

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RLI02

TAPE 1 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: This interview is being tape-recorded and it may be tendered in evidence if this case is brought to court. We are in interview room one at the Serious Fraud Office, Elm House, Elm Street, London. The date is the 22nd April 2008 and the time by my watch is 10.15. I am Gary Murphy and I am a principal investigator employed with the Serious Fraud Office. Assisting me today in this interview are?

C BROWN: Carl Brown an investigator with the Serious Fraud Office.

M COWIE: Matthew Cowie case controller.

G MURPHY: I am interviewing, would you please state your full name, address and date of birth please?

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M TURNER: Yes I'm Michael John Turner. I am born 5th August 1948 and I currently live at 54 Mizen Way, Cobham in Surrey.

G MURPHY: Mm hmm, also present is.

E SPARROW: Edward Sparrow a partner at Ashurst representing Mike Turner.

G MURPHY: Okay. Mr Turner at the end of this interview I will give you a notice explaining the procedure for dealing with the tapes and how you may have access to a copy of them. Okay. Before we go on I must caution you. 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 caution?

M TURNER: Yes.

G MURPHY: Right. You're not under arrest, okay, and that means that you are free to leave at any time. Do you understand that?

M TURNER: Yes.

G MURPHY: Yes. All I will say is if you do decide to leave at any time would you just give us the courtesy of hanging around for a few seconds while we just stop the tape machine-

M TURNER: Yes. Yes.

G MURPHY: -seal up the tapes, etc, etc, yeah.

M TURNER: Okay. It's only 7.40 I'll be on my way.

G MURPHY: You are entitled to consult a copy of the codes of practice. These codes outline how you should be expected to be treated while you are here.

Do you wish to consult with any of those now?

M TURNER:

No. No.

G MURPHY:

Should you wish to do so at any stage then let us know and we'll get you a copy.

M TURNER:

Thank you.

G MURPHY:

I must also tell you that while you are here you are entitled to free and independent legal advice. Now I know you've got your lawyer with you but I just need to make you aware of that.

M TURNER:

He's not free though.

G MURPHY:

No. You can speak to a solicitor in person or on the telephone. Do you wish to exercise that right now?

M TURNER:

No.

G MURPHY:

Okay. Again should you wish to exercise that right or you wish to talk to your own solicitor in private at any time, please let me know and we'll stop the interview.

M TURNER:

Sure.

G MURPHY:

Okay. The reason for this interview is that the Serious Fraud Office and the Ministry of Defence Police Fraud Squad are investigating allegations of corruption by BAE Systems Plc. That's corruption of foreign public officials. We're investigating events that occurred as far back as the early '90s and therefore covers BAE in all its previous company names, we understand it's changed names a few times. More specifically we are investigating the appointment and remuneration of agents, you call them advisors or consultants that were used by

BAE to win defence contracts. Latterly, these agents or consultants have been paid via the HQM and Red Diamond system. Detailed investigations have been declared in the UK and overseas into events that took place in Tanzania, South Africa, Romania, Czech Republic and Qatar. We believe the system put in place by BAE enabled hundreds of millions of pounds to be made available for corrupt purposes by various agents around the world. Having reviewed the documentation in our possession we believe that you were responsible for the approval and regulation of that system and I will make it clear that you are a suspect in this criminal investigation. It is about the aforementioned and the role of defence marketing, a department of which you were the head that we wish to interview you today. You'll be given ample opportunity to give a full account. Is there anything you wish to say before we actually begin with questioning?

M TURNER: Well I have a prepared statement that I think it'll be useful if I read out.

G MURPHY: Yes, please.

M TURNER: Okay should I proceed?

G MURPHY: Please do, yes.

M TURNER: 'I prepared this statement to give the SFO an overview of my career at BAE and my involvement in the matters that the SFO would like to discuss based on the letter from Alison Robinson of the SFO to my solicitor dated the 3rd April

2008 and the bundle of documents supplied to me in advance. I joined Hawker Siddeley Aviation Limited later British Aerospace Plc, straight from school in 1966 as an under graduate commercial apprentice. During my four year sandwich degree course I worked in a variety of departments including contracts. Following my degree course I undertook day release to gain the ACISA qualification. During and after this period I was promoted to a number of positions in the contracts department ultimately becoming contracts manager military in 1978. I stayed in that role until 1980. In 1980 I was appointed to the board of BAE Manchester as administration director with a wide range of responsibilities. In 1984 I became director and general manager of the Kingston, Dunsfold and Weybridge facilities. In this role I was responsible for the successful delivery of the Harrier and Hawk aircraft projects. I had no dealings with or responsibility for advisors in this role apart from Peter Orengo Jones our advisor in Switzerland with whom I dealt in winning the Swiss Hawk contract.

The role of advisors. By way of background, advisors play an important role in BAE's business. They have an in-depth knowledge of the conditions in the territories they operate in combined with good contacts. They can therefore help to promote the company's reputation and win new business. In short they

give the company a valuable competitive advantage which we've always tried to protect. In particular we try to keep the names and identities of these advisors, who were particularly effective and valuable to us, confidential. We call these advisors covert advisors. The nature of our business and the very large sums of money involved means that there has always been significant press interest in our affairs including the role of advisors. There's also been increasing pressure group hostility to our business. While we respect the right to fair media comment and for people to express their opinions forcefully this has the potential to seriously damage the company's interests and reputation. One example would be a disclosure of details about the company's advisors. This is another reason why I've been very careful to try and keep details about advisors, especially covert advisors, confidential. Throughout my time with the company it's always had very clear policies about the use of advisors. It is and always has been very clear both to employees and to advisors that the group will not countenance the use of advisors to bribe government officials or to use other inappropriate or illegal methods to win contracts. As far back as I can recall we vetted our advisors carefully and appointed them on the standard form contracts. We try to link their remuneration and its payment to the value

of contracts awarded to the company. The process of tendering for a contract for the sale of weapon systems often takes a long time and advisors may have to wait many years for payment if their remuneration is linked to both the award of the contract and the time we got payments from customers which is the company's preference. I recall on one contract for the supply of Hawk to the Indian air force some 19 years before we were actually awarded the contract. However, this is not always possible. The company will therefore occasionally make advance payments and/or pay retainer fees. For example the documents supplied to me by the SFO disclosed that advanced payments and retainer fees were made to some advisors in South Africa. This reflected the very long time that it took for these contracts to be awarded and the fact that Richard Charter had a small business and an expensive lifestyle. He was also an operator of a regional airline which operated BAE aircraft and we didn't want him to be in financial difficulties. These payments depend on the specific circumstances and are assessed on a case-by-case basis. In any case they're only made once the appropriate procedure for obtaining approval has been followed. The amount we pay advisors might be seen by some to be very large. We certainly try and pay as little as possible and always ensure that any payment is included in our cost-based

calculations, when calculating the price of a contract. However, the contracts they help us win are very large and the going rates for payments to the very best advisors is also high. In addition if we do not win the contract an advisor might receive nothing for many years of work. Generally speaking we try not to pay more than 15% commission to advisors in any territory. This would often be split between more than one advisor in a particular territory. Occasionally we would have to pay more. For example the documents supplied to me by the SFO show a commission payment of 31% on a contract in Tanzania. As I explain below this was because we inherited an advisor contract with a very high commission rate from Siemens when we acquired its business and I think that we actually took the commission level on that contract down to 31%.

My role as marketing director. In 1987 Dick Evans invited me to become marketing director of British Aerospace which I accepted. In this role I was responsible for consolidating the company's global marketing organisational activities, apart from Saudi Arabia, and for implementing certain changes about the way the company handled the appointments and remuneration of advisors. When I took over the role of marketing director I had a discussion with Dick Evans about the company's procedures for appointing advisors. Dick and I were

concerned about the lack of any central control in the company over the appointment and remuneration of advisors. We thought the business units had too much freedom over the appointment of advisors in deciding whether advisors should be appointed and on what terms. We thought too many advisors were being appointed and that too many people within the company knew who our advisors were and the details of commissions paid. We therefore decided to shift responsibility for the appointment and remuneration of advisors to the centre and the referrals committee and away from the business units. This was a controversial decision with the business units who valued their independence.

I should explain about the referrals committee and how it worked. The marketing vice presidents who were each responsible for a particular geographical area would have to come to the referrals committee with a proposal in standard form for the appointment of an advisor or a change in their remuneration, for example their commission rate or for approval of any advance payments or retainer fee. Prior to coming to the referrals committee with a proposal the relevant vice president would speak with Hugh Dickinson who was the head of HQ Marketing and acted as the secretary to the referrals committee. He and the company legal department would check that the appointment

would not be breaching the company's policy or any applicable laws or regulations. The job of the referrals committee was to question the proposal including what the advisor would bring to the marketing campaign, what contacts he had, how successful he'd been in the past, his reputation in the country, how much they would be paid and whether we were satisfied that the proposal was acceptable. On the basis of that information the referrals committee would make a decision about whether a proposal should be authorised. The committee's role was not one of detailed examination of a proposal. The need for committee approval was a control mechanism on the marketing department. The more detailed work was undertaken by HQ Marketing Services including the legal department. If a proposal was really urgent it would be referred for approval to me as chairman on an ex-committee basis. My decision would be reported at the next committee meeting. I was marketing director and sat on the referrals committee until about 1992. In 1992 I was asked to take control of BAE's commercial aircraft business and I focused solely on this role until 1996. In 1996 Dick Evans asked me to get involved, to get back involved in marketing and advisor issues. Dick was concerned that there had been a slip back to a situation where the business units once again had too much freedom over the appointment of advisors. Dick had also become

more concerned in view of the activities of people who were hostile to our business about the need to keep details of advisors, especially covert advisors, confidential. Therefore in the mid 1990s we implemented a change back to the position where advisors were appointed centrally by the referrals committee and not by the business units. This was designed to restore central control over the knowledge, appointment and remuneration of advisors.

Offshore arrangements. At about the same time Dick Evans wanted an offshore company to be created to a point and pay advisors. I understood that the purpose of this company was to keep details about advisors, especially covert advisors, as confidential as possible to protect our competitive advantage and to make it more difficult for hostile parties to access confidential information. The documents that the SFO have supplied appear to show that the company was set up in Liechtenstein, were operated from Switzerland. I was not involved in the details of this. I know, however, that we established an offshore company called Red Diamond Trading Company Limited.

The merger with Marconi Electronic Systems. In 2000 British Aerospace merged with Marconi Electronic Systems to form BAE. Following the merger I recall an audit committee meeting in which we discussed the company's policies and procedures for appointing advisors. This was

not because we had any concerns that the company or its advisors had been doing anything illegal, as I've explained there was a very strict policy in place to make sure that everything was above board and we had no reason to believe that it was not being complied with. And we had just acquired a large US business and we were concerned that if the Americans wanted to make an example of any company they might try and pick on BAE Systems as a British company operating in America. We therefore needed to make sure that our operations were not just legal but as far as possible above suspicion. We therefore resolved to undertake a review of our business and operate our non-US businesses as if they were subject to the Foreign Corrupt Practices Act regime. We also reviewed our policies on the appointment and remuneration of advisors and on gifts and hospitality although I was not involved in this process. This resulted in a reduction of the number of advisors as I recall the number went down over time from about 600 to about 250. However, again I was not involved in the process. In addition Michael Lester, the new group legal council, reviewed the proforma advisor agreements and added a specific section which expressly confirmed that the company would not tolerate bribery or corruption in any form and that bribery corruption gave the company the right to terminate the agreement with the advisor.

My dealings with advisors. I had very little contact with advisors as the executive vice president between 1987 and 1992 my role was to supervise four vice presidents who were each responsible for the particular geographical territory. I only met the advisors if any of the vice presidents needed support in their territory over the particular advisor.

South Africa. The only territory in which I had any real personal contact with advisors was South Africa. I first became involved with South Africa in the late 1980s at the request of the company's vice president there, Robbie Roberts. We collectively forecast that white rule would be coming to an end fairly soon and this would generate a requirement for aircraft and an opportunity for us to win new business. I got to know four advisors in South Africa, Richard Charter, Basil Hersov, Richard Friedman and John Bredenkamp, each of them used companies through which they acted and through which payments and contractual arrangements were made. From reviewing the bundle of documents the SFO supplied I think this was as follows. A) Richard Charter, Osprey Aerospace Limited and Huderfield Ent Inc. B) Basil Hersov and Richard Friedman, FTS and A Consulting and C) John Bredenkamp, Kayswell Services Limited. They were responsible for representing BAE interest in South Africa including for example trying to arrange meetings with the decision

makers and influences, picking up useful information about competitors and generally promoting BAE's reputation in this area. I was involved in trying to get them to work together in a co-ordinated way. I also signed and approved proposals for them to become advisors and variations in the payments commissions owed to them for their services. It was good practice to get the highest person within the company who knew these individuals, to sign off on the proposals.

I was introduced to Richard Charter who was well connected with the white military and the military procurement agency in South Africa. In South Africa in the late 1980s by Robbie Roberts and I subsequently met him on a number of occasions throughout the 1990s. I also met his wife, Janet, on a number of occasions. When Richard passed away in 2004 I met Janet when she was trying to sort out his estate. I was also introduced to Basil Hersov and Richard Friedman by Robbie Roberts during my first visit to South Africa in the late 1980s. Hersov was an extremely well regarded player in South Africa even after apartheid had ended. He therefore became an advisor to us on military business as well as his previous HS125 advisor role. I also met John Bredenkamp and his number two, Jules Pelissier who were connected with the black regime on a number of occasions. I do not recall meeting John personally in South Africa.

As far as I recall I only visited South Africa twice on business, once to meet the South African air force with Richard Charter in the late 80s and once in the early 90s to meet the South African procurement agency with Mr Bredenkamp's organisation.

Czechoslovakia. As far as I recall I had no dealings with advisors in Czechoslovakia.

Tanzania. As far as I recall I had no dealings with advisors in Tanzania. From the documents supplied in advance I note that I approved a proposal to amend our arrangements with an advisor in Tanzania called M S Vithlani and there is also a reference to Merlin International which I assume is the company through which he operated. I do not recall meeting the advisor or having any dealings with him.

I note that the commission on this contract is very high, 31% as the note by Dick Evans, on page 43, shows. This agreement was inherited following our requisition of Siemens and was taken down to this level.'

Thank you.

G MURPHY:

Thank you very much. We do have a number of specific questions in relation to your prepared statement there but it actually fits in quite nicely with, there's some topics that we've already prepared in our plan so I think rather than pick up things out of context, we'll pick up on certain issues as we go through the plan

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Yes?

M TURNER: Good.

G MURPHY: A couple of things though. It's just really going back to your career history, just need to get a feel that I understand what you've been doing is right. EVP, executive vice president. Is that the same as what became known as RMD, regional managing director?

M TURNER: Oh no. No. When we, British Aerospace had two big organisations. It has British Aerospace Aircraft Group, who really had their own marketing in their various business units and British Aerospace Dynamics Group, who had their own marketing organisation. And one of the problems was that they'd each go into countries, appoint advisors independently of each other and one would be pushing say Rapier missiles and one be pushing the Hawk aircraft and there was only a budget for one. So Dick Evans when he was clearly going to become chief executive and needed somebody to replace him as marketing director said, look Mike we need to pull this together and we need to control the advisors and stop falling over each other in territories, so I want you to create what we call the defence marketing organisation, the DMO, in 1987 and my job really was to put an organisation in place and I was called the executive vice president which was the head of that organisation. And I then appointed, I think, four vice presidents reporting to me, I picked four people to run the

world, the territories. We occasionally, in certain regions had RMDs and I think they were kind of people who were located in particular countries, but the organisation I put in place in 1987 was really about putting an organisation, a single organisation for the world in place for British Aerospace. I was the head of it of EVP, reporting to the chief executive who became Dick Evans had vice presidents working for me and that was the top organisation. RMDs were down in the organisation somewhere.

G MURPHY: Right. Okay. In 1987 which you've mentioned, you became marketing director.

M TURNER: Well EVP was the real director, executive vice president, which was the head of marketing for British Aerospace.

G MURPHY: Okay. Okay.

M TURNER: Apart from commercial aircraft which was kept separate.

G MURPHY: Right. And you said that you were responsible for implementing certain changes about the way the company handled the appointment and remuneration of advisors.

M TURNER: Yes.

G MURPHY: What major changes did you make in the system?

M TURNER: I think I explained that really it needed centralising so we were not falling over each other. And there were too many business units each doing their own thing, each was going off appointing their own advisors and there was no

co-ordination of it all and-

G MURPHY:

So you-

M TURNER:

I pulled it together.

G MURPHY:

So you pulled it together. Did you have other people that were working on the nuts and bolts of it or did you oversee the nuts and bolts of how this new system was going to work yourself?

M TURNER:

Well I just put out the concept of what I wanted as a central organisation supported by Dick Evans. The business units didn't like it and I think I referred to that in my, in my statement. They really wanted the independence from, they liked going off-

G MURPHY:

Yes.

M TURNER:

-they liked the travel obviously, they liked appointing advisors.

G MURPHY:

But who concentrated on the nuts and bolts of pulling this new process, this new system together? You oversaw it.

M TURNER:

I oversaw, I picked the team, of the guys who go out in the, and try and set up-

G MURPHY:

Who, was the team at that time?

M TURNER:

Well Robbie Roberts clearly had Africa, I think Alan Garwood had Europe and the United States, a chap called Colin Russell had Asia pacific. I forget who had the Middle East.

G MURPHY:

Okay.

M TURNER:

Maybe it was, what was he called, Jerry Wooding.

G MURPHY:

Okay. Yes. So let me just see if I've got this right. You put out your vision of what you, what you wanted. These guys would help pull

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that vision together and your role would be to oversee that, making sure that you were happy-

M TURNER: That it weren't wasting the company's resources and trying to get them to work with the business units because it was no good the marketing guys going off creating an environment and appointing advisors in a territory to market a particular product if the business unit wasn't putting the resources in. And there was major hostility because the business units didn't like these marketing guys taking their job away, as they saw it. But getting the two to work together, the centre and the business units working together to try and win some business.

G MURPHY: Right. Okay.

C BROWN: And the business units were the guys that were responsible for making the products were they?

M TURNER: Yes. They had the sales, they were the sales experts who knew the Hawk or the Rapier, you know, so they could go at the right time when we created the right environment to go in and make the detailed presentations on the product-

G MURPHY: Yes. Okay. I understand that. So then the system was put in place-

M TURNER: And a new team was put in place yes.

G MURPHY: The new team and it was working?

M TURNER: Well we, I think we were quite successful, we sold certainly a lot of Hawks. We had difficulty on the missile side because the Rapier was coming to an end and the French actually had a better system called Crotale and they were

actually winning more missile business than we were, but on Hawk we were certainly very successful, yes.

G MURPHY: Okay. There then came a time where you moved off and I think you said in your statement you went to commercial aircraft.

M TURNER: Yes. We had a real problem with commercial.

G MURPHY: Okay. And then round about 1996 Dick asked you to come back again. Because I think it says here that things had begin to slip back into a situation where the business units once again had too much freedom over the appointment of advisors. What had started to go wrong there?

M TURNER: I wasn't there. I think Jerry, Jerry took over from me and Jerry, I, I think Dick believed and probably rightly that he wasn't as strong as I was in controlling the business units and making them conform with the way it should be. This had to be controlled by the centre that the campaigns had to be orchestrated by the marketing department and not by each of the business units and certainly it became clear that the business units had started appointing their own advisors.

G MURPHY: Right.

M TURNER: Which was not the right way and Dick also, I know he was paranoid about the activities campaign against the arms trade, they'd broken into some of our factories, damaged a lot of products, they actually damaged some Hawks, stolen paper, he got really paranoid about it.

G MURPHY: Right. Where was that, where were the break-ins?

M TURNER: In, I think there were two, certainly one in Walton in the North West and one in our dynamics facilities.

G MURPHY: Right. And what sort of material did they get access to?

M TURNER: I think they took some papers from dynamics and they damaged Hawks in, bound for Indonesia in Walton.

G MURPHY: Okay. What sort of papers?

M TURNER: Don't know.

G MURPHY: You don't know.

M TURNER: Don't know. I remember they just raided the building. I think it was Stevenage.

G MURPHY: Right. Okay. I mean do, were they sort of top secret papers-

M TURNER: Don't know.

G MURPHY: -when it comes to Hawks?

M TURNER: I don't know.

G MURPHY: You don't know anything about that at all?

M TURNER: Don't know. It wouldn't be Hawks it would be the missile, Stevenage was the missile-

G MURPHY: Okay.

M TURNER: Sorry Stevenage were where the headquarters of our missile business.

G MURPHY: Right.

M TURNER: I imagine that's why they chose there.

G MURPHY: Yes. Right. Okay. So 1996 you were brought back again and you then what, try to move things back?

M TURNER: I wasn't really directly involved I was just because I, things were getting easier on the commercial aircraft, regional aircraft side, I was occasionally brought in to help bring control back into the centre and to support the referrals committee again. You see I went back on the referrals committee to just try and make a more central control, help pull the control of advisors back into the centre.

G MURPHY: See I think round about that time from how I read the documents, was that sort of the time that IMSO was set up? Or **International Marketing Services Organisation** or something where you started to have regional managing directors in charge of the regions.

M TURNER: All that, it was just another title for what was the defence marketing organisation. I think it became IMSO.

G MURPHY: Okay.

M TURNER: Yes and RMDs probably replaced VPs, I don't know.

G MURPHY: Right.

M TURNER: It's just title engineering, they all did the same job. Marketing in regions.

G MURPHY: Yes. Round about 1999 you became chief operating officer.

M TURNER: That's at the time of the merger with Marconi, we created BAE Systems, yes.

G MURPHY: Okay. What was your role as chief operating officer? Was that a promotion first of all?

M TURNER: Well no because there was only two players

underneath Dick Evans, John Weston and I.

G MURPHY: Mm-mmm.

M TURNER: And I'd been running all the commercial side of the business and he'd been running the military side of the business and it was just natural, in fact there were, I think John had become chief executive, Dick had gone up to be chairman and when we merged with Marconi, Sir Peter Gershon became chief operating officer for one part of the business and I became chief operating officer for the other part of the business. I got the United States in particular, the shipyards and still the commercial aircraft businesses.

G MURPHY: Okay.

M TURNER: So we split the business between us basically.

G MURPHY: Okay. And what was, did you have any involvement in the appointment of advisors and remuneration of advisors at that stage?

M TURNER: I can't remember at that, I, probably less and less because I was so busy with the, I was responsible for the merger as well, for making sure we properly put Marconi and British Aerospace together. That became a big job as well as running the operations of the businesses I was responsible for. But I had my hands full for about 18 months really making sure the merger and the merger synergy, the savings that we'd promised the market were delivered and I did that.

G MURPHY: So...

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M TURNER: So that was my main focus then.

G MURPHY: Okay. Who would have had the overview of the appointment and remuneration of advisors at that time?

M TURNER: Well remember there's a separation, it was Jerry Wooding had taken my job, and I think Jerry was probably still head of marketing whatever we then called it. And then there was the head of the marketing services who actually did all the legal work and the checking that was necessary on the appointment, the processes and the accounting on the advisors that you know they were the two key people on that side, so it would be Jerry and Hugh Dickinson at that time I would imagine, reporting to John Weston, the chief executive.

G MURPHY: Okay. So that's at 1999-

M TURNER: Yes. Yes. Yes.

G MURPHY: -you're talking about there. Yes. Okay. Okay. And then in 2002 you became CEO?

M TURNER: Yes.

G MURPHY: That's right-

M TURNER: We were in deep-

G MURPHY: Yes.

M TURNER: The Company was in deep trouble on Nimrod Astute yes and I took over, John had to go.

G MURPHY: And that's the position that you hold today, yes?

M TURNER: Correct.

G MURPHY: Okay. What has been your involvement and bearing in mind I'm going to keep banging on

about appointment and remuneration of advisors because that's what I'm, that's what I'm interested in so. Once you became CEO did you have any involvement in that at all?

M TURNER: Not really just that I think the right way in the company is that anybody who knows an advisor, the highest person should sign the document, so you'll see that even after me becoming chief executive, if I knew the advisor and the legal people knew I knew the, they'd ask, rightly come to me and say, 'Mike this is what we're doing, would you please sign because you know the guy?' And I think that was good.

G MURPHY: Okay.

M TURNER: So there was a few I signed latterly, yes. Only because I knew the person.

G MURPHY: Right. And that was the reason for it?

M TURNER: That was the reason for it, yes.

G MURPHY: Okay. Carl, have you anything just on career history that you want to cover, no?

C BROWN: No.

G MURPHY: Matt?

M COWIE: No.

G MURPHY: Right now we've discussed RMDs well we've mentioned RMDs and this IMSO organisation. As I understand it there came a time, and I believe it was round about 1995/1996 that this RMD structure was put in place where an RMD was in charge of a region and reported to the group-Marketing director.

M TURNER: -marketing director.

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M TURNER: Yes, so that must have replaced what was EVP-
G MURPHY: Yes, that's how I'll-
M TURNER: VP. Okay. Okay. I don't know.
G MURPHY: You don't know that?
M TURNER: I wasn't that, I wasn't that close to it then,
no. No.
G MURPHY: Right. But that was the system that was put in
place when you came back-
M TURNER: Well I was only, I was only there-
G MURPHY: -in 1996.
M TURNER: -I was only on the fringe of I think basically
to help get back control, help the referrals
committee and the central organisation get a
control of the business units again, to
reinforce Jerry, I think it was Jerry Wooding at
that time, yes. To stiffen his backbone on
getting control again.
G MURPHY: Okay.
M TURNER: I was on, I was on, I didn't pay much attention
to the organisation and what it was doing.
G MURPHY: Right so were you ever involved in this system
that was developing at that time? 1995, 1996,
1997, 1998?
M TURNER: I attended some referrals committee meetings
again at that time, yes.
G MURPHY: Okay.
M TURNER: To listen to what was going on and to make sure
that we really were getting control back into
the centre.
G MURPHY: Right. What about outside of referrals
committees were you ever involved in discussions

with say Hugh Dickinson, who I understand was the person who was tasked with-

M TURNER: Only in as far that if he knew I knew anybody, like Richard Charter, and they was amending his documentation he would finally bring it to me for the sign off or if Richard was in town I'd see Richard, because I knew him, he became quite a friend. So, yes. That was all.

G MURPHY: Okay so you were brought back in?

M TURNER: Well on the, yes, yes. But I had a job, I had a very different job today in commercial aircraft at that time. But the main focus in the mid 90s was commercial aircraft and sorting out, in fact we wrote off £4 billion getting out of regional aircraft and re-organising airbus, that was my main task and it was only because Dick was so concerned about the business units getting control again of marketing and not the centre, and the activities of the campaign against the arm trades, they asked me as some kind of advisor to the referrals and to Jerry to make sure that the organisation was working as he wanted it. It was very much, you know, a part-time advisor role.

G MURPHY: Right. But at that time something big was going on within marketing because the whole system of appointing and remunerating advisors was being developed. A whole new system-

M TURNER: Was it?

G MURPHY: Were you, were you involved in that.

M TURNER: What new system?

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G MURPHY:

The new system that involved Red Diamond?

M TURNER:

Oh that was, that just Dick. Dick was really, I say the two things, Dick was concerned about the business units again not being controlled by the centre and by these activities of the people who were frankly hostile to our business. And he had the view, and I think I attended one or two meetings where it was discussed, that we should take the documentation offshore-

G MURPHY:

Yes, I'll come on to that but my question is were you involved in either developing that system, either approving that system, in discussions about how that system ought to be developed?

M TURNER:

I was involved in some discussions-

G MURPHY:

You were-

M TURNER:

I remember, you know a couple of times I was at meetings where it discussed, yes.

G MURPHY:

Right. Okay. We'll move back on to that-

M TURNER:

Okay.

G MURPHY:

So the structure that was put in place, regional managing directors, what was their role?

M TURNER:

Largely the same as when they were vice presidents in my time. That their job was to make sure that we had knowledge of the countries for which they were responsible, what requirements were coming up in those countries where we could possibly have products to meet those requirements and to make sure we had the right advisors in place in those countries who give us the necessary advice and contacts in

those countries to hopefully win business.

G MURPHY: Did they report to you?

M TURNER: No. They didn't.

E SPARROW: Can I just make a point? You said you imagine, I mean, you're being asked did you know about the role of regional managing directors, the description you've just given is that the role of the regional managing directors or the role of the vice presidents in your day?

M TURNER: Well I imagine that the vice president's role was would be the same as vice presidents in my day. They had to orchestrate the relationships in a country knowing the politicians, knowing the military with the benefit of advisors who hopefully had more detailed knowledge and call in the business units the sales experts and the contracts people at the right time. They were the orchestrators.

E SPARROW: But Gary's trying to understand what your knowledge of the RMDs were and-

M TURNER: I didn't have much knowledge of them.

G MURPHY: You didn't have knowledge with them. See I was led to believe that they reported to you.

M TURNER: No absolutely not.

G MURPHY: As group marketing director.

M TURNER: I was never group marketing director. The last position I had in marketing was in 1992 as executive vice president. I left marketing.

G MURPHY: Okay. So when you came back in 1996.

M TURNER: I didn't come back I was asked by Dick to be an advisor to what was, I think I've explained what

I was doing. I was still commercial, I wasn't in marketing I was still head of commercial, chairman of commercial aircraft. From 1992 until 1999 when I became chief operating officer I was responsible for commercial aircraft.

G MURPHY: With no involvement in marketing other than this advisory capacity-

M TURNER: No, only the advisory capacity. Because of my prior knowledge and the fact that I had been successful in centralising marketing. Well more, and stopping the business units doing their own thing and that's why and Dick wanted me back in to give some advise to Jerry and the team.

G MURPHY: Right. Okay.

M TURNER: On the organisation and being strong.

G MURPHY: So you basically had no involvement with RMDs at all?

M TURNER: No I didn't no. None. No.

G MURPHY: Okay. Right let's us, Carl sorry is there anything you want to, you want to add?

C BROWN: No I don't think so, no.

M COWIE: I have a comment.

C BROWN: Not at this stage.

M COWIE: Is there a tension here between a formal involvement and an informal involvement of this, it's drawing out from what I understand you see is that you're formal responsibility between 1992 and 1999 was with the commercial aircrafts-

M TURNER: That was my job, that was my day job, yes.

M COWIE: But Sir Richard Evans was asking you to do

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certain ad-hoc things which have a marketing vent during that period.

M TURNER: Not really. He wanted me I think, to stiffen the organisation, to make sure that... He liked it when I did it, it was controlled, you know it was, I was a strong guy controlling the business units and their activities and making sure they weren't going off appointing advisors without going through the proper procedures in the centre. And Dick clearly in the years that I was away from 1992 to 1996, it clearly had slipped back where the business units had gained more power, and doing you know naturally they wanted to go off on their jollies to these places and appoint their own advisors and get their own people appointed. And Dick clearly was concerned that that had happened, that Jerry wasn't as strong as I was in controlling the marketing department and the activities of the company against the arms trade clearly bothered him, that was all. And I think he really wanted, he saw I had a bit more time because I had got regional aircraft under control, I was getting airbus under control and he really wanted my strength to help on getting control again.

G MURPHY: Carl?

