

EGYPT UPDATE NUMBER 15



CHRONICLES OF THE CONTINUED EGYPTIAN REVOLUTION OF 25 JANUARY 2011

CONTACTS

Tel:

+1 312.943.5797

Fax:

+1 312.943.2756

Email:

cbassiou@depaul.edu

Twitter:

@cherifbassiouni

Facebook:

www.facebook.com/mcbassiouni

Web:

www.mcherifbassiouni.com



M. CHERIF BASSIOUNI

Emeritus Professor of Law
DePaul University College of Law
Chicago, IL, USA



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I. The Status of the Corruption Cases Against the Mubarak Family and Some of Their Oligarchs

1. In reality, Egypt's "Revolution" was a partial regime change. It brought down Hosni Mubarak's presidency and the rule of his oligarchy, but it did not remove the military regime which has existed in Egypt since July 1952. The military regime consequently played an important role in the transformation of Egypt by making it possible for popular demand to remove Hosni Mubarak from the Presidency as well as his then-recently appointed Vice President, retired General Omar Suleiman, and the political caste that ran the country under Mubarak's leadership.
2. The popular demand was also for the removal and accountability of the corrupt Mubarak oligarchy, which drained Egypt's resources in a way that was unprecedented in the country's history. During the Mubarak 30-year regime, his oligarchy managed to convert Egypt's public-sector economy into private-sector wealth. They did so either by direct acquisition, by brokering the sale of government-owned industries and properties at nominal prices, and by acquiring substantial portions of Egypt's prime land in the Sinai, along the Red Sea and the Mediterranean Coast, as well as prime agricultural land, all at practically no cost. Thus public land was converted into private commercial and industrial projects. During this short period of time Egypt's national wealth was converted into private wealth, most of which is believed to then have been transferred abroad.
3. Under Mubarak, the government provided politically connected entrepreneurs with substantial concessions, such as land roads, electricity, water and sewage, for their private-sector projects. This substantially increased the values of these projects. These entrepreneurs also received significant tax benefits and funding from banks. In essence the state financed the growth of the private sector through structural investments without receiving much in the way of taxes.
4. The ramifications of this wealth transfer have had broader effects on the Egyptian economy. Bank funding of these projects was based on their total estimated values, including the value of the governmental benefits mentioned above. In most cases, this doubled or more the value of the original investment, thereby increasing the amount of the funding from the bank. If the investment came under the guise that it was a foreign investment, (since the Foreign Investment Authority did not look into the capital source or ownership of the capital of foreign

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- investments), the capital investment funds that operated in the country at least doubled in value as a result of government benefits. Consequently, when these projects were funded by local banks (at levels up to fifty percent), the loans amply covered the original capital investment which could then be transferred out of the country in what this writer previously referred to in both official reports to the government and in private reports as “U-turn” investment operations.
5. No one knows today how much of foreign investment projects, as well as domestic investment types owned by the oligarchy and its cronies, have been converted into a contingent domestic liability. In other words, if the original project was capitalized at a certain amount, the added free government benefits and concessions increased its value, and the bank loans allowed the investor to immediately recoup the original capital investment leaving the risk of loss to the local lending bank.
 6. Because of the connivance of the Central Bank, private banks and Government ministries, no one knows even today the total value of these loans and the exposure of Egyptian banks. In addition, the Central Bank has guaranteed some of these bank loans as a way of covering up for these transactions and protecting the banks from too much risk exposure.
 7. Consequently, Egypt’s private banks remain exposed to an unknown risk of loss if these projects fail. The Central Bank is also at risk with respect to guarantees it may have provided to some of these banks. The likelihood that a number of these projects would be unable to meet their debt obligations puts additional economic and social pressures on the country’s economic viability and stability. More significant is the fact that in Egypt’s declining economy and depletion of foreign currency reserves, any actual losses arising out of the collapse of these investment projects would have serious repercussions on the economy, not to mention Egypt’s credit standing and borrowing capability.
 8. One would have assumed that the governments appointed by the SCAF since March 2011 would have looked into the matter (particularly since this writer has raised the issue with the appropriate authorities both well before and after the fall of Mubarak). But it seems that no one in the SCAF or the government wants to face the unpleasant reality. Succeeding cabinets and ministers of finance have dealt with more immediate problems, probably with the hope that if their head is buried in the sand the danger cannot be seen and therefore does not exist.
 9. The SCAF and succeeding governments wanted to get on with the problems of the day and set as their primary goal public order and stability. They felt it best

- not to make the issue of corruption and its potential economic consequences a matter of public knowledge and debate. Instead, a few persons were charged and made to face trial, despite a hasty investigation of their cases. In almost every case, these investigations addressed only a small portion of the facts the persons could have been charged with. These investigations also failed to look at the larger aspects of institutionalized corruption and the large number of persons involved.
10. The possibility that the prosecutor general's office could seize proceeds laundered abroad received significant publicity. These proceeds were estimated to be as high as \$70 billion (though that estimate was made without any factual basis). For some time common people even asked how much each person would get back, as if there was going to be a national refund program from the recovered foreign assets. But the prospects of that are dim due to the lack of expertise of Egyptian prosecutorial and banking authorities, and the complicated nature of foreign assets recovery for corruption and money laundering.
 11. A large number of widely known oligarchs who have exploited the nation and its resources remain at large. Anyone in the streets of Cairo can name at least 10 or more persons who should have been investigated and prosecuted for the enormous wealth they have accumulated in a short period of time through their political influence with the Mubarak regime. The decision by the SCAF to bring only a few poorly investigated token cases to trial may have been a political choice, in part, to move the country from a state of revolution into a state of normalcy by preserving public order and maintaining stability. No one would disagree with the validity of that objective, but many reject the notion that the pursuit of this objective is incompatible with the accountability of those who have committed enormous crimes of corruption and abuse of power in the acquisition of private wealth to the detriment of the Country's economy and the people of Egypt.
 12. The economic and social difficulties that lay ahead should, if nothing else, justify the pursuit of accountability against those who have committed vast crimes of corruption and abuse of power. The consequences of these crimes will be long felt, and Egypt's economy is not likely to rebound in a short period of time.

A. Summary of Cases

1. HOSNI, ALAA AND GAMAL MUBARAK AND HUSSEIN SALEM

1.1 Hosni Mubarak and his two sons

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13. The Egyptian Public Prosecution charged former Egyptian President Hosni Mubarak with three crimes. In addition to the accusation of premeditated murder against protesters during the uprising against his reign, Mubarak stands accused of two separate cases of financial corruption.



Hosni Mubarak in court

14. The first corruption charge concerns a 161,000-square-foot seaside mansion in the Sinai resort of Sharm al-Sheik which Mubarak obtained as a kickback from his friend, the businessman Hussein Salem. Mubarak obtained the mansion after he exploited his influence to facilitate Salem's purchase of a large tract of prime land in the Sinai at a deeply discounted price, formally as part of a privatization deal. Salem also provided the former president's two sons with another four luxury villas worth EGP 14 million (\$2.4 million). The two sons, Alaa and Gamal, are charged with profiteering by abusing their father's power in receiving these four villas as part of the same kickback.



Gamal (l) and Alaa (r) in court

15. The second corruption charge concerns a separate deal for the sale of natural gas to Israel. This deal has been the subject of rumors and suspicions in Egypt for years and caused widespread anger among Egyptians because gas was exported to Israel at very low prices while Egypt suffered a natural gas shortage. In this count, prosecutors charged Mubarak with having sold national gas from the Egyptian government to the *East Mediterranean Gas Company*, in which Salem owned a large stake, at below market rates. The *East Mediterranean Gas Company* may have then resold the gas to Israel at a substantial mark-up, thus enriching Salem at the public's expense, although the prosecutors' statement is unclear on those details. It is clear that Salem made huge profits out of the deal, which resulted in \$714 million in lost revenue for Egypt. As more media attention was focused on the gas deal and Salem's role, he sold his stake in the *East Mediterranean Gas Company*, thereby earning \$2 billion in profit. The charges brought by prosecutors did not address the former president's interest in the gas exportation

deal, focusing instead on his role in helping enrich Salem through exercising his influence.¹

16. If found guilty, the former president could face sentences ranging from five years in prison to the death penalty.² Alaa and Gamal Mubarak face sentences of 5 to 15 years in prison.³

1.2 Hussein Salem

17. Hussein Salem is a notorious business magnate known for his close ties to Mubarak. He has been described in Egyptian mainstream media as “one of the most secretive businessmen in Egypt”. Salem fled Egypt with his son and daughter on February 3, 2011 at the height of the Egyptian revolution, a week before Hosni Mubarak was forced to resign. Salem was arrested in a wealthy Madrid suburb in June last year over charges of money laundering brought against him by Spanish authorities. Around \$47 million of his possessions were frozen and houses worth \$14 million were seized, including some in the jet-set resort of Marbella. The money is said to have been obtained in Egypt through illegal means and sent to Salem’s family accounts in Spain. He was arrested after Interpol issued an international arrest warrant. He is wanted in Egypt and Spain for various charges of corruption and money laundering. His son and daughter, who were arrested in Spain last summer, are also accused of laundering some two billion Euros.



