forms were completed, did you at that time consider that to be sufficient due diligence?

J ALDRIDGE: It, yes, I mean that was all that the legal department believe was necessary-

L JONSON: But I'm asking you obviously. You're, you've got a responsibility now within the department to deal with due diligence.

J ALDRIDGE: Mm-hmm.

L JONSON: You are certainly now the head but then you were working pretty much I think operationally you said, full time. Andrew Fletcher wasn't around an awful lot. So I'm asking you, did you consider yourself having all the experience you've had with agents over the years, that to be sufficient due diligence.

J ALDRIDGE: At that point in time, you know, the whole due diligence thing was new to the department and we sort of were on a learning curve and you know

and I would hope since 2001, 2002 and the time that I appointed Tom Rogers we've all you know put in additional checks and you know done what we could to the best of our ability to improve the system.

So-

L JONSON: I understand what you're saying but with the greatest respect not quite answering the question I asked which is did you at the time consider that that due diligence was sufficient. For example if you didn't did you speak to anybody about it?

J ALDRIDGE: I did consider that it was yes.

L JONSON: Right. Okay. Now can you tell me what it was about those three forms that you considered to be sufficient due diligence, how were you satisfied that that extra documentation provided you with enough comfort that the payments were being processed appropriately.

J ALDRIDGE: Well A) I'd had no reason to suspect there was anything wrong with them in the first place.

L JONSON: Well you had no reason to suspect that there was nothing wrong with either presumably.

J ALDRIDGE: Well that didn't occur to me. You know we had a process, we had a policy and you know-

L JONSON: Then why change it with the new due diligence procedures, if it's working okay beforehand. It's got to be an additional check hasn't it?

J ALDRIDGE: Because that's what the company decided to do.

L JONSON: Right. There must have been a reason though surely. The company doesn't just do something

without a reason. Due diligence-

J ALDRIDGE: Well this is the covering letter and-

L JONSON: All right we can come to that but I'm just, you got, you're much more familiar with the content of these certificates than I am, and I'm just asking from a not even a legal point of view, what it is about the new documents that would make one satisfied or more satisfied that the payments were being processed correctly?

J ALDRIDGE: Well you know it was no more than an assurance process at the time. And you know as far as I was concerned that's what the legal people believe we needed at that point in time to supplement the process we'd already had, which was underpinned by a policy of no corruption. Later on, you know, the view was slightly changed because as I may have mentioned there was an audit recommendation later on that said well it would be better if you did actually now carry out some retrospective due diligence.

L JONSON: Right. When was that?

J ALDRIDGE: I think in, in fact, 2006.

L JONSON: Right okay well-

J ALDRIDGE: So from that point, yes, you know that's what, that's what we did.

L JONSON: Okay. Well let's just look at the payment forms. You've got a statement from the advisor promising not to pay any of the money onwards to anybody. Now correct me if I'm wrong but essentially that representation figures in the original agreement.

J ALDRIDGE: Yes. And it reminded them of that fact.

L JONSON: Right but they'd signed obviously, signed a contract saying they will not bribe anybody and they presumably have read each page and initialled it at the bottom?

J ALDRIDGE: Mm-hmm. Yes.

L JONSON: So is it fair to say that that payment certification form isn't adding a great deal to the due diligence process?

J ALDRIDGE: Well okay I mean it was specific to payments that had been made or would be made so-

L JONSON: But that obviously would have been covered under the original agreement?

J ALDRIDGE: Broadly yes. Yes.

L JONSON: All right. Then you've got a signed declaration from a person in marketing stating that they are familiar with the advisor and they have no reason to suspect.

J ALDRIDGE: Mm-hmm.

L JONSON: Right. And then you have the legal department who have had an interview with that same person in marketing-

J ALDRIDGE: Mm-hmm.

L JONSON: So they are satisfied again from what marketing have said. Yes?

J ALDRIDGE: Well yes. You know. I suspect the company lawyers to be able to interview a marketer to his satisfaction.

L JONSON: Right. Do you know if legal are provided with any further documents that you're not provided with?

J ALDRIDGE: Further documents like?

