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## WORLD'S BIGGEST BRIBE SCANDAL

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A Fairfax Media and Huffington Post investigation has uncovered an extraordinary case of bribery and corruption in the oil industry, centred on Monaco-based company Unaoil. This is how the West carved up Iraq.

### THE BAGMAN

There was little about the man walking through Heathrow Airport to show he held secrets that could bring down some of the most powerful men in Iraq.

Moustached, olive skinned, hair receding, eyes sharp. His name was Basil Al Jarah. His British passport showed he lived in Hull, an unremarkable town in the north of England, but it bore the stamps of a frequent traveller: London, Baghdad, Basra, Amman, Paris, Istanbul, Kuwait.

Basil Al Jarah was an oil industry fixer. But had authorities known his true business, they might have taken a far keener interest in the man waiting for a plane to Amman in 2011. Because by that stage, Al Jarah and his employer, a Monaco-based company called Unaoil, had cultivated an astonishing web of influence in the upper echelons of Iraqi power □ all based on the simple expedient of bribing the right man at the right time.

As tens of thousands of secret emails reveal, Al Jarah and Unaoil were at the heart of a global bribery operation funded, sometimes wittingly, by dozens of US, British, European and Australian multinationals. These firms paid huge sums to Unaoil. In return, Unaoil used its friends in high places to win billions of dollars worth of government contracts.

To understand the scale of Unaoil's Iraq operation, someone would have to break these codes.

In Iraq, the man charged with making those friends was Al Jarah. From 2003 onwards, he used his influence to help deliver huge contracts to Unaoil's clients. It did not matter if these clients were more expensive or less capable than their competitors. Unaoil and Al Jarah were, in effect, fleecing the people of Iraq, and in the process making a mockery of the US government's promise, after toppling Saddam Hussein, to ensure Iraq's oil wealth would benefit all Iraqis.

Al Jarah was careful to cover his tracks. He struck deals in hotel rooms late at night and used code words to communicate. To understand the scale of Unaoil's Iraq operation, someone would have to break these codes. And to do that they would need access to thousands of emails. It is almost certain Al Jarah never believed this possible.

But last year, Fairfax Media and Huffington Post began investigating the underbelly of the global oil and gas industry. After many months of digging and a trip across Europe, our reporters uncovered a treasure trove of emails and memos. The 66-year-old former ships captain from Hull, Basil Al Jarah, was the author of many of the most colourful.

They reveal him routinely bribing government officials who were deemed useful to us and to Unaoil's clients – multinationals such as British firms Rolls-Royce, Petrofac and Clyde Pumps, US listed giants Weatherford, Cameron/Natco and FMC Technologies and European firms such Saipem, SBM Offshore and MAN Turbo.

The emails suggest that for years the very highest levels of Iraq's oil industry – up to and including the deputy prime minister – has been corrupted with impunity under the noses of Iraqi, British, European and US authorities. This despite strict laws in the west designed to prevent foreign bribery. They also tell us what Al Jarah's main goal was as he flew across Europe and the middle east that day early in 2011 – to influence two of the most powerful men in Iraq on behalf of a company that had agreed to pay bribes of up to \$40 million.

#### A NEW DAWN IN IRAQ

In 2003, when US-led forces rolled into Baghdad, the oil ministry was among the sites designated for immediate protection. As looters stumbled out of museums clasp ing irreplaceable antiquities, coalition troops and tanks encircled the ministry building.

US President George W Bush insisted that the oil belonged to the Iraqi people: It's their asset, he said.

The message was clear. Iraq's future lay beneath its blood-soaked earth, in some of the world's biggest oil reserves. The question was, who would benefit?

In 2006, three years after the invasion, as conflict raged on, US President George W Bush insisted that the oil belonged to the Iraqi people: It's their asset, he said. The US would help the new government of Nouri al-Maliki use the nation's resources to build a new Iraq.

That meant increasing oil production. It meant repairing wells. It meant new pipelines, infrastructure and technology. The government couldn't do it alone. It would need the expertise and resources of the giant American, British and European energy companies.