Hussein Salem, Egyptian business magnate charged with corruption and money laundering

18. Salem faces charges in four different cases in Egypt. He is currently being tried *in absentia* in the same trial as Mubarak and his sons Alaa and Gamal in what is known as the “trial of the century”. The verdict will be delivered on June 2, 2012. Salem is also being prosecuted *in absentia* along with former Minister of Petroleum, Sameh Fahmy, for the above mentioned purchase of Egyptian natural gas at low prices, and sale to Israel at a substantive markup. Last October another

¹ David Kirkpatrick, “Egypt Is Moving to Try Mubarak in Fatal Protests,” The New York Times, available at <http://www.nytimes.com/2011/05/25/world/middleeast/25egypt.html>.

² Jack Shenker, “Mubarak trial: Toppled dictator denies all charges,” The Guardian, available at <http://www.guardian.co.uk/world/2011/aug/03/mubarak-trial-dictator-denies-charges>.

³ Paul Owen & Jack Shekner, “Mubarak trial – the defendants and the charges,” The Guardian, available at http://www.guardian.co.uk/world/2011/aug/03/mubarak-trial-defendants-charges?CMP=tw_t_fd.

Cairo criminal court sentenced Salem, his son and daughter *in absentia* to seven years in prison and a fine of \$4 billion on charges of money laundering and profiteering. The court found Salem guilty of laundering more than \$2 billion in the Egyptian-Israeli gas deal. In a fourth case, a Giza criminal court sentenced Salem to 15 years in prison for the illegal acquisition of public property—the nature reserve *al-Bayadeyya* in the Upper Egypt city of Luxor.⁴ Hussein Salem was the owner of the *Crocodile Tourism Project Company* which acquired the island. His son Khaled, who was the managing director of the company, received the same sentence.⁵

19. Although Mr. Salem also holds Spanish citizenship, Spain recently informed the Egyptian ambassador in Madrid of a Spanish court’s decision to extradite Hussein Salem, his son Khaled and his daughter Magda to Egypt on the condition that they do not face the death penalty—a standard condition made by all EU countries in extradition decisions. Salem and his children have appealed the decision allowing their extradition, and a final decision is expected soon.
20. The charges do not involve Salem’s previous embezzlement in 1983 of U.S. aid funds for Egypt as described by this writer in an interview with Rania Badawy in *Al-Masry Al-Youm* on 19 Oct. 2011.⁶ In addition, the charges do not address the questionable concession that he obtained from Egypt to export Sinai Gas to Israel.

2. SAMEH FAHMY

21. A Cairo criminal court recently adjourned the trial of former Minister of Petroleum, Sameh Fahmy, and other officials for their role in exporting gas to Israel. In addition to the former minister, the indictment includes former Vice-President of the Egyptian General Authority for Petroleum for the Processing and Manufacturing of Gas, Mahmoud Latif Mahmoud Amer; former Vice-President of the Egyptian General Authority for Petroleum and Production, Hassan Mohammed Akl; former Vice-President of the Egyptian General



**Sameh Fahmy,
former Minister of Petroleum**

⁴ “Spain to extradite Egyptian tycoon Hussein Salem to face jail sentence,” *Al Ahram*, available at <http://english.ahram.org.eg/NewsContent/1/64/35865/Egypt/Politics-/Spain-to-extradite-Egyptian-tycoon-Hussein-Salem-t.aspx>.

⁵ “Former Ministers Sentenced to 10 Years in Corruption Case,” *Al Masry Al Youm*, available at <http://www.almasryalyoum.com/node/690026>.

⁶ Rania Badawy Interviews Professor M. Cherif Bassiouni, *Al Masry Al Youm*, available at <http://www.almasryalyoum.com/node/506644>.

- Authority for Petroleum and Planning, Ismail Hamid Ismail Karrara; former Chairman of the Egyptian Natural Gas Holding Company, Mohammed Ibrahim Youssef Tawila; former Chairman of the Egyptian General Authority for Petroleum, Ibrahim Saleh Mahmoud; and, fugitive businessman Hussein Salem. Each of the defendants is accused of playing a role in squandering public money through allowing Hussein Salem to purchase Egyptian natural gas at below market prices, which he later sold to Israel at a substantial mark-up. Prosecutors accused the defendants of squandering public money, profiteering, damaging the country's economic power and wasting natural resources.
22. The Public Prosecution stated that Fahmy, who was assigned by the government to negotiate with the Government of Israel over the gas exportation deal, deliberately conducted these negotiations against the interests of Egypt and signed a Memorandum of Understanding with the Israeli government which paved the way for exporting gas to Israel for 15 years (with a renewal for a subsequent 5 years) at prices whose minimum limit did not exceed the cost of production and maximum limit was not commensurate with global prices. The Memorandum stipulated that prices were to be fixed during the long period of the agreement, and provided for a penalty clause for Egyptian alone to ensure its implementation of its obligations. Fahmy is also accused of selecting Salem's *East Mediterranean Gas Company* to export gas to Israel without following the necessary procedures set forth in the procurements and bidding law.
23. Aside from Sameh Fahmy and Hussein Salem, the other defendants are top officials of the petroleum sector who are accused of setting the low gas prices and concluding the agreement which contained prejudicial terms to the interests of the Egyptian State, and which unlawfully enriched Salem with more than \$2 billion. The gas price differential is estimated to have caused the Egyptian economy a loss of \$715 million.

3. YASSIN MANSOUR

24. The Prosecutor-General Abdel Meguid Mahmoud referred businessmen Yassin Mansour, Chief Executive Officer and Chairman of the second-largest real estate company in Egypt, *Palm Hills Developments (PHD)*, to criminal trial over charges of profiteering and unlawfully acquiring public property. Former Housing Minister Ahmed al-Maghraby, who is Mansour's cousin, was also referred to criminal trial in the same case, in addition to former Chairman of *Akhbar Al*



Yassin Mansour, CEO of
Palm Hills Developments

Youm news corporation Mohamed A'ahdi Fadli, and Emirati businessman and Chairman of *Rakeen Egypt Company* Waheed Metwally Atallah. Yassin Mansour was in the United Kingdom at the time of his referral to court.

25. The Public Prosecution alleges collusion between PHD, owned by Yassin Mansour and in which al-Maghraby is a shareholder, and the UAE-based *Rakeen Company* in purchasing a 113-acre piece of land in the 6th of October City that was initially allocated to *Akhbar Al Youm* news corporation. The Prosecution accused al-Maghraby of unlawfully selling the land, which was owned by the State, to *Akhbar Al Youm* news corporation at prices below their true value. *Akhbar Al Youm*, in turn, allegedly sold the land to PHD through *Rakeen Egypt*, without fully paying its price to the State or implementing the project initially tied to the sale. Metwally allegedly used *Rakeen Egypt* as a 'veil company', purchasing the land with the intent of allowing Yassin Mansour to eventually acquire the company and the piece of land it purchased. According to the collusion of the defendants, al-Maghraby alone was able to illegally gain EGP 159 million.
26. On July 5, 2011, the court acquitted all defendants. Following their acquittal, the Prosecution lodged an appeal with the Court of Cassation, Egypt's highest court, in order to quash the court's decision and refer the defendants to another circuit for retrial.