L JONSON: Well when they're interviewing this marketing person are they provided with further types of documentation so that they can be satisfied-

J ALDRIDGE: I don't know, I don't know if whether they requested marketing files or not.

L JONSON: I'd like to ask you about an agent called Kayswell Services who was paid £40 million out of Red Diamond and it's an agreement that you signed on behalf of Red Diamond.

J ALDRIDGE: Mm-Hmm.

L JONSON: Now you told us that all due diligence prior to 2002 was conducted by the marketing services department. Yes?

J ALDRIDGE: Marketing?

L JONSON: Yes sorry marketing department. Yes?

J ALDRIDGE: Yes.

L JONSON: You would have had nothing to do with it.

J ALDRIDGE: No.

L JONSON: Right. Can you look at in Kayswell sub-folder SAK13A? Sorry 13 and 13A.  
It's DocMan number 009911000088. Do you recognise this document Mrs Aldridge?

J ALDRIDGE: Yes I have seen it before.

L JONSON: It's a letter signed by Jules Pelissier dated April 19<sup>th</sup> 1995 to you at Lancaster House referring to your earlier correspondence and enclosing a number of items of articles of association.

J ALDRIDGE: Mm-Hmm.

L JONSON: Now can you explain why you are dealing with

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what can only really be described as due diligence documentation company registration forms, certificates, etc. Why has the marketing department not dealt with any of this?

J ALDRIDGE: Well in theory it was supposed to be attached to the proposal form but it didn't always appear at the same time as the form. And if it was missing we would simply contact the advisor and say we need this information from you.

L JONSON: Would a copy of the proposal form for Kayswell have been retained?

J ALDRIDGE: I would imagine so if there had been one yes.

L JONSON: Now the difficulty I have Mrs Aldridge and I don't criticize you here is that we have not been provided with a copy of a proposal form for Kayswell, which means one of two things as far as I'm concerned. Either they're never, well one of three things. Either there never was one. Secondly, there has been one and it's been shredded, I'm not saying that that's anything suspicious about that. Or thirdly there is one and your company has not complied with the terms of a Section Two Notice and provided it to us. Now can you recall whether or not there was one in existence?

J ALDRIDGE: I can't specifically; I would have to check the file.

L JONSON: Because in 2001, Kayswell was reviewed as being a legacy agreement.

J ALDRIDGE: Mm-Hmm.

L JONSON: And if you look at SAK50 and 51, 011224000017

and 18 we have the two, or two of the three forms that we've been referring to. Do you agree with that Mrs Aldridge?

J ALDRIDGE: Yes.

L JONSON: Now do you agree that one of the, one of the most important things about due diligence is to establish the identity of a beneficial owner of a company?

J ALDRIDGE: I would now.

L JONSON: You wouldn't then?

J ALDRIDGE: Well then we were not applying our current standard of due diligence on these legacy agreements. I thought I, I really thought I'd made that clear, you know. This process was agreed at the time as what was necessary. It wouldn't be, or fulfil our requirements now but then it did.

L JONSON: But you gave us a pretty good definition of what you understood to be due diligence when we first started this interview. I'm just simply asking do you not consider that establishing whether or not that, well establishing the beneficial owner of a company is an important part of due diligence?

J ALDRIDGE: Yes. Now I would. Yes.

L JONSON: But you didn't consider that then?

J ALDRIDGE: No. In relation to these old appointments that was not something that I was required to establish.

L JONSON: Don't you think it's important that you know who you're paying? I mean we went through the

amounts and I know that your solicitor made representation about the amount of fee but you are authorising over £72 million just to the four companies that we're investigating. I would have, well correct me if I'm wrong, but I would have thought that knowing who you're paying is really rather important.

J ALDRIDGE: Yes well the appointment was approved in line with the policy at the time so the committee approved this appointment on the basis of the proposal that marketing had produced.

L JONSON: Which you've already said doesn't identify the beneficial owner. You said that earlier.

J ALDRIDGE: No, the form itself may not have done but you know marketing were aware of who we were appointing. I mean, you know, names appear on the forms and these were the people we dealt with.

L JONSON: Ah they're the people you dealt with but are they the beneficial owners? That's the key. I mean presumably everyone you dealt with as part of HQMS or IBS they're not going to be the beneficial owners. They'll be administrators, company secretaries, they'll be the people who sign the agreements who have power of attorney, they're not always going to be the beneficial owners. Do you agree?

