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KING’S RANSOM

How vulnerable are the Saudi royals?

BY SEYMOUR M. HERSH

Since 1994 or earlier, the National Security Agency has been collecting electronic intercepts of conversations between members of the Saudi Arabian royal family, which is headed by King Fahd. The intercepts depict a regime increasingly corrupt, alienated from the country’s religious rank and file, and so weakened and frightened that it has brokered its future by channelling hundreds of millions of dollars in what amounts to protection money to fundamentalist groups that wish to overthrow it.

The intercepts have demonstrated to analysts that by 1996 Saudi money was supporting Osama bin Laden’s Al Qaeda and other extremist groups in Afghanistan, Lebanon, Yemen, and Central Asia, and throughout the Persian Gulf region. “Ninety-six is the key year,” one American intelligence official told me. “Bin Laden hooked up to all the bad guys—it’s like the Grand Alliance—and had a capability for conducting large-scale operations.” The Saudi regime, he said, had “gone to the dark side.”

In interviews last week, current and former intelligence and military officials have known that King Fahd has been incapacitated since suffering a severe stroke, in late 1995. A Saudi adviser told me last week that the King, with round-the-clock medical treatment, is able to sit in a chair and open his eyes, but is usually unable to recognize even his oldest friends. Fahd is being kept on the throne, the N.S.A. intercepts indicate, because of a bitter family power struggle. Fahd’s nominal successor is Crown Prince Abdullah, his half brother, who is to some extent the de-facto ruler—he and Prince Sultan, the defense minister, were the people Rumsfeld really came to see. But there is infighting about money: Abdullah has been urging his fellow-princes to address the problem of corruption in the kingdom—unsuccessfully, according to the intercepts. “The only reason Fahd’s being kept alive is so Abdullah can’t become king,” a former White House adviser told me.

The American intelligence officials have been particularly angered by the refusal of the Saudis to help the F.B.I. and the C.I.A. run “traces”—that is, name checks and other background information—on the nineteen men, more than half of them believed to be from Saudi Arabia, who took part in the attacks on the World Trade Center and the Pentagon. “They knew that once we started asking for a few traces the list would grow,” one former official said. “It’s better to shut it down right away.” He pointed out that thousands of disaffected Saudis have joined fundamentalist groups throughout the Middle East. Other officials said that there is a growing worry inside the F.B.I. and the C.I.A. that the actual identities of many of those involved in the attacks may not be known definitively for months, if ever. Last week, a senior intelligence official confirmed the lack of Saudi cooperation and told me, angrily, that...
The N.S.A. intercepts reveal the hypocrisy of many in the Saudi royal family, and why the family has become increasingly estranged from the vast majority of its subjects. Over the years, unsevered by the growing strength of the fundamentalist movement, it has failed to deal with the underlying issues of severe unemployment and inadequate education, in a country in which half the population is under the age of eighteen. Saudi Arabia’s strict interpretation of Islam, known as Wahhabism, and its use of mutawa’in—religious police—to enforce prayer, is rivalled only by the Taliban’s. And yet for years the Saudi princes—there are thousands of them—have kept tabloid newspapers filled with accounts of their drinking binges and partying with prostitutes, while taking billions of dollars from the state budget. The N.S.A. intercepts are more specific. In one call, Prince Nayef, who has served for more than two decades as interior minister, urges a subordinate to withhold from the police evidence of the hiring of prostitutes, presumably by members of the royal family. According to the summary, Nayef said that he didn’t want the “client list” released under any circumstances.

The intercepts produced a stream of sometimes humdrum but often riveting intelligence from the telephone calls of several senior members of the royal family, including Abdullah; Nayef; Sultan, whose son Prince Bandar has been the Saudi ambassador to the United States since 1983; and Prince Salman, the governor of Riyadh, Saudi Arabia’s capital. There was constant telephoning about King Fahd’s health after his stroke, and scrambling to take advantage of the situation. On January 8, 1997, Prince Sultan told Bandar about a flight that he and Salman had shared with the King. Sultan complained that the King “barely spoke to anyone,” according to the summary of the intercept, because he was “too medicated.” The King, Sultan added, was “a prisoner on the plane.”