4. MOHAMED MANSOUR

27. Mohamed Mansour comes from one of the most successful business families in Alexandria. The *Mansour Group* represents nine of the top Fortune 500 companies in Egypt and employs nearly 40,000 people. Born in 1948, Mansour received a Bachelor's degree in engineering from North Carolina State University in 1968, and a Master's degree in Business Administration from Auburn University in 1971, where he taught until 1973.⁷
28. Shortly after the revolution, several news reports emerged accusing Mansour, a businessman and guru of transport vehicles who headed the Ministry of



Yassin Mansour, head of the *Mansour Group*

⁷ Ibtessam Zayed & Salma Hussein, "Mohamed Mansour: A Tarnished Captain of Industry," *Al Ahram*, available at <http://english.ahram.org.eg/NewsContentPrint/3/0/6724/Business/0/Mohamed-Mansour-A-tarnished-captain-of-industry.aspx>.

- Transportation from 2006 to 2009, of having engaged in corrupt practices during his tenure as Minister and in collaboration with his cousin, Ahmed al-Maghraby, the former Minister of Housing. Mohamed Mansour is the elder brother of Yassin Mansour. He was forced to step down as Minister of Transportation in October 2009 in the aftermath of a train crash which claimed the lives of 18 people and left 36 more injured. The accident triggered a barrage of criticism against his performance.⁸
29. News reports accuse the former minister of doubling his fortune after assuming office by unlawfully gaining pieces of land owned by the State, and refusing to pay loans from Egyptian banks worth more than EGP 2 billion which he had obtained between 2006 and 2008.
30. Following the revolution, a group of workers at the Railways Authority lodged complaints with the Public Prosecution that Mansour and businessman Sherif al-Gabaly (brother of former Minister of Health Hatem al-Gabaly) had wasted more than EGP 4 billion of the Authority's funds by failing to collect debts owed by several public and private entities to the Railway Authority.⁹ Among these companies are *Accor Hotels*, which is owned by the minister's cousin Ahmed al-Maghraby.
31. Mansour also established *El Mansour and El Maghraby Investment and Development Company* with his cousin Ahmed al-Maghraby. The company grew exponentially, triggering accusations of profiteering. The family partnership precipitated the indictment of Mansour for his involvement in some of the corrupt practices of which his cousin al-Maghraby was accused. Among these accusations is that al-Maghraby sold a 230-acre piece of land to the Mansour and Maghraby Group at a very low price.¹⁰

⁸ *Id.*

⁹ El Badil, available at <http://elbadil.net/%D8%A8%D9%84%D8%A7%D8%BA-%D9%8A%D8%AA%D9%87%D9%85-%D9%84%D8%B7%D9%81%D9%8A-%D9%85%D9%86%D8%B5%D9%88%D8%B1-%D9%88%D8%A7%D9%84%D9%85%D8%BA%D8%B1%D8%A8%D9%8A-%D9%88%D8%B4%D8%B1%D9%8A%D9%81-%D8%A7%D9%84/>

¹⁰ Al Wafd, available at http://www.alwafd.org/index.php?option=com_content&view=article&id=18727:%D9%85%D8%AD%D9%85%D8%AF-%D9%85%D9%86%D8%B5%D9%88%D8%B1%E2%80%AE-%E2%80%AC%D8%B4%D8%B1%D9%8A%D9%83-%D8%A7%D9%84%D9%81%D8%B3%D8%A7%D8%AF-%D8%A7%D9%84%D8%BA%D8%A7%D8%A6%D8%A8&catid=144:%D9%85%D9%84%D9%81%D8%A7%D8%AA%20%D9%85%D8%AD%D9%84%D9%8A%D8%A9&Itemid=337.

32. Other accusations revolve around his role as Minister of Transportation. News reports accuse the former minister of wasting public funds as he spent an estimated EGP 100 billion during his tenure which failed to bring much improvement to the transportation sector. They also mention that Mansour allegedly conducted deals between the Ministry of Transportation and his General Motors company for the purchase of defect tractors worth EGP 2 billion.
33. However, the Public Prosecution has not pressed charges against Mansour over any of the aforesaid allegations. Now that a number of his family members, business associates and friends are behind bars, Mansour has retreated from public life, and faces an ambiguous future.¹¹

5. YOUSSEF BOUTROS-GHALI

34. Egypt's former Finance Minister Youssef Boutros-Ghali was sentenced to 30 years in prison and a EGP 70 million fine for "squandering and abusing public funds".¹² The charges were ludicrous. More importantly, what he could have been charged with has been overlooked. He is believed to be in London, where the UK is reported to have given him asylum. The former minister was convicted for having used for his personal use cars waiting in customs and misused his position to benefit from the funds of the Finance Ministry. Several front page reports from State-owned and independent newspapers claimed that he gave away 96 of the 102 luxury cars allocated to the finance ministry, keeping the remaining six, including three Mercedes and a BMW, for his private use. The vehicles had a total value of EGP 35.8 million (\$6 million). According to Al Ahram newspaper, Ghali used his influence as minister to redirect the ministry's funds and manpower to his personal campaign in the 2010 parliamentary elections. These reports mention that the ministry's computers, printers and employees were moved to the headquarters of Ghali's campaign for more than six months. The court also ruled that he used one of the



**Youssef Boutros-Ghali,
former Finance Minister**

¹¹ *Supra* note 7.

¹² Ali Abdel Mohsen, "Sunday's Papers: 30 Years for Youssef Boutros-Ghali, Ambiguous Death of a Driver, Businessmen Are Generous," Egypt Independent, *available at* <http://www.egyptindependent.com/node/464069>.

- ministry's printing centers to produce a large amount of materials for that campaign. This abuse of power is believed to be the reason why the promotional material for his campaign was so "fancy".¹³ The court sentenced him *in absentia* to 15 years imprisonment in the vehicles case and another 15 years in the printers case. It also ordered him to return the value of the vehicles worth EGP 35.8 million and a similar amount in fines.¹⁴
35. Ghali is believed to have fled the country for the United Kingdom and Interpol has issued a red notice for his arrest.¹⁵ Both Ghali and his wife managed to narrowly avoid a travel ban by fleeing the country on the morning of former president Hosni Mubarak's resignation. He is widely viewed among Egyptians as a public face of a government that enriched the wealthy at the expense of the poor. On the other hand, many investors and businessmen held Ghali in high esteem for spearheading free-market reforms that helped boost Egypt's annual economic growth to around 7 percent in the three years before the 2008 global economic crisis. Among his economic reforms were slashing import tariffs, reducing income taxes to a flat 20 percent and overhauling the banking system. In 2008, he took over the chair of the IMF's International Monetary and Financial Committee (IMFC), comprised of finance ministers and central bankers from 24 countries and the main advisory body to the fund's member countries.¹⁶
36. None of the charges address the role of the former minister in facilitating the acquisition of the public sector economy by the private sector corrupt oligarchs and their cronies, nor do they address the fraudulent or questionable schemes used by purported "foreign investors" discussed in the Introduction. He was pivotal in all these schemes.

6. AHMED EZZ, AMR ASSAL AND RACHID MOHAMED RACHID

6.1 *The three defendants (jointly)*

¹³ Ali Abdel Mohsen, "Sunday's Papers: 30 Years for Youssef Boutros-Ghali, Ambiguous Death of a Driver, Businessmen Are Generous," Egypt Independent, *available at* <http://www.egyptindependent.com/node/464069>.

¹⁴ Patrick Werr, "Egypt Court Sentences Former Finance Minister to 30 Years Jail," Reuters, *available at* <http://www.reuters.com/article/2011/06/04/us-egypt-conviction-idUSTRE75312J20110604>.

¹⁵ "Egypt's Former Finance Minister Sentenced," Voice of America, *available at* <http://www.voanews.com/english/news/middle-east/Egypt's-Former-Finance-Minister-Sentenced-123157743.html>.

¹⁶ *Supra* note 14.