J ALDRIDGE: I agree that could be the case.

L JONSON: Right. Now, what, if corruption is taking place who are the likely candidates. Firstly, the advisor, yes, he's the person that's got to make

the payments? Do you agree? If corruption is taking place?

J ALDRIDGE: I'm not sure entirely I understand your questioning there.

L JONSON: All right. Say you're, say you're wrong and I'm right that British Aerospace has been paying foreign public officials through agents okay, just for the sake of argument. Go with me. Who is going to be involved? The advisor, because he's got to make the payments, yes?

J ALDRIDGE: It's pure supposition if you're saying that, yes.

L JONSON: Okay. Yes. Someone's got to pay, someone's got to make the bribes, so you got the advisor. Secondly, well the company obviously are going to know, isn't it going to be the person in marketing that's going to have the knowledge and is going to be involved?

J ALDRIDGE: Well that's what I've consistently been saying to you. That, you know, marketing knew who they were dealing with-

L JONSON: Right. So when you get a payment form back from an advisor saying won't bribe and you get a payment form back from a marketing advisor saying I know this advisor and he won't bribe, do you not still think, bearing in mind all the warning signs with all of these agents, that you should have asked some questions before you paid out £72 million? Before you authorise those payments?

J ALDRIDGE: No. I'm afraid I didn't, no. Authorising

individual payments was simply a function of the agreement. We were meeting an obligation that had already been entered into under that agreement which had been approved, which had, as I said, the full visibility of finance director everyone understood the commercial terms. So the quantum of the fees had been approved by you know a considerable number of people. And I didn't see it as my role you know at the time of making a payment which is purely as I said, meeting that obligation you know something to be questioned. You don't-

N GERRARD: Can I just make a point here because I think we're in danger of going round in circles? I think my client's made it abundantly clear now on many occasions that she administered this process, her words not mine. She administered the process. This process was not designed by her.

L JONSON: No.

N GERRARD: Designed by others.

L JONSON: Not suggesting it was.

N GERRARD: Which she administered.

L JONSON: Mm-Hmm.

N GERRARD: So I think it's unfair for you to continue this line. You made your point. You don't think it's a great system and you think she should have answered questions about it or raised queries about it. She followed the system. She administered the process.

L JONSON: Thank you very much for your representations. I

had in fact just finished that line of questioning and was about to move on. Mm-Hmm. Mrs Aldridge appreciates the nature of the questions that's being asked. Do you know who the beneficial owner of Kayswell is?

J ALDRIDGE: I don't know that I do.

L JONSON: The main beneficial owner and shareholder of Kayswell is a gentleman by the name of John Arnold Bredenkamp. Are you familiar with that name?

J ALDRIDGE: Yes.

L JONSON: How are you familiar with that name?

J ALDRIDGE: I believe I have seen his name on documents and of course it's been in the press.

L JONSON: Yes. Sorry. But apart from being in the press you, have you seen him in person?

J ALDRIDGE: No. No. I've never met him.

L JONSON: You've seen his name on what documents, BAE internal documents?

J ALDRIDGE: I believe so.

L JONSON: Can you help us anymore as to-

J ALDRIDGE: No I can't. And you know in connection with Kayswell I only ever met Jules Pelissier.

L JONSON: Because the difficulty is that the documentation that you've, that was in the, sorry I'll start again. The system that was in place in, for reviewing legacy agreements in 2002, and in fact even the system you've got in place now the Google searches, the Experian searches, the references they are not going to reveal the beneficial owner of Kayswell. Are they?

J ALDRIDGE: Well we ask a lot of questions on the application form and we attempt to see some corroboration in the company search reports. But as far as possible, you know, we-

L JONSON: It's difficult-

J ALDRIDGE: -we establish-

L JONSON: Kayswell's an offshore company.

J ALDRIDGE: Well yes.

L JONSON: And you can get limited information.

J ALDRIDGE: No I accept that.

