

Malaysia Sub Scandal Spreads to Malta
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By Our Correspondent

Maltese opposition MP alleges French company may have laundered some of the money

Malaysia's long-running submarine scandal appears to have widened all the way to the Mediterranean island of Malta, with an opposition Member of Parliament alleging that a French-owned, Malta-based financial consultancy is being investigated for its role in the controversial US\$1 billion purchase of the boats by the Malaysian government.

According to the Malta-based news portal Malta Today, MP Evarist Bartolo told the Maltese parliament that the French-owned financial consultancy Gifen is being investigated by French officials over allegations that part of a €114 million commission paid to Perimekar Sdn Bhd, then wholly owned by Abdul Razak Baginda, a close associate of Malaysian Prime Minister Najib Tun Razak, may have been laundered through Malta. The Perimekar commission has been criticized as a subterfuge to steer kickbacks to political figures.

Other news reports from Malta alleged that Gifen was established by Jean-Marie Bouvin, who has been also heavily involved in other sales by the French state-owned company DCN of submarines to Pakistan and frigates to Taiwan. Both of those transactions have been dogged by a flock of spectacular murders.

French prosecutors were said to have discovered Gifen after they scrutinized a vast trove of documents and internal confidential reports of DCN and the French Ministry of Defense as well as interviewing DCNS officials and related companies such as Thales as well as officials in the French ministry of defense.

Other companies allegedly used for similar purposes, Bartolo said, were Eurolux, based in Luxembourg, and Technomar, based in Belgium. Bartolo further alleged that Gifen, which was founded in 2001 by Bouvin, was well-connected with the French secret services, and had close ties both with former French President Nicolas Sarkozy and Prime Minister Dominique de Villepin. After France signed the UN Convention Against Corruption, Bouvin allegedly began to operate through different channels - setting up companies in Ireland, Switzerland, Mauritius, the Isle of Man and Malta, Malta Today reported.

Sarkozy has been mentioned in connection with bribes promised to Pakistani generals for the purchase of SSK Scorpene submarines from Armaris, now a unit of the French defense giant DCNS. Eleven French technicians were blown up with a car bomb that was first blamed on Al Qaeda. However, subsequent stories in France about the scandal, called "L'Affaire Karachi," alleged that Pakistani generals blew up the van in retaliation for the cancellation by then-President Jacques Chirac of kickbacks promised in the sale of the vessels.. Sarkozy has angrily denied any involvement in the kickback scheme. However, now that he has lost the French presidency to Francois Hollande, investigators may be taking another look at his activities.

Bartolo, the former Education Minister, said French inquiring magistrates have now ordered the police to initiate an international investigation into the companies based in France, Luxembourg and Hong Kong - including Gifen in Malta - as part of a global anti-corruption sting.

The Malaysian Ministry of Defense purchased the two SSK Scorpene submarines in 2002 from Armaris. At that point, Najib Tun Razak was defense minister and engineered the purchase.

French lawyers William Bourdon and Joseph Breham of the public service law firm Avocats a la Cour were successful in opening the DCNS books on behalf of the Malaysian human rights NGO Suaram earlier this year. In an email, Breham said he was aware of Gifen as a company but wasn't sure if it is part of the probe he has been following.

In any case, a stream of revelations of bribes and kickbacks has flowed across the world. So far, however, they have done little damage to Najib's popularity as he maneuvers his national ruling coalition into position for what are expected to be national elections sometime this fall. Among those allegations, according to Breham, is that Terasasi Sdn Bhd., which is owned by Razak Baginda, was paid €39 million euros for confidential documents on the ministry of defense's specification for the submarine purchase. As Asia Sentinel has reported, the money appears to have been steered through Terasasi Hong Kong Ltd., which was established later.

According to Malta Today, Bartolo revealed that several companies worldwide currently investigated by French authorities in connection with this case and that Gifen's most active years were between 2001 and 2004, with an income of almost €1.5 million, while its registered expenses took the form of 'consultancy services' and 'travelling expenses.'

Bartolo was also quoted as adding that French investigators are currently looking into whether Gifen was used "to facilitate the movement of money involved in this contract," as well as to pay for travelling expenses for the Malaysians. According to the Opposition MP, Bouvin would pay commissions through a company called Heine in order to secure successful bids for public contracts.

Bartolo added that responsibility to regulate such operations in Malta fell to the Financial Intelligence Analysis Unit and the Malta Financial Services Authority, and that the reputation of Malta as a center for financial services was at stake. He reminded the House of a report by the Council of Europe's Committee on Money Laundering, which had observed that Malta's legislation is good, but enforcement is lacking.

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