C BROWN: Shall we...

G MURPHY: Yes actually thanks Carl. This is a good point just to stop the first tape I think. The time by my watch is 10.55 and the time elapse counter is

showing 41. We'll stop the tape.

(End of tape 1)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RLI02

TAPE 2 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: This is the continuation of an interview with
Mr Mike Turner. The time by my watch is 11
o'clock. Mr Turner could you confirm please
that the same people are present now as were in
the first tape?

M TURNER: Yes.

G MURPHY: Yes. And that we've not discussed the case
during the break.

M TURNER: Correct.

G MURPHY: I will remind you that you are under caution and
also that you are not under arrest and free to
leave at any time.

M TURNER: Thank you.

G MURPHY: Okay.

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E SPARROW: Gary can I just before you start your new topic, I mean is there anything else you want to, because obviously, in the last tape we've sort of revealed that Mike had another job that wasn't-

G MURPHY: Yes.

E SPARROW: -heading up the marketing team between the mid 90s.

G MURPHY: Yes.

E SPARROW: That's obviously a very important factor, is there anything else that Mike-

M TURNER: I'm sorry you had the impression I was running marketing in the, I wasn't running marketing in the mid 90s.

G MURPHY: There is something that I was going to kick off with before we go onto the documents. You said you came in and you gave a bit of backbone, I think is what you said, to Jerry Wooding.

M TURNER: Yes.

G MURPHY: What was it exactly that you had to do there?

M TURNER: Well to say to Jerry and by being alongside Jerry at the referrals to show that the businesses had to be controlled, that they couldn't just go off and appoint advisors willy-nilly. That the risk really was something that was very important to the company and that it had to be controlled by the head quarters and that the marketing team, I kept preaching this when I got the chance, had to orchestrate the activities in countries. That you couldn't have various, you know, business units just keep

going in and out of countries, each pushing their own product, each trying to get their own advisors to speak up for them. It just wasn't sensible.

G MURPHY: Did you work with him on that?

M TURNER: I kind, I suppose, I can't remember but I must have spoken to him once or twice and said come on Jerry get a grip.

G MURPHY: Right.

E SPARROW: Was that done by a change of system or was it just you using the same system to make it work better through Jerry?

M TURNER: Just getting Jerry to be firmer in controlling the business units and getting them in line and letting, making sure the business units understood that in terms of leading campaigns, orchestrating campaigns, it was the centre. Having said that you see there were big problems with people like Mike Rouse who funnily enough became Jerry Wooding's replacement. He was running Walton a big business unit and Mike fought all the way, you know, we don't want these guys in the centre, we're the experts, we want to appoint our own advisors, we want to run our own business. We're responsible for our PNL. And I kept, you know, in my day I kept saying, look no it's a joint responsibility to win business. It's the guys who know the country, who are the experts on the country and the people in the country and it's the experts, the sales experts, the product experts, you know

it's orchestrated by, in my day, by the vice president. Presumably they became the regional vice presidents, marketing director whatever they were. So it's really trying to give Jerry some support.

G MURPHY: Right. What level of scrutiny did you have over what Jerry was doing?

M TURNER: None.

G MURPHY: How did you monitor you know whether he was putting into place the advice you were giving him?

M TURNER: You just listened and I just, aware of what was going on in my company.

G MURPHY: What and it just happened?

M TURNER: People talk. You know you hear that the business units, you hear, you bump into marketing guys who were complaining that the business units were going doing their own thing in a particular country so I was just aware of what was going on. And clearly Dick Evans was concerned at what was going on, how it had slipped back to lack of control from the centre and confusing the customer as well. You know one business unit arriving, pushing Hawk another pushing...

G MURPHY: So how did Jerry pull it all back together then, how did he manage?

M TURNER: I don't think he did, I don't know I tried to help. I didn't have, as I say, a lot of time to help him. By being sitting there, attending the odd referrals committee, showing that the centre

cared about this.

G MURPHY: Right.

E SPARROW: Apart from sitting on the referrals committee you didn't have any formal position or formal responsibility-

M TURNER: No-

E SPARROW: -in the sense that you show up at an organisation-

M TURNER: Just strength of character and the fact I'd done it before.

G MURPHY: How much of your time would you say you were devoting to that then, bearing in mind you had your day job as you say?

M TURNER: Half a percent.

G MURPHY: Half a percent.

M TURNER: Less than 1%. I just didn't do it, it was just something that occasionally I'd attend a meeting that Dick had called or a referrals committee. But the referrals committee were few and far between that I actually had time to attend.

G MURPHY: Right.

M TURNER: That was it. And I'd listen to what was going on in the, you know the businesses.

G MURPHY: Did you ever meet advisors with Jerry?

M TURNER: Not, no. The only advisors I met as I say was the legacy from the past, people I'd got to know.

G MURPHY: Did you every have a need to keep in touch with what was going on in the various territories?

M TURNER: No. I never went to South Africa again on business after 1991. That was the only country

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I was really involved with.

G MURPHY: Did you ever feel the need to keep involved in what was happening in the territories after that even between 1996-2002?

M TURNER: No it was only at board meetings I would be the one who questioned, you know where are we up to on this whole campaign, I remember from the old days or whatever, that was all.

G MURPHY: So did you ever liaise with any of the RMDs?

M TURNER: No.

G MURPHY: Not at all?

M TURNER: Not that I can recollect, no. I'd bump into them and I'd say they complain if a business unit was doing something they shouldn't or I'd ask how a particular campaign that I knew about was going on, you know, that I remember from the old days, because these campaigns went on for years.

G MURPHY: Right.

M TURNER: And you know once you'd started them you would keep, like the Australian or the South African campaign went on years.

G MURPHY: Yes.

M TURNER: Yes. You know how we doing fellas, come on when you going to win some business.

G MURPHY: Okay. But was that as in a formal capacity-

M TURNER: No.

G MURPHY: -that you were asking that?

M TURNER: No. Just, I was a very senior guy in the company and I was interested in the company's welfare and you know how these campaigns were

going.

G MURPHY: Yes. Did you ever have any involvement in the appointment of any of those advisors in any of the territories?

M TURNER: Well yes, you know I did but, occasionally because I'd known from the past these guys and rightly the policy was that you try and get the highest person in the company who knew the person to authorise it, to have one of the signatures on the document, yes absolutely rightly. But I didn't know many and therefore it very, very rarely would I sign off.

G MURPHY: Right. But were you out there literally looking for advisors, appointing advisors?

M TURNER: I never looked, I would never ever approach an advisor it was always, in my day, in the four years I did it, it was up to the vice presidents to find the right advisor and then to hand it over when they were confident that he was the right person or body to represent us, to the, what was then the headquarters, was it, Hugh Dickinson's-

G MURPHY: Yes.

M TURNER: -organisation, to do all the necessary vetting. But I would never, I would never get involved with an advisor or the appointment of an advisor. I would just meet them clearly in a country that if I was asked by, there's only South Africa, Robbie would say, 'Come on Mike, let's go, you know, I need your help in promoting the company in South Africa because

apartheid's coming to an end', so I got a bit involved there. And I got to know Richard quite well, well quite, yes, reasonably, really well. Richard Charter became a bit of a friend and Bredenkamp to some extent. That was it.

G MURPHY: Okay. We will move on and look at those people-

M TURNER: Okay.

G MURPHY: -in a bit more detail. Any questions from anybody?

M COWIE: Yes I just wanted to ask Mr Turner whether he thinks it's a fair summary to say that your role during that period was to lend authority direction and control where it was failing in the marketing area.

M TURNER: Well I wouldn't say it was failing, it wasn't...

M COWIE: Or where it wasn't-

M TURNER: It would just add some weight. I think it's a bit strong the way you put it. It was really to try and add some weight to Jerry.

M COWIE: so Authority is what we mean-

M TURNER: Authority, yes.

M COWIE: -direction where appropriate.

M TURNER: To give some backbone to Jerry.

M COWIE: Yes.

M TURNER: And the team.

M COWIE: Yes.

M TURNER: It was the right thing to do for the centre to control activities.

M COWIE: And I said control so do you-

M TURNER: For the centre-

M COWIE: -can you figure out a summary?

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E SPARROW: Your, I suspect what I've heard Mike talk about his personal assistance to Jerry the way you're putting it I think is you were trying to institutionalise that and get Mike with responsibility-

M TURNER: I didn't have any organisational responsibility.

E SPARROW: Or control?

M TURNER: Yes, or control for the marketing organisation. I was trying to say to Jerry you should, you know, this is the way to do it Jerry, but the way I did it but without being as obvious as that.

M COWIE: If you made a decision or a contribution or directed a particular matter because of who you were, it would be done then?

M TURNER: Well I've never directed anything during that period. It was really helping Jerry on, you know, on the concept of the organisation and being seen to be sitting alongside him at times at the referrals.

G MURPHY: Right could you go to your document bundle please? And if you would turn to page three.

M TURNER: Yes.

G MURPHY: Here we have a document which is headed up procedure for the appointment and administration of sales advisors, agents, representatives and consultants and payment of their remuneration. I have to read out the docman number in the top left-hand corner, which you'll get fed up with as I do. 009011000003. Is this a document that you have seen or had been aware of in your time

at British Aerospace?

M TURNER: I'm sure I've, I'm certainly aware of documents like this that repeat the policies and processes that we have in the company.

G MURPHY: That's right. That's right. And I've-

E SPARROW: Do you have a date for this?

G MURPHY: No I don't, that's just the point I was going to make. I don't have a date for it. We believe it's an early document purely because if you go to page seven, it says, top right-hand corner, May 1993. I haven't got a clue whose handwriting that is but that seems to date by some way the document. If you think that's way out because something on there that is able you to make a determination then please let me know. So it would appear to us and from what you've said, that this was the sort of policy document that BAE had in place around May 1993. Now I understand that various policies, evolved over a period of time and I would have thought that documents like this were published from time-to-time updating that policy, would that be right?

M TURNER: I think the policy's been updated two or three times, you know, over the last 20 years-

G MURPHY: Yes.

M TURNER: Yes.

G MURPHY: If we just go to paragraph one on page three, where it says policy. Sales advisors, agents, representatives and consultants engaged in promoting marketing or selling the groups

products and services will only be appointed in remunerated in accordance with the principles stated on the attached policy statement on business ethics which is appendix one. And appendix one is page seven. And it's the second paragraph that I'm interested in there because it basically talks about the BAE's policy on the appointment of advisors and the policy on corruption. If you look at the second paragraph towards the end, it's about the fourth line up, 'Under no circumstances will the board of the company countenance corrupt practices including payments or other inducements being given by employees to political parties, government officials or a customer's executives. Nor will the board tolerate any conduct which constitutes a criminal offence.' Now the wording may have changed very slightly but over the period of time that you've been involved in BAE would you say that's a fair reflection of the company's policy on corruption?

M TURNER: Absolutely.

G MURPHY: Yes. Just above that, those sentences I read out there, three lines down it says, 'It is essential that all such representation and consultancy arrangements are properly regulated and recorded and that they conform with normally accepted business practices.' Do you know what that means, conforms with normally-

M TURNER: No.

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G MURPHY: -accepted business practices.'

M TURNER: No I don't, no.

G MURPHY: Right. Is this a document that you have been aware of?

M TURNER: I know we've had documents that make clear what our business ethics are and that the general theme yes.

G MURPHY: Okay.

M TURNER: I can't say I read them day and night. I know what our policies are on business ethics, yes, very clear.

G MURPHY: And what about the rest of staff in marketing, is that something that they would all be aware of?

M TURNER: I hope so.

G MURPHY: What does the, what does BAE do to make sure that they are aware of their policy on corruption?

M TURNER: Well over the last few years, we have detailed programmes in place to make sure certainly since 1999-2000, since we went into the United States, you find in the US that they have a lot of training programmes that you have to tick the boxes on for incorrupt practices act and they have a lot of training programmes in place to make sure that people, particularly those dealing with advisors, go through a training programme on a regular basis. In fact I do, I've done it for the last 10 years now. And all senior people in the company do and certainly anybody involved in the marketing

department. I can't remember in my day any particular training programme we went on though. No we had the policies like this out there for anybody to read. But it was clear you just don't do these things.

G MURPHY: Yes. So is it right to say then that over time it's changed, things have tightened up, certainly in the latter years as you say?

M TURNER: Certainly since we went into the US in 1999, we've been far more conscious of making sure that people are really made aware and brought to their attention what the company's policies are on a regular basis. And we've had far more I would say conscious of the reputational issues around the company.

G MURPHY: What about back in the time of this document, 1993, what were the board doing then to make sure that this policy was being implemented by its staff?

M TURNER: Well the policies were communicated or sent out to the businesses and these are the company's mandated policies and processes and you were supposed to abide by them.

G MURPHY: Right. Okay. Was there any training back then?

M TURNER: I can't remember any.

G MURPHY: Right. Okay. Just-

M TURNER: Well you don't need training for these things do you?

G MURPHY: I don't know.

M TURNER: It's obvious that you don't do these things. I don't, I'm always amazed when I go on these

training programmes now as I do, that it's the bloody obvious. You just don't do it, you don't need to be told these things, I smile at some of the training things.

M TURNER: Do people take notice of the obvious?

M TURNER: I hope so and we're fortunate in our company we employ well educated by and large people and I find it insulting some of the training things but I'm told it's the way you have to do it. It's certainly what they do in the US, you know, obvious questions, the obvious answers, yes. We have to do it in accordance with the US requirements, so we do it, and that's what we kind of put into the UK.

G MURPHY: So basically the board would make sure policies like this were passed out around the staff and hope they-

M TURNER: They expected them to be followed, yes.

G MURPHY: Expect them to be followed. Yes.
Okay if you just pop down to point two, confidentiality, this is something you've already mentioned.

M TURNER: Which page are we on now, sorry, three?

G MURPHY: Still page three.

M TURNER: Oh back to three, okay.

G MURPHY: Confidentiality. 'The terms of advisors appointments are commercially confidential and circulation of any information concerning them will be restricted to those who have a need to know', yes. I mean to me it's obvious people that need the information need it otherwise they

can't do their job properly is that.

M TURNER:

Yes.

G MURPHY:

Or possibly couldn't even do their job at all if they didn't have certain information.

M TURNER:

Yes the concern here is people knowing in the context of advisors, who the advisors were and how much they were being paid. That's what we were trying to control.

G MURPHY:

Yes. Yes. So who would need to know that information?

M TURNER:

Clearly the person who was, the marketing guy, the vice president in my day, who was putting forward the advisor, he would have to pass it to the legal marketing services department to do all the necessary vetting so they would need to know. The referrals committee when the vice president made the case for the appointment and nobody else.

G MURPHY:

Right.

M TURNER:

And that's what we tried to do.

G MURPHY:

Okay.

M TURNER:

The business unit didn't need to know. All they need to know is what was the percentage they had to put in the price.

G MURPHY:

Yes. But the guys on the ground?

M TURNER:

Didn't need to know.

G MURPHY:

The guys on the ground in the jurisdiction?

M TURNER:

Didn't need to know.

G MURPHY:

Why didn't they need to know, why?

M TURNER:

If it was orchestrated by the marketing department, if the vice president knew who in

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some cases it was clearly you'd see that the advisor would attend a meeting with you so it was obvious that people need to know. In other cases though the advisor was covert and nobody needed to know apart from the information he passed to the vice president I presume.

G MURPHY: So is that how it worked then, the advisor would get information and would pass it to the vice president?

M TURNER: In some cases, yes. And that's only to the vice president. This is what I believe and because we didn't want people in the business units knowing the names of some of our really top class advisors, which they could then pass to other people, yes.

G MURPHY: Yes.

M TURNER: In very limited areas, in most cases I imagine people got to know who the advisors were because they'd see them when they went into territory because they'd have meetings with them to explain what was going on.

G MURPHY: Okay. So that would be the norm?

M TURNER: That would be the norm.

G MURPHY: Yes. Okay. But there might be an instance where that information was protected to a level-

M TURNER: Of who the advisor was.

G MURPHY: -maybe only the vice president would know.

M TURNER: Probably.

G MURPHY: Okay. Referrals committee at point three still on page three, Mr Turner, the appointment of advisors will be regulated by a committee', the

referrals committee which we discussed and we'll move on to. So all these policies and procedures were laid out in documents similar to this and have been in place for some time.

M TURNER: Always.

G MURPHY: Yes.

E SPARROW: Just to pick up a small point. Mike do you remember actually, I mean ultimately what we know, but I mean do you remember seeing that specific document?

M TURNER: No. No.

G MURPHY: What was the issue around corruption in the defence industry at this time that meant that needed to be in that document?

M TURNER: At that time?

G MURPHY: What was the whole, yes, what was the whole issue around bribery and corruption in the defence industry?

M TURNER: No idea. But I think as long as I know, there's always been documents like this making it absolutely clear to people, if they needed to make it clear, that you don't do things illegal. It's bloody obvious to me.

G MURPHY: Yes. Are you aware that the defence industry has anecdotally been surrounded by claims of bribery, corruption, in various jurisdictions by various companies around the world?

M TURNER: It's something we have to live with I'm afraid, yes.

G MURPHY: So-

M TURNER: It's awful, it is awful. It does a lot of damage

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to our industry and to my company.

G MURPHY: And a high risk area, a high-risk industry.

M TURNER: With reputational damage, yes.

G MURPHY: Absolutely.

M TURNER: Bad for our company and our country.

G MURPHY: Yes. Do people in marketing ever have access or ever pay attention to Transparency International's corruption index?

M TURNER: Yes it's certainly something I've been aware of since we went into America and we became more and more conscious, not about legal illegal that was never a issue, but reputational and the press in the UK, there's only one player in the UK it's BAE Systems and if the press are anti you, which part of the press are, and they want sensational stories, they're going to go after us, so we are particularly since the US and the way that the press can wind things up, we've been increasingly conscious of reputational damage. And frankly since we went into the US we have pulled back on the, on the focus and the need for exports. You know we're less dependent on it, since 1999 and going into the US we used to have lots of exports in our business plan, possibilities of exporting. We don't do it, since 1999 we haven't done that. You know we have such a domestic business now in the US in the UK in Australia and Saudi Arabia, exports are less important and therefore taking the risk on reputational damage is the barriers been raised and raised and raised since 1999.

G MURPHY: Why, since 1999, that was because you went into America.

M TURNER: Yes.

G MURPHY: Any other reasons why the barrier's been raised?

M TURNER: None at all, no, that I can think of. Just that.

G MURPHY: Okay.

E SPARROW: But Mike you want to explain what going into America meant in terms of America becoming a domestic market for you.

M TURNER: Well it's just that the Americans had FCPA and they take it, they clearly had a view of the world that other countries engaged in activities that they don't as US, as the US and the US companies. And my, I said it quite clearly to the board, that if the US was going to make an example of anybody it would be this foreign alien company BAE Systems who is intending to grow significantly in their market.

G MURPHY: Mm-hmm.

M TURNER: And therefore we had to be really careful on reputation impact of people that we associated with and what the press would make of it.

G MURPHY: Mm-hmm.

M TURNER: That's very clear to, and I remember saying to the board that somebody asked me, one of the non, how much this would cost us I could, I said it could actually cost us about £1 billion worth of business a year in my view. Because there's certain parts of the world we will not go. I think I've said the numbers in my statement that

I think I was told that the number of the advisors over, I wasn't involved in the process at the time, went down from about 600 advisors to around 250.

G MURPHY: Yes. We'll come back on to that. Carl is there anything on policies that you want to pick up on at all?

C BROWN: No I'm just, I wonder if you could just explain, I know you've tried I'm just not understanding how this information would be filtered down to your guys that are out there trying to find business. This statement on business ethics which you say is obvious, how do your guys that are under pressure to win business in a competitive environment know how to behave?

M TURNER: Well they all knew what the company had very clear policies on business ethics and integrity in business dealings that was always the case. What we didn't have in those days, I'm going back to 1987 to 1992, was training programmes in place to ram it into people but it's bloody obvious. When I go on these, I do this training programme once every two years now and the guys, it's embarrassing the questions and it's do you know this and do you, of course I bloody know that.

C BROWN: But how do your guys know that this policy exists, I mean you've said it's obvious but before there was a training programme how would people entering your marketing department-

M TURNER: Because they know the way BAE Systems, they had

the standards we have as a company. This is the way we do business. Integrity in business-

C BROWN: So its been-

M TURNER: -and the ethics of BAE Systems are very, very strong.

C BROWN: So it would be explained to them?

M TURNER: Yes it would. Certainly over the last 10 years since we put the training programmes in place, yes.

C BROWN: So when you were running-

M TURNER: You have to sign up.

C BROWN: When you were running the marketing, the defence marketing organisation, who had the responsibility for telling your EVPs and VPs about this policy?

M TURNER: There was no, there was no routine process for sitting down with people and saying, have you read the policy. What it was, was that people the regional MDs or vice presidents in my day, would come forward with an advisor they wish to appoint. It would then be handed over to the legal marketing advisor support services people who would do all the necessary checks in line with the company's policies and processes.

E SPARROW: I wonder if it would help, on page eight of the bundle, oh dear now I'm going to have to do it. Document 009013000002 there's something called group rules. And on page nine there is a section headed business ethics and the second paragraph of that, well the first paragraph of that talks about the appointment of agents and

consultants and the second paragraph contains a paragraph that's very similar to the group policy we've just looked at.

G MURPHY: Absolutely, yes.

E SPARROW: Mike, what would group, what were group rules? Are they something that were given to all employees?

M TURNER: Yes they were given to every business unit head, there's the rules, the processes, the British Aerospace, BAE Systems latterly had to comply with. And you have to sign off, we have a what's called an operation assurance statement that every six months you have to fill in as head of the business unit that you're business units have complied with those policies.

G MURPHY: But how would the-

E SPARROW: So-

C BROWN: What's the point of giving, sorry Mr Sparrow, but what's the point of giving it to the head of the business unit if they're not involved in the process of appointing the agents?

M TURNER: Well the people who are responsible for appointing the agents clearly do make sure that the appointment and the process has gone, the legal checking, the marketing services people are absolutely in line with the requirements of the company. They know that.

C BROWN: So you're EVP, because this is, I think is dated 1994 this document, so your EVPs or the EVPs-

M TURNER: Not the VPs, I was the EVP.

C BROWN: The VPs at the time would have a copy of the

rules-

M TURNER: Absolutely.

C BROWN: -they would understand.

M TURNER: Absolutely.

C BROWN: Okay.

M TURNER: And they're obvious anyway.

C BROWN: Well sometimes you have to point out what's obvious, it's a competitive environment.

M TURNER: I would have thought bidding by the law and having the right ethical standards are obvious.

G MURPHY: Did there ever come a time when you were the head of marketing, defence marketing, where your staff came to you and said, 'We can't win this deal because the French or the Germans or whoever, are offering bribes. What do we do about that?'

M TURNER: Never put that way it was always the argument that, I need to offer more than 15% or 12% because that's what the competition are doing.

G MURPHY: Right. And who, what, where would that money be paid?

M TURNER: What money?

G MURPHY: The 15%. What was the idea of paying more money than anybody else, just purely to win it on a commercial basis?

M TURNER: Well I imagine that it was all about getting the right advisors and the advisors always, you know the best advisors clearly tried to negotiate the highest commission.

G MURPHY: Mm-hmm.

M TURNER: And they'd say, you know, I'm being offered X

percent by the French or the Italians or the Americans or whoever, you know why should I take a lower percentage from you, British Aerospace. That would be part of the negotiation.

G MURPHY: Okay.

M TURNER: I imagine. I never did it myself.

G MURPHY: Never did?

M TURNER: The negotiation with an advisor.

G MURPHY: Okay. If we, did you or were you ever responsible for winning any defence deals for BAE?

M TURNER: I won the Hawk deal in Switzerland in 1986 and I think that's why, that's how Dick Evans asked me to take charge of the new organisation and pull it together, yes, because he'd seen how well I operated in winning that business against the French and the Italians and the Spanish.

G MURPHY: Any other deals?

M TURNER: Just that one. It's the only deal I was personally responsible for.

G MURPHY: Okay. Matt?

Okay. Can we go to page one please? As we can see this is a document headed 009036000035. It's headed up annex one warning signs. And it says, issue one 30th May 2001 in the top right-hand corner. Correct me if I'm wrong, Mr Turner, but this is annex one to a document that was created in 2001 called integrity in business dealings and it was all about the new procedures for appointment of advisors and their remuneration. Do you remember such a document

being created?

M TURNER:

No.

G MURPHY:

You don't. Okay have you ever seen this list of warning signs before?

M TURNER:

No. Not before you sent it to me.

G MURPHY:

Okay.

M TURNER:

I don't recall seeing it before anyway.

G MURPHY:

Right. If we look down there, it's a list as it says at the top there, 'The following are examples only of circumstances which may require us to take particular care over the appointment of an advisor'. And this is looking at the appointment of an advisor that may well be involved in making corrupt payments. Using some of the money that BAE in this instance, it's their document, to make onward corrupt payments okay. And these are the warnings a list of warning signs that staff in marketing ought to be on the lookout for when they are looking at appointing advisors or during the life of using an advisor in a particular deal. So for instance if we go to urgency, it says, 'If the advisor makes a request for an urgent additional payment immediately prior to the anticipated award of a contract.' Now that's saying that's a warning sign. Would you agree that that may well give rise to and mean that somebody needs to look in a little bit more depth at this particular agent?

M TURNER:

As to why it would be needed at that point, yes.

G MURPHY:

Yes. Okay. There's lots of others here,

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statements made. 'If the advisor has said that particular amounts of money will be needed to get the business, make arrangements or use similar expressions'. I think obvious it springs to mind again doesn't it?

M TURNER: No bloody obvious.

G MURPHY: Okay. Right. Okay. Now we could go on and read through all of those but I'm not going to.

M TURNER: Typical American stuff that isn't it?

G MURPHY: Is it?

M TURNER: I've never seen it before previous to you sending it to me, but that's the kind of box ticket stuff the Americans love.

G MURPHY: Now as I say that document didn't actually come into being until 2001, mid 2001, you've said obvious, bloody obvious, do you accept that these sort of things should always have been in the mind of people that are employed by BAE-

M TURNER: Absolutely.

G MURPHY: -that are involved in the appointment of agents.

M TURNER: Absolutely.

G MURPHY: Okay.

M TURNER: Without being told, wouldn't you think intelligent people without being told would know that?

G MURPHY: Well I would.

M TURNER: Yes.

G MURPHY: I just wanted to see whether you agree-

M TURNER: And I agree entirely yes.

G MURPHY: Yes. Okay.

Carl.

C BROWN: Okay. Sorry, Mr Turner, I'm just catching up with my notes.

M TURNER: Okay.

C BROWN: If I, if we could move on I'd like to talk to you briefly about a contract that was negotiated and won in the mid 90s which I think was called Project Nile which was BAE were the head of a consortium of British companies that sold multiple products to Qatar. Are you familiar with Project Nile and the contract with Qatar?

M TURNER: Not at all, no.

C BROWN: Okay. You weren't acting in any marketing capacity at that time?

M TURNER: Not at all, no.

C BROWN: Okay.

M TURNER: Not aware, I'm not, I've never had any dealings with Qatar to my recollection.

C BROWN: Okay. I think we handed you a document before the interview-

M TURNER: Yes.

C BROWN: -began. Now you'll have to excuse, there are, I think there were three pages and they both appear to refer to the minutes of the referrals meeting held on Thursday the 15th August 1996.

M TURNER: Yes.

C BROWN: Now one of them indicates that you're present and one of them suggests that-

M TURNER: apologies.

C BROWN: -Yes. Now I don't know what your company's normal record-keeping's like but this is confusing. Were you there?

M TURNER: I don't know. If it says I was there.

C BROWN: Well it says both.

M TURNER: Don't know. Maybe I was in and out.

C BROWN: Okay. Because this talks about, and from what you've said previously about your involvement in marketing at this time, it's possible that you've sat on this referrals committee isn't it?

M TURNER: Yes absolutely possible.

C BROWN: Okay.

M TURNER: I did try and attend when I, my business commitments let me.

C BROWN: Yes. Okay. And then the chairman, who's Mr Riley, reminds everybody about advisor issues being strictly need to know. And then over the page it says, 'Qatar Knock Limited, the proposed appointment for a defence package at 15% was approved and it was noted there would be further proposals taking it to approximately 20%. Can you explain how the referrals committee scrutinised the appointment of Knock?

M TURNER: I don't know anything about Knock I don't know. I imagine, was it Jerry Wooding at the time, a JMW would put the case as to why, which advisors he wanted and why and the arguments for paying commission levels, particularly if it was going up to as high as 20%. He would have to put the case to the referrals, I can't remember it.

C BROWN: Well what kind of thing would he, what kind of case would he put, what, let's talk, we're talking about Knock. So Mr Wooding comes in and what does he do, how does he present this to

the-

M TURNER: Well there's be a whole-

C BROWN: -referrals committee?

M TURNER: There'll be a whole list, he'd probably have what 30 or 40 being dealt with on the day so maybe you know the one of a large number that would be considered. Clearly one that he was putting forward so he would speak up and say, these are the advisors I wish to appoint, or a new advisor I wish to appoint, and why, that this was a guy who won business in the country, knew the country well, had good contacts, and if we didn't appoint him somebody else would kind of thing. That would be the kind of arguments that you'd often hear.

C BROWN: Okay. And you're pretty sure that would be Mr Wooding?

M TURNER: It says JMW there-

C BROWN: Oh after the-

M TURNER: Yes.

C BROWN: -For the action?

M TURNER: Yes. That's Jerry Wooding.

C BROWN: So that would indicate that it was an advisor that Mr Wooding wanted to appoint?

M TURNER: Appoint yes, he was the advocate on that case, yes.

C BROWN: Okay and what would Mr Wooding explain about Knock Limited? How do you know as a committee who you are appointing?

M TURNER: We never got involved, we never actually, you might see the name but what the company, that

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was nothing to do with us as referrals. That was for the legal the marketing services people to make sure that all was in order there. We never asked, you know what this company was or where it was or what it did. That was for the legal guys.

C BROWN: Okay. So the point, the appointment, the important thing about the appointment is not the company?

M TURNER: No that was, it's the, to do with the referrals.

C BROWN: The person behind the company.

M TURNER: Yes. The referrals assumed that was taken care of by the legal people.

C BROWN: Okay.

M TURNER: Before it came to referrals.

C BROWN: And who is the advisor in this case, who is behind Knock Limited?

M TURNER: I've no idea.

C BROWN: You don't know?

M TURNER: Not a clue.

C BROWN: No. Okay. Mmm, well. Sorry Mr Sparrow were you indicating something? So you never at any point, even today as you sit here today, do you know who is the beneficiary of the money that was paid to Knock Limited?

M TURNER: No idea.

C BROWN: Well that was the foreign minister of Qatar, Sheikh Al Thani. Does that concern you?

M TURNER: Never heard of him.

C BROWN: You've never heard of him?

M TURNER: Al Thani?

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C BROWN: Yes. Sheikh Al Thani, he's the foreign minister-

M TURNER: Never heard of him.

C BROWN: -uncle to the Emir. You've never heard of him?

M TURNER: I've never heard of a Mr Al Thani, no.