L JONSON: If you'd known that John Bredenkamp was the beneficial owner of Kayswell in 2001 and you'd done the equivalent of Googling him or whatever was in existence at the time, you'd have known that in early, in late 2001 and these forms are signed in 2002, his name came up in the Houses of Parliament, in a debate in the House of Commons in relation to his suspiciously close relationship with Robert Mugabe. His activities having come to the attention of a United Nations panel in relation to diamond plundering in the Congo. And in relation to his activities, if I can put it that way, into arms dealing in generally. Mr Bredenkamp, there is a substantial amount of information about Mr Bredenkamp on the Internet and there would have been so in 2001. Had you known that he was the beneficial owner what would you have done?

J ALDRIDGE: Well we would have considered the information available to us at the time.

L JONSON: And done what?

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J ALDRIDGE: Well I don't know it depends on you know how we viewed it and who we thought we needed to consult with or, in order to reach a conclusion. I can't say really, I mean-

L JONSON: Does it concern you at all that 60% of BAEs the BAE money that went to Kayswell has ended up in the hands of a man who is, who has been named in numerous articles as being suspected of corruption, diamond smuggling, the various activities. Does that concern you at all?

J ALDRIDGE: Yes I've got a-

N GERRARD: Do you want to take a-

J ALDRIDGE: Can we have a chat about that?

N GERRARD: We'd like to have a, the client would like to consult me.

L JONSON: Certainly.

DI KERR: Right the time is now 14.46 and I'm going to switch off the tape to allow Mrs Aldridge to have the opportunity to consult with her solicitor.

**(End of Tape)**

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON  
THURSDAY, 19<sup>TH</sup> JULY 2007.

CASE REFERENCE RLI02

TAPE 11 OF A BATCH OF 11

PERSON BEING INTERVIEWED: MRS JULIA ALDRIDGE

PERSONS PRESENT:

DI MURRAY KERR	-	MINISTRY OF DEFENCE FRAUD SQUAD
MS LYDIA JONSON	-	SERIOUS FRAUD OFFICE
MR NEIL GERRARD	-	SOLICITOR
MR NEIL MCGUINNESS	-	SOLICITOR

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DI KERR: This interview is being tape-recorded and may be given in evidence if your case is brought to trial.

This is the continuation of the taped interview with Julia Caroline Aldridge. The time is 15.08 hours and the date is Thursday 19<sup>th</sup> July 2007. Mrs Aldridge I would remind you that you're here voluntarily and that means you can leave now or at any time during this interview. Do you understand that?

J ALDRIDGE: Yes I do.

DI KERR: I would also remind you that you do not have to say anything but it may harm your defence if you do not mention when questioned something which

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you later rely on in court. Anything you do say may be given in evidence. Do you understand that?

J ALDRIDGE: Yes.

DI KERR: Lydia.

L JONSON: Mrs Aldridge I was asking you a question just before we broke at your request and I'll repeat again.

How do you feel now that, or do you have any concerns that 60% of the BAE money, Red Diamond money that went to Kayswell ended up with John Bredekamp?

J ALDRIDGE: Clearly now if we were carrying out due diligence and we picked up those sort of allegations or reports, yes we would have concerns and we would investigate them appropriately and obviously consult with the international compliance director and I think as I said before you know determine the course of action. But at the time under the process we were going through we were not required to make those checks and you know we went through the certification of process as described. Now I, you know, didn't put in place that procedure and as I said later on a recommendation by our audit department in 2006 was made to carry out more in-depth interview so as I you know, accept we may have had an imperfect system at the time but that was the system.

L JONSON: Well that was going to be my, really my final question on this one which is do you now

admittedly with the benefit of hindsight do you know look back on those due diligence procedures, the three-stage process, and accept that they were not sufficient to, you know they were not sufficient to establish the beneficial owner of the company?

J ALDRIDGE: Yes. I accept it was an imperfect system.

L JONSON: And that it was insufficient to establish sufficient due diligence on an advisor?

J ALDRIDGE: Yes.

L JONSON: Just as a very quick side issue if those, if those three forms, or the two we've been looking at weren't signed so that you never received signed copies of them, what would you do?

J ALDRIDGE: Well we wouldn't make any further payments until such time whereas we had the signed copy.