37. An Egyptian criminal court sentenced Ahmed Ezz, a Mubarak-era steel tycoon and former National Democratic Party (NDP) whip, to ten years behind bars over charges of corruption and squandering public funds. Amr Assal, the former chairman of the Industrial Development Authority, was also handed a 10-year sentence for conspiring with Ezz.¹⁷ Rachid Mohamed Rachid, the former Minister of Trade and Industry, was sentenced to 15 years *in absentia*. The three defendants Ezz, Assal and Rachid were all found guilty of collaborating to grant steel licenses without payment of fees.¹⁸ In addition to revoking the licenses of the concerned steel companies, the court handed Ezz and Assal a joint fine of EGP 660 million (\$110 million).¹⁹ Rachid, once considered a force for reform and clean government, was also fined EGP 1.4 billion (\$230 million) for illegally helping Ezz obtain permits for his steel empire—the more serious sentence perhaps reflecting the prominent public role he was convicted of abusing. This sentence accounts for Rachid’s third conviction in as many months.²⁰



Amr Assal, former chairman of the Industrial Development Authority

38. The case dates back to February 2011 when an Egyptian prosecutor ordered the detention of Assal for an investigation into allegations of squandering public wealth. He was detained on charges that he granted a license without legal merits to Ezz Steel for a factory in al-Ain al-Sokhna on the Red Sea. Ezz, who quit the board of Ezz Steel and its Ezz Dekheila Steel unit in May 2011 to fight the charges, has denied wrongdoing.



Rachid Mohamed Rachid, former Minister of Trade and Industry

¹⁷ David Kirkpatrick & Heba Afify, “Steel Tycoon With Links to Mubarak Is Sentenced,” The New York Times, *available at* <http://www.nytimes.com/2011/09/16/world/middleeast/egypt-sentences-mubarak-era-tycoon-ahmed-ezz-to-prison.html>.

¹⁸ “Egyptian Steel Tycoon Ezz Sentenced to 10 Years,” Al Ahram, *available at* <http://english.ahram.org.eg/News/21326.aspx>.

¹⁹ “Ahmed Ezz Sentenced to 10 Years in Jail,” MetalBulltin, *available at* <http://www.metalbulletin.com/Article/2901914/Ahmed-Ezz-sentenced-to-10-years-in-jail.html>.

²⁰ “Egyptian Steel Tycoon Ezz Sentenced to 10 Years and Fined \$111 Million,” Al Ahram, *available at* <http://english.ahram.org.eg/NewsContent/1/64/21332/Egypt/Politics-/Egyptian-steel-tycoon-Ezz-sentenced-to--years-and-.aspx>.

Ezz was a senior official in Mubarak's NDP.²¹

39. To many Egyptians Ezz personified more than anyone else the political and economic corruption of Mubarak's regime from which a select few benefited while most suffered grueling economic conditions. Mubarak and his cronies justified the deals that made Ezz a multi-millionaire because he was treasurer of the NDP, which he founded. So, the economy and the public were largely abused for the personal benefit of one man who in part funded the party of corruption.

6.2 Rachid Mohamed Rachid (individually)

40. Rachid received three sentences *in absentia*, with a cumulative jail time of 35 years. He left the country before Mubarak's fall but has maintained that he did nothing wrong. The State-owned newspaper Al Ahram reported earlier that the Ministry of Interior had located Rachid in Qatar and was seeking his extradition. Other reports indicated that Rachid was living in the United Kingdom.
41. In June 2011, Rachid was sentenced *in absentia* to five years in jail after being convicted of profiteering and squandering public funds. He was also ordered to pay EGP 18.8 million. The court decision came after accusations that Rachid ordered, in his capacity as Chairman of the Export Development Fund (EDF), the extension of a program that supported exports of the food industry, and agreed to add two more programs for supporting exports of the cosmetics and chemicals industry.²² According to these programs, companies, including five in which he held shares, received funding from the EDF.
42. A month later, Rachid was sentenced *in absentia* to five years imprisonment along with business executives Ayman Nadeem and Helmi Abu al-Aish for misusing public funds of the Industrial Modernisation Centre—a body run by the Egyptian government. Rachid was fined EGP 4 million. The court sentenced Nadeem to 5 years imprisonment and a fine of EGP 2 million as well as reimbursing another EGP 2 million to the State. Helmi Abu al-Aish was handed a one-year suspended term and reimbursing EGP 12 million.²³

6.3 Ahmed Ezz (individually)

²¹ "Egypt Sentences Steel Magnate Ezz to 10 Years, ex-Minister Rachid to 15 Years," Al Arabiya, available at <http://www.alarabiya.net/articles/2011/09/15/167002.html>.

²² Al Dostor, available at <http://www.dostor.org/crime/11/march/27/38968>.

²³ British Broadcasting Corporation, available at http://www.bbc.co.uk/arabic/middleeast/2011/07/110705_egypt_exministers.shtml.

43. Ahmed Ezz was recently referred to trial in a second case by the State Security Prosecution over charges of money laundering. A Cairo criminal court adjourned the case to May 6, 2012.²⁴ The Public Prosecution indicted Ezz for laundering nearly EGP 4.8 billion which he had gained during the period from 2002 to 2011 and which were the proceeds of profiteering and squandering public funds.
44. The investigations have revealed that Ezz established a number of companies with his wife and children and deposited laundered money into these companies' accounts. He made transfers of such funds to the bank account of the Ezz Group, and then converted some of that money to US dollars. He used the money to buy a private jet in England, and then deposited the remaining funds in Swiss and German banks under his wife's and children's names.²⁵

7. HABEEB AL-ADLY

45. Mubarak's notorious Minister of Interior, Habeeb al-Adly, faced charges of profiteering and money laundering before a Cairo criminal court. His assets were ordered frozen by a court order. He is estimated to have amassed a fortune of \$1.2 billion. He pleaded not guilty to corruption charges on March 5, 2011, answering questions by the judge on whether he had illegally profited from his government position



**Habeeb al-Adly,
former Minister of Interior**

or laundered money. The charges read by the prosecutor revolved around a piece of land controlled by the Ministry of Interior. Prosecutors said the former Minister of Interior had sold the piece of land to a private contractor working for the ministry. Prosecutors also found money in al-Adly's bank account that the government said did not belong there.²⁶ These charges involved a total of about \$1.6 million.²⁷

²⁴ Al Shorouk, *available at* <http://shorouknews.com/news/view.aspx?cdate=03032012&id=f6281f61-db28-4d8f-8d69-f29fa904e9eb>.

²⁵ Masrawy, *available at* <http://www.masrawy.com/news/egypt/politics/2012/April/1/4912253.aspx>.

²⁶ Neil MacFarquhar, "Ex-Security Chief Hauled to Court as Egyptians Storm His Compound," *The New York Times*, *available at* <http://www.nytimes.com/2011/03/06/world/middleeast/06egypt.html>.

²⁷ *Id.*

46. On May, 5, 2011, al-Adly was found guilty of money laundering and profiteering, and was sentenced to 12 years in prison.²⁸ The court sentenced Habeeb al-Adly to seven years in prison for profiteering and five years for money laundering. The former minister was also fined approximately EGP 15 million (\$2.5 million),²⁹ and the court ordered the confiscation of his assets.³⁰
47. Al-Adly still faces a trial and a possible death penalty along with Mubarak for ordering police to use live ammunition on protesters during the revolution in January 2011.

8. ANAS AL-FEKI AND OSAMA AL-SHEIKH

48. An Egyptian court sentenced former Minister of Information Anas al-Feki to seven years in prison for squandering public wealth from the State Radio and Television Union. The court also sentenced Osama al-Sheikh, the former head of the Union, to five years on the same charges. Al-Sheikh had been cleared in a previous corruption case and his family and supporters had expected him to be released.³¹ Prosecutors charged al-Feki with granting broadcasting rights to Egypt's premier football league in 2009, 2010 and 2011 to private satellite channels free of charge, causing the State to incur EGP 1.89 million in losses. The court found al-Sheikh guilty of squandering EGP 19 million in public funds, for purchasing and airing 10 soap operas in 2009 at inflated prices without approval from the specialized evaluation and pricing panels.³²



Osama Al-Sheikh, former head of the State Radio and Television Union (l), and Anas Al-Feki, former Minister of Information (r)

²⁸ "Egypt ex-Minister Habib al-Adly Jailed for 12 Years," British Broadcasting Corporation, *available at* <http://www.bbc.co.uk/news/world-africa-13292322>

²⁹ *Id.*

³⁰ Daniel Finnan, "Cairo Court Orders Former Interior Minister Adly's Assets Seized," RFI, *available at* <http://www.english.rfi.fr/africa/20110217-cairo-court-orders-former-interior-minister-adlys-assets-be-seized>.