To ensure a fair and transparent process, the Iraqi government sought to run competitive tenders. The Saddam era, when the foreigner who paid the biggest kickback won would win the job, had supposedly been consigned to history.

Unaoil, though, was old school. By the time of Bush's declaration, it had been operating in Iraq for three years, with Al Jarah as country manager. Unaoil favoured the old kickback system, albeit with a new crop of officials to be bribed.

A 2005 email illustrates their modus operandi. Al Jarah wrote to Unaoil colleagues about a meeting at Paris' Charles De Gaulle airport with a senior manager from US firm FMC Technologies. FMC's past contacts who held sway in the old [Saddam Hussein] regime are worthless now, he wrote.

FMC must look to the future with new contacts and new faces. [FMC manager] requested time to disentangle himself from his current agent to sign up with Unaoil.

According to his email, Al Jarah had struck a deal for Unaoil to get a 5 to 10 per cent cut of any contract it could win for FMC in Iraq or Kuwait. In Kuwait, for example, FMC had promised to pay Unaoil \$2.5 million to win a \$25 million contract. Unaoil could use a portion of that fee to pay-off the big cheese in Kuwait.

#### ROLLS-ROYCE TREATMENT

Al Jarah then approached a senior Iraq oil official, Kifah Numan, to help the US firm. FMC wanted to win contracts that had already been promised to its rivals. I have to lean really heavy on Kifah to swing this if at all possible. I will start softening Kifah from tonight.

Numan, in fact, features repeatedly in Al Jarah's emails. Once in Dubai, Al Jarah had to baby sit [Numan] for 4-5 days to ensure none of Unaoil's competitors made contact.

He is too valuable to leave him lose [sic] in Dubai for other suppliers, Al Jarah warned. Sometimes the attention was surprisingly personal, and trivial. Al Jarah spent US\$2,684.00 for Gifts for Mr Kifah during London visit, including Perfume, Various CD's, Mobile Top-Up and Leather Jacket.

At the time, Al Jarah was duchessing Numan on behalf of Unaoil client Rolls-Royce, which was chasing generator supply contracts worth tens of millions of dollars.

Getting hold of Kifah to just spend any time with him is a bonus other contractor/suppliers would give their right arm for. Hence spending \$2,684 on a key decision maker and remain in his good books to process things \* is worth 100 times that value, without which we would have no contract [for Rolls-Royce] in our hands now.

In a later email, Al Jarah wrote that Numan had advised him that Unaoil and Rolls-Royce could charge the Iraqi government inflated prices, to ensure fatter profits.

He advised that cost will be no object \* I expect we should make a minimum of \$2m per [Rolls-Royce generator] unit net. After all costs have been taken into account.

Rolls-Royce has told Fairfax Media and Huffington Post that concerns about bribery involving intermediaries are being investigated by the British Serious Fraud Office and other authorities. Rolls-Royce is co-operating, said a spokesman, but do not comment on ongoing investigations.

In 2008, Numan became director general of the Iraq Government's powerful South Oil Company, which was in charge of the country's most valuable oil fields and infrastructure.

Kifah called me yesterday, wrote Al Jarah, he still didn't know if the news is confirmed. He said he \* is planning to come to Dubai next week while I am here \* Don't know about you, I am having few beers today to celebrate.

The response from Unaoil CEO Cyrus Ahsani was equally upbeat: Excellent and let's see how we can quickly do certain things to make sure we are the only ones with access.

## LIGHTHOUSE

At its heart, Unaoil is a family company. It was founded by the urbane septuagenarian Ata Ahsani. Iranian born Ahsani left Tehran at the time of the Islamic revolution. In 1991 he set up an oil consulting business in London and then Monaco.

There, he appointed his sons Cyrus and Saman to help him. Unaoil would eventually grow to 200 staff, but its dirty secrets – the bribes it paid to officials across the world – were only known to an inner circle that included Ata, Cyrus and Saman. And, of course, Basil Al Jarah.