L JONSON: Because the difficulty that I have is that you've, your company has disclosed to us papers in relation to a number of South African agents and one of those is called Huderfield, we've disclosed some papers. And I'll refer you to them if you wish, they're in your pack. But Richard Charter who was the principal behind Huderfield, the chap who died in the canoeing accident in early 2003, he never signed his documents or at least we've never been provided with documents that show he signed it. We've got blank forms.

J ALDRIDGE: Mm-hmm.

L JONSON: Now we've got a copy of the IBS7, which is filled in by you, which indicates that there is

a signed copy that he did sign, someone signed it.

J ALDRIDGE: Mm-hmm.

L JONSON: But we don't have a copy and Huderfield continued to be paid significant amounts after this certificate. Now can you help me anymore in terms of where I, firstly do you remember a certificate being signed? Has the company not provided it? Or has this due diligence policy just not been followed?

J ALDRIDGE: If the form has been completed then I've no reason to suppose the policy was not followed. So the forms must be somewhere in the system. I can't-

L JONSON: Are you saying categorically you would not have authorised a payment to Huderfield if you hadn't had a signed copy of that?

J ALDRIDGE: Well I can't say 100% but I would like to think not.

L JONSON: Well what would be a scenario where you would have authorised money without a copy of that certificate?

J ALDRIDGE: I can't think of one.

L JONSON: I just have a few exploratory questions in relation to settlement agreements. Was any extra due diligence conducted when agents were terminated prior to the payments being received from the customer? I'm principally interested in South Africa here because a number of the agents, Kayswell, Huddersfield, Arstow, not Zomita, a couple of the

others were all terminated in advance. Do you know why that was?

J ALDRIDGE: Because the decision had been made to wind down Red Diamond and as far as possible settle any obligations.

L JONSON: Settlement, the termination dates of all these contracts vary enormously. They vary from 2003 to 2005.

J ALDRIDGE: Mm-hmm.

L JONSON: Now that doesn't tally with a particular point to liquidate Red Diamond. So can you think of any other reason why they might be terminated?

J ALDRIDGE: Well no we, having taken the decision it was a phased activity and you know the company wasn't prepared to allow it all to happen at once because obviously, you know, there was a cash flowing implication. So these things were sort of dealt with on a phase basis.

L JONSON: Well why not just let the agreement expire because you got the obligations under the agreement to carry on paying?

J ALDRIDGE: Well we could have done but on the other hand it was decided to wind up Red Diamond and accordingly settle those obligations.

L JONSON: Was any further due diligence conducted on agents prior to settlement?

J ALDRIDGE: No we relied on the certification process.

L JONSON: I'd just like, before I finish, to deal with this Tanzania because I wasn't obviously I wasn't in on the interview that dealt with that and I just had a couple of supplementary

questions. Bear with me, but let's say that the 31% paid to Mr Vithlani was used for corruption, right? Now can you tell me were there, whether in your opinion there are any features of the Envers contract, agreement sorry, that might mark it out as a potential vehicle for corruption? Are there any particular warning signs?

J ALDRIDGE: I can't immediately recall anything that gave me any particular concerns.

L JONSON: All right but what about the fact that it's firstly, it's a BVI company?

J ALDRIDGE: Yes.

L JONSON: Okay so that's a warning sign.

J ALDRIDGE: Well you know we've been through this before. That was-

L JONSON: I appreciate it's now and then but I'm asking you about now-

J ALDRIDGE: Mm-hmm.

L JONSON: Now. It's an offshore company.

J ALDRIDGE: Yes.

L JONSON: It banks in a different jurisdiction.

J ALDRIDGE: Mm-hmm.

L JONSON: The identity of the principal is not obvious from the name of the company. Do you agree with that?

J ALDRIDGE: Probably.

L JONSON: The size of the fee is exceptionally high as you yourself said.

J ALDRIDGE: Mm-hmm.

L JONSON: There is, I know you don't like the term, but a

covert overt aspect to the arrangement which would mean that if Mr Vithlani was asked in Tanzania for example, how much he was receiving under the contract he could legitimately say my company Merlin is receiving 1%. And in that way would not be revealing the size of the true provision. Do you agree with that?

J ALDRIDGE:

It could.

L JONSON:

Okay. It's a poor country. Do you think that's a warning sign?