³¹ "Egypt Jails Former Information Minister for 7 Years and Top TV Official for 5 Years, Al Arabiya, *available at* <http://www.alarabiya.net/articles/2011/09/28/169130.html>.

³² "Chaos as Hosni Mubarak's Man Osama El-Sheikh Jailed," The Australian, *available at* <http://www.theaustralian.com.au/news/world/chaos-as-hosni-mubaraks-man-osama-el-sheikh-jailed/story-e6frg6so-1226150459011>

49. In July 2011, al-Feki was acquitted in a second case on charges of squandering public funds on political propaganda for Egypt’s former ruling NDP.³³

9. ZOHAIK GARANA

50. A criminal court in Cairo sentenced businessman and former Minister of Tourism, Zohair Garana, to five years in prison after he was found guilty of corruption and violating auction laws when he sold land on the Red Sea coast.³⁴ Garana was referred to court along with businessmen Hesham al-Hazek and Hussein al-Segwani. Prosecutors accused Garana of violating the procedures required by law for the sale of land. The court found that Garana sold 5 million square meters of land to al-Hazek, and 300 million square meters to al-Segwani at approximately \$1 per square meter. The defendants were found guilty of wasting public funds worth \$51 million.



**Zohair Garana,
Former Minister of Tourism**

51. Defense attorneys said that Mubarak, former Prime Minister Ahmed Nazif and other government officials should have been summoned and charged in the case, accusing them of involvement in the land sale. Garana’s attorney added that the former tourism minister was not solely responsible for the decisions, which had been unanimously approved by the Tourism Development Authority’s board of directors with Nazif and Mubarak’s knowledge.³⁵
52. In another case, a Cairo criminal court sentenced Garana to three years in prison after he was found guilty of issuing licenses to tourism companies, despite being stripped of that authority and banned from doing so. He was, however, found not guilty of causing deliberate damage to others’ interests, another charge he faced. The financial assets of Garana’s family were frozen for months pending

³³ “Court Sentences 2 Former Regime Officials to Prison,” Egypt Independent, *available at* <http://www.egyptindependent.com/node/500164>.

³⁴ “Former Tourism Minister Garana Sentenced to 5 Years,” Al Ahram, *available at* <http://english.ahram.org.eg/NewsContent/1/64/11780/Egypt/Politics-/Former-tourism-minister-Garana-sentenced-to--years.aspx>.

³⁵ Fatma Abo Shanab, “Former Tourism Minister Sentenced to 5 years for Corruption,” Egypt Independent, *available at* <http://www.egyptindependent.com/node/431265>.

investigations into further accusations against them of illicit profiteering, but the decision was revoked midway through August.³⁶

10. AMIN ABAZA

53. An investigating judge referred Amin Abaza, former Minister of Agriculture, and Amr Mansy, Chairman of *Baraem Misr*—an agricultural services company—and former Workers’ Secretary of the dissolved NDP, to criminal court for accusations of profiteering from selling State-owned land in Sinai and squandering public funds. Both defendants have been remanded to custody pending investigations.

54. Abaza faces charges of squandering public money and helping businessmen profit illegally by selling 11,500 acres of State-owned land in al-Ismailia governorate at very low prices. Abaza is alleged to have violated the law prohibiting the sale of land in certain areas of the country. News outlets report that



Amin Abaza, former Minister of Agriculture

Mansy is accused of seizing State-owned land and later selling them to foreigners in a manner which endangers Egyptian national security. Prosecutors accuse Abaza, Mansy and another businessman, Mohamed Abul Enein, of seizing State-owned land at low prices and abusing Abaza’s powers as minister to approve the land contracts. However, Mansy is accused of seizing State lands by direct sale, which violates a law that requires the sale of land in Sinai by usufruct, and not direct sale. The trial was adjourned until April 4, 2012.

55. In February 2011, the Prosecutor-General froze the assets of Abaza, his wife and three children; Abul Enein and his son; and Mansy and his wife.³⁷ Mr. Abul Enein still faces trial in what the media came to call as the “Camel Battle” case before a Cairo criminal court and which is scheduled to resume on April 8, 2012.

11. AHMED AL-MAGHRABY

³⁶ “Former Egyptian Tourism Minister Garana Gets Three Additional Years in Prison,” Al Ahram, available at <http://english.ahram.org.eg/NewsContent/1/64/21557/Egypt/Politics-/Former-Egyptian-tourism-minister-Garana-gets-three.aspx>.

³⁷ “Authorities Arrest Businessman Accused in Corruption Case,” Egypt Independent, available at <http://www.egyptindependent.com/node/484325>.

56. The Public Prosecution referred former Housing Minister Ahmed al-Maghraby and businessman Mounir Ghabbour to court following complaints that Ghabbour's *Sakkara Tourism Investment Company* unlawfully acquired 18 acres of land. The land was adjacent to other plots of land controlled by his company and obtained from New Urban Communities Authority (NUCA). According to the investigations, al-Maghrabi allowed the company to buy the land at lower than market value. The investigations also revealed that following al-Maghrabi's instruction, NUCA paid nearly half of the cost of redirecting power lines passing through the plot of land, saving Ghabbour nearly EGP 72 million.³⁸



**Ahmed Al-Maghraby,
Former Housing Minister**

57. The court found al-Maghraby guilty of squandering public money and facilitating the acquisition of State-owned land, and sentenced him to five years behind bars. Al-Maghrabi was also ordered to pay a \$12 million fine.³⁹ The court gave the second defendant in the case, businessman Mounir Ghabbour, a one-year suspended sentence. The court slapped al-Maghrabi and Ghabbour with a EGP 144 million fine, which they must pay to the State.

12. ATEF EBEID AND YOUSSEF WALI

58. Egypt began in October 2011 the trial of former Prime Minister Atef Ebeid, who was arrested earlier in July 2011, and other officials accused of illegally selling the island of *al-Bayadeyya*, which lies near the major tourist center of Luxor in Upper Egypt and which covers about 36 acres, to a businessman close to deposed President Hosni Mubarak. Ebeid, prime minister from 1999 to 2004, was charged along with former Minister of Agriculture Youssef Wali and three others with selling the island to Egyptian businessman



**Atef Ebeid,
Former Prime Minister**

³⁸ "Court Sentences Former Housing Minister to 5 years in Prison," Egypt Independent, *available at* <http://www.egyptindependent.com/node/452703>.

³⁹ "Egyptian Court Sentences ex-Housing Minister to 5 years in Prison," Cable News Network, *available at* http://articles.cnn.com/2011-05-27/world/egypt.revolution.sentence_1_ahmed-maghrabi-cairo-s-tahrir-square-hosni-mubarak?_s=PM:WORLD.

Hussein Salem, who is being tried *in absentia*. All five officials denied the charges.⁴⁰

59. The court sentenced former Prime Minister Atef Ebeid and former Agriculture Minister Youssef Wali to 10 years in prison for the sale of a protected natural reserve to Hussein Salem for only EGP 9 million, thereby squandering more than EGP 700 million of public funds. The court also sentenced Ahmed Abdel Fattah, Wali's former legal advisor, and Hussein Salem to 15 years in prison. The former director of the Agriculture Ministry's State property, Saeed Abdel Fattah, was sentenced to three years. The court ordered the defendants to reimburse EGP 796 million, the value of the squandered funds, in addition to an equal amount in fines.⁴¹



**Youssef Wali,
Former Minister of Agriculture**

60. On another note, the Prosecutor-General's Office for Public Funds is still holding investigations over alleged violations in the privatization process of more than 329 State-owned companies. Mr. Ebeid is involved in these investigations, particularly in his role in the selling of *Tanta Linen Company* which caused the wasting of millions of Egyptian Pounds.⁴²

13. MOHAMED IBRAHIM SULEIMAN ET AL.

61. Egyptian authorities detained former Housing Minister Mohamed Ibrahim Suleiman in April 2011 on charges that he sold millions of acres of State-owned land to his family members and businessmen at well below their true value. Suleiman, who was summoned for interrogation, failed to turn up at the Public



**Mohamed Ibrahim Suleiman,
former Housing Minister**

Funds Prosecution which then issued an arrest

⁴⁰ Moamed Abdellah, "Egypt Begins Trial of Former Prime Minister Ebeid," The Daily News Egypt, available at <http://www.thedailynewsegypt.com/crime-a-accidents/egypt-begins-trial-of-former-prime-minister-ebeid-dp2.html>.