In another email to Cyrus Ahsani, Al Jarah wrote he had promised tens of thousands of dollars in kickbacks to our new friends inside the oil ministry. The money would help secure a contract to supply chemicals used in the oil refining process for listed giant Weatherford.

Under this contract, for every drum the oil ministry purchased from Weatherford, Unaoil paid a kickback to a group of senior Iraqi officials, including a figure code-named Lighthouse.

Since the involvement this year of new friends in the Ministry; I shifted \$5 from Jassim's share and gave it to the Ministry people. Total is still \$13. Although I'd like to increase Lighthouse's share by \$1-2, he has been the most helpful to us, Al Jarah wrote.

A spokeswoman for Weatherford said the company had wound down its chemicals business and ceased dealing with Unaoil in 2013.

The man Unaoil codenamed Mr Lighthouse was a big deal in Iraq's south, where the nation's two great rivers, the Tigris and the Euphrates, meet and flow into the Persian Gulf. The land here is arid and flat, the weather extreme, from blistering heat to icy cold. Underground, though, south Iraq's oil fields are the prize of the nation. Control these and you control great wealth.

The seat of power in the south is Basra (also known as Basrah), Iraq's second largest city and home of the most powerful government owned oil company, the South Oil Company. The SOC was where Lighthouse built his empire. It was clear to Basil Al Jarah how influential he was.

Lighthouse's real name is Dhia Jaffar al-Mousawi.

When Prime Ministers visit Basrah, he accompanies them first and holds private sessions with them, Al Jarah wrote of Dhia Jaffar in 2008.

At the time, Al Jarah and Unaoil were focused on gradually softening Dhia Jaffar up with small bribes. When Cyrus Ahsani inquired how many bribes, Al Jarah replied:

We haven't done much for him [Dhia Jaffar] really, but here is a list:

Took him clothes shopping on two occasions (around \$1-2K each time)

Related sub agent got \$30k for assistance with al Kassim order.

Gave his son a 2 week English course in Dubai. Arranged interviews to employ the son in Adnan's company, but the boy found alternative work.

For the past 8 months working on getting him a UAE residency visa, but without success.

That's it.

When Dhia Jaffar considered running for Basra mayor, Al Jarah excitedly reported that the oil official was on the Prime Minister's ticket and he had contributed \$5k to his election campaign.

Basrah may also become regionally semi autonomous, which means the Mayor will sway tremendous power. So he will become very useful indeed.

As Dhia Jaffar's star rose, Unaoil ramped up its campaign of corruption. First, a trip to Monaco. Eventually, bribes worth millions of dollars. The investment paid off: in 2009, Dhia Jaffar was

appointed the Director General of the South Oil Company in 2009. In 2015 he became deputy minister for oil in the Iraq government.

## IVAN

There was another man vital to Unaoil's success in Iraq. Unaoil code named him Ivan. His real name was Oday al-Quraishi. He too was a South Oil Company official. He too was carefully groomed. In 2008, Unaoil even promised him a job □ before deciding he was more use to them as a corrupt government insider.

Please note I held two meetings with Oday today, Al Jarah wrote to Unaoil colleagues on May 19, 2008.

He is now appointed by the Ministry as Project Manager to liaise between the Ministry of Oil and US Gulf Development Projects (GDP). In view of the above, I believe Oday will be far more useful to us in SOC [South Oil Company] then joining Unaoil.

But Unaoil did put him on the payroll. There would be a monthly payment for Ivan and a cut of every multi-million dollar contract he funnelled to Unaoil's clients.

Please note I met with Ivan yesterday and I feel we should instigate a retainer for him as discussed. It is \$6000 per month. (\$5K for him, and \$1k he needs for presents to people within), Al Jarah wrote.

I think this will only go on as far as we get commitments firmed up and he knows his portion [of the money paid by foreign companies to Unaoil to win certain oil field projects].