Sultan’s comments became much more significant a few days later, when the N.S.A. intercepted a conversation in which Sultan told Bandar that the King had agreed to a complicated exchange of fighter aircraft with the United States that would bring five F-16s into the Royal Saudi Air Force. Fahd was evidently incapable of making such an agreement, or of preventing anyone from dropping his name in a money-making deal.

In the intercepts, princes talk openly about bilking the state, and even argue about what is an acceptable percentage to take. Other calls indicate that Prince Bandar, while serving as ambassador, was involved in arms deals in London, Yemen, and the Soviet Union that generated millions of dollars in “commissions.” In a PBS “Frontline” interview broadcast on October 9th, Bandar, asked about the reports of corruption in the royal family, was almost upbeat in his response. “The family had spent nearly four hundred billion dollars to develop Saudi Arabia,” he said. “If you tell me that building this whole country . . . we misused or got corrupted with fifty billion, I’ll tell you, ‘Yes. . . . So what? We did not invent corruption, nor did those dissenters, who are so genius, discover it.’”

The intercepts make clear, however, that Crown Prince Abdullah was insistent on stemming the corruption. In November of 1996, for example, he complained about the billions of dollars that were being diverted by royal family members from a huge state-financed project to renovate the mosque in Mecca. He urged the princes to get their off-budget expenses under control; such expenses are known as the hiding place for payoff money. (Despite its oil revenues, Saudi Arabia has been running a budget deficit for more than a decade, and now has a large national debt.) A few months later, according to the intercepts, Abdullah blocked a series of real-estate deals by one of the princes, enraging members of the royal family. Abdullah further alarmed the princes by issuing a decree declaring that his sons would not be permitted to go into partnerships with foreign companies working in the kingdom.

Abdullah is viewed by Sultan and other opponents as a leader who could jeopardize the kingdom’s most special foreign relationship—someone who is willing to penalize the United States, and its oil and gas companies, because of Washington’s support for Israel. In an intercept dated July 13, 1997, Prince Sultan called Bandar in Washington, and informed him that he had told Abdullah “not to be so confrontational with the United States.”

The Fahd regime was a major financial backer of the Reagan Administration’s anti-Communist campaign in Latin America and of its successful
proxy war in Afghanistan against the Soviet Union. Oil money bought the Saudis enormous political access and leverage in Washington. Working through Prince Bandar, they have contributed hundreds of millions of dollars to charities and educational programs here. American construction and oil companies do billions of dollars' worth of business every year with Saudi Arabia, which is the world's largest oil producer. At the end of last year, Halliburton, the Texas-based oil-supply business formerly headed by Vice-President Dick Cheney, was operating a number of subsidiaries in Saudi Arabia.

In the Clinton era, the White House did business as usual with the Saudis, urging them to buy American goods, like Boeing aircraft. The kingdom was seen as an American advocate among the oil-producing nations of the Middle East. The C.I.A. was discouraged from conducting any risky intelligence operations inside the country and, according to one former official, did little recruiting among the Saudi population, which limited the United States government's knowledge of the growth of the opposition to the royal family.

In 1994, Mohammed al-Khilewi, the first secretary at the Saudi Mission to the United Nations, defected and sought political asylum in the United States. He brought with him, according to his New York lawyer, Michael J. Wildes, some fourteen thousand internal government documents depicting the Saudi royal family's corruption, human-rights abuses, and financial support for terrorists. He claimed to have evidence that the Saudis had given financial and technical support to Hamas, the extremist Islamic group whose target is Israel. There was a meeting at the lawyer's office with two F.B.I. agents and an Assistant United States Attorney. "We gave them a sampling of the documents and put them on the table," Wildes told me last week. "But the agents refused to accept them." He and his client heard nothing further from federal authorities. Al-Khilewi, who was granted asylum, is now living under cover.

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