⁴¹ "Former Ministers Sentenced to 10 Years in Corruption Case," Al Masry Al Youm, available at <http://www.almasryalyoum.com/node/690026>.

⁴² Al Masry Al Youm, available at <http://www.almasry-alyoum.com/article2.aspx?ArticleID=295289>.

warrant. Suleiman was arrested at his New Cairo villa without any resistance. Egypt's Prosecutor General referred Suleiman and fugitive businessman Magdi Rasekh, Chairman of the *Sixth of October Development and Investment Company* and Alaa Mubarak's father-in-law, as well as four other officials of the Housing Ministry to criminal trial. The prosecution charged Suleiman and Rasekh with profiteering and willful mismanagement of public funds. Suleiman and some of his subordinates are accused of covering up violations allegedly committed by Rasekh, in relation to 2,550 acres of land he was allocated in Sheikh Zayed. Prosecutors say Rasekh breached financial commitments stated in the land contract, a violation which should have led the State to terminate his contract and reclaim the land. But Suleiman and his deputies only recovered 885 acres allowing Rasekh to generate EGP 907.7 million in profits—as well as another EGP 81 million after the businessman sold 1 million square meters of the land, violating State regulations. The statement added that Rasekh was exempted from comprehensive development fees amounting to EGP 13.8 million, fees which other companies that purchased State land were forced to pay.⁴³

62. Mr. Suleiman is also involved in another corruption case along with two businessmen, Yahya al-Komi and Emad al-Hazek. The Egyptian Public Prosecution referred the former Housing Minister and the two businessmen to a criminal court on charges of corruption and misappropriating public funds. According to the statement of charges, Suleiman, al-Komi and al-Hazek, illegally made a profit of EGP 37 million through the abuse of Suleiman's influence as a government official. According to a statement from the Prosecution, investigations revealed that Suleiman had "abused his authority by agreeing to the allocation of three plots of residential land in exclusive areas of New Cairo City to his son, wife and daughter."⁴⁴ Suleiman is accused of exceeding the permitted amount of land allocated for one family, having previously allocated land in the same region to his wife and children. It is alleged that he intended to illegally profit approximately EGP 14 million for himself and his family. The investigations also revealed that Suleiman agreed to "requests made by the two defendants, Yahya al-Komi and Emad al-Hazek, and a third deceased defendant, Ibrahim Wagdy Karrar, to illegally allocate residential plots of land to them and their families in exclusive areas of New Cairo City."⁴⁵ The statement added that

⁴³ Heba Fahmy, "Ex-Housing Minister's Trial Adjourned to Sept. 24," *The Daily News Egypt*, available at <http://www.thedailynewsegypt.com/ex-housing-ministers-trial-adjourned-to-sept-24.html>.

⁴⁴ "Ex-Housing Minister Referred to Criminal Court for Second Time," *Al Masry Al Youm*, available at <http://www.almasryalyoum.com/node/468750>.

⁴⁵ *Id.*

- Suleiman “had previously allocated residential lands in the same region to those mentioned with the intention of enabling them to illegally make profits of EGP 23,861,000 from this land.”⁴⁶
63. According to the statement, a number of complaints have also been made against Suleiman related to investment projects for a number of companies. The statement said that prosecutors are still investigating these complaints.⁴⁷ Suleiman has been sentenced by a Cairo criminal court to a total of 8 years behind bars and more than EGP 1 billion in fines in both cases, and sentenced Mr. Rasekh *in absentia* to 5 years imprisonment. The court also sentenced one of the three officials of the Housing Ministry to one year in prison, while handed the remaining three officials one-year suspended sentences. In the second case, the court handed businessmen Yahya al-Komi and Emad al-Hazek one-year suspended sentences.
64. On another note, investigations in the money laundering case against Mohamed Ibrahim Suleiman revealed that in 2007 a company he registered abroad received a transfer of \$7 million from business tycoon Hesham Talaat Mostafa, who has recently received a final sentence of 15 years in prison after being found guilty as an accessory to the murder of Lebanese singer Suzanne Tamim 4 years ago in Dubai. Suleiman said that the company was established after he left office, and that the transfer was in return for a plot of land Mostafa had bought. Mostafa said he asked Suleiman to intervene because he felt the price of the land he wanted to annex to his hotel was too high. Mostafa said that Suleiman had asked for that money as a commission and promised not to raise the price more than \$150 million. Suleiman then managed to convince the owner of the land, Nasser Abdel Latif, to sell it for \$110 million.⁴⁸
65. Finally, in investigations into his fortune, the former Housing Minister confessed to owning an apartment in Paris and holding the equivalent of EGP 30 million in a European bank account.⁴⁹

14. AHMED NAZIF

⁴⁶ *Id.*

⁴⁷ “Ex-Housing Minister Referred to Criminal Court for Second Time,” Egypt Independent, *available at* <http://www.egyptindependent.com/node/468750>.

⁴⁸ Ahmed Shalaby, “Investigations Reveal Money Laundering by Mubarak-Era Housing Minister,” Egypt Independent, *available at* <http://www.egyptindependent.com/node/627241>.

⁴⁹ “Mubarak Regime Stalwarts Confess to Corrupt Business Dealings,” Egypt Independent, *available at* <http://www.egyptindependent.com/node/465460>.



66. Egypt's former Prime Minister Ahmed Nazif, the former Minister of Interior Habeeb al-Adly and the former Finance Minister Youssed Boutros-Ghali were referred to court for profiteering and squandering EGP 92 million in public funds. The case relates to irregularities in the procurement of vehicle license plates in a deal with a German businessman. They are accused of granting him a contract to sell license plates in Egypt without opening up the deal to competitive bidding. The German businessman is also charged with corruption in the case.⁵⁰

**Ahmed Nazif,
Former Prime Minister**

67. The court sentenced Nazif to a one-year suspended jail term. Al-Adly was handed a five-year term, while Boutros-Ghali received 10 years. This was the first conviction to result in a jail term for Nazif, who was highly regarded by many investors for driving market liberalization measures that helped boost economic growth to about an annual 7 percent before the global financial crisis. Boutros-Ghali and al-Adly were fined EGP 100 million.

15. MOHAMED A^cAHDI FADLI & HANI KAMEL

68. Mohamed A^cahdi Fadli, former Chairman of *Akhbar Al Youm* news corporation, and Hani Kamel, General Manager of Advertising at *Akhbar Al Youm*, are currently standing trial over charges of abusing their offices and illicitly gaining more than EGP 21 million. Fadli is accused of allowing Kamel to keep his position at *Akhbar Al Youm* in spite of reaching the age of retirement in violation of the law. Fadli also ignored a decision by an Administrative Court that Kamel's assumption of office was illegal. By keeping Kamel in his position, both defendants allegedly squandered EGP 21 million of the corporation's funds. A decision has not been reached yet in their case.

16. HESHAM TALAAT MOUSTAFA

69. Businessman and real estate developer Hesham Talaat Mostafa, who was sentenced to 15 years in prison for his part in the murder of Lebanese singer Suzanne Tamim, confessed to selling housing units in the *Madinaty* land project at below market prices to both Alaa and Gamal Mubarak, sons of ousted President Hosni Mubarak. He said the sale came as part of the project's marketing policy.⁵¹ An investigation is still ongoing into the case.

⁵⁰ Sarah El Deeb, "Egypt's Ex-Premier Charged With Corruption," ABC News, *available at* <http://abcnews.go.com/International/wireStory?id=13394824#.T3ff1tWKmZF>.

⁵¹ "Mubarak Regime Stalwarts Confess to Corrupt Business Dealings," Egypt Independent, *available at* <http://www.egyptindependent.com/node/465460>.

17. ADMINISTRATIVE COURT DECISION

70. An administrative court fined former President Hosni Mubarak, former Prime Minister Ahmed Nazif and former Minister of Interior Habeeb al-Adly a total of EGP 540 million in May 2011 for ordering the cutting of mobile and internet services in several Egyptian cities during the uprising in January 2011.⁵² The cutting of communication services started on the eve of Friday, January 28, 2011 (known as the “Friday of Anger”) after the Ministry of Interior anticipated widespread protests to hit Egyptian streets that day. According to licenses granted to mobile service providers, the Ministry of Interior reserves the right to order the cutting of mobile phone services for national security purposes. The cutting of communications was one way to hinder protesters’ organizational capabilities, but failed to yield any success in preventing protestors from overcoming security forces and occupying Tahrir Square, until the overthrow of Mubarak’s regime 18 days later on Friday, February 11, 2011.