Ivan and Lighthouse repeatedly leaked information to Unaoil, and rigged tender committees to favour its clients. The pair worked assiduously to identify projects funded by the Iraq government, or through international aid money, that could be funnelled to a Unaoil client.

An email from August 2009 shows the men working in tandem to maximise their, and Unaoils, profits.

In general discussion with Mr. Lighthouse this evening, it transpired that TPIC [Turkish Petroleum International Company] is close to winning an order of \$325m for drilling 45 wells in south of Iraq. He says they applied openly and he is not aware of any special connection to an Iraqi entity pushing their bid forward. I immediately requested Lighthouse to hold processing anything until he hears from me.

We need to move urgently to reach this company and give them the full works that Unaoil can make their life easier in the Ministry, SOC, Al Jarah wrote.

More discussions with Lighthouse tomorrow, he advised me that as DG [Director General] he has hit it off with BP [British Petroleum] very well indeed ... At the appropriate time, he will drop the hint for them to see Unaoil for on-the-ground services...

Unaoil made Dhia Jaffar and Oday al-Quraishi wealthy men.

Oday is getting rich, a 2010 Unaoil email noted. He wants me to accompany him this morning to

see a flat in Chelsea to buy.

## HOLIDAY PLANS

The scale of the graft is revealed in coded emails discussing payments for Dhia Jaffar. A bribe was called a holiday; a one-day holiday was \$1 million.

It's probably true that Lighthouse wants to see a return, Cyrus Ahsani wrote in one email. I previously said to Lighthouse half a day holiday, but they [Dhia Jaffar and Quraishi] are looking for a full day off. We may settle for 18 hours.

In another email, Al Jarah made it clear that several million-dollar payments would be needed to secure Ivans support for Saipem, an Italian client.

It is all an issue of how many days we spend on this job, Bearing in mind the headline figure. The 2.5 days I presented was felt insufficient time allowed, but Ivan will think about it and consult his colleagues. I suspect it will prove enough time.

In another email, a senior Unaoil executive explicitly suggested that Oday al-Quraishi may need more cash: The best medicine for a calm life is a dose of George Washington \* why not?? We got a little bit more \* and we need Ivan, the executive wrote. He was later counselled by a colleague for his indiscreet language.

As Unaoil's insiders became more powerful, the company had to work harder to keep their activities secret.

I will appoint Lighthouse's nephew to act as go between and we stay in constant touch. He can be put \* on a retainer and Lighthouse is comfortable with him coming and going out of his house... Lighthouse requested only I handle Nephew and he doesn't call at our office \* I agreed, Al Jarah wrote.

In the end, of course, the beneficiaries of these dealings were not just corrupt officials and Unaoil -- they were also the companies which paid Unaoil to win massive contracts

These were contracts that should have been decided by genuine tender, ensuring the best deal for Iraq and its people. Instead, Unaoil's intervention meant that many contracts were won by the company that paid the biggest bribe.

## DID UNAOIL'S CLIENTS KNOW?

Along with FMC Technologies, Rolls-Royce, and Weatherford, beneficiaries of Unaoil's network in the Middle East have included a who's who of the oil service industry: Italian firms Saipem, Rosetti Marino and Valvitalia, German company MAN Turbo, Dutch firm SBM Offshore, Swiss company ABB, US companies The Shaw Group, Cameron/Natco and Core Labs, Australian firm Leighton Offshore, UK firms Petrofac, Weir and Clyde Pumps. And so on.

The leaked emails make it clear that senior managers in some of these companies knew, or should have suspected, that Unaoil may be acting corruptly. Some managers appear wilfully blind to this possibility, and a small number were actively corrupt.

Al Jarah identified a Rolls-Royce manager as a valuable insider who could feed Unaoil useful internal info on how to respond to RR [Rolls-Royce].

The effort and help [the Rolls-Royce manager] is providing is on the understanding that Unaoil will retain him as a side consultant/Technical adviser (Very quietly please) to help in handling RR.