J ALDRIDGE:

Not necessarily.

L JONSON:

You don't think that paying 30% on a contract when it's a poor country, I mean that government will have to pay-

J ALDRIDGE:

Look I've already said those were not my decisions to make. Where we carried out our business, you know, was the decision, the marketing department and approved in this case for the advisor appointment by the committee. The actual deal that was done was no doubt approved in accordance with other company procedures.

L JONSON:

I'm just asking you what you think about it now. I'm asking just as a human being what suspicions have you got about it now, bearing in mind all those warning signs? That government in Tanzania must, don't you think they must be paying that 30%. Because how else is BAE going to make a profit? They can't make a profit on 30% going to an agent.

J ALDRIDGE:

Well I would, yes advise that these are

generally covered as cost sale, yes I accept that.

L JONSON: That's right. So they're paying for it, they're low on the Transparency International Index and they were at the time, and at the time this deal was just decried in Parliament as being a waste of money. Clare Short was all over the place saying that it was an outrage that this was an overpriced system being sold to people who didn't need it.

J ALDRIDGE: Well that's a view yes.

L JONSON: Sure. But it's something that would have been in the public domain, it's something that would have been in people's consciousness. If you were in the press you would tend to know about it.

J ALDRIDGE: Yes.

L JONSON: Now if I'm right and Mr Vithlani has rung people and you're right in that you did your job as an administrator relying on what other people have told you, you have been used as an unwitting pawn in a conspiracy, haven't you? If those perimeters are correct.

J ALDRIDGE: All I have done is follow company process in administering agreements and you know in accordance with what was required and you know it's all very well you know with hindsight say well people are saying things in Parliament and all the rest of it. But you know as far as I was concerned we were following company policy and I had no cause to question it.

L JONSON: Well that's what I'm saying is that if, say I'm right and if that Mr Vithlani was paying bribes and you're right and you would have no cause for concern and you just carried on doing your job, you have been used. Haven't you, you must because you're playing a vital part. You may not be the organiser, you may not have set any of this up-

J ALDRIDGE: It's not my process and it's not my decision-

L JONSON: But you're part of the process. They can't do it without you. They can't pay Mr Vithlani through Red Diamond without you. They can't get you to set up, sorry they can't get you to, they need you to sign the Red Diamond agreement. You're part of it.

J ALDRIDGE: I'm one person who's authorised to sign on behalf of Red Diamond. I mean that's just the way the company was organised.

L JONSON: I'd just like to ask you finally about the revalidation exercise that we've heard a little bit about recently. When did you find out about this? This is the, Mr Turner's decision or announcement that a number of the agency agreements were to be terminated.

J ALDRIDGE: Oh okay. Mm-hmm-

L JONSON: Sorry I think it was, someone said revalidation-

J ALDRIDGE: Yes it's a word I did use yes.

DI KERR: Mrs Aldridge's words.

J ALDRIDGE: Yes. A couple of months ago-

L JONSON: Right and who told you and in what circumstances?

J ALDRIDGE: Mm-hmm. How was it communicated? It was probably Mark Serfozo in the legal department.

L JONSON: I'm sorry Mark?

J ALDRIDGE: Serfozo.

L JONSON: You're going to have to spell that for me sorry. Is it S-C-

J ALDRIDGE: S-E-R-F-O-Z-O.

L JONSON: Did he give you any reason why this was happening?

J ALDRIDGE: Well the reason was that the, a decision had been taken to carry out a review you know we have a new legal director you know there's all the current situations so, you know, if there's to be a revalidation exercise and-

L JONSON: How many agents were, did you understand there to be dispensed with through this basis?

J ALDRIDGE: I don't know there's any necessarily to be dispensed with. It was simply a cessation possibly temporary while the revalidation took place and then re-appointment as and when the exercise being completed.

L JONSON: Were you surprised? Were you, well bearing in mind your comments earlier about how you considered due diligence now to be sufficient, were you surprised that this needed to be done?