C BROWN: Okay. Well it's Sheikh Hamad Bin Jassim -

M TURNER: I've heard of Hassan Bin Jassim, I've heard of-

C BROWN: HBJ?

M TURNER: Yes I've heard of Hassan Bin Jassim yes.

C BROWN: Okay. Well that is the same person.

M TURNER: Oh okay.

C BROWN: Does that give you any concerns?

M TURNER: Well I don't know anything about it.

C BROWN: Well I've just told you he's the foreign minister of the country in question and the uncle of the Emir. Does this give you any concerns?

M TURNER: If he was the recipient of money, yes, it would be against our policies, yes.

C BROWN: Okay. Was there-

M TURNER: So yes I'm concerned, yes if that's true.

C BROWN: Were there any discussions about the ultimate beneficiary of Knock Limited?

M TURNER: No all we discussed at referrals who the advisors were.

C BROWN: So-

M TURNER: And I don't know what the discussion on this, I can't remember what the discussion, even if I was there, what the discussion was about, but at referrals all you, the vice presidents would come forward and make the case as to why an

advisor should be appointed at what percentage.

C BROWN: But how were you, how is the committee capable of making any kind of decision on whether he should be appointed and the level of the remuneration if you don't know who he is?

M TURNER: Well you were told that, who the advisor was. You were clearly told who the advisor was.

C BROWN: So the committee would have been aware that behind Knock Limited was a foreign public official?

M TURNER: I don't know. If that was the case I would be amazed. If the committee was told that the recipient was a minister of the country I would be amazed if he was appointed. While you, when I went to referrals you were told who the advisor was.

C BROWN: Okay-

M TURNER: It's a case for the advisor.

C BROWN: -there would be never any question that the referrals committee would be aware of who they were appointing?

M TURNER: Course the referrals committee would be told by the vice president responsible who the advisor was he wishes to appoint. Yes.

M COWIE: Can I make a point just a point for clarifications. Obviously the advisors are actively represented by nominee firms, Knock Limited in this instance.

M TURNER: That's where we, we only wanted to know who the advisor was not the company. We never knew what the, well you probably, might see a heading but

we wanted to know who the advisor was.

M COWIE: You want to know who the person-

M TURNER: The individual-

M COWIE: -the person behind it.

M TURNER: Yes who is this person and what's he going to do.

M COWIE: Yes. Thank you.

M TURNER: I can't believe it was a foreign minister.

C BROWN: Well there was, the authorities in Jersey conducted an entire investigation and the money tracing exercise was done and it, the ultimate beneficiary of, behind Knock Limited was the Sheikh.

M TURNER: Oh but he wasn't the advisor then, he wasn't the advisor that the referrals committee had, you said he was the advisor that we appointed.

C BROWN: Well you appointed Knock Limited but-

M TURNER: No we didn't, now we wouldn't we would appoint an advisor. There'd be a name. There'd be, we do not appoint companies, we appoint advisors, the referrals committee.

C BROWN: You appoint the company.

M TURNER: Well we don't. The referrals committee appoints the advisor. What then happens by the legal people in, because these advisors I presume, had different company names and all kinds of things that was up to the legal people to put that in place. What we wanted to know from the vice president, who was the advisor and what was he going to do. And I'd be amazed if somebody came along and said the advisor is Sheikh whatever,

just appalling. That would never, ever happen if I was there or if anybody was there in my view.

C BROWN: Well whether you were there or not, which there's some doubt over given the two sets of minutes.

M TURNER: Yes.

C BROWN: Certainly Rose, McDonald, Wooding, Garwood, Dickinson and Aldridge were all there.

M TURNER: Yes. By the looks of it yes.

C BROWN: And would, presumably this would have been explained to them at the committee-

M TURNER: What would be explained to the committee would be who the advisor was and what his role was.

C BROWN: Thank you.

E SPARROW: So just to see Mike's really clear I mean what you think-

M COWIE: It might be better to-

E SPARROW: To wait.

M COWIE: Yes to make this point of clarification on the next tape.

E SPARROW: Okay. Thank you.

G MURPHY: The time by my watch is 11.45. Time elapse counter is showing 44.

(End of tape 2)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE ON
TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RLI02

TAPE 3 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: This is the continuation of an interview with Mr
Mike Turner. The time by my watch is 11.51am,
and this is tape three. Mr Turner, can you
confirm please that the same people are present
still as were before the break?

M TURNER: Yes.

G MURPHY: Thank you. And that we've not discussed the
case during that break.

M TURNER: Correct.

G MURPHY: I will remind you that you are still under
caution. Do you need me to repeat the caution
or are you-

M TURNER: No, I'm fine, thanks.

G MURPHY: No? Okay. And I'll remind you again that you

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are not under arrest and are free to leave.

M TURNER: Thank you.

G MURPHY: Okay, just before the break, Mr Sparrow, I think you were going to make a point of-

E SPARROW: Well, I was just going to bring Mike back to this document. Is it right, Mike, I mean we've had some discussions about off the back of the Knock Ltd minutes, we've had some general discussions about the referrals committee, but in relation to Knock Ltd you don't recall attending a meeting at which Knock Ltd was discussed?

M TURNER: Correct.

E SPARROW: And you were also surprised... you would not expect the committee to have discussed the appointment or the payment of a defence package by reference to that name of a company? You would have expected it to be discussed by reference to the name of the adviser?

M TURNER: But you'd want to know who the name of the adviser was and what he did, yes.

E SPARROW: And you'd have been surprised if you'd known that the adviser was a foreign minister?

M TURNER: I'd be amazed.

C BROWN: It may be something that you would recall if you were at the meeting?

M TURNER: I certainly would, yes.

C BROWN: Yeah. Okay, so you've explained on this occasion that this particular referrals committee minute here refers to the appointment of Knock Ltd, and you've said that you're not

concerned with the name of the company? You're concerned with the name, the identity of their adviser?

M TURNER: Correct.

C BROWN: Can you help us with where the identity of the adviser would be recorded within the company?

M TURNER: I can't think of anywhere. It would be the vice president who would bring the proposal to the referrals committee, and he would refer to the name of the adviser. But why it would need to be recorded, I don't... I can't imagine. And why would it be recorded? What was the purpose of it?

C BROWN: Well, people change over time. The build, the make-up of the referrals committee, people within the marketing organisation, it might assist them if they were aware of, you know, if somebody comes into a job halfway through a contract it might help them if they were aware of who was their adviser.

M TURNER: It wasn't the practice to put people's names down on paper. As I say, we wanted Bear in mind to keep people confidential, advisers confidential.

C BROWN: Yeah.

M TURNER: It was a competitive advantage.

C BROWN: You see because on the proposal there's a form, isn't there? There's a proposal to appoint an adviser for them?

M TURNER: Correct.

C BROWN: That is sent to all the members of the referrals

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committee?

M TURNER: I don't know if it was. I don't think we actually got the form. I can't recollect - it's a long time ago now - but actually sitting looking through the form. I think all you had was a list of advisers, or names, to be appointed and countries, and the VP would speak up to it. I think the form was a separate... you know, that was the process, the checking process the legal and marketing services people did.

C BROWN: Okay.

M TURNER: The form. And it was signed afterwards anyway.

C BROWN: All right, because in the case of this particular incidence that form is completed and the adviser is listed as Knock Ltd?

M TURNER: Okay.

C BROWN: There's no identity of who the... your adviser is going to be in this case?

M TURNER: And that's good practice, yeah, yeah, that's good.

C BROWN: Why is that good practice?

M TURNER: Because it's not written down anywhere and people can't easily then get hold of the documentation to see who the adviser is, which is a competitive advantage that we wanted to keep confidential as far as possible, yes. So it's only the referrals committee and the VP who would hear the name of the adviser. And that's all it needed to be, didn't it?

M COWIE: Is it a fair summary then to say that at the process when the adviser is appointed the name

of the adviser becomes known to the persons present, and then the only other way in which the name of the adviser would become known in the future would be if informally one of the persons who was present at the meeting tells another person within the company?

M TURNER:

Correct.

M COWIE:

'Knock Ltd is-

M TURNER:

Or when you go in territory and the adviser turns up with the team.

M COWIE:

Yes.

M TURNER:

Which was often the case I imagine.

C BROWN:

Okay, but you didn't have any personal involvement in the marketing organisation, other than giving Mr Wooding some backbone?

M TURNER:

Backbone, yeah.

C BROWN:

So in terms of this appointment you can't help with how it is that-

M TURNER:

I have no recollection at all of Qatar.

C BROWN:

Okay.

M TURNER:

I don't even know if we sold anything there. I can't recollect selling anything to Qatar. Sorry.

C BROWN:

Okay, well that's fine. So just if I can just summarise that in terms of you can't speak on Qatar, but in terms of the policy then the referrals committee would be made aware of the adviser behind the company during the-

M TURNER:

No, the... you would... we didn't have interest in the company. That wasn't something for us as the referrals committee. That was for the legal

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guys to sort out and for HQMS.

G MURPHY: Mm-hmm.

M TURNER: Clearly in that case the name of the company was there for you to see, but it was the adviser you wanted to know and what he was going to do for you.

C BROWN: Mm-hmm, okay. And somehow this particular adviser appears to have slipped through the company's own policies?

M TURNER: I doubt it. I would be amazed if we-

C BROWN: Well-

M TURNER: -if the adviser was H...well, what is he called?

C BROWN: HBJ.

M TURNER: Yeah. I'll be amazed if it was him.

C BROWN: Okay.

M TURNER: If that was the adviser I'd be absolutely... it just doesn't happen. It would never get through referrals. If a VP came along to referrals and said, 'We want to appoint the foreign minister of a country as an adviser,' forget it. Joke.

C BROWN: Okay. Well, you did.

M TURNER: I don't believe it.

C BROWN: Okay, all right, that's fine. I mean did you not see it in the press at the time that Jersey launched an entire... the attorney general of Jersey launched an entire investigation into this appointment?

M TURNER: No.

C BROWN: You don't recall.

M TURNER: I'm not aware of it.

C BROWN: Okay. All right, anything on Qatar?

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G MURPHY: So what happened there then? What happened with the referrals committee process?

M TURNER: We appointed an adviser. I don't know-

G MURPHY: Who was a foreign minister?

M TURNER: I... you say that.

G MURPHY: No, I'm telling you that. I'm telling you he was a foreign minister. What happened to your system?

M TURNER: We appointed an adviser who we didn't know was whoever you say he was I can imagine. I don't know. Clearly it was... if that... if you say that we actually... the referrals committee actually knew that they were appointing-

G MURPHY: Well, you told us that.

M TURNER: What?

G MURPHY: You told us that the referrals committee knows the name of the individual adviser?

M TURNER: Exactly.

E SPARROW: But be careful, be careful, be careful. Mike has said that he doesn't have any recollection of a meeting dealing with Knock. So he's only there dealing... he hasn't said that he knows that they were told-

M COWIE: We're dealing in general principles here, yeah.

E SPARROW: Yes, exactly, exactly. It's not the specific. I mean I don't know. One... everybody's I think speculating, and maybe that's not very helpful, but I mean it's possible to speculate that a name, Mr X, was in this case said to be the adviser, and Mr X's credentials were laid out to the committee, and in fact it now turns out that

Mr X wasn't the beneficial owner of Knock Ltd, but the foreign minister was. So I mean that may be, but I don't know.

M TURNER: What you're saying really is that this... the vice president came forward and said, 'I want to appoint Sheikh whatever as the adviser for this country,' and that the referrals committee approved that. I am 100% certain that would not be the case.

G MURPHY: Okay. Is it possible that, as Mr Sparrow just suggested, that it could have been another name, other than HBJ?

M TURNER: Well, what I've just said means it would be another name.

G MURPHY: Okay.

M TURNER: It would not be a minister of a country.

G MURPHY: Okay.

M TURNER: Never.

G MURPHY: So how would that other name have got through you're your vice president, who's there to do checks on the individual?

M TURNER: Well, the vice president... no, the vice president doesn't do checks. The vice president speaks to the adviser, negotiates with the adviser, hears what the adviser is going to do, what knowledge he's got of the country. The vice president brings it to the referrals committee for approval. It's the process. It's the right process.

G MURPHY: Yeah. I must be missing something here because I understand that your vice president, as you've

just said, will speak to the individual adviser?

M TURNER: Correct, to negotiate-

G MURPHY: How can he then put forward another name?

M TURNER: I don't believe he would do.

G MURPHY: No, so he must have known that he was the foreign minister?

M TURNER: Well, I can't believe he was talking to a foreign minister. I can believe he was talking to an adviser who would get approved by the referrals committee. You don't go and appoint a foreign minister of a country as an adviser. Not-

G MURPHY: That's what we thought.

M TURNER: You don't do it.

C BROWN: Well, would you... you see the things is that Knock Ltd is a strange company. I think it's based in the British Virgin Islands. Its directors were nominee directors in Jersey I think, from recollection, and there was a Swiss lawyer who had a power of attorney. Now, if those details were presented to the referrals committee would that have any kind of warning signs at all, given the clauses in the contract that say that these people have a level of expertise.

M TURNER: Nothing to do with the referrals committee. The referrals committee listen to the case for the adviser, what he was going to do. The legal system then took care of the legal side of it all to make sure everything that we did was legal, as I keep saying. That was nothing to do

with the referrals committee.

C BROWN: Okay, so... but it's possible that Mr Wooding came in and said that, 'Mr X, a Swiss lawyer, is the person we are going to appoint for 20% of a deal in Qatar'?

M TURNER: Well, I can't imagine that the referrals committee would agree to a Swiss lawyer being appointed as the adviser in a country.

C BROWN: Okay.

M TURNER: We're not that naïve.

E SPARROW: I mean Mike has said that the committee asks for details of the adviser, what he brings to the marketing campaign, what his reputation is, what he's known by. He's said all of those things. I'm not sure that-

C BROWN: Yeah, at no point...

E SPARROW: He can only assume that those questions were asked in this case and were given satisfactory answers. So he can't have been a Swiss lawyer. It, well-

M TURNER: What does a Swiss lawyer bring to a marketing campaign in Qatar?

G MURPHY: Absolutely.

M COWIE: In essence you look to the substance of the matter and you leave the form to the lawyers?

M TURNER: The lawyers had to make sure that all that was put in place correctly. We wanted to make sure that we had a chance of winning some business in the country and we had the right adviser.

M COWIE: Yeah.

M TURNER: That was all.

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M COWIE: So was it absolutely crucial to know the person in order to clarify his credentials?

M TURNER: What he brought to the party, yeah, the role he's going to play and that it's going to help us and that it was affordable.

M COWIE: Thank you.

M TURNER: And competitive.

C BROWN: Okay?

G MURPHY: Okay. Right, moving on then, I mentioned to you earlier that there came a time around, we think it was mid-1995, when we believe Dick Evans asked Hugh Dickinson to look at implementing a new system for the appointment and remuneration of advisers? Do you know anything about that particular process that Hugh Dickinson went through?

M TURNER: Yes, I'm aware that... because I attended. Dick asked me at that time to come in. And it was a time when he was concerned, as I've said, about the business units taking control again and us not properly controlling the appointments of advisers and business units doing their own things around the world. And he was very concerned about names of advisers being bandied around and the activities of campaigning against the arms trade. And I know Dick was very strong that he wanted documents offshore for those reasons.

G MURPHY: Okay.

M TURNER: And the fewest people as possible to know the advisers.

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G MURPHY: Okay, were you present when Dick gave Hugh those instructions or?

M TURNER: I was at one or two meetings where it was discussed, yes.

G MURPHY: Okay.

M TURNER: And, you know, I understand Dick's... I was never as strong as Dick about going offshore, but I knew, and I did support taking control in the centre again. I think that's what I had tried to do for four years and I think I did achieve, and to hear it had gone back to the business units doing their own thing was disappointing, yes.

G MURPHY: Right, right. Now, what was your involvement, if any then, in this new system that Hugh Dickinson was going to look at developing?

M TURNER: I was asked by Dick to attend a meeting or two where it was discussed.

G MURPHY: Did you have any remit at all? Were you there to pass comment on what-

M TURNER: Well, I would pass comment, yes, if I thought.

G MURPHY: You would? Okay.

M TURNER: Yeah.

G MURPHY: Okay. Now, over a period of time there were, we think, a number of options, a number of methods that Hugh brought to the table, and we have a number of documents that we're going to work our way through and see whether you can help us with those documents.

M TURNER: Okay.

G MURPHY: And see whether you were there, party to the

discussions, the conversations. Carl, I think you're going to do this next document here, purely, believe it or not, because I can't read it, even with my glasses.

M TURNER: I've forgotten my glasses as well, but...

E SPARROW: 15?

M COWIE: What page are we on?

G MURPHY: Page 15, and the DocMan reference is 012007000614.

C BROWN: Right, this is a note that was made by... we understand was made by Dickinson, and those are his initials at the bottom of page 18, in April 1995. Are you aware of any of the background of this, the changing of the company structure in the referrals committee?

M TURNER: I've explained why Dick believed it was necessary to go offshore, yes. And so I was aware that that was Dick's motive that Dick wanted to achieve, as well as Dick concerned about the business units doing their own thing again. Those two things together, yeah.

C BROWN: Okay, all right. Well, before the disclosure, Mr Turner, had you seen this?

M TURNER: I don't recollect it.

C BROWN: Okay. It's really paragraph two, confidentiality; Mr Dickinson lists the need for confidentiality. And he says, 'The need for confidentiality arises from one or more of the following reasons.'

M TURNER: Mm.

C BROWN: 'One, rules or regulations in the relevant

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country, including clauses in government sales contracts, forbidding the appointment of intermediaries, agents, etc.' Would the company seriously considering entering into a relationship that was forbidden in the country it was dealing with?

M TURNER: No, not to my recollection, no.

C BROWN: Okay.

M TURNER: I don't know what that means really. Now you've read it out, but I don't know what that means.

C BROWN: Well, to me reading it, it says that in the export business you export to some countries, and in some countries agents and intermediaries, third parties, are forbidden, and this confidentiality idiom allows you to bypass that. Yeah? Now-

M TURNER: Yes, well, that would appear, yes.

C BROWN: And now are you saying that Mr Dickinson has written this in isolation and you have no knowledge of his motives?

M TURNER: I have no knowledge of that, no, I don't.

C BROWN: You don't know?

M TURNER: I don't know about that. I understand the third one.

C BROWN: Okay, well, let's move to the second one, which is the tax implications when the adviser wishes to pass on money to a third party but cannot declare this to his authorities. Can you explain why that is a need for confidentiality?

M TURNER: Well, the tax affairs of advisers were up to them. I imagine that's what that's about.

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C BROWN: Were you particularly interested as a corporate body and as an individual about whether your advisers were passing money on to third parties?

M TURNER: We made it absolutely clear the money was to be paid to the advisers and only to the advisers. That's with the requirements of the agreements we had.

C BROWN: But you seem aware-

M TURNER: Yeah.

C BROWN: -or Mr Dickinson at least is aware, that in some circumstances when confidentiality arises is when the adviser wishes to pass the money on to a third party?

M TURNER: Well, clearly I imagine at some point the adviser wishes to spend the money in some way.

C BROWN: Well, I don't think Mr Dickinson's talking about them spending their money?

M TURNER: Well, you would pass it to... well, move it. I don't know. I've no idea what that means. But I imagine that the advisers, yes, were very conscious of their tax situation, and they were trying to minimise their tax. I can imagine that was the case.

C BROWN: Absolutely, but that's for them, isn't it?

M TURNER: Well, that was my view.

C BROWN: I mean that is an issue for the individual adviser?

M TURNER: Correct.

M COWIE: The word here is 'cannot', isn't it? 'Cannot declare to the authorities'?

C BROWN: Yes, it says 'they cannot declare'.

M COWIE: Not 'prefers not to'?

M TURNER: I don't know.

C BROWN: You don't know anything about that?

M TURNER: No.

C BROWN: Okay.

M COWIE: Was it... I mean, just cutting through this, isn't this suggesting that confidentiality aids a local adviser in misleading his own tax authorities, because if he did disclose his affairs that might give rise to a tax or a criminal investigation?

M TURNER: That would be the implication, yes.

C BROWN: But you're not aware of... I mean you've spoken about what you think-

M TURNER: No, I had nothing to do with these kind of arrangements.

C BROWN: Okay, because, you know, these are the thoughts in Mr Dickinson's head that he's put down and that he's committed to paper?

M TURNER: Well, clearly he was dealing with the advisers, and the legal department were dealing with the advisers, and these were the kind of issues that they were clearly raising, yes.

C BROWN: Okay.

M TURNER: That he was conscious of, we worked in the referrals committee, on marketing.

C BROWN: So is there a mechanism in place for the company to protect itself in terms of these kinds of payments to third parties that the adviser's making?

M TURNER: Well, I mean as much as we have HQMS and the

legal department; that was their job to make sure we were protected and that everything we did was legal. That was their function. That was the sine qua non of their existence, and that's something we had nothing to do with. That was quite clear. We always had the legal guys to make sure that everything was above board.

E SPARROW: And Mike has I think said earlier that the - that is in his statement - that the form of adviser appointment contract was changed at about this sort of time, expressly to say, 'You mustn't make payments, corrupt payments,' using the shorthand.

C BROWN: Mm. Because it may not be quite so obvious to an agent as it would be to a BAE marketing official you have to make it explicit? Yeah?

M TURNER: Yeah, we assumed that was the case. But I was surprised when I learned sometime after 1999 that we had actually never written that into the agreement. So I was pleased when Michael Lester came in and actually wrote it in there quite specifically. It was obvious-

C BROWN: The actual anti-bribery clause?

M TURNER: Yeah, absolutely, yeah. It was the right thing to do without a doubt.

C BROWN: Okay, I mean when you attended these various meetings, I think you said you'd been asked to attend some meetings?

M TURNER: Yeah.

C BROWN: By... would you have been asked by Mr Evans to

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attend?

M TURNER:

Yeah.

C BROWN:

Yeah?

M TURNER:

And they would, you know, his secretary would say, 'Well, if Mike's available, these are the dates of meetings to discuss this area. If he's available, would he come along?'

C BROWN:

Okay, and you would attend when you could? Were these kinds of issues that Mr Dickinson's talking about here discussed in those meetings?

M TURNER:

I don't recollect any of that at all.

C BROWN:

No, you were concerned about some people breaking in and stealing?

M TURNER:

Dick was, Dick was. I was concerned about the centre getting control of the appointment of advisers and doing things properly.

C BROWN:

And getting it back to when, well, the shape that you'd left in?

M TURNER:

In four years, yeah, I had it.

C BROWN:

Okay.

M TURNER:

And controlling the business units.

G MURPHY:

Was anybody concerned about the fact that advisers might be passing some of their fees on to third parties?

M TURNER:

I hope we all were. That was a no-no. We paid money to advisers and advisers had to give us an undertaking, in writing after 1999, that they would not pass it on to people they shouldn't pass it on to. Clearly they were going to spend their money and pass money around. That's up to them, what they do with their own money. But

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not to people involved with the customer.

G MURPHY: Yeah. So what did the company, what did your company, BAE, do about making sure they were aware of third party payments?

M TURNER: Well, we'd put it in the contract from 1999 onwards that they must not pay money to government officials. And absolutely it was always the case that that was the case.

C BROWN: Yeah.

M TURNER: But to make it out... you know, Michael Lester came and said, 'We ought to make it explicit I believe.'

C BROWN: Yeah. Is that it?

M TURNER: Yeah.

C BROWN: Just put it in the contract?

M TURNER: Yeah, that the advisers must not... even though it was always an understanding, you know, that this-

C BROWN: Yeah.

M TURNER: We are appointing an adviser to make payments to you.

G MURPHY: How would BAE have satisfied themselves that they weren't actually paying no attention to that clause whatsoever?

M TURNER: By appointing the right advisers in the first place, making sure that these were the right kind of people to represent the company.

G MURPHY: Okay, and just refresh my memory, how did you do that? How was the company doing that?

M TURNER: By the referrals committee listening to the vice president about the role that the adviser would

play in the campaign.

G MURPHY: Yes. Who would have already done the background checks, etc, on the individuals concerned?

M TURNER: The legal people would have done that, yes.

G MURPHY: The legal people?

M TURNER: Yeah, not, not... the adviser would clearly have his relationship with the... sorry, the vice president would have his relationship and learn from the vice president his... from the adviser what his position was and what he brought to the party.

G MURPHY: Mm.

M TURNER: But independently - that's why it was quite independent - with HQMS and the legal department doing the checks.

G MURPHY: Okay. Were they aware they were supposed to be doing those checks?

M TURNER: That was their job.

G MURPHY: Whose job in particular?

M TURNER: HQMS and the legal department.

G MURPHY: Yeah, who within HQMS and the legal department?

M TURNER: Well, the two key players were Hugh Dickinson and Philip Riley in my day.

G MURPHY: And, as far as you're aware and you're concerned, their job was to look at the bona fides, if you like, of an individual adviser?

M TURNER: Yeah, make sure it was legal.

G MURPHY: 'Is this the sort of person that we want to be getting involved with?'

M TURNER: Yeah, and that everything we're doing with him was legal, yes.

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M COWIE: And they of course, as per the committee, would know who the adviser was?

M TURNER: We would be told the name of the adviser, yes. So they-

M COWIE: Sorry, I beg your pardon. In relation to HQMS-

M TURNER: Oh, yes.

M COWIE: Would Riley and Dickinson have full-

M TURNER: Oh, absolutely, because they'd have to do the due diligence checking, yes.

M COWIE: Okay, thank you.

G MURPHY: Okay, so if... no, you've answered my question, which was by appointing the right advisers in the first place.

M COWIE: You say you invest a great deal of trust really in the adviser? Is that really the message?

M TURNER: Well, we trust we're appointing the right advisers who will abide by our ethical standards, yes. But bring something to the party in helping us win the campaign.

G MURPHY: Mm. What was the reason for splitting the roles, the marketing... the person in marketing who had the knowledge of the person that they wanted to appoint was not the one who carried out the due diligence and the background checks?

M TURNER: No, that's good practice, isn't it, absolutely good practice?

G MURPHY: What's good practice about that?

M TURNER: To separate the checking from the guy who wants to make the appointment.

G MURPHY: What are you guarding against by doing that?

M TURNER: That proper checks are done by an independent

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party.

G MURPHY: Okay.

M TURNER: And by the legal department.

G MURPHY: Yeah.

C BROWN: Would the legal department be concerned that your company is acting lawfully in the UK or in the territory in which it's trying to make the sale?

M TURNER: Globally.

C BROWN: Globally? Because if we go back to point one, one of the reasons for confidentiality is for when there is a rule or regulation forbidding the appointment of an agent? So where does that fit with your legal department's reckoning?

M TURNER: Well, I would hope the legal department wouldn't make such an appointment.

C BROWN: But that's one of the reasons when you need confidentiality? That's what Mr Dickinson's written here?

M TURNER: Maybe when we're discussing an adviser we want confidentiality around it. If it turns out that it's illegal to make such an appointment, I hope we wouldn't make it.

C BROWN: Okay. But if you did?

M TURNER: It's illegal.

C BROWN: Yes, but this... but if it was confidential?

M TURNER: Still illegal.

C BROWN: So you wouldn't do that?

M TURNER: It doesn't make it less illegal because it's confidential.

C BROWN: But it... so it wouldn't be done?

M TURNER: It wouldn't be done.

C BROWN: Okay.

M TURNER: In my view.

C BROWN: And you don't know anything about point two and the passing on of money to third parties?

M TURNER: No, I mean I imagine some of these advisers have complicated tax arrangements, yes.

C BROWN: Okay. On page 17, and this is still Mr Dickinson's note, he writes, the paragraph, the second paragraph on page 17, he writes, 'As a result of the introduction of the money laundering regulations last year it is now likely that there will be an electronic audit trail from us, to the ultimate recipient of any money we pay out. We need to consider whether this is a desirable situation in certain cases, and if not whether there is anything we can or should do about it.' Do you ever recall discussing the introduction of improved money laundering regulations with Mr Dickinson and Mr Evans?

M TURNER: No, never.

C BROWN: So can you explain why the person appointed to perform the due diligence and the control and check of marketing would be concerned that an electronic audit trail existed between BAE and the ultimate recipient of any money?

M TURNER: No.

C BROWN: You can't explain that?

M TURNER: No.

C BROWN: Okay. Can you think why it would not be

desirable for such an audit trail to exist?

M TURNER: I can imagine if eventually some money could be traced originally to British Aerospace getting in the wrong hands it would be bad for British Aerospace. I imagine that was the thinking. I don't know, but, yes, I could think of that.

C BROWN: And if I just read out again what Mr Dickinson's written, 'We need to consider whether this is a desirable situation in certain cases, and if not whether there is anything that we can or should do about it.' Do you ever recall ever having any discussions with Mr Dickinson about how you could subvert money laundering regulations?

M TURNER: No, never.

C BROWN: No?

M TURNER: No, no.

C BROWN: And do you believe... when you have your concerns about confidentiality, and you've spoken about these campaigners breaking in and stealing papers, was there ever any concern from a vulnerability from the bank, people getting hold of banking documents that would reveal the identity of your advisers?

M TURNER: I think one of Dick's thinking for having the name changed to... it became Red Diamond, was it wasn't obvious to people in the banking system that this was British Aerospace. It was a different company, and therefore if they were against our business that they wouldn't clearly then be in a position, oh, British Aerospace was making what to them would have been a large

payment.

C BROWN: So it takes your name out of it, off the transaction?

M TURNER: Yeah.

C BROWN: Okay. Why would that be beneficial?

M TURNER: Because people are against our business. And, you know, the UK press thinks anything above £1 million is a terrible thing to make a payment to anybody. That's the way our press is. And it's bad for our reputation. So I can understand Dick's thinking about that.

C BROWN: So there was a concern that information from within a bank was vulnerable?

M TURNER: Absolutely. Where is information safe these days?

G MURPHY: Have there ever been any instances that you're aware of where information like that has been leaked from banks?

M TURNER: Not in a way damaging. I'm not aware of anything damaging to BAE Systems, no.

G MURPHY: No. Because as far as I'm aware banking confidentiality is actually very good?

M TURNER: Oh, you still hear the odd thing going on of bank account details being found, don't you?

G MURPHY: But that's not banks?

M TURNER: Who is it? I think the more confidential we can make the competitive... my concern and the marketing team's concern is winning business. Clearly the legalities have to be taken care of, but we were concerned with appointing advisers who could help us win business in countries.

That's what we wanted. And if an adviser was a particularly good adviser the fewer people who knew about it and were unable to therefore, less able to tell our competitors who was working for us, the better. It was competitive advantage. That was my entire motivation.

G MURPHY: You said to me earlier that by appointing the right adviser BAE would be able to ensure third party payments are not made by that adviser, that they don't pay any of their money on to other individuals?

M TURNER: That was the requirement we had on our advisers.

G MURPHY: Yeah.

M TURNER: That no customer official would be a beneficiary of money from BAE Systems, British Aerospace in those days.

G MURPHY: Anybody else?

M TURNER: Well, anybody shouldn't get money.

G MURPHY: We've already discussed ministers, public officials.

M TURNER: Yeah, absolutely, yes, yes.

G MURPHY: Etc, etc.

M TURNER: Yes.