A figure of Dhs [Dirhams] 5000 per month (\$A1840) was agreed. Presently \* It is the fastest Basil has seen him work the past two years.

Unaoil also corrupted senior managers of the companies contracted to run Iraq's biggest oil fields, including the Al Zubair field.

In early 2010, Italian oil giant Eni won the contract to develop Al Zubair. The move was part of an Iraq government push to get multinationals including Eni, BP and Shell to help exploit the nation's wealth. The Unaoil story, however, proves that appointing senior oilmen from private companies to run state assets is no safeguard against corruption.

The emails make clear that by 2010, Unaoil had successfully wooed senior figures inside both Eni and BP's oilfield management teams.

A senior Italian oilman working for Eni, Diego Braghi, was bribed to leak competitors' tender documents and to rig tender committees to favour Unaoil's clients at Zubair. These clients included Core Labs, MAN Turbo and Weatherford. Braghi (who denies any wrongdoing) didn't come cheap

The leaked files reveal he wanted to split the payments from Unaoil's clients 60% for us and 40% for you, after expenses.

Once you have accepted the above conditions, we will release the information you have requested, Braghi wrote.

Unaoil's Cyrus Ahsani responded by offering a 50/50 split along with a warning that Unaoil's operation in Iraq was more and more difficult and RISKY.

#### THE MOST POWERFUL MEN IN THE LAND

But Unaoil's biggest bribes were paid to two men who sat around the Iraq government's cabinet table; men who directed the future of country's oil industry, cut deals with foreign presidents and prime ministers and attended OPEC meetings.

Al Jarah took special care to protect their identities. He codenamed them M and the Teacher. Contact was through a middle man who operated out of Amman, Jordan, and who was called Ahmed al-Jibouri; he was given the codename the Doctor.

Jibouri and his contacts stood to make Unaoil very rich.

In a series of emails, Al Jarah described a \$100 million dollar Iraq government contract that had come from the teacher and could be funnelled to Unaoil client Hyundai. Al Jarah wrote that

Hyundai could be guaranteed the job if it paid between \$7 million and \$5 million to Unaoil. In return, Unaoil would influence \* the decision making process and can fully swing it in their direction.

A cut of this \$7 to \$5 million would then be paid by Unaoil to Jibouri, who fronted for M and the Teacher.

A leaked transcript of a Skype conversation (Unaoil used Skype because it could not be intercepted by police) provides evidence that al-Jibouri was no mere lobbyist, but rather a bagman extracting kickbacks for others.

He is a tool, Al Jarah wrote over Skype. The people above him are right assholes and greedy.

In 2010, Al Jarah agreed to pay Jibouri more than \$1 million (later revised to \$500,000) to get his friends in Baghdad to try to carve up contracts on the Garraf oilfield. This time the beneficiaries would be British firm Petrofac and Dutch firm SBM.

Your people must \* clear the way and support for Petrofac to win this order, Al Jarah wrote to Jibouri. We are now agreed the figure 1 [million] for this service. But Petrofac must win so we have to follow it through and you get paid when we get paid.

SBM confirmed in a statement that it had used Unaoil in Iraq, but that, a compliance review was completed ... and no irregularities were found.

So who are the Teacher and M?

Their identities would have likely remained hidden. But then Al Jarah slipped up. Even the most careful men make mistakes.

On Friday June 3, 2011, Al Jarah learned that the prime minister of Iraq, Nouri al-Maliki, had ordered deputy prime minister Dr Hussain al-Shahristani to visit a government-funded oil project that had been won (corruptly) by a Unaoil client, the offshore arm of Australian construction giant Leighton Holdings.

Shahristani is something of a celebrity in the Arab world, having endured years in an Iraqi jail for disobeying Saddam Hussein. After Saddam was toppled, he became oil minister and, in late 2010, deputy prime minister. As a younger man, Shahristani had also worked as a teacher.

When Al Jarah learned that Shahristani was to visit the site, he sent an angry email to Jibouri: The PM has asked Teacher to go himself on Leighton's Barge in Fao ... don't you think you should have told us visit like this is taking place?