J ALDRIDGE: Not necessarily. You know as I say I accept new people are looking at it and there are-

L JONSON: No-one, sorry, no-one consulted you about whether or not it should be done. I mean you're the, do you see obviously you're the director now, and I'm-

J ALDRIDGE: Well no I believe this was a board decision and I'm not on the board so-

L JONSON: No. No. I appreciate that but you're head of the department that obviously administers it and does not all the due diligence that is attached to it.

J ALDRIDGE: Mm-hmm.

L JONSON: I am surprised that you were not consulted but please if there, if you think there was a reason why you would not have been then tell me.

J ALDRIDGE: Mm-hmm. No. I'm not necessarily surprised that I wasn't consulted, no-

L JONSON: Do you think you needed it, do you think the review's necessary?

J ALDRIDGE: Well that's not my decision is it? I was there-

L JONSON: Yes well you operate, you know, you know all your agreements. I mean you now control the whole country in terms of you've got, you are now the director. You administered them. Do you not have a view at all on whether or not it's necessary to go through what presumably what would be a quite an expensive and time consuming review?

J ALDRIDGE: Mm-hmm. Well as I said you know that's not my decision if other people feel that, you know, they'd like to get some sort of assurance by doing that then I don't have a problem.

L JONSON: But you don't have any view at all? I mean just even personal view about it?

J ALDRIDGE: Well I mean clearly it causes me issues in my day-to-day role. But you know the reasons for

it, you know, are fairly understandable and you know in a lot of other areas in the company were constantly going through these sort of process review improvement programmes all the time. I mean, you know it's a general exercise that's been carried out in respective other departments so, you know.

L JONSON: Mr Turner mentioned that this had happened before in 1999. Can you tell me anything about that? My understanding when he gave his announcement to the press he referred to I think he said something like in line with our, it will be in line with the review that we conducted in 1999. I don't have the press article to hand but as far as you're aware do you know anything about a review in 1999 about the number or accuracy of your advisors?

J ALDRIDGE: No I can only surmise, perhaps he got his dates wrong and he was referring to the introduction of the-

L JONSON: New procedures.

J ALDRIDGE: -yes.

L JONSON: But if there'd been a review presumably you would have known about it?

J ALDRIDGE: Oh yes I can assure you.

L JONSON: And just to clarify it's not a question of dispensing with advisors it's just reviewing all of them to see whether or not they're all still necessary?

J ALDRIDGE: Yes. Necessary you know in the wider sense I believe and that you know consideration is like

to be given to where the company wants to do business in the future. That sort of thing. Sort of on a strategy basis.

L JONSON: I have nothing else. I have just immediately forgotten that I didn't mention the SUPA document that we referred to in our earlier, earlier tape. And for the benefit of the tape I've provided Mrs Aldridge with a copy of Mr Weston's representations to the Attorney General notes, not the Attorney General it's the Secretary of State for Defence Mr William-

N GERRARD: The honourable William S Cohen.

L JONSON: -William S Cohen and dated 16<sup>th</sup> November 2000. It mentions amongst other things and in fairness to Mrs Aldridge there is mention of the OECD, other items but can you confirm Mrs Aldridge that the second paragraph, Mr Weston asserts that, 'As chief executive officer of BAE Systems Plc I commit that the BAE US affiliates will not knowingly offer pay promise to pay or authorise the payments of anything of value directly or indirectly to a foreign public official for the purpose of influencing any official act or admission in order to obtain or retain business in violation of the FCPA'. And I think that's probably sums up the state of it. I should ask since we did deal with this document bearing mind what Mr Dickinson told you but knowing by this point dated the 16<sup>th</sup> November 2000 what Mr Weston had represented to the United States, were you still satisfied by Mr Dickinson's

comments in relation to Knock, and that he assured you that this was a one-off?

J ALDRIDGE: Yes. That's right. I don't think contradicts what's stated there.

L JONSON: You don't think it constitutes what's stated in this letter?

J ALDRIDGE: Mm-hmm.

N GERRARD: You don't think it contradicts she said.

J ALDRIDGE: Mm-hmm.

L JONSON: I'm sorry what don't you think contradicts what's in this letter.

N GERRARD: This sentence you read out-

L JONSON: Yes.

N GERRARD: -doesn't contradict what her boss told her.

L JONSON: Mr Dickinson told you that Knock, the payments had been made to Knock. Knock was the sheikh who was a foreign public official.