G MURPHY: What would happen then if information fell through the cracks between the system... in the system you've got in place? You've got marketing knowing the adviser? You've got legal doing the due diligence?

M TURNER: Yes.

G MURPHY: I'll get it right in a minute. Supposing information fell through the cracks there and

you got a bad adviser. How would BAE be aware that moneys are not being passed on to third parties? How would they satisfy themselves?

M TURNER: You can't, can you? You can't. You have to take the adviser's word. If you found out the adviser was paying anybody he shouldn't, you'd do something about it. But I'm not aware if that's ever happened.

M COWIE: What about audit rights over the agent?

M TURNER: We've never gone into... never done that. Maybe-

M COWIE: Is that a solution?

M TURNER: It's possible. You could audit. But would you like somebody auditing where you get your money from and what you do with it? I don't think an adviser would. That really is an infringement, isn't it, saying whatever? You earn money. Would you like for me to come and look at where you spend it?

M COWIE: Yes. I mean you're giving them the money and your shareholders are financing it?

M TURNER: No, they're earning the money. We're not giving it. They're earning the money, and once they've earned it, it's up to them to spend it. Why should somebody... you'd object to somebody coming and looking at where you spend your income from the SFO.

M COWIE: So it would be that the advisers would not permit it?

M TURNER: Well, it's not... first of all, it's not our business. And, secondly, you know, they've given an undertaking that they are acting

responsibly with that money. It's their money and it's up to them how they spend it.

M COWIE: I think under SEPA audit rights are quite common, aren't they?

M TURNER: Are they? I don't know.

G MURPHY: If you wanted to make absolutely sure that any adviser was not passing money on to third parties who might be public officials, audit rights would be the way forward, wouldn't they?

M TURNER: You could do that, yeah, if you wanted to meet the expense of it, the cost of it, and get the advisers to sign up to that.

G MURPHY: But by doing that you'd make sure absolutely that it is legal?

M TURNER: Yes, it's a good theory, yes.

G MURPHY: Did that not cross anybody's mind at the time?

M TURNER: It never crossed mine. I was not involved... my issue was making sure we got the right adviser who was going to help win business for BAE Systems. The legal side, the payment side, was quite separate.

G MURPHY: But surely if you're interested in an adviser that's going to help you win business you'd want to make sure he's winning business legally?

M TURNER: Absolutely, and that was, yeah, that was a sine-qua-non for me and the team. But actually you had then the checking rights of the legal and marketing services department who helped the company make sure that was the case.

G MURPHY: Are you done okay?

C BROWN: Yeah.

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G MURPHY: Yeah?

C BROWN: thanks.

M COWIE: Just one small question, and you may have already answered it in the totality of your answers, but just to be clear, do you recall whether there was any driver from the banks at this time to develop a more confidential... to design the system as it was then put into place by Mr Dickinson? Do you recall whether the banks, your bankers, Lloyds Bank, were a driver in any of this discussion?

M TURNER: I never had any dealings with the banks.

M COWIE: Okay, thank you.

M TURNER: I didn't even know it was Lloyds Bank. No, no idea.

G MURPHY: Okay, we'll move on. Mr Turner, if you could go to page 19 please, which is DocMan reference 012007000606. This appears to be a document which is discussing the setting up of the new referrals committee that I think you've referred to, you've told us about?

M TURNER: Yeah.

G MURPHY: And here we can see you're down as the chairman of the central referrals committee, with Mr Rose or Mrs-

M TURNER: Yeah, it was intended that I would chair it, but because I said that, you know, I clearly had a job to do, a day job, that I shouldn't. So then the legal department, Philip Riley became the chairman. I couldn't devote the time to doing this on a regular basis.

G MURPHY: Okay.

C BROWN: Who did you have that discussion with?

M TURNER: Dick Evans.

C BROWN: With Dick? And Dick was okay with that obviously?

M TURNER: Fine, yeah, yeah.

G MURPHY: I believe was it Mr Riley became the chairman?

M TURNER: Yeah, Philip, yeah.

G MURPHY: Yeah, Philip Riley. How does he feel about that? Do you know? Did you ever discuss it with him, that he was going to take the chair instead of you?

M TURNER: No, no.

G MURPHY: No.

M COWIE: But Mr Riley is an in-house lawyer, and so, you know, he's involved on the legal compliance side, but obviously this committee also goes into the substance of the decision, you know, whether this person's a good adviser. Isn't that a bit of a problem really for Mr Riley as a lawyer?

M TURNER: He was a good chairman. That was the key thing: to find somebody in the committee who was the right chairman.

M COWIE: So Mr Riley's role was really both the legal role and a commercial role?

M TURNER: In this role he was the chairman of the committee.

M COWIE: Yeah, so he would know about everything that was discussed in the committee and he would have the last word on the commercial side or?

M TURNER: No, it was a committee decision.

M COWIE: A committee decision?

M TURNER: And he would orchestrate the workings of the committee. There then had to be a completion of all the legal checks, which he, in his other role, would clearly be a party to, with the legal department.

M COWIE: Okay.

G MURPHY: Okay, I don't want to go through the whole of this document because this is obviously just agreeing how the referrals committee was going to operate. But if we could go down to point six it says, 'When the above has been implemented, PR,' which I'm taking to mean Philip Riley, 'shall issue an instruction that all existing paperwork relating to advisers should be destroyed.' Can you help me with what that meant?

M TURNER: That the paperwork should be destroyed.

G MURPHY: Yeah.

M TURNER: That's what it meant.

G MURPHY: And why would you want to destroy adviser paperwork?

M TURNER: So that as fewer people as possible, apart from the people who needed to have that information, had access to it, I can imagine.

G MURPHY: All right-

M TURNER: Remember this was the whole objective of Dick, to make sure that as few a people as possible had access to knowledge of who the advisers were and the paperwork around them.

G MURPHY: Yeah. But supposing you ever... there had come a time when you would have to identify who an agent was?

M TURNER: Well, Philip Riley and the legal department would know who that was.

G MURPHY: How, if they'd destroyed the paperwork?

M TURNER: No, all other paperwork. All existing... there's still paperwork somewhere. There's other paperwork identifying who the people are presumably.

G MURPHY: 'An instruction... issue an instruction that all existing-

M TURNER: Existing, yeah.

G MURPHY: -paperwork'?

M TURNER: Presumably something had been put in place to replace the existing paperwork. That's what that means, I would imagine.

G MURPHY: You imagine?

M TURNER: I imagine, yeah.

G MURPHY: It doesn't say that there, though, does it?

M TURNER: No, but I can imagine. Surely-

G MURPHY: To me that reads that somebody is putting a system in place and is then taking steps to destroy paperwork?

M TURNER: Yeah, The existing-

G MURPHY: That might be of interest to authorities like ourselves?

M TURNER: Well, that would never come into it. What was the issue was that this was the company wanting to take every means possible to restrict the people who had access to who the advisers were.

A system was put in place that... I think it was Hugh Dickinson's department. They were the only department who would have that paperwork. And all other paperwork had to be destroyed. That's what that means, I believe.

G MURPHY: So what other paperwork is it talking about?
What-

M TURNER: Well, anything that might be in the business units.

G MURPHY: So like what?

M TURNER: Like their paperwork on the appointment... of why they want to appoint advisers in business units. And they may have appointed an adviser which was then taken into the centre through what happened in this period, and therefore the centre took over control, as it should have done, of the appointment and control of advisers. And all the other paperwork, 'Please get rid of it because we don't want people knowing who are advisers are.' That's what that means, I believe.

M COWIE: Can I... maybe it might be useful to use a practical example from your statement. Paragraph 25, where you deal with the South African agent; you personally knew four of the advisers?

M TURNER: Yeah.

M COWIE: Richard Charter, Basil Hersov, Richard Friedman and John Bredenkamp?

M TURNER: Yeah.

M COWIE: Let's just take Mr Bredenkamp. There at C you

identify John Bredenkamp as acting through a particular company?

M TURNER: Well, you did that actually. I put two and two together, as I've said there, that John Bredenkamp's company was - I didn't know - but it was called Kayswell. Kayswell?

M COWIE: Right.

M TURNER: You helped me do that with the paperwork you gave me.

M COWIE: Oh, I see. So you didn't know that John Bredenkamp was Kayswell?

M TURNER: No.

M COWIE: So I suppose my question is, referring to this, is there written down anywhere within BAE Richard Charter equals Osprey, Basil Hersov equals-

M TURNER: Yeah, in John Dickinson's organisation, yeah.

M COWIE: John Bredenkamp equals Kayswell?

M TURNER: Well, that must be-

M COWIE: There would be some record somewhere of the actual name of the adviser?

M TURNER: Absolutely, yeah. That would be in John Dickinson's... Hugh Dickinson's responsibility. And that instruction was for all the paperwork referring to... if it existed, and it wouldn't actually in the case of Bredenkamp because it was always controlled by the centre.

M COWIE: Right. I only ask that because we requested of BAE those very documents, and we haven't received those, under a Section 2 notice.

M TURNER: Which documents?

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M COWIE: Documents which not only identify the name of the adviser's company but the name of the adviser themselves.

M TURNER: I would have thought that somewhere in Hugh Dickinson's empire was the relationship, because he'd certainly know from the referrals committee.

M COWIE: Okay.

M TURNER: And he would be the constant theme through it.

M COWIE: Okay, thank you.

G MURPHY: If you just move down to point seven on the same document, still on page 19, 'In view of the advice received from Lloyds Bank.' Were you aware of the advice from Lloyds Bank?

M TURNER: No, I didn't really know it was Lloyds Bank, no. Clearly I did, I was at this meeting, but no, not of interest to me.

G MURPHY: Okay. How important was it to the company to actually comply with the money laundering regulations?

M TURNER: Well, 1,000% I imagine. Yeah, we comply with all laws.

G MURPHY: Isn't part of the money laundering regulations to make sure that there is a clear audit trail of all the moneys that are passed through accounts?

M TURNER: If you say so. I don't know. I don't know the laundering act.

G MURPHY: Yeah, it is. It's to make sure that the ultimate recipients and the payers of moneys are clearly visible.

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M TURNER: Mm, makes sense.

G MURPHY: Yeah. How is it that-

M TURNER: The buzzer's gone.

G MURPHY: Okay.

C BROWN: We've only got a minute, Gary. We'd better stop it.

G MURPHY: The time by my watch is 12.35pm. The time elapse counter is showing 44, and we'll stop the tape.

(End of tape 3)

TRANSCRIPT OF INTERVIEW HELD AT THE SERIOUS FRAUD OFFICE
ON TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RLI02

TAPE 4 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: OK, this interview is being tape recorded
 and it may be tendered in evidence if the
 case is brought to court. We're in
 interview room 1 of the Serious Fraud
 Office, Elm House, Elm Street, London.
 The date is still the 22nd of April and
 the time by my watch is 13:46. This is
 the fourth tape of an interview with Mr
 Mike Turner. Mr Turner, could you
 confirm that the same people are present?

M TURNER: Yes.

G MURPHY: In this tape as were for the previous...

M TURNER: Yes. Yes. Yes -

G MURPHY: Thank you very much. Before we move on I will say 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?

M TURNER: Yes.

G MURPHY: OK. All the rights that you had previously still apply. You're not under arrest. You're free to leave at any time, entitled to consult a copy of the codes of practice and to talk to your own solicitor privately or consult an independent solicitor free of charge. Should you wish to exercise any of those rights at any time, please just let me know. OK, right we've had a slightly longer break than anticipated. We'll, we'll move on now. Could you please turn to page 20 in your bundle? It's DocMan reference 013000000557. This document is dated November '95, Mr Turner, and that can be seen at the end of page 22.

M TURNER: Yeah.

G MURPHY: It appears to be a document that was produced by Mr Dickinson, HJ MD, Hugh Dickinson; can you recollect ever seeing this before?

M TURNER: No.

G MURPHY: When in 96 was it that, that Dick asked you to get back involved in the --

M TURNER: '96 is my guess.

G MURPHY: OK.

M TURNER: It may have been -- it was the mid 90s. Mid 90s --

G MURPHY: OK.

M TURNER: So I could have been, you know, engaged in some of the meetings about all of this generally?

G MURPHY: Yeah, because you did say to me that you were aware of what Dick, Sir Dick Evans, had asked Hugh Dickinson to do?

M TURNER: Correct.

G MURPHY: And that must have been around mid --

M TURNER: '95.

G MURPHY: '95?

M TURNER: Yeah. Yes. So --

G MURPHY: So you were around --

M TURNER: Yeah. Absolutely.

G MURPHY: OK thank you.

M TURNER: Yes, absolutely.

G MURPHY: It would appear that what Mr Dickinson is doing here is putting forward a number of methods for making payments to advisors, marketing advisors, and if you look at method 1 he cites: "A disadvantage would be the system would deter casual observers but it would still be obvious to anyone investigating." Do you know what discussions there were surrounding that remark?

M TURNER: No.

G MURPHY: Do you know who Mr Dickinson was talking about when he said, "anyone investigating"?

M TURNER: No.

G MURPHY: Did you ever have any discussions with anybody about a system that would deter casual observers but would be obvious to anyone investigating?

M TURNER: Well, the object of all of this, Dick's objective was to make it more difficult for people who are hostile to our company to get information that could be damaging to the reputation of the company. That

was the objective.

G MURPHY: And was that the only objective?

M TURNER: And -- well, there was that, keeping clients -- yeah, the two things were, as I've said, keeping advisors covert, as best as we possibly could; and, secondly, to make it more difficult for people who were hostile who could've wanted to get information.

G MURPHY: OK. Is it possible that that was referring to law enforcement investigating?

M TURNER: No idea.

G MURPHY: You don't know about that?

M TURNER: It's possible, it's possible clearly.

G MURPHY: Why would he not want -- why would he want to deter casual observers but it still be obvious to anybody investigating?

M TURNER: Don't know.

G MURPHY: OK. If you turn over the page to page 21, it's method 2 and we're looking at disadvantages. Now a disadvantage of this particular method is that the system is still transparent if investigated. Now that's a disadvantage. Why would a

transparent system be a disadvantage for BAE?

M TURNER: Because we're trying to make it not transparent, opaque for people to find out who our advisors were, I imagine.

G MURPHY: Moving down the page, advantages, method 3: The arrangements can be justified -- this is an advantage. "It can be justified if investigated and would be difficult to penetrate anyway." Is all of this to do with making it difficult for people that would want to harm BAE?

M TURNER: I hope so.

G MURPHY: Reputational risk?

M TURNER: I hope, I hope so, yes.

G MURPHY: That's what all this is about?

M TURNER: That was, that was my, my view, yes.

G MURPHY: Could it be possible that BAE are actually trying to keep the recipient of funds away from investigating bodies like ourselves?

M TURNER: No, I'm always -- we have no problem with people investigating our company. Hopefully, it does not take forever but, but you know that is, that's the law; that's fine, no problem with that at all.

G MURPHY: OK. And you also -- it also states on the document here that covert paperwork can be removed offshore?

M TURNER: Yeah.

G MURPHY: You said Dick, this was a, a, a thing of --

M TURNER: It was a particular, particular thing of Dick's, yeah.

G MURPHY: Yeah, did you agree with that?

M TURNER: I wasn't that comfortable with it. I was worried about the practicalities and the cost of Hugh and the team clearly having to keep travelling backwards and forwards from, from wherever, and it always looked suspicious to me; and we had nothing to be ashamed of but, you know, Dick was really hard over it -- as I say, the campaign against the arms trade and the fact that they'd been into, into our factories really concerned him; but I was, I was not that comfortable with it, no; and, in fact, Michael Lester when he came in, in '99 said you know, 'on the face of it, it looks awful the fact, you know, it smells that you've taken these things offshore' --

G MURPHY: Yeah.

M TURNER: -- and that's when it stopped.

G MURPHY: Did you do anything to -- so, did you anything to, to --

M TURNER: No, I knew how strong Dick was on it, but my main theme was, confidentiality and I didn't want our competitors finding out who our advisors were. That was my main thing.

M COWIE: Can I pick up a compliance point. The SFO have never been provided although it asked for documentation from the Swiss office by way of section 2 notice, and that's not been provided by your company. It's just on the point you mentioned time, time for investigations and co-operation.

M TURNER: And have we given you a reason, Matthew, why that's not the case, why that, why we've not com -- complied?

M COWIE: There, there has been correspondence about this, yes. We're, we're not satisfied with, with ---

M TURNER: OK, so you're still pursuing that?

M COWIE: We are.

M TURNER: Yeah. Right.

G MURPHY: Carl, any point on that question, on that document?

M TURNER: You've had no documentation from Switzerland, Matthew?

M COWIE: No.

C BROWN: No, I mean I just want to move down, just talk about the third method. "The arrangement can be justified if necessary and would be difficult to penetrate anyway." Isn't that, this, this whole story about campaign against the arms trade, isn't that the justification that Mr Dickinson is talking about here and, and all this, all this talk of confidentiality and so on? This is, this system is designed to, to allow money to flow unseen by the authorities, isn't it? This isn't about journalism or, or anti-arms trade campaigns?

M TURNER: I think it... I, I, I -- I know it was -- one of the objects was to make it more difficult for people who were against our business to find out where we pay money to, yes, I agree with that.

M COWIE: Do you think there's a collateral benefit in that it also prevents lawful law

enforcement investigations?

M TURNER: No, no, Matthew, we'd never ever do that, never. BAE, British Aerospace, wouldn't do that.

M COWIE: It's a bit of hammer to crack a nut then if it's just campaigns against the arms trade, isn't it?

M TURNER: That's why, that's why, that's why I was, you know but Dick, that's why I was not that bothered about it. That was not my motivation but Dick was absolutely paranoid about the campaign against the arms trade, and I suspect the fact they'd broken into the factory in his back garden and he had the animal rights people camping in his bloody front garden at the same time, he got really upset about this lot threatening his family.

G MURPHY: If you turn over the page, please, to page 23. It's DocMan reference 013000000560. This document also is dated November '95 and it's, it's a document which is looking at again various options and, and methods open to Hugh Dickinson and the system that he is designing. If we go right down to the

bottom of that, that page or, certainly the, there's a series of paragraphs numbered 1 to 7; do you see those?

M TURNER: Yeah. Yes, I've got them.

G MURPHY: It basically says: "If we agree that the work relating to the appointment of covert advisors should continue to be done at Farnborough, then we could do the following." And point 4, it says: "There are about 350 covert agreements in existence, so it is possible to remember" -- sorry, "impossible to remember them all. It will be necessary, therefore, to keep as a minimum a single computer listing at Farnborough preferably on an easily removable laptop." Why would a computer medium containing details of the covert agreements need to be on an easily removable laptop?

M TURNER: In case the Campaign Against the Arms Trade came into the building.

G MURPHY: Right. Well, let's just have a think about that for a moment then. Where, where is all of this material or where was all this material kept in Farnborough?

M TURNER: No idea.

G MURPHY: You don't know?

M TURNER: No idea.

G MURPHY: Do you know where HQMS's offices are?

M TURNER: Never been there.

G MURPHY: You've never been into HQMS offices?

M TURNER: Not to my recollection, no.

G MURPHY: How easily, how easy is it for Campaign against The Arms Trade people to infiltrate and get into BA -- on to BAE premises?

M TURNER: Well, they did it twice in the nineties and they've actually been in our buildings in the headquarters throwing blood all over the place, or coloured red stuff all over our building.

M COWIE: Let's stick with Farnborough though.

M TURNER: Farnborough I don't, they -- I don't know, I don't know.

G MURPHY: You don't know --

If they were to get past security on your gate, would it be fair to say that they would then have to get past security --

M TURNER: There's no security on the gate. There's a lady in each of the building who sits in a central desk and, as you walk in,

you're supposed to show your pass; and if you don't show your pass she's supposed to stop you before you can run up the stairs or get in the lift.

G MURPHY: OK. Warwick House, is that at Farnborough?

M TURNER: Yes.

G MURPHY: It is at Farnborough. And were you based at Warwick House?

M TURNER: I was, yeah, I was, when I was running Commercial Aircraft, that's where I was, yes.

G MURPHY: At Warwick House. On what floor were you?

M TURNER: Top floor, whatever that was.

G MURPHY: I don't know how many floors there, there, there were?

M TURNER: I don't -

G MURPHY: Ok. Top, top floor.

M TURNER: It's been a while since I've been there.

G MURPHY: What was the security to get into your, into that building?

M TURNER: As I say, you'd walk in, the doors would usually be open, although out of hours it, they would lock automatically. You'd walk in and a lady, if she didn't know

you, was supposed to ask you for your pass.

G MURPHY: Yeah.

M TURNER: Then you go up the stairs or get in the lift, and then there's a central foyer area on each floor and you had to then put your pass against a -- to -- before the door opened.

G MURPHY: OK. So it's a swipe card pass, is it?

M TURNER: Swipe card, yes, correct, yes.

G MURPHY: So you've got to get, into, into the building?

M TURNER: Yes.

G MURPHY: Into Warwick House?

M TURNER: Yes.

G MURPHY: Then you've got to get through the reception area.

G MURPHY: Yeah.

M TURNER: Yeah.

G MURPHY: Then you've got to get into the lift.

M TURNER: Or run up the stairs, yes.

G MURPHY: Or run up the stairs, OK; and then when you get to the floor you're going to -- you've got a swipe pass to get into the, into the building.

M TURNER: Yes.

G MURPHY: OK. And then once you're in the building, providing you can get that far.

M TURNER: Yes.

G MURPHY: You've then got to try and find a removable lap top.

M TURNER: Yeah.

G MURPHY: Come on, how likely is that?

M TURNER: I don't know. You're doing all the speculating, I don't know. If it especially -- you knew where the office was and I didn't, but presumably if you had that motive in mind you'd probably know or find some way of finding out?

G MURPHY: Well, let's, let's stop the speculating on where HQMS was because they were in the same building that you were in, they were in Warwick House.

M TURNER: OK.

G MURPHY: Is that news to you?

M TURNER: Yeah, I had no idea where they were.

G MURPHY: Really?

M TURNER: I had no dealings with them apart from them coming to the Referrals Committee.

G MURPHY: Right.

M TURNER: They would come to me in the late eighties/early nineties to sign off

agreements and a few times since because I knew, you know like Richard Charter I knew the particular person and the right, the right process was I should sign off.

G MURPHY: So going back to my original question, which is: How easy then is that likely to be for somebody to infiltrate and get into that building and, and take that laptop?

M TURNER: Not easy, but you say that, and I say that, and the most secure site in this country is Walton where there's security everywhere and dogs and patrols and people generally on the gates stopping anybody and a big fence, and they got in and put an axe through our Hawks. You wouldn't think that was possible, would you?

M COWIE: More difficult though if a removable laptop was kept in a reasonably secure safe though?

M TURNER: If he was using it at the time - anyway this is just it's speculation.

MR SPARROW: I'm not sure where this question is going.

M TURNER: No where are we going --

MR SPARROW: The fact is Dick Evans, Mike has said Dick Evans was extremely, he's used the word paranoid about possible lapses in security; and, clearly, if you put the information, instead of having it in filing cabinets you have it in a portable laptop and it can go into a safe, it's obviously more secure than if it's in filing cabinets. I'm not sure quite what Mike can say that, that can help. I mean --

M TURNER: It's not an area, it's not an area I can get into.

MR SPARROW: We can all plan, we can all plan a security bust on, on Farnborough but it doesn't really affect what Mike Evans' view was at the time.

G MURPHY: OK. The point I'm making really is that it, it, it's not about confidentiality at all, is it? It's about making information that law enforcement authorities may be interested in when they're investigating corruption. It's all about hiding that information all from them, isn't it?

M TURNER: Never.

G MURPHY: That's what Dick was really talking about?

M TURNER: No. Never, never ever, ever raised that, never.

G MURPHY: Carl, anything on, on that document?

C BROWN: No, no, I don't think so.

G MURPHY: OK, over the page, please, to page 25, DocMan reference 012007000571. This is another document. I'm not sure who creates this one.

M TURNER: Presumably, Hugh again.

G MURPHY: It, it looks like his style doesn't it? It looks like his typeset as well on the document, and again it is to do with this system that is being put in, in, in place or being researched. Just at the top is some handwriting there. I think it says, "papers presented to meeting, 17/4/96, RHE, MJT, GR --

M TURNER: George Rose, Phil Riley --

G MURPHY: Philip Riley?

M TURNER: And Hugh Dickinson.

G MURPHY: And Hugh Dickinson, yes.

M TURNER: Agreed to go ahead with.

G MURPHY: 1(a), is that 1(a)? No?

C BROWN: That's an ampersand --

M TURNER: 1 and continue to investigate 2 and 3.

G MURPHY: Yes and continue to investigate 2 and 3.

M TURNER: Yes, got it.

G MURPHY: Would it be fair to say that this is a document that was presented to you?

M TURNER: That's what it says.

G MURPHY: That's what it says. Can you remember it?

M TURNER: No.

G MURPHY: OK. It goes on to talk about -- at point 2 it talks about: "Offshore company locations in Europe have been checked and the best appears to be Liechtenstein." Is this still Dick's paranoia here, setting up offshore companies?

M TURNER: Yeah.

G MURPHY: Yeah. And: "Offshore storage would be most convenient in Switzerland."

M TURNER: Yeah.

G MURPHY: We'll pick up on that point in a, in a moment, but it then goes on to say, talking about a branch office presumably in Switzerland: "Computer systems have been checked. It seems to be possible to overwrite all confidential information quickly. New programs can be written

without CSC being aware of why they are needed." Why do you think Hugh, again, was interested in the possibility of overwriting information, confidential information, quickly?

M TURNER: I don't really know, but I imagine if, if anybody wanted to get the information he wanted to be able to, to blank it quickly.

G MURPHY: Do you know earlier on today we talked about a normal business practice and what that meant, and you weren't sure as I'm - - I wasn't sure; but setting up systems where there, where it's possible to overwrite confidential information quickly, is that normal business practice --

M TURNER: If you want to keep it secret, yes.

G MURPHY: -- in a normal, in a normal company?

M TURNER: Yeah, if you want to keep it secret, why not. If you don't want other people to get access to it who shouldn't have access to it.

G MURPHY: Do you not think though that BAE should be keeping this material?

M TURNER: Not if it's going to do damage to the

company in the -- the wrong hands.

M COWIE: Here's the thing, it's either going to be stolen by persons who have penetrated the systems --

M TURNER: That wouldn't work then, that wouldn't work.

M COWIE: -- and therefore that wouldn't work or people who lawfully request it.

M TURNER: That was -- yeah, but not, that was - it was never, we're never talking about people doing lawful things. This was people doing unlawful things.

M COWIE: I just don't understand in what circumstance this would be required.

M TURNER: Yeah, I, I can see your difficulty.

G MURPHY: Because to my mind it's normal business practice to ensure staff can do exactly the opposite and not overwrite material quickly?

M TURNER: No, no, no, not in this area where you can imagine that if people break into Hugh's office -- and I'm only speculating now -- Hugh's sat there and it's nobody putting the tape or eating the tape, but he wants to eradicate the, the information on there so they can't have

it. That's reasonable. It would damage the company's reputation.

G MURPHY: OK, over the page --

C BROWN: Sorry, Gary, before we move on, I just wonder if you can clarify, this, this paper was presented to you, you may recall the discussion, but on this, the computer system that was, it was going to be possible to overwrite the information quickly was that going to be in the offshore storage office in Geneva or is that a reference to Warwick House.

M TURNER: I don't know, I imagine it's Warwick, Warwick House though.

C BROWN: OK, because it's, it, it's just talking about, "two computers owned by offshore company will be needed" and it comes under the heading 3, "Offshore Storage."

M TURNER: Yeah, confusing that, isn't it?

C BROWN: Well, it is; I just wonder if you can help.

M TURNER: No.

C BROWN: Because my understanding is it was an unmanned office.

M TURNER: Don't know, don't know anything about the office.

C BROWN: OK.

G MURPHY: Go over the page and there is, you'll see 1.2 disadvantages, that's page 26.

M TURNER: Yeah.

G MURPHY: It's deemed a disadvantage that there is no shield against a foreign jurisdiction. Now bear in mind this is talking about advisor payments.

M TURNER: Yeah.

G MURPHY: Can you help me with what, what that means?

M TURNER: Not a clue.

G MURPHY: No shield against a foreign jurisdiction?

M TURNER: I think -- I can't imagine because, as I, say we have to comply with any law in any country where we operate, so I don't understand that.

G MURPHY: Is th`at something that -- would you not have raised that with Hugh at the time, if you didn't understand it?

M TURNER: I can't imagine, I can't imagine we, the people at this meeting went through in detail a document like this. This is, this is --

G MURPHY: Why not?

M TURNER: Because we've got other things to do.

This is the Chief Executive, Chief Operating Officer, Finance Director, and what we'd, what would happen Hugh would come in and say, 'look, I've gone through the process, here's the key points, are you OK?' That's -- We wouldn't read it. That's not the way business works.

G MURPHY: But you're looking, but you're looking here at designing --

M TURNER: I wasn't.

G MURPHY: -- and potentially approving?

M TURNER: Yeah, we were approving-

G MURPHY: Approving a system that you, that Dick wanted put in place?

M TURNER: Yeah.

G MURPHY: That was going to be an opaque system?

M TURNER: Yeah.

G MURPHY: Did that not concern you at all? Did it not concern you to think, 'goodness me, supposing they think we're trying to mask corruption here?' Did that not ever, ever cross your mind?

M TURNER: No. Never crosses my mind, never crosses my mind because that's not an objective of BAE Systems. Imagine this meeting if it lasts half an hour, Hugh would come in

and say, 'Look, Here's the document'. He'd put it down, and Dick would say, 'just take us through the highlights, just tell us the key points'. That's what would happen.

C BROWN: But he's presenting you with a number of options?

M TURNER: Yeah.

C BROWN: So who would, who would have responsibility for approving those options --

M TURNER: This -- Clearly --

C BROWN: -- and instructed Dickinson to go forward.

M TURNER: Clearly this Committee listened to the, the options that I imagine Hugh summarised very quickly and, and he would say -- Dick would always say, 'well, what do you recommend then Hugh?' And he would say, 'clearly number 1', 'right, get on with it'.

C BROWN: And you wouldn't -- I mean if you had a dissenting voice --

M TURNER: I would have spoken up, yeah.

G MURPHY: OK, if we go to point 2.2 the disadvantage it says: "The accounts of

BAIL" -- and do you know what BAIL stands for?

M TURNER: No.

G MURPHY: OK, I think it's British Aerospace International Limited, that's what I think it is. Does that name mean anything to you?

M TURNER: No.

G MURPHY: No. It would be embarrassing -- "The accounts of BAIL would be embarrassing to show to countries during the branch registration procedure if they also show agents' fees."

M TURNER: Yes.

G MURPHY: Could you help me with what would be embarrassing?

M TURNER: Well, the size of their fees. Nobody wants to see large amount of fees being paid, do they? It's always embarrassing that number, because Joe Public does not understand it.

G MURPHY: Is that all you were concerned about, that somebody would see the size of the fees and it would be embarrassing?

M TURNER: Yes, I imagine so, yes.

G MURPHY: You were not concerned about

confidentiality then?

M TURNER: That as well, keeping it confidential who the agents were.

G MURPHY: It doesn't say that here though, does it, it's just embarrassing?

M TURNER: Yes, all right, embarrassing.

MR SPARROW: As you have said, this is not Mike's paper.

G MURPHY: No, but Mike has seen it, we believe.

M TURNER: It would have been put --

MR SPARROW: Yes, but he didn't draft -- the point I'm making is he didn't draft it, so I was thinking of questions as to...

G MURPHY: Yes, but like I've said I would have thought that something as important as this system that Hugh Dickinson would have taken the people at that meeting through this?

M TURNER: We didn't think that was this important. Now we've got businesses to run. You don't spend your whole time going through points 1(a) and 1(b). You ask a guy to come in, you ask a guy to go away and do the work who knows the detail. He comes in and summarises the situation, 'go and do it.'

G MURPHY: But this system is all about running your business, isn't it?

M TURNER: No, it's a very small part of our business.

G MURPHY: Defence sales?

M TURNER: Export sales, very small part of our business.

G MURPHY: Defence --

M TURNER: Do you know how much it is now? 5 per cent.

G MURPHY: We're not talking about now though, we're talking about 95/96.

M TURNER: Probably 20 per cent.

G MURPHY: So quite a large amount of your business?

M TURNER: Yes, and this was a small element, a process of a small element of how we run our business, very small, and we don't get involved at this level in writing detailed processes.

G MURPHY: Do you not?

M TURNER: No, never have.

G MURPHY: Carl, anything on that point?

C BROWN: No, I'd just go back to -- if you go back to point 1, stay as we are, disadvantages e: "There have been recent indications that the banks will have to disclose the

source of any large payment made by BAE. At present, we can cause payment to appear in an agent's account anonymously." So prior to any kind of rigour in the banks' money laundering regulations you were able as a company to not include any remittance advice, there would be no trace to BAE. This is a direct response to improved money laundering regulations.

M TURNER: Is it, I don't know?

C BROWN: Well, was that part -- did that ever form any part of the discussions?

M TURNER: No, I've said that, absolutely not.

C BROWN: Well, it's written as a disadvantage of staying as you are.

M TURNER: I don't know.

C BROWN: Any payment to an advisor would have to stay --

M TURNER: What page are you on?

C BROWN: This is page 26. This would have to come from BAE. It would say on the -- because the banks have to fill in their forms properly now. They can't just make payments anonymously.

M TURNER: Yes.

C BROWN: So the whole idea of setting up an offshore company is to avoid tracing, to avoid the audit trail leading back to BAE; isn't that the case?

M TURNER: Yes, but any legal authorities will always be able to find. What we're trying to do is make it very difficult for people who shouldn't have the information. In fact, look, I've just read 1.2(a): "Disadvantage, cumbersome procedures we have to make disclosures." So, clearly, the guy did think about it, that we may have to make disclosures and it was a cumbersome -- you know, so it's not all bad news this document that Hugh wrote surely from your perspective?

C BROWN: Well, it's slightly more cumbersome to make a disclosure if your documents are scattered to the four corners of the earth?

M TURNER: Well, the purpose was to keep them -- they weren't scattered to the four -- I think what they did in the end was put them in a bank in Switzerland, didn't they? They were not scattered to the four corners of the earth.

C BROWN: Well, there were copies of documents kept in a vault in Switzerland; there were copies kept in your office in Switzerland; there were copies kept at Farnborough, in HQM and in legal. There are copies of documents pretty much all over the place, and then --

M TURNER: I thought there were two copies, one in Farnborough and one in Switzerland?

C BROWN: And then a signed copy which is stored with your Swiss lawyers.

M TURNER: Is there? OK. So that's not the four corners of the earth, is it?

C BROWN: Well, it makes it slightly more cumbersome than if everything is in Farnborough though, doesn't it?

M TURNER: Yes, but as I've explained we didn't want them in Farnborough in case people hostile to our business got into it.

C BROWN: You didn't want them in Farnborough in case you were investigated by people like us, that's the point?

M TURNER: Nonsense.

C BROWN: It's a jurisdictional protection, isn't it.

M TURNER: Nonsense, nonsense.

C BROWN: It's nothing to do with campaigners against your business?

M TURNER: Not true, never ever --

C BROWN: It's to do with people like us investigating corruption.

M TURNER: This company, British Aerospace, BAE Systems would never ever do anything that was illegal or made it difficult for the authorities, not true.

G MURPHY: Mr Turner, this whole system that we're discussing being put in place and designed, it's all about opacity; nothing here is clear, it's all about hiding the true recipient of funds, isn't it?

M TURNER: Yes, but not for the reason you're trying to get me to say. That was never ever the reason. The reason, was the reason I've given you.

G MURPHY: OK, we'll move on.

C BROWN: Well, Mr Dickinson foresaw that, didn't he, when he wrote it could be explained?

M TURNER: Did he?

G MURPHY: If you turn over the page, 27, you'll see at 3.1(a), advantages: "This particular method provides the best shield against foreign jurisdiction." Still don't know

what that means?

M TURNER: No. All I can speculate is that some countries are not as careful in looking after confidential information if they get their hands on it as other countries. That's all I can think of. And clearly why the company in this case chose Switzerland was because they have a record of treating information confidentially. That's what I'd speculate.

G MURPHY: That's what you'd speculate?

M TURNER: Yes. I can't remember.

G MURPHY: But you can't remember?

M TURNER: No.

G MURPHY: Any conversations about it?

M TURNER: There wouldn't have been a detailed discussion on this.

G MURPHY: Well, it's quite important, obviously, to BAE because it's mentioned three times in this document, various degrees of it.

M TURNER: It was important to Hugh in putting the process together in the best interest of the company is the way Hugh would have done it, as asked by Dick.

G MURPHY: OK, sorry to keep you jumping around but

if we could go back to 27, 3.1(f): "Some agents have already requested payment from an OSC." Offshore company, yes? Are you aware of agents requesting payments through offshore companies?

M TURNER: I've never been a party to it, but clearly there were offshore companies; that's some of the names you've mentioned.

G MURPHY: Yes, but you're not aware of agents approaching BAE?

M TURNER: Well, they must have done, mustn't they? When an advisor was approved in principle as by the Referrals Committee and then handed across to the legal people at HQ whatever it's called, they would then negotiate with the advise and the advisor would have his reasons as to where he wants his money paid.

G MURPHY: Yes, no, but this is saying that the offshore company is a BAE offshore company, they want payment from.

M TURNER: Its all on there.

C BROWN: It says they want payment from an offshore company.

G MURPHY: From an offshore company.

M TURNER: No idea, no.

G MURPHY: Certainly in your experience in marketing can you remember an agent requesting payment from an offshore company?

M TURNER: I never dealt with agents.

G MURPHY: You never dealt with agents?

M TURNER: No.

G MURPHY: OK. 3.2, disadvantages, somebody's written in (c) that a big disadvantage of this particular method of remunerating agents or advisors, they're saying a big disadvantage is, "less easy to explain away if discovered." Do you know who wrote that?

M TURNER: I don't know, it may be Hugh Dickinson's writing. I think I did say, you know I did say to Dick that it smells, doing this. You know it's -- if this is discovered that we're actually doing this, people will jump to the wrong conclusion. Maybe it was that.

G MURPHY: Why did you think that we would -- that people would jump to the wrong conclusion?

M TURNER: Well, because they always do, don't they? It's like you read in the press all the

time allegations about BAE Systems, we're guilty; that's what people do, I'm afraid, led on by our press.

G MURPHY: What was it that smelt about it, there must be something --

M TURNER: Because of the fact that we were hiding the name British Aerospace. Why would you need to hide the name British Aerospace? You get into all defensive, you're on the back foot aren't you?

G MURPHY: And I suppose when you add up all the different elements that are going to make this system, the opacity of it, documents overseas, could that have been your concern as well, was that adding to your concern?

M TURNER: People could jump to the wrong conclusions, which you're clearly doing.

G MURPHY: They could also be absolutely spot on in their assessment?

M TURNER: Yes, but they'd be wrong.

G MURPHY: So less easy to explain away?

M TURNER: Yes, why are you doing it, I mean how do you explain it?

G MURPHY: Pretty much what we're asking you to do now?

M TURNER: Well I've done it, I didn't like it. I think you're on the back foot.

G MURPHY: Well, we haven't finished just yet; there's a few more tapes to go.

M TURNER: Okay.

G MURPHY: A few more documents.

M TURNER: That's fine.

G MURPHY: Sorry, Carl, anything you want to add on that particular passage?

C BROWN: No, I don't think so.

G MURPHY: Okay. Right, If we could turn over then to page 28, DocMan reference 012007000452. It would appear -- it's headed up 'Referrals Process Situation at 23/9/96', but it doesn't seem to be discussing much about the referrals situation other than it's really still talking about the development of this particular system, isn't it?

M TURNER: Just a generic heading, yes.

G MURPHY: Yes. I'm afraid I'm back to this point of holding papers offshore and you'll see that second heading down: "A company has been set up called Novelmight for this purpose." On the face of it a company, no connection to BAE?

M TURNER: I've never heard of it.

G MURPHY: You've never heard of it. Forgive me, I've forgotten what was said when we sort of touched on this subject a bit earlier, but were you aware that BAE had an office in Geneva?

M TURNER: No.

G MURPHY: You're not?

M TURNER: No.

M COWIE: So all of this structure which involves, in part, putting documents offshore, news to you; you didn't pick that up in this meeting that you were in --

M TURNER: I knew that's what they were doing, I didn't know any of the detail of where --

M COWIE: Right, so you did know --

M TURNER: I think it was Switzerland.

M COWIE: Right.

M TURNER: I think we ended up in Switzerland, an office in Switzerland.

M COWIE: OK.

M TURNER: And I think I knew it was in a bank office in Switzerland, because that rings a bell with me.

M COWIE: Right.

G MURPHY: OK.

MR SPARROW: I mean Mike has said that he knew that Dick Evans had wanted an offshore company set up to take documents offshore, so he has said 'I know about that'.

G MURPHY: Now this office in Geneva which was set up and was given the name Novelmight, as a company that operated from that, was involved in storing advisor paperwork; and we can see here, third line down under the heading 'Hold papers Offshore', it says that: "Security modifications are being made. These include a new door and alarms connected to Lloyds Bank." We're not aware that the alarms were ever connected to Lloyds Bank but an alarm system was certainly put on it. Just thinking about what you've said and Sir Dick Evans' paranoia about removing documents offshore, why would he want to put them in an unmanned office with an alarm on it as opposed to a secure facility within Farnborough or Walton, which you said was even more secure than Farnborough?

M TURNER: I don't know. He always believed, and I've always said, that these things

should be offshore. It's more difficult for the people hostile to our business to get at them, so that -- sorry, that would be the reason, that would be the only reason.

G MURPHY: And that's purely, that's purely it?

M TURNER: Yes, that's what Dick kept saying.

G MURPHY: Costly?

M TURNER: Yes, and that's why I didn't want it manned.

G MURPHY: So you weren't involved in any way shape or form?

M TURNER: No, no.

G MURPHY: OK if we turn over the page to page 29, it would appear, and this is a document that's been provided by BAE to us and it would appear that it was accompanying the previous page, although it doesn't mention any annexes. Is this a document, it's headed up 'Objectives,' is this a document that you've seen before?

M TURNER: Never read it, not to my recollection.

G MURPHY: OK, I'd just like to see whether you can help me with any of these. These appear to be the objectives, the overall objectives of the systems that BAE want

to put in place to appoint and then remunerate advisors. If we look at 6, first of all: "Ensure no traceability if an advisor is investigated in his own country." Number 7: "Ensure no traceability if the advisor's bank is investigated."

M TURNER:

Yes.

G MURPHY:

"And ensure ultimate destination of funds cannot be traced from the BAE end."

M TURNER:

Yes.

G MURPHY:

Can you help me with why such a system that BAE are looking to adopt, why it would want those three things in its system?

M TURNER:

Because we didn't want our advisors known and the amount of money paid to them.

G MURPHY:

You didn't want -- sorry, just could you say that again?

M TURNER:

We didn't want the advisors known or the amount of money paid to them and by whom.

G MURPHY:

I'll ask the question I've asked previously: Is that the only reason?

M TURNER:

It's the only one I can think of.

G MURPHY:

Do you think if BAE wanted to put a structure in place that would enable

corrupt payments to be made, this would be part of the system?

M TURNER: We'd never --

G MURPHY: Do you think that would make part of the system?

M TURNER: We'd never ever do that. Why do you keep saying that? We'd never ever do that. We're not that kind of company and never have been. We'd never ever make corrupt payments. We'd never authorise corrupt payments. We'd never authorise any advisor to make a corrupt payment.

G MURPHY: Well, that's the one I'm interested in because that's what I think this system is all about.

M TURNER: Well, you're wrong.

G MURPHY: It's about masking BAE making corrupt payments?

M TURNER: You're wrong.

G MURPHY: Okay.

MR SPARROW: Gary, the question has been put to Mike in various forms over a period, and he has given a completely consistent answer. I think unless we're going to -- unless you're going to inject new material into the question, I really am concerned that,

you know, we're going on asking the same question time and time again and giving the same answer can only have the purpose of putting him under pressure to change his answer. That is unacceptable and if it goes on we'll -- I'll tell him not to answer those questions.

G MURPHY: OK. Can I just make it clear that I'm actually picking up on different aspects of a system that has been put in place and I'm questioning Mr Turner on each of those aspects.

MR SPARROW: But it all ends up with the question:
This is a system that you put in place to defeat the authorities, and he gives the answer no, it wasn't. I completely -- it is perfectly fair to go back to different aspects.

G MURPHY: Yes.

MR SPARROW: But it is the repeated question that is the problem.

G MURPHY: OK, I'll bear that in mind. OK, thank you, Carl. The time now is 14:29. The time elapse counter is showing 43, and we'll stop the tape.

TRANSCRIPT OF AN INTERVIEW HELD AT THE SERIOUS FRAUD
OFFICE ON TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RL102

TAPE 5 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: This is the continuation of an interview
with Mr Mike Turner. The time by my
watch is 14:35 and this is tape 5. Mr
Turner, before we continue would you
please confirm that the same people are
present as previously?

M TURNER: Yes.

G MURPHY: Thank you very much. And that we haven't
discussed the case during the break?

M TURNER: Correct.

G MURPHY: Thank you. I will remind you that you

are still under caution. Do you wish me to repeat that?

M TURNER: No, thank you.

G MURPHY: OK. And also that you're not under arrest and free to leave.

M TURNER: Thank you.

G MURPHY: OK, just before we move on, Carl I just wanted to see whether there's anything you wanted to add about that document that we spoke about last, page 29?

C BROWN: No.

G MURPHY: OK, thanks. Matthew?

M COWIE: Yes, just by way of summary, again as my role just picking up on the sort of general themes; my feeling was that your account is that the setting up of the Red Diamond overseas office and the whole architecture of the agent system was really something that you only had a limited involvement with and spent minimal time looking at the detail.

M TURNER: I would never -- I don't go into detail, you can ask my guys. Now this was something that Dick really wanted in place for the reasons I've given you. He clearly delegated the job to Hugh and

Dick, when Hugh came forward with his findings, clearly wanted people like myself and actually Sid Gillibrande was involved, people who you know who had some knowledge of the world listening to this.

M COWIE: Let's also pick up another big theme that's already been mentioned in an earlier tape, and that's the risk of corruption in the arms industry and, rightly or wrongly, there is a perception that the arms industry is susceptible to corruption, fair?

M TURNER: That's fair, yes.

M COWIE: And BAE's reputation is important to it?

M TURNER: Yes.

M COWIE: And the agent system itself is an area which is a high risk area of corruption?

M TURNER: Correct.

M COWIE: So I'll put it to you that I think it's false and misleading for you to minimize your role and the importance of this, because it is important to BAE's reputation?

M TURNER: Well Matthew, it wasn't, it wasn't in the -- well, certainly when I was

associated in the late eighties/early nineties reputation was not there in lights and we didn't have the Guardian and you guys looking over our shoulder all the time and we needed to win business around the world, the small UK company British Aerospace. We needed to win export contracts. We needed advisors to help us do that, and we were very clear and I certainly -- you know, I would never ever personally or my company do anything illegal, absolutely. That was never anything we would do, but we wanted to win business, we wanted the best advisers and we wanted to keep them to ourselves. When we got though into the late nineties and we at last went into the United States, I knew how the US did business. They don't pay 10, 15, 20 per cent to advisors. What they do they pay 5 or 7 per cent. They then pay when they win big retainers for many years to compensate the advisor and then they appoint him to look after the spares. That's how the Americans do it and, as long as it ticks the boxes. So I knew

that paying the kind of commissions that we pay to be competitive against competitors around the world would not be acceptable in the Americans' eyes, and that's why in late nineties I made the speech that reputation now was everything, not -- forget the -- we never mentioned legal. That's just the sine qua non. Reputation, and that was why we reduced the number of advisors and really tightened up due diligence to make sure that anybody we appointed, you know, passed the smell test. That's what it's all about.

M COWIE: You're competing in many markets, aren't you, against the Americans; that would have been your practice on export sales; you would have been competing against American products?

M TURNER: Americans and French particularly.

M COWIE: And they had the Foreign Corrupt Practices Act since 1977?

M TURNER: Yes.

M COWIE: And so American businesses would have been doing their best to comply with that legislation.

M TURNER: Well, they would comply.

M COWIE: And they would be only paying, as we say, smaller percentage commission rates to their agents?

M TURNER: Up front.

M COWIE: Well, up front.

M TURNER: Up front.

M COWIE: Well, what do you mean by that?

M TURNER: What they tended to do was that they kept the commission, the win fee, small; then from all the knowledge I have of the way the Lockheeds and the Boeings operate, when they'd won the business they then go into retainers, annual retainers.

M COWIE: Anything wrong with that?

M TURNER: Nothing's illegal in anything I've said. It's all legal, but I'm just saying they have a different style because of FCPA. Because when you pay commissions, large percentages as we did, as British Aerospace, you know it's difficult. You're on the back foot because it's a high percentage.

M COWIE: It looks bad?

M TURNER: It looks bad on the face of it, doesn't it?

M COWIE: Yes.

M TURNER: On the face of it, it looks bad. Now American system there from the FCPA, they didn't pay big 10 or 15s, they paid 5s or 7s but then compensated the advisors to compete with the rest of the world, with the French and the Brits and everybody else, by paying big retainers for many years to make up the difference and often appointing the guy as their spares representative.

M COWIE: You see I--

M TURNER: That's how it worked.

M COWIE: I don't think Sir Richard Evans was being paranoid. I think he was responding to realistic risks both for investigation and reputation to your company, and that's why this is important.

M TURNER: I never heard -- Dick never talked about reputation and he certainly would never --

M COWIE: Well, the risk of investigation then.

M TURNER: He never -- that never came up in a conversation that I was party to with Dick, never, maybe because he knew where I stand on this. We would never do

anything illegal.

M COWIE: Thank you.

G MURPHY: OK. Mr Turner, if we could turn to page 30, please, DocMan reference 009920000038?

M TURNER: Yes.

G MURPHY: A structure, yes, flowchart of a structure; does this ring any bells with you?

M TURNER: I don't recognize any of that, no.

G MURPHY: OK.

M TURNER: Or any names on there.

G MURPHY: Let me fill in some gaps and see whether that helps you. You'll see we've got the Liechtenstein Anstalt name to be arranged owned by Uniglobe. That was a company called Textra Holdings, Textra?

M TURNER: Never heard of it.

G MURPHY: No, OK. And the next one down the BVI company was Red Diamond?

M TURNER: Yes, I've heard of that one.

G MURPHY: You've heard of that one?

M TURNER: Yes.

G MURPHY: OK. It actually might be fair if I were to just show you a couple of documents because I don't want you to comment on

something that you --

M TURNER: Fine.

G MURPHY: You need to refresh your memory.

MR SPARROW: Before we move to this document can we just identify that the notes at the top say, "agreed to proceed" and the individuals involved don't involve Mike; so he apparently wasn't involved with the decision to proceed with this structure?

G MURPHY: OK, thank you. Let me get this document. It's just that you have signed a document for Textra Holdings and I just wanted you to have a look at that; a 'mandator', just for the tape that's pages a -- sorry, d, e.

M TURNER: This was enacting the -- this was enacting the decisions of what Hugh Dickinson was putting in place, right?

G MURPHY: It looks like it, yes?

M TURNER: And as a company director I would have signed it, yes.

G MURPHY: Yes.

M TURNER: Yes, fine.

G MURPHY: I just wanted to show you that because I don't want you to think I'm tripping you up or whatever you say, you know, I don't

know them?

M TURNER: I signed lots of things.

G MURPHY: That structure, are you aware that that was the structure that was put in place by BAE at -- this was the actual finished article, if you like?

M TURNER: No, no.

G MURPHY: You're not aware?

M TURNER: All I knew about was that we had an offshore company called Red Diamond.

G MURPHY: OK. And how was it that you came to sign those documents that I've just showed you?

M TURNER: Because somebody would bring them into my office, who I trusted, and say, 'Mike, we need your signature as a main board director to set this up'.

G MURPHY: OK.

M TURNER: I'd usually say, 'well, what is it about, just explain' and he'd probably explain and I'd sign it.

G MURPHY: Right.

M TURNER: I signed hundreds of documents.

G MURPHY: OK. Let me just explain how this structure operates, just to see if it, as I say, rings any bells with you. There's

a lawyer in Liechtenstein Guido Meyer, do you know Guido at all?

M TURNER: No.

G MURPHY: OK. Guido's firm in Liechtenstein owns an Anstalt which, not being an expert on these things, I believe is some sort of trust in Liechtenstein called Uniglobe; and BAE have basically asked Uniglobe to set up another Liechtenstein Anstalt called Textra Holdings, which in turn owns Red Diamond. So to my way of thinking quite a complex structure put in place to keep BAE's name out of this system.

M TURNER: Good.

G MURPHY: Would you agree?

M TURNER: Yes, good.

G MURPHY: Do you know anything about that actual structure itself --

M TURNER: No.

G MURPHY: -- now I've explained it to you?

M TURNER: Never seen it before.

G MURPHY: OK. And do you --

M TURNER: To my recollection.

G MURPHY: Yes. I mean you've said "good," so you think that that was absolutely

necessary --

M TURNER: Well, it was good that it made it difficult as possible for anybody to find out who our advisors were, yes, good.

G MURPHY: OK. And -- I'm sorry -- Carl, anything on that?

C BROWN: Yes, this was just put in place for the covert advisors, is that correct, when you want it to be confidential?

M TURNER: I don't know. Maybe -- I can't remember whether it was for all advisors or particularly for -- I can't remember I'm sorry.

C BROWN: Right.

M TURNER: It might have been easier just to do everyone the same way, I don't know.

M COWIE: I think the picture is that you have some arrangements with the same people which are overt and other arrangements in this model with the same people through this mechanism?

M TURNER: OK. Is that -- I can't remember.

C BROWN: Well, you see, and we'll talk about this more when we come on to Tanzania but Mr Vithlani was paid 1 per cent through Merlin and the money passed through the

account of BAE operations I think, and then the 30 per cent that he received to his offshore company passed through this Red Diamond structure. So you are not actually protecting Mr Vithlani from banking confidentiality because there will be an audit trail for 1 per cent.

M TURNER: Yes, well, it sounded like the company didn't mind people knowing if they found out that they're paying 1 per cent. Well, clearly, 30 per cent is bloody embarrassing, isn't it?

C BROWN: Well --

M TURNER: I admit that, that on the face of it is a hell of a number.

C BROWN: I mean the question is why not just have one -- why not just have one payment covert for 31 per cent?

M TURNER: I don't know.

C BROWN: It's just curious.

M TURNER: Some advisors clearly wanted it to be known that they were advisors, that they were authorised to -- they were quite proud, some of them, showing their British Aerospace card, so they wanted it overt I imagine.

C BROWN: And so a small payment would be made overtly and then the bulk of their funds would pass through this Red Diamond?

M TURNER: Clearly in this case, yes.

C BROWN: OK.

G MURPHY: OK. I'd like to go back on to the Referrals Committee, if I can?

M TURNER: I don't want to go back on the Referrals Committee, it was a boring exercise.

G MURPHY: Actually, that's a good place to start, talk about how long you were on the Referrals Committee.

M TURNER: Yes.

G MURPHY: As you know, we've received an awful lot of documentation from BAE.

M TURNER: Yes.

G MURPHY: We've sat, or certain officers have sat and analysed an awful lot of that material, and one such topic I asked them to look at was the Referrals Committee; and this is a spreadsheet that you're welcome to look at if you so wish, but one thing I will tell you is that I'm not going to be really referring to the documents within this. It's just some statistics that I want to pull out just

to sort of set the scene here at the moment. So how long did you serve on the Committee?

M COWIE: It's worth saying that everything that's on that schedule is backed with a document that's come from the --

G MURPHY: Oh yes.

M TURNER: Fine, yes.

G MURPHY: How long were you actually on the Referrals Committee?

M TURNER: Certainly from '87 when I became Head of the Defence Marketing Organisation until leaving it in '92.

G MURPHY: OK?

M TURNER: And then I would turn up occasionally in the mid nineties, as you see very occasionally, to give backing to Gerry.

G MURPHY: OK. During that time were you ever the Chairman of that Referrals Committee, this is the latter period?

M TURNER: No, no.

G MURPHY: Not the latter period?

M TURNER: No, I think I was at the early part. When I was Head of Defence Marketing. Because I really didn't have any contact with the advisors and I was seen as a

reasonably independent Chairman, even though you know the guys worked for me and of course we had the legal guys there and Headquarter Marketing; but I think in those days it was seen it was all right for me to -- and I wasn't a main board director, remember, as well.

G MURPHY:

All right?.

M TURNER:

So I think, yes, I think I was --

M COWIE:

So your role was to critically analyse the material that was being brought by persons who had personal --

M TURNER:

Critically analyse, no.

M COWIE:

No?

M TURNER:

To make sure that they understood there was a process. I didn't just, I couldn't go out and appoint anybody.

M COWIE:

Yes.

M TURNER:

And there was, you know, people of authority going to listen to the case that they put.

M COWIE:

Yes. Well, I think that's what I'm saying, yes.

G MURPHY:

OK. So between September '95 and May '02, and we have no more documents in relation to Referrals Committee so we

believe it ceased to exist around about that time does that reason [inaudible]?

M TURNER: I didn't know we didn't have that one today, I'm surprised.

G MURPHY: OK.

M TURNER: I think we do.

G MURPHY: Do you?

M TURNER: I think we do, yes. I don't know what we call it but we have a committee, yes we do. I'll be amazed if we don't have a committee that approves advisors.

G MURPHY: Right. Certainly, from documentation we've been provided with it would appear that it ceased to operate around about May '02?

M TURNER: OK.

G MURPHY: So, during that period, September '95 to May '02, there were 55 either Referrals Committee meetings or exCommittee processes called for?

M TURNER: Yes, yes.

G MURPHY: You understand what I mean the exCommittee?

M TURNER: Yes I understand, yes, it means exCommittee, yes.

G MURPHY: So 55, of which you were involved in 28?

M TURNER: Mainly exCommittee I should imagine. I can't imagine many of those were sitting through a full meeting when I had a day job.

G MURPHY: OK. Maybe they are, it's not a figure I counted; and your involvement on the Referrals Committee or exCommittee procedures was between '95, September '95 and November '99?

M TURNER: Was it, OK.

G MURPHY: You didn't appear to have any role after that. Now what I will say is that those figures are slightly distorted in that we have a number of Referrals Committee meetings, minutes of meetings which give the attendees that have been so redacted we don't even know who was at the meetings. Quite why that would be, I don't know but?

M TURNER: I can't imagine, no.

G MURPHY: So that could increase your number of attendances by another ten?

M TURNER: I'm surprised it's that high because I was busy. I know I did go to the odd one, to give back (inaudible).

G MURPHY: Well, you went to 28 of them not the odd

one, 50 per cent of them?

M TURNER: No, I can't believe I -- no, I didn't attend 28 Referrals Committee meetings. I may have signed a number of proposals because I actually knew or had met the advisor but I'd never in that period sit through 28.

G MURPHY: Well, the documents we have show you as an attendee of either 28 either meetings or involved in exCommittee procedures?

M TURNER: Yes, I imagine most of it would be exCommittee and when I went to the meeting I bet I popped in and out. I wouldn't sit all day or half a day through a meeting.

G MURPHY: Well, it's not clear from the minutes that we've been provided with because we haven't been provided with any minutes.

M TURNER: No, I very rarely attended and when I did attend I'd prop in and out.

G MURPHY: OK, all right. I just wanted to just set the scene there just so we're all aware of what the number of meetings we're talking about.

M TURNER: Yes.

G MURPHY: So let's take it from the top then. How

was a meeting called, how did one actually convene a meeting?

M TURNER: It was a date set. All dates are set throughout the year, you put them in your diary and there was an agenda.

G MURPHY: OK. So the dates were set, it wasn't just as and when the workload got too much, the dates were set?

M TURNER: No, these were busy people and the vice presidents had to come back from around the world, so they had to know what the dates were.

G MURPHY: OK. And what documentation, let's say you're going along to a meeting; we'll take Referrals Committee meetings first, all right, what documentation would you have to scrutinize?

M TURNER: I can't remember any. I think we may have got an agenda with a list beforehand. Yes, we did, we did, we got a list. That was it.

G MURPHY: You got a list of topics?

M TURNER: A list of countries, I can't remember, and maybe a few lines of what it was about.

G MURPHY: Right, OK. So you got that prior?

M TURNER: I think so, yes.

G MURPHY: Anything happen prior to the meeting?
The attendees, were they busy doing
anything preparing for the meetings?

M TURNER: No.

G MURPHY: Or anything like that?

M TURNER: No, you'd go along and, as I say, your
basic job was to make sure there was a
formal process for listening to these
guys who wanted to appoint advisors.

G MURPHY: Right, OK. So the meeting convenes and
you're all there, all those that need to
be there are there. Was any further
documentation presented at the meeting?

M TURNER: I can't recollect any.

G MURPHY: You can't recollect that, OK. So then
an EV --

M TURNER: A VP.

G MURPHY: VP, thank you. VVP then, this says I'm
first on the agenda.

M TURNER: Yes, this is during my day in '88 to '92
as to how it was.

G MURPHY: OK.

M TURNER: Yes. Where a VP, and you know it was
clear from each part of the world the VP
had to speak up for the advisors he

wanted to appoint. So it'd be led by the VP and we tried to make sure the VP, during my day that the VPs were there to explain their operation and why they wanted to appoint an advisor.

G MURPHY: OK, OK. And so the VP would stand up and he would deliver his --

M TURNER: No, he'd sit down.

G MURPHY: All right.

M TURNER: He'd sit down and say, 'right, this is the guy I want to appoint' and why and for how much.

G MURPHY: Right.

M TURNER: And we'd listen and say yes or no.

G MURPHY: OK. And --

M TURNER: Which was usually yes by the way because most -- they know what was acceptable and they know what the Committee was going to ask.

G MURPHY: Yes. So would he say -- would he have to give details on what he knew about the agent, would this Committee be sitting listening to --

M TURNER: They would say, 'this is the advisor, this is what he brings to the party and this is how much he wants'.