So that was Teacher. But what about M? Once again Al Jarah got careless. A comprehensive search of his emails has revealed that in 2009 Al Jarah wrote that he had contacted middleman Ahmed al-Jibouri to get access to his best pal Kareem Leaby [Luaibi] at the Ministry. Kareem Luaibi was the Iraq oil minister who succeeded Shahrastani. He was also M.

At one point he called M in front of me and made that request; at another he made a phone call to the Teacher's house at midnight.

In 2010 and 2011, Al Jarah agreed to pay more than \$20 million in bribes to Jibouri to influence Shahrastani and Luaibi. In return, Unaoil wanted their support for Leighton Offshore, which was bidding for a slice of a \$2 billion oil pipeline project.

Knowing the code, its clear why Jibouri was so valuable to Unaoil. At one point he called M in front of me and made that request; at another he made a phone call to the Teacher's house at midnight.

Emails suggest Jibouri was no simple lobbyist, and that the politicians themselves were involved in negotiating the size of their bribes. One email describes the promise of a \$1.5 million payoff □ described in code as 1.5 days holiday - to deliver a \$70 million contract.

He [al-Jibouri] transferred that info to teacher and on that basis teacher gave it the OK, Al Jarah wrote.

In 2011, Unaoil agreed to pay one of its biggest ever bribes, \$16 million, to win the support of M and the Teacher for a \$600 million pipeline contract. This payment, wrote Al Jarah in 2011, would ensure Leighton Holdings had the backing of al-Jibouri's team. Al Jarah also wrote that he wanted to show documents relating to this \$16 million payment directly to Teacher.

I'd like to have it in front of the teacher here in Amman tomorrow evening, he wrote.

Teacher is confident that he can knock out [Leightons rivals].

And this: Teacher & M will insist on delivery date to push L [Leighton] through.

Al Jarah urged his Unaoil bosses to please make sure our holiday period [bribe amount] is firm or risk Peddling like mad to please Teacher.

## THE FUTURE

By May 2011, Al Jarah was boasting that Unaoil was close to fulfilling its ultimate mission in Iraq: complete control of the governments oil hierarchy.

The troubles we are facing now is because we don't have the full pyramid covered... He [al-Jibouri] fully appreciates the advantages better than me and sees the grip we will have on the whole Ministry ... it is something he is working on very hard with his contacts.

The trove of leaked Unaoil documents are mostly dated between 1999 and 2012, so it is difficult to get a clear picture of the companys more recent operations. However, it seems not everything has gone to plan. When Iraq's government changed in late 2014, al-Shahrastani was appointed education minister and Luaibi lost his post as oil minister. However, Dhia Lighthouse Jaffar was last

year appointed as Iraq's Deputy Minister for Oil Refineries.

Iraq remains wracked with instability and violence, including that wreaked by ISIS. Many ordinary Iraqis remain desperately poor. But Unaoil is not. And nor are its multinational clients, who continue to post huge profits and win jobs in Iraq, sometimes still with Unaoil's help.

Al Jarah and Unaoil last week vehemently denied over the phone that they were involved in any bribery or corruption. The now education minister, Shahrstani, called to say he had never heard of Jibouri or Al Jarah, and that he had never taken a bribe as oil minister. He urged Fairfax Media and Huffington Post to provide its evidence to the courts and Iraq's integrity commission.

Unaoil's fixer, Jibouri, did not respond to questions.

We should see such desperate measures to stain our reputation as a badge of honour as we grow and succeed

Despite years of corruption not a single person has been held accountable in connection to Unaoil's operations.

Last year, the Ahsani family sent out an internal email to staff to deal with consistent oil industry rumours that they were corrupt.

As many of you know, we are close to securing some major new awards from IOCs [International Oil Companies], the email states. We should see such desperate measures to stain our reputation as a badge of honour as we grow and succeed in winning bigger jobs.

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Kaynak/Source: