



Special report

The shape of power under King Salman

This collection of 24 articles highlights Gulf States Newsletter's coverage of King Salman Bin Abdelaziz's reign, *starting with the significant changes made to government* with the disbanding of the supreme councils and creation of the Council of Economic and Development Affairs and Council of Political and Security Affairs in January 2015. *The removal of then Crown Prince Miqrin in April 2015* accelerated the rise of the king's ambitious son Mohammed Bin Salman, now known worldwide simply as MBS, to the position of deputy crown prince.

Later in 2015, GSN talked of a *"coming putsch"* to side-line then Crown Prince Mohammed Bin Nayef (MBN) in MBS's favour – *this move eventually occurred* in June 2017. This bundle of articles also covers the series of important reshuffles and appointments made *in 2017, 2019 and 2020*. In these changes, more than 30 often younger generation Al-Saud received

positions of authority in a system that had not traditionally favoured youth.

GSN's extensive coverage of recent anti-corruption crackdowns and political purges – an important element of MBS' appeal among some sections of the Saudi population – is highlighted by analysis of the November 2017 *'Ritz-Carlton' crackdown* and more *recent campaigns* that have targeted graft and side-lined potential opponents.

MBS has regularly removed from power those he sees as a threat, in a lengthening list that includes Princes Mohammed Bin Nayef and Ahmed Bin Abdelaziz (who were both still detained as of October 2020). Recent *GSN coverage* examined the allegations made against MBN and the transfer of former Ministry of Interior companies set up under his control to a discreet unit of the Public Investment Fund.

Saudi archive

Via the GSN website thousands of stories on the Kingdom can be filtered by the following sectors: defence and security (issues from terrorism to arms deals), energy and industry (the region's major industries), finance and business (economic reporting with a focus on the people making the deals), politics (highlighting issues of internal governance, personal politics, regional conflicts and trends), Risk Management Reports, royals watch (monitoring of political genealogy) and diplomatic brief (international and regional relations).

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Also available are succinct family trees (along with notes on the family's history, succession issues and key personalities) on all 13 Gulf ruling families.

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Issue 1,107 - 17 July 2020

Allies rally to support MBN amid rumours of pending corruption charges

The former crown prince is under ever more extreme pressure as he is widely expected to face corruption charges. A GSN analysis shows how, since his emergence in 2015, MBN's rival Mohammed Bin Salman has taken control of the web of companies set up by his predecessor while at the Ministry of Interior

Speculation persists that Prince Mohammed Bin Nayef (MBN) is being set up to face corruption charges, as his successor as crown prince, Mohammed Bin Salman (MBS), consolidates his personal power – by cracking down on potential rivals – and economic influence, via instruments including the now pervasive Public Investment Fund (PIF).

The potential corruption charges are based on allegations that MBN skimmed operational funds while serving in the Ministry of Interior (MoI) from 2012 to 2017 (*GSN 1,106/1*). This has been the subject of plentiful speculation in Saudi social media channels and the idea that key western intelligence ally MBN's fall may become even more dramatic has been picked up by the mainstream international press.

The Washington Post on 6 July cited MBN supporters who claimed the charges against him were false and were contradicted by a December 2007 royal decree, in which the late King Abdullah Bin Abdelaziz authorised the prince's activities and expenditure. GSN has examined these claims and the web of companies that were established from the early 2000s, which have in recent years passed from MoI control to be absorbed into the business empire chaired by MBS.

According to the pro-MBN version of events, the 2007 decree also gave the then minister authority to create private sector vehicles to disguise the MoI's more sensitive activities. The ministry certainly had substantial prerogatives: permission was granted in the early 2000s (when Abdullah was crown prince) to use 30% of MoI revenues from fines, passport and residency fees to finance 'special activities'.

Many subsequent operations were financed from that fund; the 2007 decree raised the MoI's take from the fees to 45%.

MBN created a network of nominally private companies to conduct covert operations with two aides, MoI officials Saad Al-Jabri – currently in exile in Canada (*GSN 1,106/3*) – and Abdullah Al-Hammad, who is said to be in jail. They allegedly supervised the network in return for a cut of profits.

The network was managed by Sakab Saudi Holding, established in 2008, whose subsidiaries included Alpha Star Aviation Services, Security Control Company and Technology Control Company. Following King Abdullah's death in January 2015, MBN realised the position he had enjoyed had ended and he began transferring the network of companies to the PIF, chaired since March 2015 by then deputy crown prince MBS.

GSN's research shows the transfer of MoI companies to the PIF took place during the period when MBS was working to increase his control over the ministry – for long the fief of MBN's father and King Salman's Sudeiri full brother, the late Prince Nayef Bin Abdelaziz. This culminated in mid-2017 with the creation of the Presidency of State Security (PSS) and MBS loyalist Prince Abdelaziz Bin Saud Bin Nayef's appointment as interior minister. The PSS took over many state security functions, as well as the MoI's financial investigation unit and the National Information Center (NIC). Answerable to the Royal Court, it was the lead agency in the November 2017 Ritz-Carlton arrests. The MoI's equipment procurement policy and implementation came under the authority of the Council of Economic and Development Affairs, also chaired by MBS.

Tahakom takes control

Today, the MBN-created companies including Sakab sit under the control of the Tahakom Investment Company, created in January 2018 and 100% owned by the PIF. Tahakom (meaning 'control') is chaired by Rashid Ibrahim Sharif, the PIF's head of domestic investments and former Riyadh Capital chief executive. Other directors are PIF head of regulatory affairs Fahd Al-Rashed and Omar Al-Fadhel. Chief executive Abdelaziz Al-Nuwaiser has also been chairman of the giant insurer Tawuniya since April; he is a director of several other companies held by Tahakom.

Other Tahakom directors have included PIF staff member Raid Ismail, who is a director of PIF company Elm, which develops secure e-business services and government support programmes. Elm was established in the 2000s by MoI official Dr Khalid Al-Tawil, who then looked after the Office of Program Management-Ministry of Interior, a bilateral programme focused on the transfer of technical knowledge and resources from the United States in areas including critical infrastructure protection and public security. Reports emerged in May that the PIF was considering a stock market flotation of Elm, to list up to 30% of its shares.

Tahakom companies include Sky Prime Investment (established December 2015, also known as Sky Prime Aviation) which operated the two aircraft, HZ-SK1 and HZ-SK2, which took the Saudi hit squad to and from Istanbul for Jamal Khashoggi's murder in October 2018 (*GSN 1,067/3*).

Sky Prime was owned by Alpha Star, which was set up in 2009 to work in the private aviation business, but is now