J ALDRIDGE: Yes.

L JONSON: And Mr Weston is asserting-

N GERRARD: And, and apparently the full story was that the UK Government was also aware is what-

L JONSON: I know, I accept that that is what Mrs Aldridge was told but of course my point earlier was simply that if the company had had long, policies long in existence which set out precisely what Mr Weston was saying, he had just issued a letter. Bearing all that in mind despite what Mr Dickinson told her, would she still, she just didn't have any concerns and thought it was a one-off. That's my question.

J ALDRIDGE: Well yes. And in any case as I said, you know

it was explained to me that it was not a, not considered in any way to be a corrupt situation.

L JONSON: Of course this doesn't actually deal with the word corrupt, it's payment simply to foreign public official.

N GERRARD: It actually says, no it doesn't, say that, it says, goes on to say for the purpose of influencing any act or admission blah, blah, blah, blah, in violation of the FCPA.

L JONSON: Mm-hmm.

N GERRARD: Now I'm not sure anyone round this table is necessarily an expert on FCPA. However, it may well be that if the particular state in question and I think you'll need to check this yourself if that was particularly, if that payment was legitimate and the knowledge of the Government, then it wouldn't be in contravention of the FCPA.

L JONSON: Well my understanding is that it would be but I don't want to get into that thrilling legal discussion now. But-

N GERRARD: That's disappointing.

L JONSON: -can I leave DI Kerr please to wrap up?

DI KERR: Neither do I intend to get involved in that thrilling legal discussion. Right. I literally am just going to wrap up this interview now Mrs Aldridge. You have answered our lengthy questions and thank you very much for that. You have quite clearly laid out your position as being an employee of the company in the senior management who was employed to apply policy

ensure that appropriate paperwork was gathered and to ensure that you administered the areas within your responsibility. I started this interview with some concerns. Some of those concerns have not be allayed. It is my job to fairly and impartially gather evidence to identify whether anyone is guilty of any crimes and indeed whether they're innocent of any crimes. And I think further investigations need to be carried out in order to either prove that you're explanations this week are valid are truthful or whether they're the opposite to that. So I'm now closing the interview. Is there anything you would like to clarify?

J ALDRIDGE: I don't think so.

DI KERR: Is there anything you would like to add?

J ALDRIDGE: As you know there's a lot of documentation covering a long time span and I've done my best to rely on my memory to try and tell you what I can recall. So I think I'll leave it at that for the moment.

DI KERR: I shall, on turning the tapes off, I shall give you a notice that will explain how you can access a copy of the tapes.

N GERRARD: Just before you do, DI Kerr, I would seek to raise whether or not you'll be providing us with a copy of the tape?

L JONSON: No. Not at this stage.

N GERRARD: Well let me just, I'll follow up in writing but it might be useful if I just put this on the table now.

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We would like the opportunity to have a copy of the tape. We would like to review what's been said. You've already heard from my client, some of this happened over 10 years ago. I don't know whether your memory is any better than mine but personally I have difficulty remembering things from last week. I think it would be in the interest of my client and indeed in the interest of your investigation and justice as a whole if we are allowed a copy of that tape. That's been 17 tapes, three days, long time ago. We ought to be allowed the opportunity to review your questions, review what's said and either follow up in writing or perhaps even a further interview if we feel that we haven't addressed the points sufficiently. Second point is that you have had the opportunity, as I understand it to review the tapes in assisting you, in continuing investigations in this interview. And I think it would be grossly unfair if when we, if you choose to want to interview us further in the process, that we not be able to refresh our memory in the same way you're going to be able to refresh yours at any further interview under caution. So as I say I'll follow that up in writing later but I thought it was important that I put that on tape on your toes as it were.

L JONSON: Thank you.

N GERRARD: For your ratification.

L JONSON: Yes. Thank you. I hear your representations.

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Please do make them in writing to Mrs Garlick, who is the assistant director in charge of this investigation. And I'm sure she will respond appropriately.

N GERRARD: Okay.

L JONSON: Is there anything else?

N GERRARD: No I don't think so. Thank you.

DI KERR: Right the time is now 15.36 hours and I shall conclude this interview.

**(End of Tape)**