G MURPHY: OK. So how much would he go into --
would he have to give about 'this is what
he brings to the party'?

M TURNER: He'd give a 30 second spiel.

G MURPHY: Which would comprise of what?

M TURNER: 'this guy's done business before; he was
successful in this campaign; he's a
lawyer; he knows the system; he knows the
budgeting process; he's got access to
certain politicians; he knows the
military requirements'. Those kind of
things.

G MURPHY: Right. So all of that would be out in
the open and discussed, so everybody in
the meeting would have that knowledge?

M TURNER: Yes.

G MURPHY: Did that change any when you went back to
the Referrals Committee in '95?

M TURNER: No, it was the same format.

G MURPHY: It was the same --

M TURNER: Yes.

G MURPHY: Exactly the same format.

M TURNER: I think, from recollection I think it was
less likely to have a VP or what you call
an RMD.

G MURPHY: Yes.

M TURNER: I think it was really the head, you know it was Gerry Wooding and then was it Mike Rouse speaking up on behalf of their people rather than bringing them back from around the world.

G MURPHY: You say the head Gerry Wooding, is that as marketing director?

M TURNER: He took over from me as EVPO, you know, whatever it was, in '92.

C BROWN: So all the terms changed, didn't they, all the titles changed?

M TURNER: Yes.

G MURPHY: OK. So yes, so sorry so would the RMDs stand there and -- sit down and give this spiel the same as VPs to the same detail?

M TURNER: There wasn't much detail, it was just a summary of what the guy was doing. You didn't have time. You know, there was quite a number on each Referrals Committee you had to get through. The fact that the process was there was the main thing for me, the fact that these guys knew they had to come before senior people in the company and they knew that they were going to have to say, you know, in 30 seconds what this guy brought to

the party and why he was worth so much.

MR SPARROW: I think Mike said earlier that his recollection was that in the mid nineties the, what where the vice presidents became regional managing directors were there less often and that presentations were made more often by the head, is that --

M TURNER: Yes.

MR SPARROW: That's what you said.

M TURNER: I tried to make sure that the guys when I arrived came from around the world to justify the advisors. I think from recollection when I started appearing again in referrals, it was less well attended by the VPs. It was really left to the head, you know, Gerry Wooding or Mike Rouse later to do the justification on behalf of their people.

G MURPHY: Right. And if a decision was made at the Referrals Committee, 'yes, we think this advisor ought to be appointed', was that recorded anywhere?

M TURNER: Yes I think Hugh just made a note and then he'd get on with the due process.

G MURPHY: Would the discussions, the actual

content, the crux of what an advisor was all about, what he was going to do, what he brought to the party, was that recorded anywhere?

M TURNER:

No.

G MURPHY:

Well, why was that not recorded?

M TURNER:

Well, because you'd be at it forever, why?

G MURPHY:

Well, it's important, isn't it?

M TURNER:

Well, what's important is the process is gone through and people in authority have listened to it and said yes or no.

G MURPHY:

Isn't it important that you -- that it's recorded that why an advisor has been appointed?

M TURNER:

No, as long as the Committee was satisfied.

G MURPHY:

OK.

M TURNER:

We don't -- at board meetings we don't record all the debate, we just record the decisions.

G MURPHY:

How does the Committee satisfy itself in terms of internal fraud, how would they know that this is not somebody just putting forward an agent and really they're just going to be ripping BAE off

of their funds?

M TURNER: It's all about trust. We trust the people that we appoint. I trusted my vice presidents.

G MURPHY: No, you probably misunderstood me. I'm talking about internal fraud against BAE. Surely, that's not a matter of trust, people just believe each other in gentleman's hand shakes, I mean --

M TURNER: Do you mean generally or in this area?

G MURPHY: No, in this particular area. You would need to satisfy yourself a number of things I would have thought. Value for money is going to be one, and I would have thought that you're going to have to satisfy yourselves that this agent is not being put in place purely to rip money out of BAE?

M TURNER: Well --

G MURPHY: He's not going to be able to deliver because he hasn't got the expertise that --

M TURNER: Well, he wouldn't perform then, would he, and he'd be fired. If he didn't do what the vice president had expected him to do he would be fired. He wouldn't be

reappointed.

G MURPHY: So are you telling me there were no sort of internal checks and balances that actually gave comfort to that Committee that they were not going to be subjected to some sort of internal fraud?

M TURNER: Well, it's not internal -- you're appointing an advisor to do a job. You have a separate organisation, Marketing Services and lawyers, checking that all that was done legally and correctly. You then had, if he was appointed, the vice president running the advisor and making sure that the advisor did what we expected of him. Yes, what's wrong with that?

G MURPHY: I'm just asking the questions, I'm just...

M TURNER: Yes, you seem to imply something's missing; what's missing from that?

G MURPHY: So there must come a time where a decision has to be made on this Referrals Committee about: Are we going to say yes to this advisor or not? How was that decision made?

M TURNER: As a Committee we said yes or no.

G MURPHY: And was it put to the vote or?

M TURNER: No, it was just, 'do we all agree?' If anybody said no, he didn't get appointed, but very rarely did you get a 'no'.

G MURPHY: Did anybody ever raise any issues like, 'oh, hold on a sec, are we sure we need to be getting involved with this person? This person's got a terrible reputation.'?"

M TURNER: Well, we wouldn't know that. If we did, we'd say it.

G MURPHY: Yes.

M TURNER: But we'd let the checking by the Marketing Services and the legal people take care of that.

G MURPHY: Right.

M TURNER: Unless we knew personally and we'd speak up, yes.

G MURPHY: And this is still the procedure not just '87 to '92, but this is the procedure '95 and onwards as well?

M TURNER: Well, I've listened to the new procedure, because I've had a gap between '99 whatever it is and really the beginning of last year when we had another project refresh to even have a -- because of your

activities and the press and all the reputational damage that was being done to our company, we decided to have another look at the advisors. In fact, we terminated all our advisors and we decided to set up another Committee. I didn't know what was in the meantime. That's why I assumed Referrals stopped, I don't know, but we set up a Committee chaired by an outside lawyer this time. So everyone was terminated beginning of last year and now everyone has to go through this Committee, this new Committee, I forget what we call it, chaired by an outside lawyer this time, and it's even deeper due diligence and more information has to be provided to this Committee that meets very often down long periods and goes into far greater, you know the analysis, into the people, asks lots and lots of questions about them. We never did that. We never did that in my time.

G MURPHY: Right. OK. No, I understand due diligence has tightened over the years. So HQ Marketing then and legal, it's

their job to go away and look at -- do some due diligence work on the agent?

M TURNER: Yes, or employ somebody to do it for them.

G MURPHY: Or employ someone to do it for them?

M TURNER: Which I think they often did.

G MURPHY: If they went away, did that work and realised, 'hang on we might have a problem here', what would happen, how would it all work then?

M TURNER: There wouldn't be a form signed at the end of it, at the end of --

G MURPHY: Would that be presented back to a Committee meeting?

M TURNER: No, no, it's just that no form would get signed. The Referrals Committee was only one point in the process. It was an important point from the view of the Marketing Department seeing that they had somebody looking over their shoulder, but the process was only really beginning in doing the checking and filling in the documentation that was then signed off by a number of people.

G MURPHY: Right. Were there many advisors refused --

M TURNER: I doubt it.

G MURPHY: -- in your time?

M TURNER: I can't think of any, because they knew the system and they knew, you know, they knew what would go through the Committee and what wouldn't.

M COWIE: So there was a screening process before it got to the Committee?

M TURNER: Yes, these vice presidents, they knew that the Committee's not going to authorise anything.

M COWIE: They vetted the --

M TURNER: Themselves, yes.

M COWIE: -- the field and only produced clear candidates for the Committee.

M TURNER: Yes, they were acting responsibly. These were very responsible people.

M COWIE: Is that going to be recorded anywhere, that process?

M TURNER: I would say it was common-sense, that they were not going to bring people to the Committee that they weren't comfortable with. They didn't want to a no.

G MURPHY: Was it discussed at the Referrals Committee exactly what expertise or what

role, what services an advisor was going to provide?

M TURNER: I think I've covered that with you.

G MURPHY: In detail?

M TURNER: No, you know, it's 30 seconds, this is what the guy does.

G MURPHY: So how does Hugh Dickinson then go away and prepare an agreement based on 30 seconds of --

M TURNER: Well, there was a standard agreement.

G MURPHY: Yes.

M TURNER: Various questions were asked that he and the VP had to make sure they were satisfied, and the legal people, and then he would employ his people or outside people to do a due diligence on the person, on the advisor.

G MURPHY: But how did Hugh Dickinson know whether or not this advisor was going to provide advice in -- or provide access to certain ministers, yes, political figures or whether he was actually there to speak to the air force?

M TURNER: Well, he'd listen --

G MURPHY: Or whether he was --

M TURNER: He would be party to the Referrals

Committee and listen to that and hear that the Referrals Committee were satisfied that the role of the advisor, what the role of the advisor was. His job then was to complete the agreement, the legal agreement, well first of all to conduct due diligence by employing people to investigate the advisor, to make sure there was no record or anything that could do damage to the company.

G MURPHY: I really see what -- accept what you're saying. I just can't see how in 30 seconds, he's got an awful lot to cover, this VP or this RMD or the head, how in 30 seconds he can be absolutely specific about the services this particular advisor is going to provide?

M TURNER: It wasn't, it was generic. This is a guy who knows how the military system works in company x; he's been successful selling x, y, z in the past; we've met him, had discussions with him; we believe he's a competent advisor for us and to help us in this campaign. That's the kind of summary.

G MURPHY: And that would be it?

M TURNER: That would be it.

G MURPHY: So he'd be employed or contracted on that basis?

M TURNER: No, that would then go forward for the proper legal documentation to be put in place and the right due diligence. It was a very, very top level look at these guys.

M COWIE: So the commercial decisions were made during the Committee and then, after that, the legal decisions are made?

M TURNER: Have to be followed through.

M COWIE: I see.

M TURNER: Correct. We were there to see if it's a real chance of this campaign, is this a country where we can do business? Is this a guy that the VP seems comfortable with? Is the commission level OK? Is it a campaign we think we can win and we're not wasting our time? It was a commercial feel that you had for it.

MR SPARROW: I mean the real commercial decision is presumably made at the VP level, who wants --

M TURNER: Who wants to take it forward.

MR SPARROW: -- to bring in the contracts.

M TURNER: Yes, that was his job.

MR SPARROW: So he makes the commercial decision and that has to go through a series of checks and balances to make sure --

M COWIE: You've got to be satisfied that they are acting in the best interests of the country and making a sensible commercial decision about this particular person.

M TURNER: Yes.

M COWIE: So your job really is a critical role to see whether an objective assessment has been made about their value for money?

M TURNER: I think so. I think the fact that these guys, these vice presidents, who were, you know, very senior guys anyway, but they also knew that there was a senior Committee of the company that was taking it very seriously and was going to listen to their case; and they took that very seriously, but we didn't go into all the detail.

G MURPHY: So exCommittee then, what was the purpose of exCommittee, the process?

M TURNER: Well, the Referrals Committee would set dates and sometimes it would need to appoint an advisor quickly, maybe an

order or a request for a price would come out and we needed some help in putting the response together, or an advisor wanted accelerated payments for a particular -- you know, that he was claiming he was particularly short of money. Richard Charter was always in that ball game. There'd be the odd reason.

G MURPHY: OK. So how -- what was the process then, talk me through the process of how the exCommittee members --

M TURNER: Well, Hugh Dickinson would appear in my office with a set of papers and say, 'Mike, this is the situation, this is why the vice president wants it, will you agree it?'

M COWIE: It's always Dickinson.

M TURNER: Yes.

M COWIE: And he's never accompanied by a --

M TURNER: I can't say 'never', because usually the vice presidents were not around, so Hugh was doing it on their behalf; but maybe the odd time that they would come along if he was in the country; they'd quite often --

M COWIE: In lieu of them make the case.

M TURNER: Yes, make the case.

M COWIE: And it would be made direct to you if you were signing off?

M TURNER: If I was one of the signatures, yes, they'd have to tell me why, what was so bloody urgent, yes.

M COWIE: Did you keep records of any exCommittee decisions that you turned down?

M TURNER: No.

M COWIE: So the records that we have are all ones that you accept?

M TURNER: Yes, I imagine so, yes.

M COWIE: So if you do turn them down, and do you recollect whether you did turn any down?

M TURNER: Yes, I think there was a number, not many.

M COWIE: Ask him to go away and return --

M TURNER: Go away and they would never come back.

M COWIE: I see.

M TURNER: Or very rarely come back.

G MURPHY: Right. So did that procedure change from '95 onwards, the exCommittee procedure?

M TURNER: No. I think there was always certain people who were authorised to agree things exCommittee, as long as it went

back to the next Referrals Committee to explain why you'd done it.

G MURPHY: OK. So let me just make sure I've got this right. The VP or the RMD or whoever would go to Hugh Dickinson and Hugh would approach yourself?

M TURNER: Or whoever was --

G MURPHY: Or whoever --

M TURNER: -- the most senior guy who knew anything about it.

G MURPHY: OK. Was there a number of approvers or authorisers required or could it just be done on the say so of one person?

M TURNER: It was usually more than one. I don't think -- I can't think I've ever seen a document approving the appointment of an advisor with only one signature on it. I don't think that's right.

G MURPHY: OK. Were you aware that others had been approached for signatures as well as yourself?

M TURNER: Yes, usually you'd see -- because I was often the most senior guy, other people had probably signed it before it got to me.

G MURPHY: So if you had a concern or something you

wanted to check out, how would you go about that?

M TURNER: I would say, 'Hugh, I'm not happy about this, go and ask this question, why's it that much', for example.

G MURPHY: Yes. Just -- and Hugh would go and do that and come back with the answer?

M TURNER: Yes, or not.

G MURPHY: OK. What documentation did you have?

M TURNER: None, just the document to sign that he brought in with him, the standard format, pro forma, which was something that wasn't at the Referrals Committee itself. We never had, from recollection, the pro formas. You know it was always afterwards that they were presented for signature, but when it was exCommittee they actually brought the documentation to sign there and then.

G MURPHY: OK. Was the level of scrutiny using this procedure, was it reduced in any way over the Referrals Committee procedure?

M TURNER: There were fewer people listening.

G MURPHY: Yes.

M TURNER: So, in a way, that was a reduction.

G MURPHY: And --

M TURNER: But then --

G MURPHY: The VP wouldn't be presenting the material?

M TURNER: Yes, but having said that remember it comes back to the next Referrals Committee to be taken - during whilst since the last meeting these are the next Committee, we just go through them, so they'll be repeated.

G MURPHY: OK and that will always happen?

M TURNER: Always happen.

M COWIE: Any overturned to your knowledge.

M TURNER: No.

M COWIE: Never?

M TURNER: Not to my knowledge.

M COWIE: Was the other signature on the legal side or was that another commercial person making a decision?

M TURNER: I think it would be a mixture, I think. Sometimes it would be the legal guy. I think the form changed over the periods as to who could sign them.

M COWIE: Right.

G MURPHY: Whether we're talking Referrals Committee or exCommittee --

M TURNER: Yes.

G MURPHY: -- how was it eventually decided how much or the percentage that...

M TURNER: Well, that's what the VP would bring.

G MURPHY: So he would say, 'this is how much I think'?

M TURNER: Yes. Sometimes it would be TBA. 'This is the guy we want to appoint, we've not reached agreement' or, 'we're not sure what the right number is', so you put TBA on there.

G MURPHY: Yes?

M TURNER: I signed a few TBA, I remember. They have to come back with the actual percentage later.

M COWIE: That would be a more speculative judgment then, would it not, because if you -- you wouldn't have had much of a relationship with the agents in those circumstances?

M TURNER: No, quite often, quite often you'd have -- it would be an existing agent -- I don't like the word 'agent', advisor who you may have done business with, and then he would come along with the VP and say, 'by the way as well as having Hawk and Gripen or whatever my agreement, we've got to put Rapier on because I

think there's an opportunity for a missile defence system'.

M COWIE: Yes.

M TURNER: But because we've not negotiated a final percentage we've put TBA, you know to be -- it was early days.

M COWIE: For a new product?

M TURNER: For a new product.

M COWIE: Or a new campaign.

M TURNER: And we may need other advisors?

M COWIE: Yes.

M TURNER: It was early days. He may not be the only one that we'd want to appoint in the country.

G MURPHY: Carl, anything?

M COWIE: Can I just be clear about something, Mr Turner. These -- I think the overall picture again is one of commercial decision-making, value for money and so forth at the meeting, and then you said that outside of that you had the compliance side, the legal side. Just to be clear, those are two separate processes?

M TURNER: Absolutely, because we didn't want to contaminate those.

M COWIE: Thank you.

M TURNER: I don't think I was ever responsible for HQ Marketing Services for that reason, even though I really wasn't involved in the appointment of -- you know I was really responsible for the organisation and running of the team and driving the team. I think to keep it completely separate I think HQMS reported to somebody else.

M COWIE: So if ever somebody had a compliance concern or a corruption concern, it wouldn't be raised in (inaudible) meeting or legal concern, it would be dealt with separately in the other process?

M TURNER: The other process, and quite rightly, yes; and the auditors would always check the agreements every year and the payments and they'd report to the board on that.

G MURPHY: Anything, Carl?

C BROWN: Well, I just wondered I mean in your statement you, in paragraph 14 you write: "The job of the Referrals Committee was to question the proposal, including what the advisor would bring to the marketing

campaign, what contacts he had, how successful he had been in the past, his reputation in the country, how much they would be paid and whether we were satisfied that the proposal was acceptable." That all came out in 30 seconds?

M TURNER: Well, because -- he didn't always tick all those boxes. They might say, 'this is a new guy but we think, you know, he's got good qualities and he's got access to the military' or they might just simply say, 'look, this is the guy we've already got, he's been successful on Hawk why not appoint him on Rapier?' You didn't have to tick all those boxes; that's the kind of typical things that would be raised.

C BROWN: Sure, so in the early days when you were the chair of --

M TURNER: Yes.

C BROWN: Not the chair, the Head of Defence Marketing.

M TURNER: Yes.

C BROWN: And you were the -- you were relying on your VPs to give you this information, you'd really be relying on the

relationship that they had built with the agent.

M TURNER: With the advisor.

C BROWN: Sorry, the advisor, I know you don't like the term 'agent'. In order to disseminate that information they must have some knowledge of who these people are.

M TURNER: Hopefully they got close to them, yes.

C BROWN: OK.

M TURNER: Understand them, yes.

C BROWN: And the kinds of services that would be provided -- (tape buzzer goes) and the kinds of services that would be provided by these agents, I wonder if on the start of the next tape we could just talk a little bit about the kinds of thing these guys were able to do.

M TURNER: Yes.

G MURPHY: OK, the time by my watch is 15:20. The time elapsed counter 44. We shall stop the tape.

TRANSCRIPT OF AN INTERVIEW HELD THE SERIOUS FRAUD OFFICE
ON TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RL102

TAPE 6 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: This is the continuation of an interview
with Mr Mike Turner. The time by my
watch is 15:25 and this is tape 6. Mr
Turner, as previously, could you confirm
that the same people are present?

M TURNER: Yes.

G MURPHY: We've not discussed the case during the
break?

M TURNER: Correct.

G MURPHY: I will remind you that you are still
under caution.

M TURNER: Correct.

G MURPHY: And that you're not under arrest and free to leave.

M TURNER: Thank you.

G MURPHY: Fine, happy to continue?

M TURNER: Yes.

C BROWN: Right, thanks, Mr Turner. Just before the, the tape ran off last time we were just, we're just going to explore the -- you'd said that the VPs had got close with the advisors that they were nominating for appointment. I'd -- I just wonder if you can talk about the kind of services that those, that these guys were providing for you?

M TURNER: Knowledge of the country, knowledge of the customer, knowledge of the budgeting process, knowledge of when money would be available, what the urgent requirements were, who we needed to convince of the case.

C BROWN: OK. So that's the kind of thing that would be belted out to the Referrals Committee, that this is what this guy can do?

M TURNER: Correct.

C BROWN: OK.

M TURNER: Well, hopefully, all of it but usually a bit of it.

C BROWN: OK.

M COWIE: What about access as well?

M TURNER: Yeah, that, that -- you know, they, they could arrange meetings with military people or politicians, yes. That they had access; it was an important point for some advisors, yes.

G MURPHY: OK, we're moving on to specific -- specific jurisdictions, territories?

C BROWN: Shall we kick off with Tanzania?

G MURPHY: Yes.

C BROWN: If you can turn to page 42 in the bundle, Mr Turner?

M TURNER: Yeah.

C BROWN: I wonder if you can just tell me, you spoke earlier in your statement about, about this, the, the signing off process for Mr Vithlani; can you explain I understand that, that BAE had acquired Siemens Plessey Systems at some point about 1997; did you have any involvement

in the takeover?

M TURNER:

No.

C BROWN:

No. What -- so at that point, 1997, you were running Commercial --

M TURNER:

Yeah.

C BROWN:

-- aircraft with a sort of watching brief over Mr Gooding's performance --

M TURNER:

Well, no.

C BROWN:

In terms of marketing --

M TURNER:

Help, help with, help with Jerry in getting control of the business units and making it clear that I supported Jerry in having control of the business units including my own in the marketing field.

C BROWN:

OK. So BAE acquire Siemens Plessey and as part of that acquisition they acquire a relationship with Mr Vithlani; and what we see at page 42, which is 009910000042, this is a proposal to amend advisor and/or consultancy agreement and this has been completed, I think that's Mark Simpkins' handwriting. Well, he's signed off by, the proposer is Chris Naqvi; it's approved by Alan Ford and supported by Simpkins. Is this the document -- did

you get this document as part of the
exCom procedure?

M TURNER: The only document I clearly got was the
one I signed.

C BROWN: So you wouldn't -- you don't recall
seeing this as part --

M TURNER: No.

C BROWN: -- as part of the process?

M TURNER: No. No.

C BROWN: OK. Well, in terms, in terms of the
document that you signed, 17th of
November 1998, and it's from Hugh
Dickinson and he sent it to I think
Turner, Smith, McDonald and Riley. Can
you just explain who --

M COWIE: Sorry, Carl, I don't mean to cut across,
it just looks like these pages are
slightly out of order from Allen & Overy.
But if you look at Allen & Overy's
marking in the top right corner you've
got 12464 which is common to them all,
and then you've got 50, 49, 51 and 52.
Now my presumption is that this is all of
a piece and the final page is the one
that Mr Turner signs himself.

M TURNER: That would be usual, that they would bring, they would bring the whole form with them and I would sign the back page.

M COWIE: So is it possible, therefore, that you, this is, this is all of a piece? This is something you saw together?

M TURNER: Yes, absolutely, yeah that is quite possible. It's quite -- usual how it was, and what I was presented with after an explanation was the signature page.

C BROWN: And -- OK, so you may have, you may have seen the proposal before, you may not?

M TURNER: I wouldn't look at the proposal.

C BROWN: OK.

M TURNER: I would just sign if satisfied.

C BROWN: So who would have come to you with this?

M TURNER: I don't know, Hugh Dickinson probably if it was Hugh that...

C BROWN: It's Hugh who's written the memo. I just wonder if you can explain to me the roles of Messrs Smith and McDonald in the signing procedure?

M TURNER: They were both I think at that time engaged in senior marketing positions in the company.

C BROWN: OK.

M TURNER: They didn't work for me.

C BROWN: They didn't work for you.

M TURNER: No. No.

C BROWN: OK. So they are part of the marketing organisation.

M TURNER: As it then was.

C BROWN: So, so you're in charge of?

M TURNER: Commercial Aircraft.

C BROWN: Commercial aircraft. Why did this come to you?

M TURNER: Because I, I imagine that they wanted, because of the size of the payment, at least two company directors to sign it, because it was a big percentage.

C BROWN: Well, certainly. Yes, Mr Evans, Dick Evans initially approves it.

M TURNER: Yeah.

C BROWN: There was something in a, in a meeting -- yeah, on page 19, which is the note of a meeting re advisor issues 1995, it says -- at point 4 it says. "The existing limit of 20 per cent for consideration by the Committee with an increase to 25 per cent for smaller items

will continue. Any proposals exceeding will be referred to the Chairman, by the Chairman to the CEO and the Chairman of the Audit Committee."

M TURNER:

Yeah.

C BROWN:

Were you the Chairman of the Audit Committee?

M TURNER:

No.

C BROWN:

No, do you know if this was -- was this ever enacted as, as a policy this, the idea that this would go to the CEO and the --

M TURNER:

No idea.

C BROWN:

Because --

M TURNER:

I don't think anyone would go, I'm, I'm, I'm not aware of anything going to the Chairman of the Audit committee.

C BROWN:

OK, so it may not have been enacted as policy?

M TURNER:

Probably not.

C BROWN:

OK. So presumably Mr Dickinson brought this to you and because you -- and you'd have asked him for an explanation, is that correct?

M TURNER:

Yes.

C BROWN: Do you recall that explanation?

M TURNER: Not a, not a clue, no.

C BROWN: No, OK.

M COWIE: This would have been one of the largest payments that you'd ever seen in your whole career presumably?

M TURNER: No, it was only, what, £5 million.

M COWIE: No, I mean in terms of percentage?

M TURNER: Yeah, and that's why it clearly came to me and you clearly see that I was concerned and approved it on the basis that Dick Evans had already approved it.

M COWIE: Is that, is that what this says here in the brackets? What does it say?

M TURNER: RHE already -- RHE already approved, so I went along with Dick's, Dick's recommendation.

C BROWN: Did you have any conversations with Mr Evans about the appointment?

M TURNER: No, never.

C BROWN: Did you have any conversations with anybody?

M TURNER: No.

C BROWN: About the appointment. So Mr Dickinson brought you the document?

M TURNER: And I asked, you know, what's this about. He said, "well, it's been approved by Dick." He was clearly concerned at the level but it was a reduction in the level I think is what Dick's put on it compared to what it was, and because Dick had signed it I signed it clearly.

M COWIE: So Richard Evans spoke to Dickinson or spoke to you about, about this and approved it?

M TURNER: I don't know, he didn't speak to -- Dick has never spoken to me about Tanzania.

M COWIE: So when you've written -- this is your handwriting here in brackets. Is it?

M TURNER: Yes.

M COWIE: RHE.

M TURNER: Already approved.

M COWIE: Approved. How did you come to know that?

M TURNER: Somebody would have told me.

M COWIE: Who.

M TURNER: Whoever brought it to me.

M COWIE: Right. You didn't learn it from Dick Evans?

M TURNER: No, I never, I've never spoken to Dick about Tanzania.

M COWIE: So somebody -- So perhaps Hugh Dickinson tells you that Richard Evans has actually approved this.

M TURNER: Yeah.

M COWIE: So you've written that in yourself?

M TURNER: Yeah, that was my basis for justifying to myself signing it, because clearly it's a big number.

M COWIE: It is, but without having Richard Evans' signature on it you're going on the say so of somebody else?

M TURNER: Yes.

M COWIE: Who is proposing it to you?

M TURNER: Yes.

M COWIE: Who says that Richard Evans has approved this?

M TURNER: Yes, Dick agrees with this, yeah.

M COWIE: And there's no - what, what I'm trying to, trying to suggest is that that's really a subjective version of, of this procedure?

M TURNER: Yes, yes.

M COWIE: Because there's no independent clarification as to whether Richard Evans actually did approve it.

M TURNER: Yeah but Dick Evans -- Dickinson or whoever brought this to me is not going to say Dick Evans has approved it if he hasn't. You know, we've got people with integrity.

C BROWN: OK, well --

MR SPARROW: Can I just, Matthew, going back to the -- it looks as if you may be right about the first two pages being in the wrong order, but it's not clear that they were all part of, as it were, stapled together four pages. It, it, it looks as if the first two may have been a pair and the second two may have been a pair.

M COWIE: It's just they are all dated 17th of --

M TURNER: In fact, "Dick says" is already on one.

MR SPARROW: Yes.

M TURNER: That's Dick, that's Dick Evans there saying that this agreement was --

MR SPARROW: Yes, if they all went as a package you'd expect everybody to sign in the same place, whereas, in fact, what happens is Dick signs --

M TURNER: It doesn't really matter. If Dick, if Dick, if Dick was happy with the

explanation, well I was.

MR SPARROW: No, I mean we don't know. I was just making the point that there may, in fact, be two packages of papers here rather than one - It certainly looks that --

C BROWN: Certainly. And Mr Evans, I mean, are you aware -- you say you've just said you didn't, you never had conversations with Dick Evans about Tanzania, is that correct?

M TURNER: No.

C BROWN: OK, so you don't know what enquiries he may have made?

M TURNER: No.

C BROWN: And you didn't make any enquiries yourself?

M TURNER: No.

C BROWN: About whether Mr Vithlani is a fit and proper person?

M TURNER: Well, but bearing in mind Dick Evans had approved it; Philip Riley the legal guy has signed it; Alan McDonald who was presumably in charge of the region at the time had cleared it. Who am I to question it?

C BROWN: OK. So are you aware of any enquiries made by Mr McDonald?

M TURNER: No.

C BROWN: Are you aware of any enquiries made by Mr Riley?

M TURNER: I just assumed they'd done their job.

C BROWN: OK. So when you signed this you were just -- you were satisfied that the --

M COWIE: What's your independent role then?

M TURNER: I think the fact that it's got to be signed by two main board directors, which I imagine was, was what was needed for such a large percentage was enough for people signing it off like Philip Riley and Alan McDonald to be careful.

M COWIE: But it doesn't sound like you were exerting any independent influence on this decision?

M TURNER: No I wasn't, not on this one, no. I didn't know anything about it.

M COWIE: So it's just a, like a second check.

M TURNER: Yes, just another signature.

C BROWN: But the purpose of having two signatures surely is that you know something about it?

M TURNER: Well no, think it could - that... you'd hope it would be that wouldn't you? But I think it's also to impress on people how important it was to have the facts right for such a high percentage. There's two main board directors signing it. I think that sends a message.

C BROWN: Do you even know when -- at the date that you signed this, the 8th of December 1998, are you even aware of the size of the contract?

M TURNER: I was probably told. In fact, one of the questions I'd probably ask is 31 per cent of what?

C BROWN: Because at the time you signed it the contract that had been put in place was for \$88 million, so 31 per cent of \$88 million is quite a lot?

M TURNER: It depends how long the guy had been working for and what risk he was taking in getting the deal or not. I was used to in Royal Ordnance days these kinds of numbers, in fact higher numbers, for small deals, 10, 20, 30 million pounds; it wasn't unusual.

C BROWN: Well, yes, and we've heard that small value items demand a higher percentage but you know we've, we've -- lots of campaigns go on for a long time. In your statement you say that the India campaign --

M TURNER: 19 years.

C BROWN: Was 19 years. This campaign was about seven years, so what percentage did the agents in India get?

M TURNER: I don't know if we had any in India.

C BROWN: That's probably why it took so long, did it?

M TURNER: It may be. You see you're getting the swing of it now.

C BROWN: Did you... you didn't have any discussions with anyone, any members of the Siemens Plessey commercial team.

M TURNER: No, I know nothing -- I know nothing about Tanzania.

M COWIE: And you didn't know them, did you know Simpkins or Ford, or Naqvi?

M TURNER: Never heard of them.

M COWIE: Naqvi?

M TURNER: Never heard of them.

M COWIE: No?

C BROWN: Do you have any kind of understanding of the services that were being provided by Mr Vithlani?

M TURNER: Not a clue. I imagine when Hugh brought it to me he may have as well as saying Dick's happy with it, given a brief explanation, you know, the 30 sec... 30 second as you'd do at Referrals Committee. I imagine he'd do that for me, yes.

C BROWN: Did you take into consideration before you signed it that Tanzania is a high risk country regarding corruption?

M TURNER: I don't know anything about Tanzania.

C BROWN: At all?

M TURNER: At all.

C BROWN: OK. That's it.

G MURPHY: OK. Turn over the page to page 46. Here we have an urgent request to amend arrangements in South Africa signed by Hugh Dickinson and a document it would appear was sent to yourself, Mr Wooding and Mr Riley on or about the 14th of November '95?

M TURNER: Yeah.

G MURPHY: It's DocMan reference 009911000192. The proposal in this particular instance, the one that I'm interested in, is the last entry on page 48, which is Kayswell, Kayswell Services. Now it would appear that you've approved this amendment, this urgent amendment on the 16th of November '95?

M TURNER: Yeah.

G MURPHY: Yeah. And it's proposed that the agreement which expired on 31/10/95 is renewed?

M TURNER: Yeah.

G MURPHY: And that Gripen and complete or incomplete sets and parts for Gripen aircraft are added to the product list at a fee of 7 per cent. So I think what we've done -- what you've done here is you're already working on Hawk and they decide, it's decided that Kayswell can help BAE with Gripen? Yeah?

M TURNER: Correct.

G MURPHY: OK. Do you know who was responsible for proposing Kayswell as an agent?

M TURNER: Whoever was in charge of the region at the time. Was it Jerry Wooding or Alan McDonald or Terry Smith, I don't know.

G MURPHY: This is an amendment in '95?

M TURNER: I don't know who was in charge of the region at the time, probably Jerry.

G MURPHY: All right. Have you ever seen a proposal form for Kayswell?

M TURNER: Well I saw this one didn't I.

G MURPHY: No this is, this is a proposal to amend. I'm talking about the initial proposal for when Kayswell was put forward to be used as, as an agent.

M TURNER: I can't recollect that, I'm sorry, Gary, I can't recollect that.

G MURPHY: No, OK. It's just that we've never been provided with the initial proposal form by BAE, so I'm just wondering whether it's in existence or whether it might be one of those documents that was destroyed; you can't help with that, no?

M TURNER: No, is that not -- no, don't know. I don't know when he was first appointed on, on Gripen.

G MURPHY: OK.

M TURNER: He was clearly appointed two or three years before '95, yes.

G MURPHY: Why, why do you say that?

M TURNER: Because it was expiring, wasn't it?

G MURPHY: It was expiring?

M TURNER: At the end of October '95. So he already had an agreement with us.

G MURPHY: Yes that's right, and this is just -- it's extending and also adding, adding Gripen aircraft?

M TURNER: Yeah.

G MURPHY: So it's, it's -- what it seems to be saying here then is that you believe exCommittee, I think this is, yeah, you believe that Kayswell can really assist selling Gripen aircraft in South Africa?

M TURNER: Yes, absolutely, no doubt about that, yeah.

G MURPHY: Yes.

M TURNER: And they did.

G MURPHY: OK.

M TURNER: Richard Charter.

G MURPHY: You obviously seem quite, quite strong in your view there, what was it that enabled Kayswell to offer services in relation to

the Gripen?

M TURNER: Well, I'd, I'd met Richard first of all -- actually, I went to South Africa with him to meet the military, it was the white -

G MURPHY: Richard?

M COWIE: Kayswell.

G MURPHY: Richard?

M COWIE: We're talking Kayswell.

MR SPARROW: Kayswell is Bredenkamp.

M TURNER: Well, I don't know who -- oh is Kayswell Bredenkamp? Oh, yes, again I went to South Africa with the Bredenkamp organisation and I met Armscor with them, and they clearly had an entree, understand how the Armscor system worked and were very knowledgeable about the budget -- budgeting process, and I think they must have been helping us on Hawk as well.

G MURPHY: OK. Who did you go to that meeting with, who from Kayswell?

M TURNER: I can't remember them -- I don't think they were actually at the meeting. They made - I, I can't remember. It certainly

wasn't John Bredenkamp. It could have been Jules Pelissier that either drove us to the meeting or attended the meeting with us, but I certainly had very -- remember having a very good discussion with the head of Armscor at the time in Pretoria I think it was about the prospects for Hawk and Gripen as a package.

G MURPHY: OK, when was that?

M TURNER: Early nineties, '91.

G MURPHY: So before this --

M TURNER: Before this.

G MURPHY: Before this document?

M TURNER: Yeah.

M COWIE: And who was the head of Armscor? Who --

M TURNER: I can't remember his name, it was a white guy I think. I can't remember.

G MURPHY: OK, so that was one of your visits to South Africa?

M TURNER: Yes, I only made two, yeah, two visits.

M TURNER: Yes, I noticed that from your, from your statement. So who, who was behind Kayswell then?

M TURNER: John Breden -- it was John Bredenkamp's

organisation from you what tell me. I didn't know it was called Kayswell, but yeah, John Bredenkamp.

M COWIE: So the purposes of the payments to Kayswell were payments to John Bredenkamp, was it?

M TURNER: Yeah.

M COWIE: He needed some funds.

M TURNER: He was, he was the lead of that organisation, whatever it was called.

M COWIE: Yes.

M TURNER: And Jules Pelissier was one of the -- he had a big organisation in a number of African countries. He was, he was the Boeing representative in a number of other countries.

C BROWN: Who was?

M TURNER: Bredenkamp.

C BROWN: John, John Bredenkamp.

M TURNER: Yeah, he represented a number of companies, including, I know Boeing for certain.

C BROWN: OK.

G MURPHY: So what specifically was it then that you, you believed he brought in relation

to Gripen?

M TURNER: The black regime.

G MURPHY: The black regime.

M TURNER: He, he knew the military well and he knew the politicians well.

G MURPHY: What, in South Africa?

M TURNER: Yes.

G MURPHY: Did he, John Bredenkamp?

M TURNER: His organisation. Whether it was John personally knew, but his organisation. I certainly knew that they had -- well, my people had had meetings with military and with politicians, with his organisation, I believe, yes.

G MURPHY: Did you --

M TURNER: I never went to any of those meetings -- the only one I went to was the Armscor one early on.

G MURPHY: OK. Do you, do you know who would have -- were you present, first of all, at the Referrals Committee meeting where John Bredenkamp was put forward?

M TURNER: I have no idea.

G MURPHY: OK. I suppose I know the answer to the next question: Do, do you remember who

would have done the due diligence on John Bredenkamp?

M TURNER: The legal department and the HQ marketing services people.

G MURPHY: Yeah. Do you know that or are you assuming that that was the system?

M TURNER: That was the routine, absolutely the system, yeah.

G MURPHY: That was the system, yes. Do you think that due diligence paperwork, should those checks have been carried out, would have been retained by legal?

M TURNER: Don't know.

G MURPHY: You don't know --

M TURNER: Probably should have been, should have been, yeah. I don't know to what extent they were carried out, but I know he was a well-known advisor for a number of companies, not just BAE Systems, British Aerospace at the time.

G MURPHY: OK.

M TURNER: But a number of American companies.

G MURPHY: OK, so he -- you said black, black --

M TURNER: The black regime in South Africa.

G MURPHY: The black regime.

M TURNER: Yeah, yeah -- ANC, yeah.

G MURPHY: So he had links into the ANC, did he?

M TURNER: He'd clearly worked hard over a number of years.

G MURPHY: What gave you that impression?

M TURNER: That my guys went to see ANC leaders with him who are with his organisation.

G MURPHY: Yes, who's your guys?

M TURNER: Robbie Roberts was the guy I, I -- when I was in charge.

G MURPHY: OK.

M TURNER: Up to '92.

M COWIE: Anybody else?

M TURNER: No, later on it was taken over by -- the campaign was first after Robbie was taken over by Alan McDonald and then the latter days by Sir Kevin Smith for the guys -- but I didn't have any dealings then, I just knew the guys.

M COWIE: So would they report to you?

M TURNER: No.

M COWIE: Not give you any -- how did you know this, how did you know they had --

M TURNER: Because I, because I was interested, because I'd started the campaign, you

know, with the whites.

M COWIE: I think that's what I'm saying though, they obviously provided you with some information.

M TURNER: No, when I bumped into them, I say, "how's it going?"

M COWIE: Yeah. And you want to know --

M TURNER: Yeah.

M COWIE: -- what's Bredenkamp doing for us?

M TURNER: Yes, is it moving forward. Early on I remember once -- Richard Charter was a very difficult guy and we appointed him, and then when it was clear that the black regime really was going to take over we decided we needed help from the black side as well as the white side; and so we appointed Bredenkamp and we hadn't told Charter. Charter went berserk because he believed he could do everything.

M COWIE: Right.

M TURNER: And then I spent some time, in fact I took them both to the Masters in the US where we entertain customers, commercial customers at the time, trying to get them to work together and, you know, be

reasonable with each other; but they never did, very competitive. Each believed the other wasn't necessary.

G MURPHY: Prior to signing that, that document on page 48 had you had any dealings with John Bredenkamp yourself?

M TURNER: Yes, I'd met John early on when I was still in charge of marketing. As I said, my people knew he was very active in the whole region of Africa, got a good name, a successful name; and I'd met him with I think it must have been Robbie brought him to me, and yes I supported his appointment at that time. Then, subsequently, I went to South Africa with one of his guys, it must have been Jules.

G MURPHY: OK.

M TURNER: And met Armscor.

G MURPHY: OK. Did you have any involvement with John Bredenkamp in any other deals in any other territories?

M TURNER: No, John, after I got to know him on the South African campaign, he invited me to dinner once or twice or lunch to talk about offset deals he was doing in other

parts of Africa, and Russia, Russia he was on about a lot. He was doing, he trading in Russia and that if we wanted to do business in some countries he could offer the offset because of what he was doing with the rest of his business empire. We never did anything but, yes, I did meet him on those occasions.

G MURPHY: Did you have any dealings with him in the Zimbabwe Hawk deal?

M TURNER: Was he engaged on that? I don't think he was engaged on that.

G MURPHY: Mr Bredenkamp thought he was.

M TURNER: Was he? OK, well I don't recollect.

G MURPHY: You don't remember having any meetings, discussions about that campaign?

M TURNER: No.

G MURPHY: With, with John Bredenkamp?

M TURNER: No. When was that? I can't remember.

G MURPHY: Off the top of my head I can't remember.

M TURNER: No, no, no. Did we sell --

G MURPHY: It was around about 92/93.

M TURNER: Was it, oh well no. No.

G MURPHY: You don't, don't remember that at, at all?

M TURNER: No.

G MURPHY: So you wouldn't know --

M COWIE: Were you, were you going to say did, did we sell to Zimbabwe?

M TURNER: Yes, I was going to say did we sell to Zimbabwe? Did we? I don't know.

G MURPHY: You sold some Hawks to Zimbabwe?

M TURNER: I know we sold some early ones that were blown up during the white regime in the 70s, but I don't know if we sold any more.

G MURPHY: Right. OK, so you obviously weren't involved in that --

M TURNER: Well, imagine if I met John, which I did on say two or three occasions, and he was involved in Zimbabwe, I'd have asked him about it; so I'm just saying I don't recollect it.

G MURPHY: What do you know about John Bredenkamp's background?

M TURNER: He played rugby for South Africa, I think.

M COWIE: Rhodesia.

M TURNER: Rhodesia, was it, OK. He was the biggest tobacco -- the Boeing advisor, the

Boeing, sorry, the Boeing guy in Zimbabwe told me this, that he was the biggest tobacco grower in Rhodesia and then he sold it out.

G MURPHY: Yeah. What did you know about a Channel 4 Dispatches programme about him as an arms dealer, an arms sanctions busting Iran/Iraq, all that type of thing?

M TURNER: When was that, when was that?

G MURPHY: That was about '94, so it was before you signed this, this document.

M TURNER: I don't know.

G MURPHY: Don't know anything about that?

M TURNER: I know there was, there been investigations into John Bredenkamp, yes.

G MURPHY: Have there?

M TURNER: Because you've just mentioned. I know, I know the press were on his tail, yes.

G MURPHY: OK. So did, did that concern you at all about John, John Bredenkamp?

M TURNER: Not at the time, no. No, we've never done anything wrong with John Bredenkamp.

G MURPHY: OK. So the fact that you know there was all this, this media attention, and you're right there was a lot of media

attention, the press were on his, on his tail, Despatches made a programme on him, it didn't concern you at all, he wasn't, it didn't put you off of wanting to get involved with John Bredenkamp?

M TURNER: No. Was he ever found guilty?

G MURPHY: I'm not so sure he even went to trial, did he? So is that one of your tests whether people are found guilty or not before you deal with them?

M TURNER: Well I, well I don't think you should just make these allegations about people. The dealings I had with John Bredenkamp I always found him a very straight guy. He actually didn't do the dealings with people. All the contact I had was through Jules Pelissier and his team who were a very professional team, and the one meeting I had with Armscor was very efficiently run.

G MURPHY: And -- and you said that John Bredenkamp was, I can't remember your exact words, but basically he was big in South Africa and respected and could help get access to --

M TURNER: He had a lot of knowledge about South Africa.

G MURPHY: Ah, that's different, having a lot of knowledge about South Africa.

M TURNER: Yeah, his -- he and his organisation knew a lot about South Africa, the process for approvals of dealings what the budget was and who the key people were, yeah.

G MURPHY: Right.

M TURNER: It was a very efficient organisation.

G MURPHY: And what about John Bredenkamp himself and his involvement in South Africa?

M TURNER: I, I don't -- he was a, he was a bit of a marketing type, John. I don't think he ever really got himself involved himself. He was the, he was the Richard Branson, if you like, of the organisation. He was the talker. Great company, great fun, but the guys who did the deal were, the deals, you know, the business, were Jules and his, his team.

G MURPHY: OK. OK, so you know a bit about John Bredenkamp, his, his, his background and you were happy to sign the, this, this amendment?

M TURNER: Yeah, yeah, good organisation.

G MURPHY: Do you know how close Mr Wooding was during his time working in marketing in South Africa was with John, John Bredenkamp?

M TURNER: No, I don't think -- no, I don't know if Jerry was that close to him, I don't know.

G MURPHY: So who, who would have been, who would have been close to him, keeping their, their ear to the ground from BAE in South Africa?

M TURNER: I can't remember. It was Robbie at first in my day, and then the guy who really picked up the reins was Alan McDonald.

G MURPHY: And how, how did he do that?

M TURNER: I think he took over the campaign for South Africa with Robbie, yeah.

G MURPHY: OK.

M TURNER: He was a guy who had worked for me in Commercial Aircraft and, therefore, you know I knew, I knew Alan well and he really went forward on the South African deal, presumably with John and Richard Charter. There was always fallers out --

G MURPHY: Did you ever discuss that?

M TURNER: Only falling out between Richard Charter and Alan McDonald, because you know Richard's view always was he doesn't need any other help, "just leave it to me, Richard."

G MURPHY: So, yes, did you ever have any discussions with, with Alan about how things were progressing in, in, in South Africa?

M TURNER: I'd always ask him when I bumped into him, yes.

G MURPHY: What, about in relation to, to John Bredenkamp?

M TURNER: Well, I imagine that's what part of -- because I knew John and Richard, I'd probably say, you know, 'are they being helpful still or still falling out?' or, 'how's relations between the two of them, are you managing them OK.' I imagine that was the conversation, yeah.

G MURPHY: How -- when you signed this in '95 how were you able to satisfy yourself that John Bredenkamp's organisation was providing value for money for the fee

that he had been signed up for?

M TURNER: Well, well, well other people were still clearly happy with, with that and when I'd known him in the early nineties he clearly had an efficient organisation, as I've said.

G MURPHY: How do you know other people were clearly happy with that?

M TURNER: Because it wouldn't have got to me without it.

G MURPHY: It wouldn't have got to you without it?

M TURNER: No, no. I was only brought to me because I was the most senior guy in the company who knew, who they knew, the organisation knew that I knew Bredenkamp.

G MURPHY: Yeah.

M TURNER: And Richard Charter. That's why they'd come to me as the final sign off. I imagine I was the final sign off.

G MURPHY: So you don't actually know whether or not Bredenkamp's organisation was providing value for money?

M TURNER: Well, I, I trust the people who had, had got it to the point of it coming to me. They were good people and they were not

going to chase lost causes and have people who were passengers.

G MURPHY: Right. And those people would have been?

M TURNER: Alan McDonald in those days --

G MURPHY: Alan McDonald.

M TURNER: -- I imagine. By then Robbie would have probably retired.

G MURPHY: How, how, how effective was Alan McDonald in, in this role?

M TURNER: He was, he was a bulldog.

G MURPHY: Was he?

M TURNER: He was a winner. He wanted, wanted to win business, yeah.

G MURPHY: Did he -- was he aware of what was going on in the territory?

M TURNER: I think he spent a lot of time out in South Africa, yes.

G MURPHY: So he would have been aware of what -- who, who was doing what, what value for money was, was being provided?

M TURNER: Yes, he was a very hands-on guy, Alan.

G MURPHY: Did you speak to him about, about that when you signed this?

M TURNER: No, I think -- I think he'd probably already -- he would have already agreed

it before it came to me. If he was the person -- if it wasn't Robbie at the time, whoever was in charge at the time before it came to me, the final signature, the senior most guy who knew these people, the others will have had to have said, yes.

G MURPHY: OK. OK, Carl anything on, so far, Matt?

M COWIE: No.

G MURPHY: Turning over the page then to page 49, DocMan reference 011224000017, this is a form that we've become to know as an IBS5. Now it's in relation to Kayswell Services and in relation to their agreement that they have presumably, the Hawk/Gripen contract?

M TURNER: Mm hmm.

G MURPHY: Signed by yourself?

M TURNER: Yeah.

G MURPHY: On 24/5/02?

M TURNER: Mm hmm.

G MURPHY: Can you tell me what this form is?

M TURNER: I don't know, I really don't know. There's clearly some payments been made and, and I'm signing off that I am happy

that it was made to somebody it should have been made to, seems to be the summary of it.

G MURPHY: Well, basically, this is a form that was introduced in July 2001 by a revamped system and we've already talked about increased due diligence etc. etc. that was put in place by that system that came about in July 2001. It was headed up 'Integrity and Business Dealings', and I think Philip Riley had something to do with it and maybe one or two others as well.

M TURNER: It was probably driven by Michael Lester.

G MURPHY: Yep, OK. Does that ring any bells with you now as to why you --

M TURNER: No.

G MURPHY: What this form's for?

M TURNER: No.

G MURPHY: Well, it, it, it appears that it's all to do with due diligence and it's all to do with the fact that any new advisors after 2001 had a much tougher due diligence regime.

M TURNER: Good.

G MURPHY: But what's not so good is that the old agreements that were already in place were not subject to that same level of scrutiny?

M TURNER: So if an advisor existed he wasn't reappraised?

G MURPHY: Yes.

M TURNER: OK. Which is what we did last year, yeah, that's the step we took last year.

G MURPHY: That's the step you took last, last year, OK. Any, any particular reason -- if we take this particular time, 2001, any particular reason why they, that due diligence wasn't, wasn't carried out, the extra processes?

M TURNER: I don't know, I don't know.

G MURPHY: You don't know, OK.

M TURNER: I imagine that if it was in the new advisor we would have gone through more due diligence, the kind of concern about reputational damage we had after '99; but knowing the advisor as well as the company did, I imagine that we'd just continue with -- continue on the basis that we know the guys and we're working

with them and have done for a long time.
There was no need for the same
thoroughness of anybody who was being
appointed as a new guy.

G MURPHY:

Yes.

M TURNER:

Remember this is an organisation,
Bredenkamp's, who we've worked with for,
was it, ten years at this point.

G MURPHY:

It says here at point 2: "The advisor is
known to me and I am familiar with his
activities carried out at the request of
the company."

M TURNER:

Yes.

G MURPHY:

How did you -- how did you familiarize
yourself with the activities that he was
carrying out in May 2002?

M TURNER:

Well, I didn't know exactly -- I knew
exactly what his organisation was as I
knew it ten years earlier, and had worked
with and found it a very professional
organisation, so I was familiar with the
organisation. You're right in saying
that I wasn't up-to-date with what it was
doing there and then.

G MURPHY:

Right.

M TURNER: Also -- but it was somebody that I was -- it was an organisation I'd, I'd, I had known in the past.

G MURPHY: This document was put in place to try and bolster up, if you like, due diligence, and you don't seem to be taking it too seriously?

M TURNER: Well, I know -- I knew the organisation, I knew how good it was.

G MURPHY: Ten years ago?

M TURNER: Yeah, why would it deteriorate and why would people still want to use it if was -- if it had deteriorated?

G MURPHY: Could we move on to point 4: "After reasonable and proper enquiry I have no knowledge of nor do I have any reason to suspect the existence of any activity by or involving the advisor which is or may constitute either a breach of the policy in relation to the matters in which the advisor is concerned or a corrupt practice under the laws of England." What reasonable and proper enquiry did you undertake to be able to sign that, that document?

M TURNER: Well, I knew the organisation, I knew how they operated.

M COWIE: Well, that's not what this is asking you, is it; it's asking for your personal knowledge?

M TURNER: Well, to my personal knowledge it was a proper organisation.

M COWIE: What about enquiries, proper enquiries?

M TURNER: I, I rely on the organisation to make the proper enquiries.

G MURPHY: So basically --

M TURNER: I'm relying on the company process.

G MURPHY: -- you carried out no reasonable and proper enquiry?

M TURNER: Not me, not me personally, no. I had some knowledge of the organisation. I rely on the people who work for the company to do the proper enquiries.

M COWIE: Do you see where we're going with this, because you read this form as it stands on the page without asking you the question. Actually this gives quite a misleading impression of the amount of due diligence and enquiries that were being carried out.

M TURNER: Not me personally. But I think the fact that they know that the most senior guy in the company who knew the organisation was going to sign this off, I think that helps the organisation make sure they do their job properly in presenting this to a director of the company. I saw no harm in that.

M COWIE: So the fact that you put your neck on the line --

M TURNER: Yes.

M COWIE: -- gets them concerned?

M TURNER: They know that I'm -- that they should do their job properly. If they're going to ask Mike Turner to sign this document they better have done their job right.

M COWIE: Yeah. I see.

G MURPHY: If you turn over the page to page 50, 011224000018, we'll see a form which is called an IBS6. Now this is -- it's sort of the, the two peas in the pod, these, these forms. One is you signing to say that after reasonable and proper enquiry you feel able to approve Kayswell as an, as an advisor; and the second form is

really the, the advisor, signed by Julian Pelissier though not John Bredenkamp, basically to say that yes, I'm the advisor and I won't bribe anybody.

M TURNER: Good.

G MURPHY: Would you just look at point 5: "In consideration of your mark -- making henceforth any payment to the advisor in connection with services render under the agreement referred to above, I declare that the advisor will not make corruptly nor will the advisor assist, encourage or instruct anyone else to make corruptly any payment or offer of any other benefit or advantage whatsoever to or for anyone in the furtherance of or in connection with the businesses, the business of BAE Systems." How, how, how was that policed?

M TURNER: Well, part of the policing is this, the fact that you're getting the advisor to sign such a declaration.

G MURPHY: Yes, but he'll sign anything, won't he, because he's --

M TURNER: I hope not.

G MURPHY: Well, he stands to make millions and millions of pounds if he signs that?

M TURNER: No, but we have his undertaking, now in writing, that he does it in a legal way, in a way in line with our, with our standards. We rely on the people --

G MURPHY: But your standards is just to get somebody who stands to make a few bob to sign a form and say I, I won't, I won't make payments?

M TURNER: But we rely on the integrity of the people, of our own people who speak to these people; we rely on the integrity of our advisors; we do due diligence; and we now get them, which is a good thing I think, to sign in person.

M COWIE: These forms aren't really very important, are they, ultimately it's about trust?

M TURNER: It's, it's American, isn't it? It's American, it's ticking the bloody box. It's trust, you're right. If you were an American company, if you were an American company you'd have pages of that. It means nothing, it's about trust. You've got it right.

G MURPHY: OK. I think we'll leave that one then, that one there. Sorry, is there anything anybody else wants to add just while I'm catching my place here?

MR SPARROW: Can I just, I mean it's, it's not really -- I mean there, there about, it's about trust with you, but they are I mean forms like this do enable you to say to your advisors that's something we regard as important but, it's not a -- it may not be important in a policing way but it's, I mean you need somebody else to justify that, it's, but I mean when the US immigration people ask you the say, 'are you a drug smuggler?' or whatever they say on that little green form, they would regard that as important?

M TURNER: Yeah I agree, but you know it's, it's an American rules based approach; and I'm with Matthew, it's about trusting the people you appoint in the first place, do you trust them to do the right thing? And, yes, we're getting in a world now which is becoming more and more bureaucratic and, as long as somebody can

tick the box, they're comfortable; and they shouldn't be, it's about trust.

G MURPHY: The point is that these forms were put in place to help bolster due diligence because people were supposed to do things. They were supposed to make proper and reasonable enquiry and it's clearly not happening?

M TURNER: Well, it was happening that there were people in the organisation -- you don't expect me to spend my time asking lots of detailed questions. That's not what I do as a director of BAE Systems. I've got a full-time job. I've got an organisation, a huge organisation doing the proper checks. I don't go into all of that. I, I just think the thing's bloody unnecessary anyway. You can see, you either trust people or you don't. I don't agree with the American system. They get by, by just ticking the boxes. Everything's fine, when it's not.

M COWIE: Do you think that if there were a proper due diligence system where real enquiries are being made, that that might reduce

the scope for you, you being deceived by the advisors in what they do?

M TURNER: I think more due diligence - there, there's no doubt about it now, we do far more due diligence now. The, the hurdle now over the last ten years has just got higher and higher and higher. It's the way we are, we are as a company. We've just got better at doing it. So the more due diligence you do, clearly the more likely it is you're going to discount more people and that's why the number of advisors has gone down. We take less and less reputational risk.

G MURPHY: OK, the time is now 10 past 4, the time elapsed counter 44. We'll stop the tape.

TRANSCRIPT OF AN INTERVIEW HELD AT ELM HOUSE, ELM STREET ON
TUESDAY, 22ND APRIL 2008.

CASE REFERENCE RL102

TAPE 7 OF A BATCH OF 7

PERSON BEING INTERVIEWED: MR MIKE TURNER

PERSONS PRESENT:

MR GARY MURPHY	-	SERIOUS FRAUD OFFICE
MR CARL BROWN	-	SERIOUS FRAUD OFFICE
MR MATTHEW COWIE	-	SERIOUS FRAUD OFFICE
MR EDWARD SPARROW	-	SOLICITOR

G MURPHY: This is the continuation of an interview
with Mr Mike Turner. This is tape 7. The
time by my watch is now 16:16. Mr Turner,
if you please confirm that the same people
are still present?

M TURNER: I'm afraid so.

G MURPHY: And can you also confirm that we've not
discussed the case during the break?

M TURNER: Correct.

RLI02451

CHECKED

G MURPHY: I will remind you that you are still under caution.

M TURNER: Yeah.

G MURPHY: And, of course, you are not under arrest and are free to leave.

M TURNER: Thank you.

G MURPHY: OK, moving on from Kayswell, I'd like to talk to you about an agent --

M TURNER: Advisor.

G MURPHY: Sorry, an advisor, Primula?

M TURNER: Primula.

G MURPHY: Primula. Do you know the individual behind the company Primula?

M TURNER: Give us a clue? Not a clue, no, no.

G MURPHY: It's not, it's not a company that, that you're aware of?

M TURNER: No. No. Well, I might be if you tell me who it is.

G MURPHY: I think you'll find the person behind Primula is Alex Roberts?

M TURNER: Alex Roberts.

G MURPHY: Does that name mean anything to you?

M TURNER: I know Alex Roberts.

G MURPHY: You know Alex Roberts?

M TURNER: I knew him when I was Commercial. He was working for Short when I knew Alex. Yes, he was a very senior guy at Shorts.

G MURPHY: OK. And what was his involvement in the South African campaign?

M TURNER: Not a clue, didn't know he was.

G MURPHY: OK.

M TURNER: I think, yeah, maybe he, I think I'd seen him -- Alan McDonald had talked about him. I don't know in which context, but I thought that -- I don't know if it was South Africa. I think Alex after he left Shorts was trying to set himself up as a marketing advisor for countries he'd operated in as Shorts and maybe Alan McDonald had talked about Alex Roberts, but I can't really recollect.

G MURPHY: OK. Could we go to page 51?

M TURNER: Yep.

G MURPHY: That's Docman reference 012452000113, this is another one, another one of those exCommittee arrangements --

M TURNER: Yeah.

G MURPHY: -- where you are being asked to approve --

M TURNER: Yeah.

G MURPHY: -- an amendment to the Primula agreement?

M TURNER: Yeah.

G MURPHY: OK, so it's already in, in existence?

M TURNER: Yes.

G MURPHY: I take it you had no knowledge of that agreement in existence from what you've said just a few moments ago?

M TURNER: Well, it clearly must have been explained to me at the time because I signed it.

Yeah.

G MURPHY: Yeah, you're right, you've signed it on page 54.

M TURNER: Yes.

G MURPHY: And the proposal in this instance is to, to make an immediate one off payment of £75,000 to Primula Investments Limited?

M TURNER: Yes, and you're saying that is Alex Roberts?

G MURPHY: Yeah, yeah. My, my question really is: How could you satisfy yourself that this

was a right and just payment to be made to Primula?

M TURNER: Because it came to me having previously been signed or authorised by McDonald and Smith.

G MURPHY: How do you know that?

M TURNER: I can see their signatures. It would have been explained to me at the time.

G MURPHY: But how do you know they'd already signed it?

M TURNER: Well, if they hadn't already signed it, it would have been explained to me that they were supportive of this. They were the people responsible for the region and very good people, people I trust.

G MURPHY: So what value for money was, was Primula --

M TURNER: Not a clue.

G MURPHY: -- or Alex Roberts adding to this campaign then?

M TURNER: Not a clue. Maybe it was explained to me at the time but I can't remember. I'm, I'm surprised that Alex had anything to, to really offer. I don't, I can't, I can't

remember. Was this part of -- was this a one off or was it part of a pack of amendments? Was it, was it just a one off change or was it a wider --

G MURPHY: I would have to consult documents.

M TURNER: I think it looks like wider, because it was changing something that I was aware of with Richard Charter and Bredenkamp, I could imagine that with amendments taking place they just wanted my signature on here because they knew I knew Bredenkamp and Charter. You know it's just process, correct process.

G MURPHY: Exactly, just process, just putting signatures on documents?

M TURNER: Yeah.

G MURPHY: Without really --

M TURNER: No, it's important.

G MURPHY: -- understanding?

M TURNER: No, no, no, no it's important that, I keep saying to you, that the person, the highest person at the company who had some knowledge of people on this documentation

signed it off at the end. I think it, it added a seriousness to the process that went on below that, below that level. This wasn't just signing off Primula. This was an, an agreement right across the piece here.

G MURPHY: Do you know, it, it, it, it tells another story as well. It, it could be that those people are just pushing documents up to you because you -- they know you'll sign anything?

M TURNER: I will -- because I trust them. If they -- I won't sign anything, I'll sign things that are put to me by people I trust.

G MURPHY: So what was this £75,000 one off payment for?

M TURNER: Not a clue.

G MURPHY: Did you make enquiries?

M TURNER: Probably did at the time.

G MURPHY: It's pointless me asking what you were told.

M TURNER: I have no idea.

E SPARROW: It was ten years ago.

G MURPHY: Yeah, yeah, why --

M TURNER: Why would I ask about £75,000, I, I don't know? Hey. I don't --

G MURPHY: Well, I'd like to know what it was for.
Why would Alex Roberts want £75,000 up front?

M TURNER: Not a clue. Not a clue. Do you think I'm going to waste my time enquiring about £75,000?

G MURPHY: Because it's against company policy, isn't it?

M TURNER: What is?

G MURPHY: One off payments such as this?

M TURNER: No, no.

G MURPHY: No?

M TURNER: It's not what we'd like to do. We like to pay win fees, commissions on, on win fees. We don't like paying retainers or money up front, but we do it when there's a good reason.

G MURPHY: OK, let's look at page 59. This is - it, it, it's not the agreement for, for Primula. This is for another agent which

we're going to talk about in due course, but this is the type of agreement that Primula would have signed. It's the agreement between Red Diamond and the, and the agents. Are you familiar with this, with this type of agreement at all?

M TURNER: I don't know --

G MURPHY: Basically all the advisors in, certainly in South Africa, had this type of agreement?

M TURNER: Yes, it's the standard agreement.

G MURPHY: It was the standard -- it was the, it was developed over time. It did change, but this is the one they ended up with.

M TURNER: Fine.

G MURPHY: If we go to, to paragraph 2.2?

M TURNER: Which page again, sorry?

E SPARROW: 59.

M TURNER: Fifty?

E SPARROW: Nine.

M TURNER: Yep.

G MURPHY: It's not the paragraph I'm looking for. I think rather than try and find that paragraph at this moment, I will, I'll come

back to that point.

M COWIE: I can always -- I can ask a question.

G MURPHY: Please do, yeah, and I'll look for it.

M COWIE: Mr Turner, going back to page 53, there's a big black box in the middle of that that's been redacted by Allen & Overy, the company solicitors, OK. It is a document as you can see if you turn back one page to 52 about South Africa. Yeah?

M TURNER: Yes.

M COWIE: And Osprey, DMSA, Kayswell, Brooklands and Primula are all South African agents or consultants.

M TURNER: Yeah.

M COWIE: And in the middle of that there's a big black box. Now if you turn over to the signature page you've got clearly one, two and possibly three that might be a total column, we, we don't know, but at least two. If you turn back you've got these stars there. There's obviously two advisor agreements that have been redacted.

M TURNER: Yeah.

M COWIE: There are only two bases for redacting.

M TURNER: Legal basis, is it?

M COWIE: Yeah, one is of relevance and the other one is legal professional privilege. Now we've a declared investigation into South Africa and so the South African document is a round up of all your agents. I know you can't comment but you, one of the comments that you've made both publicly and today is one of time, time and investigation. How are we supposed to investigate this case when --

M TURNER: I have sympathy, unless there was a good explanation given to you I, I don't know.

M COWIE: What can that explanation be?

M TURNER: I have, I have no idea, Matthew, I have no idea.

M COWIE: We're investigating South Africa. We've told your solicitors from the very outset of this case that we're interested in South Africa, how can we possibly come to firm conclusions one way or tother in these circumstances?

M TURNER: I have some sympathy.

E SPARROW: Well, they must have, you must have asked them that and they must have given you a reason --

M COWIE: Well, there is a reason and I'm not sure whether it's appropriate for me to -

E SPARROW: Well what is the point?

M COWIE: -- raise it with you.

E SPARROW: Well, I'm only making the point, I'm only, I'm only making you're asking implicitly --

M TURNER: I don't know. I don't know.

E SPARROW: You're eliciting Mike's assistance implicitly.

M COWIE: I know, I am.

E SPARROW: It seems to me only fair if you're going to elicit his help that he, you share with him what the reason, what the reason you've been given for it is, otherwise he'll I mean potentially go back and --

M COWIE: Here we are -- I mean it's not a legal privilege matter, right, I think that it looks --

E SPARROW: On the face of it.

M COWIE: How can it be a relevance -- relevance issue when we've a declared investigation into all the marketing consultants period, but in particular we've told your solicitors we are interested in marketing consultants in South Africa.

M TURNER: Yeah.

M COWIE: It's very difficult to come to any concluded views in an, in an investigation when we, you know --

M TURNER: I understand.

M COWIE: As you see in here, but also throughout, you know, the compliance -- compliance has been a problem, it's been a big issue between ourselves and your solicitors.

M TURNER: But you see --

M COWIE: Your company solicitors.

M TURNER: -- my, my, my knowledge of South Africa is the early days and the people I met in the early days, Hersov, Friedman, Richard Charter and Bredenkamp's organisation. There are then clearly other appointments made later on by Robbie and then Alan

McDonald and Kevin Smith. Surely, they'll tell you who they appointed. I don't know who they were. You told me one in Alex Roberts, and I'm, I'm surprised what Alex had to offer but -- if anything, but clearly they thought he was worth --

C BROWN: Well, sorry, Mr Turner, why are you surprised that Mr Roberts --

M TURNER: Because I knew Alex Roberts and I can't -- you know I don't know what dealings he had, I never had any real dealings with him on South Africa. Maybe he did a lot of business there with, with Shorts, I don't know and, therefore, he had knowledge of South African or some of the players in South Africa, I don't know; but I thought if you've interviewed other people, you should ask them who is missing. All I know is the ones I've told you about. I don't know anybody else.

M COWIE: Am I right to assume that in coming to this interview you were never -- you were not giving the unredacted version --

M TURNER: No, no.

M COWIE: -- of this?

M TURNER: No.

M COWIE: So we're, we're conducting interviews with the CEO of BAE systems with documents which are, you know, not complete, would you agree that's, that's, that's unhelpful?

M TURNER: Well, I don't know what the reason is that you weren't given them. On the face of it from what you're saying it's -- I can't understand why they've not given them to you. Frankly, I've not read this lot. You know, I'm here to tell you what I know honestly, and I've not gone through all everybody -- I never do that.

M COWIE: Thank you.

G MURPHY: OK, back to this £75,000 to Primula.

M TURNER: Yeah.

G MURPHY: Page 54 we were, we were on.

M TURNER: Yeah.

G MURPHY: Do you have any idea what stage of the South African campaign was at the time this, this document was signed by yourself?

M TURNER: Well, it would have been going on ten years or so. It wasn't complete till, what, 2000, so it was clearly getting towards the end. Mind you, we thought it was getting towards the end many times.

G MURPHY: Yeah, yeah. I mean there, there, there was a, a period of intense activity, we are told, around, around this period. Kevin Smith told us that.

M TURNER: I wouldn't know.

G MURPHY: You, you don't, you don't know that?

M TURNER: I wasn't, I wasn't close to it then.

G MURPHY: OK. But you would -- obviously, the people on the ground would know exactly the position, exactly what's going on --

M TURNER: I hope so.

G MURPHY: -- in relation to, to, to that campaign?

M TURNER: Yes, I hope so, yeah.

G MURPHY: Yeah?

M TURNER: Was Kevin in charge then, by then? I don't know. It was Alan,, it was Alan, I don't know, Alan or Kevin or both.

G MURPHY: OK, that, that payment which was approved

by yourself on the 29th of September '98
was actually paid not to Primula but to
another agent called Arstow; does that mean
anything to you?

M TURNER: No.

G MURPHY: OK. Well that's also Alex Roberts?

M TURNER: OK.

G MURPHY: And that payment was made on the 30th of
October 1998. Now the first page that we
looked at, page 51, said: "There is an
urgent request to amend our arrangements,"
and I'm just trying to, to work out what,
what constitutes urgent because there was
an actual Referrals Committee meeting just
18 days later. Can you help me why an
exCommittee procedure would be used in this
way when it's relating to a payment that's
made on the 30th of October and there is a
Referrals Committee on the 16th of October,
so it could have waited until then?

M TURNER: I don't know. Clearly, McDonald and Smith
believed it was urgent, and I trust them.

G MURPHY: OK, but as far as you're aware you don't

know -- or from what you can remember you don't know why Alex Roberts needed that money?

M TURNER:

No.

G MURPHY:

You don't know what he was going to do with it?

M TURNER:

No, and I wouldn't ask questions about £75,000.

G MURPHY:

Yeah. Are you, are you aware what 'down select' was within the South African campaign?

M TURNER:

I presume that's when you've been down selected as the possible winner.

G MURPHY:

The way you've said that it's a common term in the sort, your sort of work, is it?

M TURNER:

Yes.

G MURPHY:

It wasn't a term I'd heard before, so OK?

M TURNER:

Yes, there was a competition and somebody was down selected.

G MURPHY:

Yeah. All right, OK. Down select was on the 18th of November, which is again just 18 days after the payment is made to Arstow, Alex Roberts, who is operating in

the, in, in, in, in the territory. Do you think those sort of details would have been known to the other people that are approving this, this payment?

M TURNER: They'd know how close, hopefully, decisions were to, to down selection, yes. They should know, they should -- if they got good advice, good intelligence they should know, yes.

G MURPHY: Yeah. What would they have done to have satisfied themselves that that money was not going to be used to influence down select?

M TURNER: I can't imagine £75,000 would influence anything.

G MURPHY: What makes you say that?

M TURNER: Well, what would it be for an air fare, I, I don't know? I can't imagine what it would be for. It's neither here nor there. What would that influence?

G MURPHY: Were you aware of that at the time?

M TURNER: No, no, not to my recollection.

G MURPHY: Would you expect, if monies were going to

be paid up front just about the time of a,
of a key stage in, in a, the winning of a,
of a campaign, that questions would be
asked?

M TURNER: Yeah.

G MURPHY: But you didn't ask questions?

M TURNER: I didn't ask them, no, not to my
recollection.

G MURPHY: Carl anything?

C BROWN: Nothing, no.

G MURPHY: Matt?

M COWIE: Are we on page 57 here?

G MURPHY: No, not yet.

M COWIE: Sorry, nothing.

G MURPHY: OK. If we turn over the page to page 55,
we'll see that there is another exproposal?

M TURNER: That's correct.

G MURPHY: ExCommittee proposal for South Africa.
This is Docman reference 012452000196.
It's dated 26th of January 1999 and the
proposal this time that I'm interested in
is on page 57. It's proposed to make an
advance payment of the total fee in respect

of Arstow Corporation in addition to the total advance fee for Brookland which was approved by the Referrals Committee meeting dated the 19th?

M TURNER: And who was, who was Arstow and Brookland again?

G MURPHY: Brookland is somebody else which I'm not particularly interested in going into today.

M TURNER: OK.

G MURPHY: But Arstow is the one I'm interested in.

M TURNER: OK.

G MURPHY: You don't know who -- well, I've already told you it was Alex Roberts; did you have anything to do with the appointment of Alex Roberts as Arstow, bearing in mind he was Primula last time?

M TURNER: No, I, I had nothing to do with the appointment of Alex Roberts.

G MURPHY: All right, just checking, just checking. So you've agreed this particular or you've approved this particular advance payment. Again, what did you know about Alex Roberts

and what he was doing and why this, this advance payment was required?

M TURNER: Not a clue, not a clue, sorry.

G MURPHY: So who did you rely on this time, because last time you had quite a few people you could ask. Mr Riley -- well, Mr Riley's legal; Mr McDonald, Kevin Smith, I can't quite work out the top signature on, on page 54?

M TURNER: Whoever brought it to me would have said who wanted this approving and there -- I would have been told who was, who was keen for this to happen, and if I was happy with that person I would sign it.

G MURPHY: So you would have questioned whoever brought it to you?

M TURNER: Well, the person would naturally say to me, 'this is what's needed' and by the way this -- he'd say who is asking for it.

G MURPHY: Is there any of this ever written down?

M TURNER: No. No.

G MURPHY: So can you, can you, can you prove what you're saying to me?

M TURNER: No.

G MURPHY: Do you have documents to support any of this?

M TURNER: No, no.

G MURPHY: So this is --

M TURNER: You have to believe me. You have to believe me --

G MURPHY: -- purely on the basis of, 'oh, that, oh, that happened'?

M TURNER: You have to believe me that I trusted the people who brought it to me. This is a very busy --

G MURPHY: You can see how, you know, policies where things aren't written down and destruction of documents don't quite help you at the moment, do they?

M TURNER: Yeah, I, I, I don't think, I don't think you understand what goes on in a business and how quickly things move and what pressures you have in a business and how busy people are on a day-to-day basis doing their jobs.

G MURPHY: Well, I do understand --

M TURNER: And how you trust people.

G MURPHY: -- that businesses should stick to the law?

M TURNER: I always do that. Not ever a question, you never question my integrity. I've always stuck to the law and I make sure my people stick to the law. That is never an issue for Mike Turner. Everyone knows that.

G MURPHY: Why are you pointing at me, Mr Turner?

M TURNER: Because that is a very serious allegation about me sticking to the law. Anybody who knows me --

G MURPHY: Companies sticking to the law you stick to the law --

M TURNER: I always stick to the law.

G MURPHY: So how is it then that you're unable to support any of this, I've just got your word for it, for this?

M TURNER: Yes, you have my word and that counts a lot and the word of my people who work for me who I appoint, whom my company appoints.

E SPARROW: Gary, a small point. You said when talking about this he could have talked to -- in the other one he could have talked to all

sorts of people. I don't think that was Mike's evidence. Mike's evidence was, as he's just said, he --

G MURPHY: Sorry, I said what?

E SPARROW: You said, you said in this one you didn't have a lot of people you could talk to about, you could have --

G MURPHY: Yes.

E SPARROW: On the previous one you had lots of people to talk to. That wasn't the evidence of what he did.

G MURPHY: OK, what did he say, could you refresh my memory?

E SPARROW: His, his evidence was that he would have asked the person who brought this to him who was supporting it.

G MURPHY: I thought he said it was Turner and Smith that he would be able to talk to about that.

E SPARROW: He didn't say he would talk -- well --

C BROWN: No, no, I think what, I think what, what Mr Turner said was that it would have either been already approved by Mr McDonald or Mr

Smith or he would have the knowledge that they --

E SPARROW: Were proposing it.

C BROWN: They supported that approval.

E SPARROW: Correct, correct that's right.

G MURPHY: OK. The point I'm making here is that there is nobody from marketing who have signed, all you've got is somebody from legal. So is it, is it right that it was somebody from legal that gave you this document?

M TURNER: I imagine Hugh would have brought it to me and Hugh would bring it on behalf of one of the VPs, McDonald or Smith or whoever was responsible at the time, and explained to me this is something they wanted to happen and would I approve it.

G MURPHY: This is something they wanted to happen, without you being able to, to, to go into any detail?

M TURNER: Well, I wouldn't -- I know Alan McDonald and Kevin Smith. If they wanted something to happen and they believed it was

necessary and the legal people were doing all that was necessary, what's the problem? I trust my people.

G MURPHY: There's a handwritten note at the bottom of the, of the page.

M TURNER: Yes, clearly Philip's getting worried about the number of advisors. I think it's Philip.

G MURPHY: "I'm concerned about..." is it a "...a number of" --

M TURNER: Consultants.

G MURPHY: "In this territory appear to be getting paid up front."

M TURNER: Up front.

G MURPHY: "And I would like," I think that's, "IMSO."

M TURNER: Oh, yes.

G MURPHY: "To explain the reason for this."

M TURNER: Yes.

G MURPHY: And I think that might be Philip, Philip Riley's initials there?

M TURNER: Quite right, because, as we say, we prefer only to pay money out pro rata to when we receive it, and here were a number of

people that were putting out what we'd call accelerated payments. Not unusual -- well, yes not, not, not a regular way of doing things, so somewhat unusual, but these are campaigns. I know Richard Charter, I'm sure you're coming to, Richard was always short of money and it was a long campaign for him in a very small company and he was always moaning about lack of money and resources to conduct the campaign for us.

G MURPHY: If, if unusual circumstances prevail and a decision is made that's not normal, would, would that ever be recorded anywhere?

M TURNER: No, no, the people would come forward with an explanation to the system and to the people signing it off and say why it was necessary.

E SPARROW: But I think Gary was saying: Would the decision be recorded?

M TURNER: The decision was always recorded but not the explanation.

M COWIE: But what about Mr Charter's -- you say he was always, he was always complaining about

resources, how, how is that recorded?

M TURNER: Well, it wasn't.

M COWIE: How is that, how is that communicated?

M TURNER: Well, eventually, you, you just see we actually accelerated his payments.

M COWIE: Is he, is he ringing you up --

M TURNER: No, not me. Not me.

M COWIE: Or he's ringing Alan McDonald up?

M TURNER: Yes, he's dealing with the vice president. When he was in London I met him on two or three times for old time's sake, but he was always moaning.

M COWIE: And then presumably Alan McDonald would be saying to you: I'm getting constant complaining from x about resources and then eventually you get a decision.

M TURNER: I think on -- I do remember on, on the, the four million that actually Richard Charter came into my office himself to say --

M COWIE: What was the 4 million?

M TURNER: Dollars, was it? There was one payment of \$4 million towards the end.

M COWIE: OK.

M TURNER: Where Richard said, "come on, Mike, we've won the contract now, we're going to get the money, I need it." You know, "My business, I'm struggling." Richard was always -- he'd just bought a farm, he was always in trouble, Richard.

E SPARROW: Page 79.

M TURNER: OK.

G MURPHY: OK, right. Can we go, please, to page 83? This is Docman reference 012293000047, and it appears to be an amendment made on the 8th of July 1999, approved by yourself, Mr Turner?

M TURNER: It seems like it, yeah.

G MURPHY: Yeah. And this is an agent, an advisor by the name of Zomita?

M TURNER: Zomita.

G MURPHY: Does that name mean anything to you in relation to South Africa?

M TURNER: No. Who is it?

G MURPHY: It's a gentleman by the name of Nabil Hajazi?

M TURNER: Nabil Hajazi, ah, ah, I know, I've known --

I knew Nabil when I was dealing in the four years I was running marketing. Nabil was a general advisor on countries around the world, yeah.

G MURPHY: OK.

M TURNER: I knew Nabil, yeah.

M COWIE: What jurisdictions?

M TURNER: He was - he'd general information on what was going on in the world and politics in the world, just a well-known --

M COWIE: Is he an academic or?

M TURNER: A business - a businessman.

M COWIE: A businessman.

M TURNER: Yeah, yeah. Just a well-known figure in the political circles.

G MURPHY: What nationality is he?

M TURNER: I don't know. He's not British.

G MURPHY: OK. Is he South African?

M TURNER: I doubt it. I wouldn't know. I only met him a couple of times but he was always a -- times I met him a couple, it must be 15, 20 years since I met him, but he was an interesting guy; always had views on

countries and what was going on in
countries.

G MURPHY: OK. So what, what was his speciality in,
in or expertise I should say in South
Africa?

M TURNER: Don't know. He had views on lots of
countries and what was going on in
countries, from my experience in the late
eighties.

G MURPHY: Right. So --

M TURNER: He clearly brought something to the party
that the guys were impressed with who
brought it to me.

G MURPHY: So who brought, who brought this to you?

M TURNER: I don't know. It doesn't say, does it?
Maybe Hugh Dickinson on behalf of one of
the VPs? Whoever was responsible for South
Africa at the time, if it was South Africa.
Was it South Africa?

G MURPHY: Yes, it was South Africa, yeah, yeah.

E SPARROW: Do we have a date for this document?

M COWIE: This is very weak, Mr Turner, though, isn't
it? It it's a very weak control to

exercise and to direct.

M TURNER: Well, I'm not directly involved. It's just the fact that they knew I knew South Africa years ago and I'm the senior guy, and they were box ticking. I don't blame them for that.

M COWIE: But you really didn't know anything about what Mr Hajazi was offering?

M TURNER: Not a clue, not a clue, no; I was, I was out of touch.

E SPARROW: Well, just a minute. You do not now remember what you were told?

M TURNER: I'd be told that it would be whatever it was, and the fact I knew Nabil years ago and I was a senior, the most senior, you know, the rules apply, I'd sign it off. I don't know if that's weak I think that's a good thing really. However weak the, the connection and how the years had passed, I think it's good that there's a discipline in the company that the most senior guy who had some connection signed it off. Other people signed it off as well, as well,

presumably.

E SPARROW: I mean, you know --

G MURPHY: So let's think, who could, who could this have been then that actually brought this to you?

M TURNER: Hugh Dickinson or whoever was in charge of HQ MD at the time.

G MURPHY: Could have been Hugh Dickinson?

M TURNER: Well, it says draft approved by HJ MD, so somebody would have got Hugh to bring it to me with an explanation.

G MURPHY: But, bear in mind, Hugh doesn't work in marketing?

M TURNER: No.

G MURPHY: So he's giving you a second hand --

M TURNER: Yes.

G MURPHY: -- explanation, yeah?

M TURNER: Yeah. He'd have said, 'Kevin or Alan wants this for this reason and the fact you know Nabil, are you happy?'

G MURPHY: Yeah, we're talking -- well, well the date is -- the amendment takes place on the 8th of July, so '99. The top line, Mr Sparrow.

E SPARROW: Oh, sorry, yeah, yeah.

G MURPHY: So we're talking some time around early July 1999. Who was actually in South Africa at that time on, working on the campaign as far as BAE are con... concerned --

M TURNER: It would be Alan McDonald or Kevin Smith, I don't know which one it was at that time who would be in charge. I would imagine there'd be a huge team in South Africa at that time trying to conclude negotiations.

G MURPHY: Yeah. Well, we've spoken to Kevin Smith and he says it wasn't him.

M TURNER: Would he have handed over to Alan at that time?

G MURPHY: No, he replaced Alan, so it couldn't have been Alan because he wouldn't have been there. So --

M TURNER: But Kevin was responsible then, was he, at that time, for South Africa?

G MURPHY: Well, he was, he was in position. But he was dealing with the negotiations and, and was not dealing with advisors?

M TURNER: Oh, OK.

G MURPHY: At, at the time. He was leading the negotiations between down select and signature?

M TURNER: OK, so somebody else was responsible for the advisors at that time.

G MURPHY: Yeah. But that's not helped refresh your memory in who would, in who would have brought this to you?

M TURNER: No.

G MURPHY: Because it must have been somebody on the ground in South Africa who knew exactly what Nabil Hajazi was, was doing?

M TURNER: Yeah, some -- they would have had to -- one of the senior guys in, in marketing would have been persuaded somehow that Nabil Hajazi had something to offer on the deal.

G MURPHY: I mean this is only an amendment. Obviously, there would have been the initial proposal and the initial approval to, to use Nabil, do you have any knowledge of, of that at all?

M TURNER: No. I didn't recollect that Nabil was

involved in South Africa until you just
told me.

G MURPHY: OK, can we -- any questions anybody on, on Zomita because I intend to, to leave it there for Zomita?

C BROWN: No, I think we'll have to come back, we'll have to come back to Zomita.

G MURPHY: OK. Can we go to page 88 then? Now here we have, it looks like a very early proposal?

M TURNER: This will be Robbie when I was involved in the early days, yeah.

G MURPHY: OK. This is a proposal for the company FTNSA?

M TURNER: Yeah.

G MURPHY: Now you've, you've said in your statement that you know who the advisor behind FTNSA is?

M TURNER: Yeah, I didn't until I read the connections --

G MURPHY: You didn't --

M TURNER: Basil and Richard, I know yeah.

G MURPHY: OK. But you knew back then that Basil and

Richard were involved in, in the South African campaign?

M TURNER: Yes, I met them. My first visit to South Africa with Robbie, I met Basil and Richard and talked about the prospects for Hawk and apartheid ending and all of that, I remember that, yes.

G MURPHY: OK.

M TURNER: In their office in Jo'burg or Pretoria, yeah.

G MURPHY: Right, right. If we go to page 91, we can see box 16.

M TURNER: Yeah.

G MURPHY: Yeah. I'll just read that. It says: "Any other comments pertinent to this proposal. This is an agreement which MJ Turner supported when he was EVP."

M TURNER: Yeah.

G MURPHY: "Principal player," I think that is, "is Basil Hersov."

M TURNER: Yeah.

G MURPHY: "See attachment. It is considered that he can play an important role as high level

advisor with government and this should still apply after black rule is in place because of his high standing."

M TURNER: Yeah.

G MURPHY: And then we've got the names down here, Basil Hersov and Richard, Richard Friedman. So, obviously, you say you remember that one, did you, did you --

M TURNER: I don't remember this, but I remember -- I knew those people at the time, yes.

G MURPHY: OK, and so, so who was, who was the one that, that had the high -- the high level?

M TURNER: Basil Hersov is a, is a very famous high standing big company in South Africa, well regarded by politicians white and black and very close connections with the, the armed services in South Africa, raised money for them I think, charity and all kinds of works.

G MURPHY: Right. OK.

M TURNER: Really good man.

G MURPHY: Had you worked with him before, you know, other, other deals?

M TURNER: No, no, no. I think I only met him that once and then the second time in London I had a meal with him years later. He was in London and asked to see me again.

G MURPHY: OK. And Richard Friedman?

M TURNER: He was his partner.

G MURPHY: What do you know about him, anything?

M TURNER: He was Basil's partner in business. They, they were, they were the people responsible for selling 125s in the region and they'd been successful selling 125s.

G MURPHY: OK. Now I see from the page, the next page, page 92, you didn't actually sign that, that agreement?

M TURNER: No, but Robbie knew --

G MURPHY: But it --

M TURNER: He mentioned me because people knew.

G MURPHY: Yes. Yeah, yeah.

M TURNER: Knew I knew Basil.

G MURPHY: If we go to page 93 --

E SPARROW: I mean the, the, the bit you read out suggests that this was done after Mike left being EVP?

G MURPHY: It sounds like it, doesn't it?

M TURNER: It was, it was, I'd left the beginning of '92.

G MURPHY: Yeah, yeah but obviously what you'd said and what you'd discussed had convinced, who is that, is that Robbie Roberts?

M TURNER: Robbie, yeah.

G MURPHY: Had convinced Robbie that he had a place in, in this campaign?

M TURNER: Yep.

G MURPHY: OK. How did you -- how did you keep track then of what, of what Basil Hersov was, was doing, how did you keep track of what, what value for money he was providing?

M TURNER: Well, I didn't. I just knew that the character and I knew he'd speak up on behalf of the company when he was meeting the right people.

G MURPHY: OK. Did you have any conversations with Robbie Roberts about Basil, 'how's Basil doing?'

M TURNER: I, I would ask Robbie whenever I bumped into him how the campaign was going after

'92, yeah. Like I'd ask whoever was responsible for all the campaigns around the world. You know, I knew the people, and I would say, 'how's it -- particularly, South Africa I was concerned, and Australia were two I like to see come to a conclusion.

G MURPHY: Right.

M TURNER: That I'd started.

G MURPHY: All right. And over the page again to 94, Docman 009915000025, that's a similar document --

M TURNER: Yep.

G MURPHY: -- to the one we've already discussed, the IBS5. I mean I'm going to ask the question again, how, how were you to remain familiar with his activities?

M TURNER: I couldn't, could I? I just knew the, knew the guy, knew the organisation and knew the people who were running him after me.

G MURPHY: And did you conduct any reasonable and proper enquiry?

M TURNER: No, I signed the bo -- the form.

G MURPHY: If you turn over the page to page 95, this is again an IBS6, that was the same type of form that we saw Jules Pelissier signing?

M TURNER: Yeah.

G MURPHY: Do you know who James Clarke is?

M TURNER: Not a clue.

G MURPHY: James Clarke is, as I understand it, he's sort of the administrator for FTNSA. He's a power of attorney, has a power of attorney for, for the company and was therefore able to sign, sign documents. Would it be normal that you would, you would accept a power of attorney to sign a document like that to say that the advisor will not make corrupt payments, do you know?

M TURNER: Assuming the legal, the legal people would be happy with it, fine.

E SPARROW: Yeah, but I mean, Mike -- you're not suggesting Mike either saw or approved or was responsible for it accepting documents like that, no --

G MURPHY: I'm not suggesting anything, no, I'm

just --

E SPARROW: -- I mean you said would it be normal for you to -- you mean the company?

G MURPHY: I mean you as, yeah, the company.

E SPARROW: Yes.

G MURPHY: OK.

M COWIE: Just to bring you back to page 49, if you put a finger in 49 and a finger in 94 just to denote that exactly the same forms, two different advisors signed on the same date, 4/5/02?

M TURNER: Would that be -- well, that's me signing, wouldn't that be another company guy signing there? This is the one I signed, would an advisor or would another company -- but this one, as you've described it to me, Gary, the '05 was the one that the company signed that everything was available.

E SPARROW: Yes, yes that's right.

G MURPHY: Yes, it is, yes.

M TURNER: So it would be another one of my colleagues, would it, signing? It wouldn't

be the advisor signing. The advisor, as you say, signs the '06.

G MURPHY: The advisor signs the '06, that's right.

M TURNER: Yeah. So this, so this would just be a --

C BROWN: It's confusing why a signature block has been redacted, isn't it?

M TURNER: Yeah, yeah, I agree, he must have had a very good explanation.

G MURPHY: Any explanation would be nice. I have no further questions that I want to ask today. We're almost at the end of the tape anyway. Matt, is there anything you want to add on what we've discussed so far? No. Mr Turner, is there anything you want to add, clarify or make clear before I stop the tape?

M TURNER: No.

G MURPHY: You can have an opportunity tomorrow if you think of anything.

M TURNER: No, no.

E SPARROW: Can I just make one point, which is that you've asked him a lot of questions about a lot of documents a long time ago. You've

raised questions about on what basis he signed documents. It's not clear at all what documents are shown to him because the fact that they are not in this bundle doesn't mean he saw, didn't see documents at the time. We don't know what people sent to him. It's -- I just want to make the point that the fact that Mike doesn't remember does not mean that things didn't happen.

M TURNER: Correct.

E SPARROW: So I mean...

M TURNER: Hopefully, I asked the right questions at the time, but we don't record everything what was said in those conversations.

G MURPHY: Yeah.

M TURNER: That's not the practice in business.

G MURPHY: Well, I'm not so sure that's right, is it? It's not the practice in BAE?

M TURNER: I deal in lots of companies, been involved in lots of companies --

G MURPHY: Yeah, yeah I do too.

M TURNER: And that's not the practice. Every

conversation isn't recorded.

G MURPHY: OK. Well, maybe that's something I can --
I need to concentrate my investigation on.
OK, thank you very much. The time by my
watch is 16:59. The time elapsed counter
is showing 42 and we'll stop the tape and
terminate the interview for today.