18. PROPOSALS FOR AMNESTY FOR FINANCIAL AND POLITICAL CORRUPTION

71. The Supreme Council of Armed Forces (SCAF) issued Decree-law No. 4/2012 on January 3, 2012 which allows investors who are accused or convicted of corruption charges to settle with the government. The Decree-law was pushed only 3 weeks before the Parliament was seated and has drawn significant criticism especially from civil society organizations. An Indian investor was the first to benefit from the application of the Decree Law last month.⁵³
72. The Decree-law added two articles to the “Guarantees and Incentives of Investment Law” No. 8/1997 which allow the General Authority for Investment (which is the principal governmental body entrusted with the promotion of investments in Egypt) to settle with investors who are charged with or convicted of financial corruption charges under Articles 112-119 of the Criminal Code at any stage of their criminal trial and even after a preliminary judgment is made, as long as a final judgment was not delivered on the case.⁵⁴ This Decree-law applies

⁵² “Egypt’s ex-PM, Ministers Convicted in Graft Case,” Reuters, *available at* <http://af.reuters.com/article/topNews/idAFJ0E76B0LX20110712>.

⁵³ El Badil, *available at* <http://elbadil.net/%D8%A7%D9%84%D9%85%D8%B1%D9%83%D8%B2-%D8%A7%D9%84%D9%85%D8%B5%D8%B1%D9%89-%D8%A7%D9%84%D8%AC%D9%86%D8%B2%D9%88%D8%B1%D9%8A-%D9%8A%D8%A3%D9%85%D8%B1-%D8%A8%D8%A7%D9%84%D8%AA%D8%B5%D8%A7%D9%84/>.

⁵⁴ Under Egyptian law, a final judgment in a felony is the one which comes after the exhaustion of all appeals before the Court of Cassation (Egypt’s Supreme Court) which may review the outcome of a criminal trial for a maximum of two times.

to virtually all businessmen convicted of corruption and squandering public funds over the past year.⁵⁵ The law was passed unnoticed and did not come to the attention of Parliament directly after its convention despite the serious consequences it brings on issues like the recovery of squandered funds, dismantling networks of corruption, combating the practice of wasting public funds as well as other issues that concern the privatization and distribution of State-owned land during Mubarak's era.⁵⁶ As such, the law vitiates the core purposes of the Revolution which demand political and social reform.

73. The law has also been criticized because it allows a settlement to be reached if the investor repatriated the stolen funds and/or assets, or their market value at the time of the perpetration of the crime and not when the settlement is reached. This provision gives the investor an unjustifiable benefit because it spares him any increase in the value of the squandered property since the perpetration of the crime and until the conclusion of the settlement as well as any due interests, while the investor may have reaped the fruits of the squandered property during that period.
74. In the aftermath of this law, the government received offers from convicted figures of the former regime to make such settlements. Their offers have spurred heated debates among political and legal experts. These offers—particularly from Ahmed Ezz and Ahmed al-Maghraby—were announced by Finance Minister Momtaz al-Saeed in a press conference on March 13, 2012.⁵⁷ Another offer was made by fugitive businessman Hussein Salem. Experts remain divided over the best course of action in dealing with these proposals, and many believe that the people will not easily accept settlements with notorious figures of the Mubarak regime which have corrupted Egypt for years. The Parliament is expected to enter some amendments to the Guarantees and Incentives of Investment Law to avoid some of the criticism leveled against it, without ruling out the possibility of settling with investors altogether on the grounds that the national economy is in

⁵⁵ Egyptian Initiative for Personal Rights, *available at* <http://eipr.org/blog/post/2012/03/19/1394>, Al Shorouk, *available at* <http://shorouknews.com/columns/view.aspx?cdate=17032012&id=c38051a8-832c-482e-b459-df182763024d>.

⁵⁶ *Id.*

⁵⁷ Heba Fahmy, *Experts Divided Over Settling with Defendants in Corruption Cases*, The Daily News Egypt, *available at* <http://thedailynewsegypt.com/egypt/experts-divided-over-settling-with-defendants-in-corruption-cases.html>.

bad shape and needs “every dollar” as mentioned by one MP while commenting on the Parliament’s forthcoming amendments.⁵⁸

75. However, a recent poll which surveyed the opinion of more than 20,000 people showed that more than 69% accepted granting amnesty to officials of the former regime in return for the retrieval of stolen funds.⁵⁹ This settlement has been justified in light of Egypt's bleak economic outlook which is threatening its security and stability. It also comes after most Egyptians realized that the high hopes they once held in the wake of the Revolution for the repatriation of squandered funds located abroad—and which many thought would directly affect their bank accounts—have dissipated. Many Egyptians now believe it is in the country's best interest to retrieve these funds irrespective of whether these officials are put behind bars. It is worth noting that this suggestion has been propagated in Egyptian media for a while. Although this view may be tenable from a purely economic perspective, it has serious implications on the upholding of the rule of law. Granting amnesty to these officials would not be the best example to set for a nascent democracy and would seriously undermine the efforts to entrench accountability and clean government.
76. In another surprising development, a number of MPs from Islamist parties (primarily the Muslim Brotherhood’s Freedom and Justice Party and the hardline al-Nour Party) as well as liberal al-Wafd party have come forward with a draft law which offers full amnesty for political—and not financial—crimes perpetrated during the Mubarak era. However, a senior FJP member denied that the proposal would allow amnesty to any of the officials of the former regime.⁶⁰ The proposed law has been referred to the Parliament’s Proposals and Complaints Committee and is still under review. What this proposal seeks to accomplish in

⁵⁸ Al Borsa, *available at*

<http://www.alborsanews.com/%D8%A7%D9%84%D8%A7%D8%AE%D8%A8%D8%A7%D8%B1/tabid/124/articleType/ArticleView/articleId/22369/---.aspx>.

⁵⁹ Al Fagr, *available at*

http://www.elfagr.org/index.php?option=com_content&view=article&id=149974:69-%D9%85%D9%86-%D9%82%D8%B1%D8%A7%D8%A1-%D8%A7%D9%84%D9%81%D8%AC%D8%B1-%D9%8A%D9%88%D8%A7%D9%81%D9%82%D9%88%D9%86-%D8%B9%D9%84%D9%89-%D8%A7%D9%84%D8%B9%D9%81%D9%88-%D8%B9%D9%86-%D8%B1%D9%85%D9%88%D8%B2-%D8%A7%D9%84%D9%86%D8%B8%D8%A7%D9%85-%D8%A7%D9%84%D8%B3%D8%A7%D8%A8%D9%82-%D9%85%D9%82%D8%A7%D8%A8%D9%84-%D8%B1%D8%AF-%D8%A7%D9%84%D8%A3%D9%85%D9%88%D8%A7%D9%84-%D9%84%D9%84%D8%AF%D9%88%D9%84%D8%A9&catid=1:%D8%A3%D8%AE%D8%A8%D8%A7%D8%B1-%D9%85%D8%B5%D8%B1&Itemid=51.

⁶⁰ Al Shorouk, *available at* <http://www.shorouknews.com/news/view.aspx?id=1d9a802d-b2e5-46a3-99d7-eb731f75517f>.

particular, and how it may overlap with the abovementioned law granting amnesty for financial corruption, remains unclear.

B. Assessment

77. Some of the cases brought to trial were selected for obvious political reasons, including the former president and members of his family and staff. Others however, were selected because of their notoriety. But the charges brought against them did not include that which was publicly known about the many allegations of corruption and abuse of power that the media had reported over the years. The reader should bear in mind that former President Mubarak was so secure in his power and the control that the army and police exercised over the people so great that he conceded a certain amount of political freedom including freedom to opposition media. These sources reported consistently on the misdeeds of the regime and the corruption of those who were a part of it. In a perverse way it was this absolute certainty that Mubarak and those who were a part of his power system had nothing to worry about from any internal source, which included a total disdain of the people, that allowed a certain amount of political freedom to exist. This in turn led to the dissemination of information of many political and economic scandals. It was almost as if the Mubarak oligarchy flaunted their abuses without concern for how much was publicly known of their corruption. Thus anyone could have gone through publicly available sources of information to discover a multitude of publicly reported corrupt deals, allegations of bribes, and government manipulations to the benefit of a few to draw a substantially long list of charges against those persons who were actually charged. More importantly, that list of persons would have included many more than those presently charged. One can easily estimate the number of well-known personalities in the private and public sectors who collaborated in the openly and notoriously known cases of abuses of power and corruption, which could hardly be labeled as anything but institutionalized corruption and who could have been brought up on charges. The question that many ask is why so few and why the charges in connection with each one are so limited and pertain to relatively minor abuses when so much more is either known or alleged but has remained outside the realm of investigation and prosecution.
78. More importantly, questions arise as to why charges were not brought against groups of individuals who collectively have made it possible for laws to be passed in a way that allowed certain governmental agencies' discretionary powers to be manipulated in favor of achieving corruption outcomes. There is no doubt that the edifice of corruption was an extraordinarily well crafted piece of architecture where law, administrative regulations, administrative agencies and government

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- boards were all placed in a way so as to produce corrupt outcomes that had the appearance of legality. There is probably no other country in modern history where institutional corruption was so well planned and so effectively carried out in such an open and notorious manner.
79. Examples abound. A few examples will follow to give the reader an idea of the architecture of institutionalized corruption in Egypt.
 80. Ahmed Ezz, who is mentioned above, received on two different occasions monopolistic concessions from the Government on cement and steel. Within days of each one of these concessions, the respective prices of cement and steel quadrupled and within a relatively short period of time went far beyond that. Ezz had a monopoly on cement and steel and thus he effectively controlled all construction projects in the country. Millions in profits poured in. In turn, he used some of these profits to fund the candidacies of members of the NDP as well as the activities of the party, thus providing support for the party and its members who in turn used their power and influence to further their own corrupt ends. The NDP and Ezz were the power base underpinning Gamal Mubarak's campaign to succeed his father as president.
 81. Hussein Salem, also mentioned above, was never charged with an estimated \$17 million he absconded with from a concession he had obtained to transport military equipment from the U.S. to Egypt. He was charged and convicted in the U.S. of the crime of overcharging the U.S. Government for the cost of transportation of U.S. military aid to Egypt. The stories published about him in the Washington Post in 1983 were that he was part of a group of senior officials who had access to these funds. He then used these funds to do projects in Egypt, particularly the famous Sharm Al Sheikh resort where Mubarak held many summit meetings. The land on which he built the hotel complex was given to him at a nominal price by the Investment Authority plus many concessions that made this extraordinary project succeed, the least of which is not the extent of beach front property that it had. At the time, it was also publicly reported that Alaa Mubarak, the former President's son, had received 19% of the shares for that project. Why Hussein Salem was not charged with any of this is a mystery. The same goes for the concession he received to extract natural gas from the Sinai and sell it to Israel by using an existing pipeline that was made part of the concession. No one knows how many millions of Egyptian Pounds in illegitimate profit have been made, but of particular note is the fact that his company was selling Egyptian gas to Israel at a price below the international market rate. If that was a gift to Israel, then surely the Egyptian people have good reasons to ask why. On the other hand, if it was a way of concealing profits so that Salem and his group of investors would reap

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- unreported profits, that would constitute a crime, not only in Egypt, but in the countries of the project's investors.
82. The “U-turn” operations described above involved bank loans based on inflated valuations of assets and concessions given by the Government in a clearly abusive way. Some of these loans were then covered by Central Bank guarantees. All of that could not have place without the connivance or at least a concert of action of those in charge of the Central Bank, the Investment Authority, and two well-known individuals: former minister Youssef Boutros-Ghali, who is mentioned above but never charged for any serious crime, and the former president of the National Association of Banks, who was never charged but whose role in all of these banking operations was notorious. Suffice it to recall that he made the international press when he was a guest on the Sultan of Brunei's private plane and was found to have pilfered one or more pieces of the table setting, which was in gold. He was never charged by Brunei for “kleptomania”, but he was asked to return the objects found in his pocket
 83. The institutions mentioned above, mainly the Central Bank, the Investment Authority, the Ministry of the Treasury, the Association of Banks, all conspired and certainly worked together under the guise that they were encouraging foreign investments for the benefit of the country to ensure the maximum profitability of certain projects that were owned and sponsored by the oligarchs of the Mubarak regime and their cronies. One way in which they made sure these abusive practices went undetected is by not keeping statistics or records that could lead to an understanding of the macro nature of this institutionalized corruption. For example, there were no records of how long foreign investments remained in Egypt before they were repatriated. There were no correlations between foreign investments and loans made to these and other domestic projects, and last but not least there was no record of the individuals involved so as to link them with the ruling oligarchy.
 84. Another extraordinary case was the “public” sale of a publicly held bank, the Bank of Alexandria, which actually took place in a very private and controlled environment. The sale was reported at \$2 billion. Within 48 hours, it was resold for \$4 billion. All the bank's liabilities are reported to have been covered by a guarantee from the Central Bank, which explains the case of the resale. The original buyers were oligarchs who were well connected with the Mubarak presidency and members of his family. The buyers included a group of foreign banks. This information was publicly disseminated. Neither the Central Bank nor the Government disclosed information about the transaction.

85. Finally, it is well known that one of the prevailing patterns of corruption is for persons close the Mubarak regime and government to provide concessions and benefits to members of their family. This includes obtaining government land at nominal prices, building permits which are not otherwise available and other regulatory variances all of which would have a significant impact on the value of certain projects. No one so far has been charged with these types of crimes, which have been carried out in an open ended and notorious way. Suffice it to look at the wealth of hundreds of family members of those close to the Mubarak power structure to see how a nation's wealth can be stolen in an open and notorious way with all of the appearances of legality.
86. These are only some assessments that can be drawn out of the recent few cases of corruption brought to trial so far

C. Conclusion

87. The persons brought to trial were narrowly selected from a much larger potential pool, and the charges brought against them were limited. They did not include publicly known corrupt events that could have been added to the charges. These cases were hastily investigated, presumably, due to the public demands for immediate action. But it could also be interpreted, as some in the media have done, to be a way of placating the demands of public opinion without stirring the corruption pot too much.
88. The same reasoning applies to the large number of persons who could have been brought to trial on corruption and abuse of power charges, but who were not even investigated. Some of them consisted of relatively petty abuses, but which became quite notorious. That was the case of the last minister of Justice under Mubarak, Mandouh Marei, against whom 58 complaints were reportedly filed. Marei was known to be a bully of judges and used his influence to curtail judicial independence. He was reported to have intervened in a particular case involving an inheritance in order to “buy” an apartment for a member of his family at a price estimated to be many times below the actual value of the apartment. When compared with the incidents identified above, this was a petty matter in the larger scheme of affairs in Egypt, but for a minister of Justice to abuse the processes of justice and to infringe on the independence of the judiciary for such a matter is unconscionable. It is this type of example that the Egyptian people remember most and feel most aggrieved by, particularly when such persons evade accountability.

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89. Most of the cases described above will be decided in June, which is a period in which the final rounds of the new presidential elections will take place. No one knows why this coincidence is occurring or what the political background may be. Surely, with respect to former president Mubarak and members of family, there are obvious political considerations.
90. A question arises with many jurists in Egypt concerning the charges brought and whether the evidence presented in court in many of these cases can sustain a conviction. This will place the judges in a difficult position if they are to act conscientiously in applying the law. They may find many of these persons innocent of the charges brought against them. Alternatively, they may respond to the pressures of public opinion and convict persons who on a technical legal basis should not be convicted of the crimes charged based on the evidence presented.
91. It is clear that the outcome of these trials will not satisfy the public, and it is feared that a backlash against the judiciary will occur. Already the integrity and independence of the judiciary is being questioned by many sectors of the Egyptian public.
92. These trials do not scratch the surface of Egypt's institutionalized corruption under the Mubarak presidency. The body politic and public opinion will demand a more serious effort in going after corrupt individuals. The danger is likely to be that demands for such trials shall constrain judicial processes and reduce the rights of the defendants. That type of response to addressing institutionalized corruption would have serious harmful effects on the Rule of Law in Egypt.