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**Barclays**

## Barclays accused of making £346m in 'sham' payments to Qataris



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FEBRUARY 19, 2016 by: **Caroline Binham**, Financial Regulation Correspondent

Barclays paid Qatari investors a total of £346m in secret and dishonestly characterised payments to secure their participation in the bank's 2008 emergency fundraising, a £1bn lawsuit (<http://next.ft.com/content/471dc3de-c5f1-11e5-808f-8231cd71622e>) brought by another key investor on the deal has alleged.

PCP, Amanda Staveley's investment vehicle which invested on behalf of a senior Abu Dhabi royal during Barclays' £7.3bn [cash call \(http://www.ft.com/cms/s/0/c540787e-a6c8-11dd-95be-000077b07658.html\)](http://www.ft.com/cms/s/0/c540787e-a6c8-11dd-95be-000077b07658.html), has alleged in court documents that Barclays made the payments after the Qataris saw the value of an earlier investment in the bank plummet as the financial crisis took hold.

PCP's London lawsuit, which seeks £720m in damages plus interest and costs, lifts the lid on frenetic last-minute arrangements in the run-up to the October 2008 deal, which enabled the bank to stay out of the control of the UK government but has now come back to haunt Barclays.

Ms Staveley, [a one-time girlfriend \(http://next.ft.com/content/73c4fe86-bdbb-11e0-babc-00144feabdc0\)](http://next.ft.com/content/73c4fe86-bdbb-11e0-babc-00144feabdc0) of Prince Andrew and now financial fixer to sheikhs, has endorsed the claim on behalf of PCP, which accuses Barclays of making a £280m secret payment to

Qatar Holding that was never made public. That was in addition to a £66m special payment that was disclosed.

These payments, described in the lawsuit as a “sham”, are on top of the £300m in fees that Barclays disclosed at the time of announcing the deal.

PCP accuses Barclays of deceit and argues that Ms Staveley was promised the same deal offered to Qatar, relying chiefly on representations made by Roger Jenkins, then the bank's executive chairman of investment banking. He led the capital-raising for Barclays and she alleges that he acted dishonestly.

The bank said: “We believe the claim against Barclays is misconceived and without merit and Barclays will be vigorously defending it.”

A lawyer for the Qatari investors declined to comment, as did Ms Staveley. A lawyer for Mr Jenkins did not immediately respond to requests for comment.

The lawsuit maintains that had Ms Staveley known about the extra payments, she would not have ceded half of PCP's £3bn in [warrants \(http://www.ft.com/cms/s/0/c4938e46-4fd5-11de-a692-00144feabdc0.html\)](http://www.ft.com/cms/s/0/c4938e46-4fd5-11de-a692-00144feabdc0.html) — options to buy shares at a certain price — to the Qataris, as requested by Mr Jenkins.

Qatar Holding and an investment vehicle of Sheikh Hamad bin Jassim bin Jabr al Thani, then the country's prime minister as well as chairman of Qatar Holding, ploughed £3.8bn into the bank. Sheikh Mansour bin Zayed al Nahyan of Abu Dhabi, meanwhile, invested £3.5bn through PCP; Ms Staveley was eventually paid £30m for her work on the deal.

It was the second time that the bank turned to outside investors in 2008 — the Qataris, along with other investors, had already [invested \(http://www.ft.com/cms/s/0/f1b5810c-4317-11dd-81d0-0000779fd2ac.html\)](http://www.ft.com/cms/s/0/f1b5810c-4317-11dd-81d0-0000779fd2ac.html) £4.5bn that year — and was controversial from the start, irking existing shareholders because they did not have a chance to participate.

The deal arrangements have already landed the bank with a £50m fine from the UK's financial watchdog, now stayed pending a parallel criminal [investigation \(http://next.ft.com/content/ec27fa74-2fac-11e5-8873-775ba7c2ea3d\)](http://next.ft.com/content/ec27fa74-2fac-11e5-8873-775ba7c2ea3d) by the Serious Fraud Office.

The investigation has reached a key moment after the bank [ceded \(http://www.ft.com/fastft/2016/02/04/barclays-handing-over-qatar-documents-to-sfo/\)](http://www.ft.com/fastft/2016/02/04/barclays-handing-over-qatar-documents-to-sfo/) a longstanding battle with the agency over important evidence.

But the lawsuit airs publicly some of the details that the SFO is believed to have examined in private over the past three years. At the heart of both the lawsuit and the SFO's probe is what exactly Barclays [paid \(http://next.ft.com/content/47d412ce-6bd1-11e2-a700-00144feab49a\)](http://next.ft.com/content/47d412ce-6bd1-11e2-a700-00144feab49a) to the Qatari investors for their participation in the October deal.

According to the court claim, an email trail between Barclays and Qatar Holding, copied to Mr Jenkins, shows that Sheikh Hamad was expecting an arrangement fee of £65m and an additional sum of £192m “intended to bring the average subscription price down to 130p a share” just one day before the October 2008 fundraising was announced.

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