Final Investigation Report of Joint Investigation Team (Panama Case)

FINAL INVESTIGATION REPORT OF
JOINT INVESTIGATION TEAM - PANAMA CASE

1. In pursuance to the Order of the Honourable Supreme Court of Pakistan dated April 20th, 2017 and Implementation Bench Order dated May 5th, 2017 in case of **C.M.A. No. 2939 of 2017 in Constitution Petition No. 29 of 2016 etc.**, the Joint Investigation Team initiated the investigation into the affairs of the Panama Papers Case on May 8, 2017. The following members comprise the JIT:

i. Mr. Wajid Zia, PSP, Head of JIT (Addl. Director General, FIA).

ii. Brigadier Muhammad Nauman Saeed (R), Member (Rep. ISI)

iii. Brigadier Kamran Khurshid, Member (Rep. MI)

iv. Mr. Amer Aziz, Member (Executive Director, SBP)

v. Mr. Bilal Rasul, Member/Secretary (Executive Director, SECP)

vi. Mr. Irfan Naeem Mangi, Member (Director, NAB)

The Scope and Key Focus Areas of JIT's Investigation Report

2. The JIT has completed the investigation, which culminates in its Final Report submitted herewith. The scope and mandate of the JIT has been focused on answering the following questions and addressing ancillary matters in the allotted time of sixty days by the Honorable Supreme Court:

i. how did Gulf Steel Mills come into being;

ii. what led to its sale;

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iii. what happened to its liabilities;

iv. where did its sale proceeds end up;

v. how did they reach Jeddah, Qatar and the U.K.;

vi. whether respondents No. 7 and 8 in view of their tender ages had the means in the early nineties to possess and purchase the flats;

vii. whether sudden appearance of the letters of Hamad Bin Jassim Bin Jaber Al-Thani is a myth or a reality;

viii. how bearer shares crystallized into the flats;

ix. who, in fact, is the real and beneficial owner of M/s. Nielsen Enterprises Limited and M/s. Nescoll Limited,

x. how did Hill Metals Establishment come into existence;

xi. where did the money for Flagship Investment Limited and other companies set up/taken over by respondent No. 8 come from,

xii. and where did the Working Capital for such companies come from and

xiii. where do the huge sums running into millions gifted by respondent No. 7 to respondent No. 1 drop in from.

3. In addition to above, the JIT also investigated the acquired assets of the Respondents and their interest therein disproportionate to their known means of income in light of the Order of the Court. Furthermore, it examined the evidence and material already available with FIA and NAB related to or having any nexus with the possession or acquisition of Avenfield properties or any other assets or pecuniary resources and their origin.

4. **The Final Investigation Report of the JIT**: The JIT declares that it has attempted to thoroughly answer and address all the queries of the Honorable Supreme Court by employing its best efforts and use of minimal resources through a course of exhaustive investigation inland and

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abroad. The final investigation report has been preceded by three progress reports that were each submitted on a fortnightly basis (May 22, June 7 and July 22, 2017) per the directions of the Honorable Supreme Court. The final consolidated report of JIT comprising the following 10+2 volumes is submitted for kind perusal:

a.	Volume-I:	Summary of Investigation
b.	Volume-II:	Statements of Witnesses and Analysis
c.	Volume-III:	Gulf Steel Mills
d.	Volume-IV:	Ownership of Avenfield Apartments
e.	Volume-V:	Qatari Letters
f.	Volume-VI:	Hill Metals Establishment/ Gifts
g.	Volume-VII:	Flagship Investments Limited & Companies
h.	Volume-VIII:	NAB/ FIA Cases
i.	Volume-VIII(A):	Hudabiya Mills Case
j.	Volume-IX:	Assets beyond Means – Mian Muhammad Nawaz Sharif
k.	Volume-IX (A):	Assets beyond Means - Other Respondents
l.	Volume-X:	Mutual Legal Assistance Requests- Ongoing (Confidential)

Investigation Methodology:

5. The Joint Investigation Team (JIT) conducting investigations on multiple prongs to find truth with reference to thirteen (13+2) Questions raised by the Honourable Bench along with the issue of acquiring assets disproportionate to known means of income, within the assigned period (60 days). The investigation was conducted with a view to collect evidence to i) corroborate or

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contradict the stance taken by the Respondents before the Honourable Supreme Court of Pakistan, and ii) ascertain how the events actually transpired. This was done by:

a. examining witnesses and collecting evidences;

b. confirming the events/chronology based on corroboration of statements by different witnesses;

c. seeking Mutual Legal Assistance (MLA) from foreign countries to acquire essential information and documents;

d. analysis/ forensics of available record/ documents (inquiry reports and tax returns etc.) acquired from various institutions/ Government Departments.

e. Seeking assistance of expert document examiner where required

6. **Initial planning and decisions**. In the initial meetings, the JIT deliberated on the course of action and strategy to be adopted. It was decided that, given the limited time available, the JIT must work simultaneously on all dimensions of the case and address the issues faced on an emergent basis. The following preliminary issues/requirements were identified:

a. Security protocols - to ensure security of personnel, material and information. This issue was resolved in the first meeting by deciding the protocols;

b. Ensuring independence of the JIT from executive interference;

c. Selecting a reputed overseas firm - to assist the JIT in issues related to overseas jurisdictions and procuring of evidence / material/ information related to Mutual Legal Assistance abroad; and

d. Associating experts from different departments - for supporting the investigation process. The progress attained in resolving these issues is discussed in detail in the following paragraphs.

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7. Follow up Actions: The following methodology was adopted for undertaking the investigation within stipulated time (60 days):

a. **Identification and Summoning of Witnesses**: A total of 28 witnesses were summoned and examined in multiple sessions, who were either related to or acquainted with the facts of the case. It would be prudent to highlight, that despite repeated summons, following witnesses did not appear before the JIT:-

(1) Mr. Hamad Bin Jassin Bin Jaber Al-Thani (Qatari Prince);

(2) Sheikh Saeed (US national; close associate of Respondent No, 1 and required for Hudabiya Mills Case and Hill Metal Establishments money transactions);

(3) Mr. Moosa Ghani (nephew of the wife of Mr. Muhammad Ishaq Dar) in relation to his involvement in fraudulent. Fictitious money transactions associated with Hudabiya Mills Case and his role in Malik Abdul Ghani Trust;

(4) Mr. Kashif Masood Qazi (principle witness in Hudabiya Mills Case);

(5) Mr. Shezi Neckvi (plaintiff in Al-Towfeeq Case);

b. **Witnesses on ECL**: Mr. Javed Kiyani and Mr Saeed Ahmed, have been placed by the JIT on Exit Control List. It is requested that their names may continue to remain on the list till a decision of the Honorable Court is announced.

c. **Analysis of Documents/ Record Presented**: The JIT has invariably directed all witnesses to submit documents/record for the purpose of establishing the money trails and understanding th underlying transactions pertaining to loans, procurement of properties, transmitting gifts etc., that have surfaced over the course of the investigation process. However, selective documents/record have been furnished that are severely lacking in substance. The respondents have

declined to produce further documents/record and have also denied access to any information that the JIT could obtain through formal channels with the consent of the witnesses.

d. **Collection of the case material:**

(1) Following records were obtained from various departments to further the investigation:

(a) All relevant material/ information filed in Honourable Supreme Court of Pakistan in Panama Case;

(b) Banking record from State Bank of Pakistan and other commercial banks including bank account details and bank statements of all individuals associated with Panama Case;

(c) FBR record including Income Tax Returns, Wealth Statements and Wealth Tax Returns of Respondents and others associated with the case;

(d) Companies record from SECP including old cases;

(e) Record of all cases/ inquiries pending/ ongoing in NAB and FIA;

(e) Record of assets' declaration of public office holders in nomination papers from ECP;

(2) It would also be pertinent to mention that most of the departments/ government institutions although provided the record asked for, however, it was provided selectively and in parts. Despite repeated reminders, FBR remained elusive with reference to the provision of complete Tax Returns of Mr. Ishaq Dar till the time he appeared before the JIT.

c. **Mutual Legal Assistance (MLA) Requests:**

(1) **Issuance of MLA Requests**

Consequent to the issuance of the Notification on the direction of the Honorable Supreme Court of Pakistan authorizing the Chairman, JIT to exercise the powers enumerated in section 21 of the NAO, 1999, the following MLA Requests have been initiated:

(a) Attorney General, British Virgin Islands; 3 requests
(b) Home Office, UK Central Authority; 7 requests
(c) Ministry of Interior, Kingdom of Saudi Arabia; 1 request
(d) Ministry of Justice, United Arab Emirates; 7 requests
(e) Central Authority, Switzerland; 2 requests and
(f) Prosecutor General, Luxemborg; 1 request

(2) **Response to MLA Requests**

The following jurisdictions have thus far responded to the MLA Requests:

(a) Attorney General, British Virgin Islands; 1 request
(b) Ministry of Justice, United Arab Emirates; 4 requests

e. **Investigation/collection of evidence from abroad**

(1) The JIT hired the services of a UK based solicitor firm namely; QUIST, London to pursue the MLA Requests, arrange forensic investigations, render legal advice and assist in collection and dispatch of relevant record/documents.

(2) An investigative firm was hired in UK to acquire relevant documents/record;

(3) A team of 2 JIT Members visited U.A.E. to investigate and acquire relevant record / evidence related to interest/involvement of Sharif family in businesses in Dubai with special emphasis on affairs of Capital FZE;

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(4) A solicitor firm of BVI was hired to pursue/ investigate the queries related to BVI raised in the relevant MLA Requests;

(5) An acclaimed handwriting expert namely; The Radley Forensic Document Laboratory, Forensic Handwriting & Document Examination Experts was hired to analyze and comment on the documents produced by the witnesses pertaining to the UK jurisdiction.

8. **Experts from different institutions**. The JIT has associated the services of certain subject specialists / analysts from different institutions for assistance on need basis from parent departments of all Members of the JIT. These experts have provided invaluable services and input and have been a critical part of the investigation. Whereas, the threat to personal and job security of the JIT Members is in notice of the Honorable Supreme Court, these associated members (names provided earlier vide our letter No. JIT/PC/SC/01/17/ dated 07.7.17) may be subject to similar threats and victimization, therefore, the Honorable Supreme Court is requested to include the associated members/staff of JIT in Orders issued in this regard.

9. Submitted to the Honourable Implementation Bench, Supreme Court of Pakistan.

(WAJID ZIA), PSP
Head of JIT

(AMER AZIZ)

(BRIGADIER (R) MUHAMMAD NAUMAN SAEED)

(BRIGADIER KAMRAN KHURSHID)

(BILAL RASUL)

(IRFAN NAEEM MANGI)

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NOTE BY

THE HEAD OF THE JOINT INVESTIGATION TEAM, PANAMA CASE

I feel privileged, honored and proud to have been the Head of this Joint Investigation Team and take this opportunity to thank the Honorable Implementation bench for reposing unwavering trust in the JIT.

Investigation for me, is the finding out of truth, and Alhamdulillah, I feel that we have been successful to submit the truth today to the Honorable Supreme Court of Pakistan. This task could not have been accomplished without the exceptional abilities of all members of the JIT, and their utmost dedication to complete the investigation in an impartial and fair manner. I, as the Head of JIT, take full responsibility for all aspect of investigation and would like to thank all the members of the JIT as well as the associated staff from different departments. Without their support and dedication it would not have been possible to complete this task within the stipulated time.

(WAJID ZIA), PSP
Head of JIT

Summary of Investigation

SUMMARY OF THE INVESTIGATION

1. Volume 1 of the Investigation Report is the compilation of the findings of the investigation by JIT with regards to the 13 + 2 questions posed by the Honourable Supreme Court of Pakistan. The supporting documents of the respective Sections are appended in the relevant Volume that forms the Final Report.

2. During the course of investigation the following critical documentary evidence has been acquired by the JIT:

(a) **Confirmation of the beneficial ownership of Maryam Nawaz of BVI companies namely; Nielsen Enterprises Limited and Nescoll Limited by the Financial Investigation Agency, British Virgin Islands - (Volume V);**

(b) **Confirmation of Chairmanship of Mian Nawaz Sharif in offshore company namely; FZE Capital, U.A.E. by Jabel Ali Free Zone Authority (JAFZA) - (Volumes VI and IX);**

(c) **Confirmation of fictitious sale/purchase agreements submitted to Honourable Court by the Respondents, by the Ministry of Justice, U.A.E. - (Volume III); and**

(d) **Submission of falsified/tampered Declarations of Trusts by the Respondents in the Supreme Court of Pakistan and before the JIT, as per report of forensic expert, UK. (Volume IV)**

3. Analysis and impact of the aforementioned evidence on the conclusive investigation is discussed at length in the relevant write-ups/Sections.

Section I

Gulf Steel Mills

Documentary Evidences, Annexures and details are covered in Volume III of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume III of Investigation Report of Joint Investigation Team, Panama Case

GULF STEEL MILLS

The Honourable Bench has directed the JIT to probe following five (5) questions related to Gulf Steel Mills;

i) How Gulf Steel Mills came into being?
ii) What led to its sale?
iii) What happened to its liabilities?
iv) Where did its sale proceeds end up?
v) How did they reach Jeddah, Qatar and UK?

Back ground of the questions

1. Just before the publication of Panama Papers, Mr Hussain Nawaz Sharif, who otherwise did not appear much in media, gave a series of interviews to TV channels. After the publication of Panama Papers, where it was alleged that the Sharif family owned the Avenfield Apartments through offshore companies, the Prime Minister also addressed the nation on a number of occasions to answer these allegations. After the proceedings started in the Honourable Supreme Court of Pakistan, the Prime Minister and the members of his family became the Respondents and filed their defence. During all media interviews, addresses to the nation and the proceedings in the Honourable Supreme Court of Pakistan, the ownership of the apartments by the Sharif family was accepted. This, however, required the answer to the question as to what weres the sources of funds for the purchase of these apartments and how were those funds transferred abroad.

2. The Gulf Steel Mills became the cornerstone explanation as to the origin of funds that became available to the Sharif family, not only for the purchase of apartments, but also for other overseas businesses established by the family members of the Prime Minister including the Steel Mills in Kingdom of Saudi Arabia (KSA). With many shifting and sometimes conflicting positions, it was explained by the Respondents 7 & 8 that the sale proceeds of Gulf Steel Mills were invested, in cash and without paperwork, with the Al-Thani family of Qatar, and all subsequent ventures overseas including purchase of the apartments, setting up of the businesses in KSA and UK as well as out of court settlement with Al-Towfeek company were undertaken from the profits made from this investment.

Methodology of Investigations - Gulf Steel Mills

3. **Recording of Statements**:

a. **Recording of Statements**: JIT recorded statements of, i) Mr. Tariq Shafi, ii) Mian Muhammad Nawaz Sharif (Respondent No. 1), iii) Mian Muhammad Shahbaz Sharif, iv) Mr. Hussain Nawaz Sharif (Respondent No. 7) and, v) Mr. Hasan Nawaz Sharif (Respondent No. 8) for either being acquainted with the details of Gulf Steel Mills or having filed any document/ supporting evidence in Honourable Supreme Court of Pakistan during Panama Case proceedings. Excerpts of their statements related to Gulf Steel Mills are attached as ***Annexure A***.

b. **Significance of the Statement of Mr. Muhammad Tariq Shafi:** Mr. Tariq Shafi son of Mr. Muhammad Shafi is the only witness from the side of the Respondents, who, through two Affidavits dated November 12, 2016 and January 20, 2017, (attached as ***Annexure B***) attempted to provide answers to the Honourable Supreme Court of Pakistan about the questions related to Gulf Steel Mills.

4. Request for Mutual Legal Assistance (MLA) to Government of United Arab Emirates (UAE): The JIT requested Ministry of Justice, Government of UAE under MLA for authentications/ certification of documents submitted by Mr. Hussain Nawaz Sharif (Respondent No. 7) along with the Affidavit of Mr. Tariq Shafi.

Findings of the JIT

5. **Provision of Documents/ Records by the Respondents**:

a. Despite prior notice, Mr. Muhammad Tariq Shafi and Respondents (No. 1, 6, 7 & 8) failed to provide any additional document/ record or evidence before the JIT to substantiate their stated position on Gulf Steel Mills. Following documents/ records (only photocopies are provided to JIT), attached with two Affidavits of Mr. Tariq Shafi (CMA 7531 and CMA 432), are basis of the defence of Respondents about Gulf Steel Mills:-

(1) License for establishment of Gulf Steel Mills

(2) Share Sale Agreement 1978

(3) Share Sale Agreement 1980

(4) LC for transportation of scrap machinery of Gulf Steel Mills from Dubai to Jeddah for Azizia Steel Mills.

b. Mr. Tariq Shafi, Mian Muhammad Nawaz Sharif (Respondent No. 1), Mr. Hussain Nawaz Sharif (Respondent No. 7) and Mr. Hassan Nawaz Sharif

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(Respondent No. 8) failed to provide any additional evidence/proof about ownership and financial status of the Mills to substantiate their stated position.

c. This non-provision of asked corroborative documents/ record and refusal to give "Data Disclosure Consent" to the JIT corroborate the fact that they were consciously veiling the evidence and possibility of its access by JIT, which they were otherwise required to produce before the JIT in the light of Articles 117, 119 & 129 of Qanoon-e-Shahadat 1984 and Section-9(a)(5) of National Accountability Ordinance 1999.

6. **Unreliability of Two Affidavits of Mr. Tariq Shafi, Produced by Respondent No. 7 and ratified by Respondents No, 1, 6 & 8**: The defense of Respondents No. 1, 6, 7 and 8 about seed money (12 Million Dirhams) for their businesses and properties (especially Avenfield Apartments) hinges upon the Affidavits (including attached documents) submitted by Mr. Muhammad Tariq Shafi. Therefore, the statement of Mr. Tariq Shafi (sole witness from the side of the Respondents) was cross-analyzed with the statement given by Mian Nawaz Sharif, Mian Shahbaz Sharif, Mr. Hussain Nawaz Sharif and Mr. Hassan Nawaz Sharif etc, especially in respect of a specific question raised by Justice Ijaz Ehsan in the Court Judgment that whether Affidavits of Mr. Tariq Shafi can be relied upon as evidence? (paragraph xiv, page 461 of the Court Judgement). The findings of the JIT are as under:-

a. The Affidavits along with the Annexures of Tariq Shafi were drafted by Barrister Salman Akram Raja on behalf of Mr. Tariq Shafi. The witness has not read or understood the Affidavit before signing, hence, has failed to justify contents of these Affidavits while attributing the anomalies to his lawyer. The JIT finds that these documents are factually incorrect, speculative, tampered and misleading, hence cannot be relied upon.

b. The witness was asked to read both Affidavits and to clarify his position on each issue. The anomalies and contradictions as identified in the Affidavits vis-à-vis Mr. Tariq Shafi's statements are as under:-

Serial	Excerpts from Affidavits	JIT observations / contradictions
	Affidavit dated November 12th, 2016 **(CMA 7531)**	
(1)	**Paragraph 3**: .....During this period, Late Mian Muhammad Sharif decided to establish, in partnership with one Muhammad Hussain, a company in Dubai,..... under the name and style of Gulf Steel Mills (the Company).....	• He repeatedly stated that Mian Sharif was the sole owner of Gulf Steel Mills, which was established by acquiring 100% loan without any equity/ collateral on personal guarantee of Mr Muhammad Sharif. • He repeatedly stated that he has never met Mr. Muhammad Hussain neither he has seen his signatures on any document of the Company including the "Application of the Trade License" and subsequent "Agreements". • The available evidence/ documents do not indicate that profit/ liabilities of the Company were shared with Mr. Hussain.

		• He failed to explain the role of Mr. Hussain in a business as a partner, which was running on 100% loan on personal guarantee of Mian Sharif. • A word has been obliterated after the words "Gulf Steel Mills" which appears and about which the witness speculated it to be the word "Limited". This omission has serious implications on the limit of the liabilities of the Company referred to in subsequent agreements.
(2)	**Paragraph 4**: In 1973, I was only 19 years old, and Late Mian Muhammad Sharif.....he gave my name, instead of his own, as a partner/shareholder in aforesaid business.	• He proceeded to Dubai in 1974 instead of 1973; he admitted it to be incorrect, terming it as a typographical error. Moreover, his age was not 19 years at the time, as stated. • Contrary to his considered stance that Mian Sharif was the sole owner of this business, his assertion of being shareholder/partner is not in order.
(3)	**Paragraph 5**:	• He readily accepts himself to be *'Benamidar'* of only Mr.

	.....I signed this agreement being the ostensible owner to the extent of my Late Uncles' share in the Company.	Muhammad Sharif. However, he could not produce any evidence that could corroborate his assertion especially in the backdrop of Mr. Shahbaz Sharif's role in the management/ affairs of the Company (especially from 1978 to 1980) and mention of his name as authorized representative of Mr. Tariq Shafi in the sale agreement. • He kept reiterating that it was a family business and Mian Sharif was head of the family. However, when confronted with his statement in the Affidavit, he altered his stance and stated that Mian Sharif was the sole owner while all other family members were employees of the Company. • He could not explain the literal meaning of "ostensible owner" as well as "to the extent of my late Uncles' share", which substantiates the fact that either he did not read or understand contents of the Affidavit before signing or intentionally attempted to

		mislead the Honourable Court. • As the meanings were explained by JIT, he retracted to his initial position that Mr. Muhammad Sharif was the sole owner of the Company. • He apprised that his lawyer, Barrister Salman Akram Raja, on his instruction drafted the Affidavit, but he only cursorily reviewed the document prior to signing it as he trusts his lawyer.
(4)	**Paragraph 6**: Sometime after the establishment of the Company and commencement of its steel business, Mr. Muhammad Hussain, one of the partners of the Company expired, and pursuant to a cession letter by all his legal heirs, the entire business of the Company came to vest, along with all its obligations/ guarantees, in my name.	• He reiterated that Mian Sharif was the sole owner of the business and he neither knows nor has ever met Mr. Muhammad Hussain. • He stated that Mr. Muhammad Hussain was the brother-in-law of Mian Sharif's wife (Mian Sharif's *humzulf*). However, he denied knowing Mr. Hussain or his family but subsequently mentioned the son of Mr. Hussain namely; Mr. Shahzad, who per his knowledge lives in Lahore. He claimed to have met Mr. Shahzad on a few occasions

		at family events but did not possess his contact details. • He could not confirm the date of Mr Hussain's death indicating that Mr Hussain's status as partner was limited to his name on the documents and he was also a *Benamidar* for Mian Muhammad Sharif. • He stated that he did not obtain the 'cession letter' from the family of Mr. Muhammad Hussain and had not personally confirmed the veracity of the contents of the 'cession letter' when it was provided to him by Mian Sharif. • He failed to produce a copy of the 'cession letter' and could not elaborate the timeframe/ date of its signing. • He could not explain the expression "the entire business of the Company came to vest, along with all its obligations/ guarantees, in his name" which is another attempt to mislead the Honourable Court.

(5)	**Paragraph 7:** ....the steel mill factory was set up from finances generated from loans obtained from Bank of Commerce and Credit International (BCCI) in Dubai. Thus, no amounts/ sums of money were transferred or remitted from Pakistan for the purpose of financing or running of business.	• He failed to produce any documentary record/ evidence to substantiate that the factory was established on 100% loan without any collateral/ equity; the statement is otherwise against banking and accounting rules/ norms. It becomes even more doubtful as there was another partner namely; Mr. Hussain whose role in the partnership remains unexplained. It has not been explained as to how shares of the company were issued and subsequently transferred when the Company has 0% paid-up capital (equity). • He stated that there is no cutting or overwriting or deletion of any word while signing the Affidavit which is otherwise quite apparent. He attempted to explain, by stating that this may have been done by his lawyer subsequent to his signing. • He repeatedly stated that he was only looking after administrative matters of the factory while financial matters

		were exclusively supervised by Mian Sharif (from 1974 to 78) and occasionally by Mr. Shahbaz Sharif (from 1978 to 80) assisted by his Bengali accountant namely; Mr. Shafi Alam. • When confronted on the basis for making the emphatic assertion that no funds were transferred from Pakistan, especially in view of his young age and his own repeated claims that he had no knowledge of the financial dealings of Mian Sharif and his partner Mr. Hussain with the bank, he could not explain his position. He confessed that the facts have been wrongfully stated in the Affidavit regarding denial of transfer of funds from Pakistan, as he had no knowledge or access to related record/ information related to transfer of funds from Pakistan.
(6)	Paragraph 8:	• The word "banks" implies that the loan was acquired from

	In the year 1978, Late Mian Muhammad Sharif decided to sell off 75% of the shares of this Company to one, Mr Abdallah Kaid Ahli, inter alia, to settle the Company's outstanding liabilities with the **banks** in Dubai.	more than one bank (BCCI and possibly UBM due to strikethrough of words) in contradiction to his statement.
(7)	**Paragraph 9**: .... With the execution of tri-partite agreement, it was agreed that the business of the factory henceforth will be run in the name of "Ahli Steel Mills Company", and that the capital of the new Company will be 28,500,000 Dirhams of which Mr. Abdallah Kayd Ahli will subscribe 75% share while remaining 25% of this capital, in the form of remaining part of the Company, would be treated as contributed by myself..... In pursuance thereof, afresh partnership agreement was executed which was signed by Mr. Abdallah Kaid Ahli and myself.	• He narrates the financial details (in UAE Dirhams) of the Company, which he himself stated that he was not privy to. • Summary of transactions is given in subsequent paragraphs reflecting that there was a balance deficit to be settled by Tariq Shafi after payment to BCCI - AED 14,648,899.91.
(8)	**Paragraph 10**: Thereafter, in the year 1980, Late	• Ministry of Justice, Government of UAE has certified that Share Sale

	Mian Muhammad Sharif decided to disengage himself from his steel business in Dubai and, as desired by him, an agreement was signed between Mr. Mohd Abdullah Kayed Ahli and myself on 14-04-1980, whereby remaining shares standing in my name but owned by my Late Uncle were sold to Mr. Mohd Abdullah Kayed Ahli against a total consideration of Dh. 12 million.	Agreement 1980 does not exist. Therefore, it is proved beyond doubt that story about sale proceeds worth 12 million Dirham is false and fabricated; it is just a myth and not a reality. • He stated that in 1978, Mian Sharif shifted to Lahore and retook the control of Ittefaq Group of Industries. • From 1978 to 1980, the steel market in Dubai was in boom and the Company was earning good profit. However, following questions remained unanswered:- o Why was the Company sold when it was earning good profits? o Why he, in almost every paragraph, of his Affidavit, exclusively writes "as desired/instructed/directed by Mian Sharif'. o From 1978 to 1980, he spent most of his time in Pakistan as Mr. Abdallah Ahli took charge of the Company. However, he did not file any tax return/

		wealth tax return in Pakistan nor did he declare his assets owned in Dubai. When asked, he failed to produce any record/ document in this connection.
(9)	**Paragraph 11:** As per terms of the said agreement, a sum of Dh. 12 million was to be paid by Mr. Mohd Abdullah Kayed Ahli over a period of 6 months, the first installment of Dh 2 million to be payable on 15-5-1980, and the remaining Dh. 10 Million to be paid in 5 equal installments of Dh. 2 Million each, beginning one month from the date of first installment.	• In terms of the share sale agreement dated April 14, 1980 it was agreed that the net consideration of AED 12 M would be payable in, six installments of AED 2 M each, over a period of six months. The agreement is silent whether this consideration would be paid in cash or through normal banking channels. However, as stated in para 4 of the said agreement the entire payment of AED 12 M was to be secured against a bank guarantee issued by Union Bank of Middle East on behalf of Mr. Ahli in favor of Mr. Tariq Shafi. • In his statement before the JIT, Mr. Tariq Shafi stated that he received the entire consideration of AED 12

		million in six installments of AED 2 million each in cash from Mr. Ahli. He further added that no receipt was made out for these transactions. • The above assertion made by Mr. Tariq Shafi does not correspond with the norms of commercial transactions keeping in view the fact that the entire sale consideration was to be secured against a bank guarantee mentioned in para 4 and the consequent actions mentioned in paras 7, 8, and 9 of the April 14, 1980 agreement. The main reason being the fact that the banking issuing the guarantee would require or insist upon some form of documentation in discharge of its obligations covered under the terms of guarantee. • When this anomaly was pointed out to Mr. Tariq Shafi he shifted his stance by stating that no bank guarantee was arranged by Mr. Ahli and therefore the said agreement

		could not be acted upon. He further stated that consequently another agreement was signed between the parties wherein it was agreed that Mr. Ahli would be making six monthly installments of AED 2 M each in cash. He was asked to provide a copy of this agreement the following day but submitted a copy of the same agreement already produced in the Court earlier.
(10)	**Paragraph 12:** ..... As regards the payment of Dh. 12 Million, the same was duly received by me and applied as per the instructions of Late Mian Muhammad Sharif.	• He does not clarify whether the payment was received in cash and its further disposal. • Ostensibly, above details were consciously kept vague to leave room for any subsequent change in stated position. • Subject Affidavit was signed by Mr. Tariq Shafi on 12 November 2016; about a week after Mr. Al-Thani filed his Affidavit claiming to have received 12 million Dirham from Mr. Tariq Shafi in 1980. Interestingly, Mr. Tariq

		Shafi's Affidavit makes no mention of Qatari Prince (Mr. Al-Thani) or cash payment to him. This in retrospect, it is fair to conclude that Qatari factor was an afterthought by Respondents, which was later covered up/ addressed by Mr. Tariq Shafi in his second Affidavit.
(11)	**Date and Signatures of Deponent:** The Affidavit was signed on 12th day of November, 2016 by Mr Muhammad Tariq Shafi.	• His signature on the Affidavit are entirely different from his signatures on most of the Company documents including tri-partite agreements, deposited 'voluntarily' by him along with his Affidavit. This *per se* undermines the credibility of the Affidavit. • Whereas signature block of Mr. Shahbaz Sharif, as authorized representative of Mr. Tariq Shafi, is provided on the agreement documents yet it bears the signatures of Tariq Shafi.

Affidavit dated 20 January 2017 (CMA 432 page 20-21)		
(12)	**Paragraph 1:** That the instant affidavit may be read in conjunction of my earlier affidavit dated 12 November, 2016	• An incremental approach has been adopted to introduce evidence before the court, hence, this affidavit, the details of which could have been covered in first affidavit as well.
(13)	**Paragraph 3:** That the sum of UAE Dirhams twelve million was deposited by me in cash with Mr. Fahad Bin Jassim Bin Jaber Al Thani of Qatar after receipt of each installment from Mr. Muhammad Abdullah Kayed Ahli. This deposit was made by me on the instructions of my uncle, late Mian Muhammad Sharif. **Paragraph 4:** That at that time Mr. Fahad Bin Jassim Bin Jaber Al Thani was frequently present in Dubai in connection with his business activities and received the net aggregate cash payment of UAE	• He stated that he neither had met Mr. Fahad Bin Jassim Bin Jaber Al Thani, especially during that period (1980) nor had ever made any direct payment to Al Thani Therefore, the assertion that the payments were made to the Qatari Prince directly by him is factually incorrect. • Mr. Tariq Shafi's claim of carrying and handing over cash of AED 2 million without any receipt or written acknowledgement is not plausible when seen in relation to the mention of bank guarantees in the contract document. Moreover, per his own statement he was

	Dirham twelve million from me in Dubai.	authorized to handle only small amounts of payments, largest being AED 60,000 which further negates the claim of handling AED 12 million in cash over a 6-month period of time. Moreover, the reference made to the general practice of dealing in cash in the Gulf in those times is contradictory to his own statement of issuing cheques for large amounts. • He stated that he used to receive instructions from Mian Sharif to deliver installments to different representatives of Al Thani, whom he neither knew nor had seen earlier. • He further stated that he was told by Mian Sharif that people who collected money (Dh 12 million) from him were representatives of Al Thani and Qatari nationals. However, he neither had any information on their identities nor had any prior acquaintance with them. Therefore, the assertion that he made payments to Al Thani

		through his representatives is an assumption, hence, cannot be relied upon. He failed to produce any record/ receipt showing transfer of money from Mr. Ahli to him or from him to Al Thani. He claims that all payments were made on verbal instructions and trust, which is not in line with the agreement mentioning that Bank Guarantees were kept for payment from Mr. Ahli to him. • He had clearly stated that during the period 1974-77 the maximum amount in cash that he was asked to handle was AED 60,000. This would make it inconsistent with the past practice to suddenly being entrusted with AED 2 million in cash. • He also had asserted that the large payments were made by cheques and the sudden cash payment of AED 2 million per month is also inconsistent with the past practice.

(14)	**Date and Signatures of Deponent:** The Affidavit was signed on ~~12~~ 20 January, 2017 by Mr Muhammad Tariq Shafi.	• The signatures of Mr. Tariq Shafi on the Affidavit are entirely different from his signatures on most of the Company documents including tri-partite agreements, deposited 'voluntarily' by him along with his Affidavit. • He stated that he did not indulge in any overwriting or deletion of any word while signing the Affidavit. However, there is visible cutting (~~12~~) on the document, which tantamount to tampering. When asked to explain, the witness stated that "this cutting could have been done by his lawyer after he had signed the document", however, he was unaware about this change.

7. **Authenticity of Documents Attached with Two Affidavits of Mr. Tariq Shafi:**

a. **Feedback of Ministry of Justice, UAE on MLA Requests:**

(1) In response to JIT's MLA, the Ministry of Justice, Government of UAE, after having scrutinized held record about Gulf Steel Mills have certified following facts vide their letter no. INA 68/2017 dated 28 Jun 2017 (certified true copy of letter is attached as ***Annexure C***):-

(a) There is case no 12/94 civil, the plaintiff/ BCCI – UAE, the defendants/ Muhammad Shafi Bin Mayan Muhammad Shafi executed against, whereas the court sentenced to oblige the defendants/ Muhammad Tariq Shafi as the owner of Al Omran Commercial; est. to pay an amount of AED 9.733.980.80 (nine million, seven hundreds and thirty two thousands, nine hundred and eight, eighty five) and interest of 9 percent from 2/2/1994 till the full payment and fees, and an amount of AED 500 for the lawyer fees and fix the attachment no. 340/94 9 date of sentence 15/8/2013.

(b) That share sale 25% agreement of 1980 of Ahli Steel Mills (erstwhile Gulf Steel Mills) dated on 14/4/1980 according to your request does not exist.

(c) That no transaction worth AED 12,000,000 (twelve million) as sale proceeds of 25% shares of Ahli Steel Mills (erstwhile Gulf Steel Mills) ever took place in name of Mr. Muhammad Tariq Shafi.

(d) That no record could be found which indicate that notarization of this document was done by Notary Public of Dubai Courts on 30/5/2016.

(e) After checking the Dubai Customs, it seemed that there wasn't any scrap machinery transported from Dubai to Jeddah in 2001-2002.

(2) **Conclusion**: The letter by the Ministry of Justice, Government of UAE, proves beyond doubt that the documents/ record produced by Respondents regarding 25% share sale agreement are unauthentic, unverified and, fake/ fabricated. Furthermore, attached Share Sales Agreement 1980 and LC for claimed transportation of scrap machinery from Dubai to Jeddah are fictitious. The only evidence produced by the defendants to support their contention that there were 12 million dirham, as sale proceed of the 25% shares, available for investment, has not been authenticated by the UAE authorites. Resultantly there exists not a single document to provide the basis for any money trail for the purchase of Avenfield properties and businesses of sons of the Respondent no 1. Hence the documents produced are fabricated/ fake.

b. **JIT's Observations on Authenticity of Documents based on the Statements of Respondents and Mr. Tariq Shafi**: Although there is no requirement to discuss the documents provided by the Respondents with regards to Gulf Steel Mills in the wake of the MLA received, yet the dichotomies in statements alone are enough to undermine the credibility/ authenticity of the documents produced and negate the narrative developed around Gulf Steel Mills:-

(1) Following inconsistencies/ contradictions in statements of Mr. Tariq Shafi and Mr. Hussain Nawaz Sharif with reference to visit to Dubai for procurement/ notarisation/ attestation of provided documents by Notary

Public Dubai and Pakistan Consulate Dubai seriously undermine the procedure (if any) adopted for notarization and attestation:-

(a) Neither did Mr. Tariq Shafi see the original documents nor did he have these notarised/ certified from Notary Public Dubai/ Pakistan Consulate, Dubai.

(b) Mr. Tariq Shafi stated that the documents were obtained by Mr. Hussain Nawaz Sharif who produced these documents as his defence. Mr. Hussain Nawaz Sharif, when asked for confirmation, plainly declined to confirm or name the individual, if any, who got these notarized/ certified. Hence, the notarization of the documents through legal means is questionable.

(c) Mr. Tariq Shafi stated that Mr. Hussain Nawaz Sharif accompanied him to Dubai in May/ June 2016 when they met Mr. Abdullah Kayed Ahli. Mr. Hussain Nawaz Sharif denied to have visited Dubai for purpose of notarization/ attestations.

(d) Mr. Tariq Shafi and Mr. Hussain Nawaz Sharif stated that they never visited Pakistan Consulate Dubai for attestation of said documents therefore, the process becomes questionable.

(e) Mr. Tariq Shafi stated that Mr. Hussain Nawaz Sharif did not know Mr. Ahli while Mr. Hussain Nawaz Sharif stated that they know each other.

(2) The permission letter (***Annexure D***) granted by the Government of Dubai is issued in favour of Mr. Tariq Shafi and Mr. Muhammad Hussain as partners/ shareholders of Gulf Steel Mills Limited as against the claims of Mr. Tariq Shafi about Mian Muhammad Sharif being the sole owner. The submitted document is neither attested nor notarized. The permission letter has been issued on April 28, 1974 whereas Mr. Tariq Shafi declared that he had not signed any application before June 1974, implying that the application for issuance of this letter was either signed by someone else or statement of Mr. Tariq Shafi is false.

(3) Professional License by Dubai Municipality (***Annexure E***) is also attested by Consular Attaché of Pakistan Consulate, Dubai (only signatures have been attested). However, Mr. Tariq Shafi stated that he never visited the Consulate for the purpose. Furthermore, he stated that he visited Dubai towards the end of May/ early June 2016 and it took between 1-2 weeks for verification of these from the Notary Public, Dubai. The Pakistani Consulate attested the document on 30 May 2016, indicating that he visited Dubai, at the earliest, in the first or second week of May 2016. Travel Record of Mr Tariq Shafi is attached (***Annexure F***).

(4) Paragraph 3 of the Approval Letter by the Government of Dubai (***Annexure G***) shows that "the Government of Dubai shall be entitled to 10% of net profits of the project to be paid yearly according to the accounts audited by a recognized auditor". Mr. Tariq Shafi could not produce any record/ document in this regard especially during the claimed boom period (from 1978 to 1980). Furthermore, the document is neither certified by the Notary Public, Dubai nor signatures of the Ruler of Dubai (page 14) are legible.

(5) The Share Sale Contract 1978 (***Annexure H***) is the first document which contains details of the sale of 75% shares by Mr. Tariq Shafi to Mr.

Abduallah Ahli. Page 2 of the document states "since the said share is registered in the name of second party and his partner Mr. Mohammad Hussain". It further enumerates the names of heirs of Muhammad Hussain (son Shahzad Hussain, widow and minors), who have signed a 'cession letter'. These are contrary to the statement of Mr. Tariq Shafi, who time and again, stated before the JIT that he never met Mr. Muhammad Hussain/ his heirs nor did he ever see the name or signature of Mr. Muhammad Hussain on any official document at the time of establishment of Gulf Steel Mill. Copy of cession letter was attached with original document but the same has not been provided by him as an annexure.

(6) It is worth noting that according to Mr Tariq Shafi, Mr Shahbaz Sharif was actively involved in the affairs of Gulf steel Mills especially from 1978 to 1980. Mr Shahbaz Sharif however distanced himself and stated that he did not play any role in functioning of Gulf Steel Mills and only assisted Mr. Tariq Shafi on direction of Mian Muhammad Sharif with reference to preparation of Shares Sale Agreement in 1980 (***Annexure I***). He did not verify his signatures (in Urdu) on Shares Sale Agreement of 1978 or being witness in subject deed. This further dilutes the credibility/ authenticity of this document produced on behalf of Mr. Tariq Shafi by Respondent No. 7. Similarly, although he acknowledged that his name was shown as "authorized representative of Tariq Shafi" in the opening statement as well as the signature block at the end of the 1980 sale agreement, he was quick to point out that he had not signed this document or had executed this sale. This, too, is inconsistent to the statement made by Mr. Tariq Shafi according to whom the sale was executed by Mr. Shahbaz Sharif on the direction of Mian Muhammad Sharif as his representative. It would seem that both Mr Tariq Shafi and Mr Shahbaz Sharif wanted to steer away from the issue of sale of gulf steel.

(7) Mr. Tariq Shafi was made to verify/ certify each page of documents/ record, attached with his under reference Affidavit. He verified all the documents, less signatures on agreement of 1980. The assertion by Mr. Tariq Shafi that he has problem with his signatures proved a lie as he signed over 50 pages before the JIT without any difference/ variation/ discrepancy. Furthermore, his denial to certify 'signatures' on the provided documents with his Affidavits and expressed uncertainty about correctness of 'signatures on the documents' indicates that someone else has been signing these documents of Gulf Steel Mills on behalf of Mr. Tariq Shafi.

8. **Cash Payment by Mr. Tariq Shafi to Qatari Prince during 1980:**

a. The letter by the Ministry of Justice, Government of UAE, after having verified the record of State Bank of UAE (***Annexure C***) certified that "The only evidence produced by the defendants to support their contention that there was 12 million dirham, as sale proceed of the 25% shares, available for investment in cash and 25% share sale agreement, have not been authenticated by the UAE authorities. Resultantly there exists not a single document to provide the basis for any money trail for the purchase of Avenfield properties and businesses of sons of the Respondent no 1. Moreover the statement of Mr. Tariq Shafi regarding receipt of the claimed cash received from Mr. Ahli and delivery of same to representatives of Mr. Thani is in stark contradiction to the one filed in Honourable Supreme Court in his Affidavit".

b. The statement of Mr. Tariq Shafi and his Affidavits; letters of the Mr. Al-Thani; and the Sale Agreement of Gulf Steel Mills produced by the Respondent are inconsistent with each other. The documentary and circumstantial evidence, when examined with provided record/ evidence, do not indicate any cash payment to Mr. Tariq Shafi by Mr. Ahli on account of sale of remaining 25% shares of Gulf Steel Mills in 1980.

(1) Accordingly, payment of 12 million Dirhams cash to Mr. Fahad Bin Jassim Bin Jaber Al Thani, which is claimed to be the source money for setting up the various businesses and ultimate ownership of Avenfield Apartments of the Sharif family, becomes a myth and not a reality.

(2) Furthermore, against the 12 million Dirhams received on account of sale of remaining 25% shares of Gulf Steel Mills (if any), there were liabilities to the tune of 14 Million Dirhams; hence, it is not plausible that this sum was transferred to Mr. Al-Thani for investment in Real Estate.

c. **Conclusion:** The inconsistencies in statements of witnesses when reviewed against available documentary evidence, definitively indicates that Mr. Tariq Shafi neither received 12 million Dirham from Mr. Ahli as sale proceeds of remaining 25% shares of Ahli Steel Mills (erstwhile Gulf Steel Mills) nor did he hand over this claimed amount to Mr. Al-Thani during 1980. He in fact tried to mislead the Honourable Supreme Court.

8. **Stance of Mian Nawaz Sharif about Gulf Steel Mills and its Proceeds**: Mian Nawaz Sharif was visibly evasive about most of the questions related to Gulf Steel Mills. Despite repeated questions, he stated that neither does he know Mr. Muhammad Hussain nor his partnership in Gulf Steel Mills, which is unlikely. After two and half hours of the interview, he admitted only to the extent of knowing Mr. Muhammad Hussain, as his uncle (Khaloo). His stance on various occasions about Gulf Steel Mills was as under:-

a. **Address in National Assembly (16 May 2016)**

(1) Our father reached Dubai for the purpose of business and established a factory with the name of Gulf Steel comprising of 10 lac square feet of area.

(2) This factory, in 1980, was sold for 33.37 million Dirhams or for 9 million Dollars.

b. **Statement before the JIT**

(1) The Gulf steel Mill was setup mainly from loans.

(2) I have neither owned nor held any beneficial interest in Gulf Steel Mills. I was also never involved in the running or operation of any of the foreign companies.

(3) I do not want to discuss the details of the sale proceeds of Gulf steel as they were best known to my father. All I know is that they were used for the businesses set up outside Pakistan later.

(4) I cannot however say when was the sale proceed of Gulf steel handed over to Al-Thani family; whether immediately after the sale or later on.

c. **Conclusion**: Mian Nawaz Sharif's statement that this factory (Gulf Steel Mills), in 1980 was sold for 33.37 million Dirhams or for 9 million Dollars cannot be corroborated..

Ownership (*Benami*) Status of Gulf Steel Mills:

a. The question as to why Mr. Tariq Shafi and Mr. Muhammed Hussain (partners in Gulf Steel Mills Limited) were chosen, as ostensible owners of Gulf Steel Mills, has been answered differently by various witnesses.

b. As far as Tariq Shafi is concerned, the reason has ranged from affection of Mian Muhammad Sharif towards Mr. Tariq Shafi to consideration and care for the

extended family etc. As far as Mr. Muhammad Hussain is concerned both Mr. Tariq Shafi and Mian Shahbaz Sharif have cited his British citizenship as the main reason for being a partner. Although both of them have not been able to provide the exact advantage likely to accrue from his being a British citizen, it seems that this arrangement might have been orchestrated to sever the link with Pakistan.

c. In his statement Mian Nawaz Sharif explained, at length, that Sharifs are well-knit, closely associated and a deeply interdependent monolithic family. Mian Sharif had been head of family, who solely decided about the shares of various family members in the businesses, and the entire family used to be the beneficiary. This is in line with the stated position of Mr. Tariq Shafi about Gulf Steel Mills as well. Therefore, it is fair to conclude that Gulf Steel Mills was also a family venture for the benefit of the whole family.

d. At the time of nationalization stringent regulations were put in place like The Foreign Assets' (Declaration) Regulation, 1972 issued on 10th January, 1972. The section 7 of the regulation states that "Any person who in contravention of any law for the time being in force in Pakistan acquires or attempts to acquire any movable or immovable property in a country other than Pakistan after the commencement of this Regulation shall be punished with transportation for life and also with confiscation either of the whole or any part of his property in Pakistan."

e. It is in this perspective that the role of the two ostensible owners and partners can be better understood. Thus, it can be inferred that nomination of a *Benamidar* owner (an orphan aged 18 years, and a foreign national) was to distance himself and his immediate family members from prosecution under the above-mentioned Regulation.

f. Notwithstanding the merit of the case, the irony is that this regulation is still effective, albeit almost forgotten, but still included in the list of the scheduled offences of FIA Act 1974. Perhaps it is time that this superfluous regulation is repealed and taken off the schedule of FIA.

10. **Transfer of Scrap Machinery of Erstwhile Gulf Steel Mills from Dubai to Jeddah for Azizia Steel Mills in 2001:**

a. The letter of Ministry of Justice, Government of UAE proves that scrap machinery of Ahli Steel Mills (erstwhile Gulf Steel Mills) was never transported from Dubai to Jeddah.

b. The statement of Mr. Hussain Nawaz Sharif is inconsistent with LC attached with Affidavits of Mr. Tariq Shafi. Mr. Hussain Nawaz Sharif stated the scrap machinery of erstwhile Gulf Steel Mills was transported from Dubai to Jeddah for Azizia Steel Mills in approximately 50 trucks. Contrarily, LC indicates that said machinery was transported in only two trucks.

c. **Conclusion:** Respondents have misstated about transportation of scrap machinery of Ahli Steel Mills (erstwhile Gulf Steel Mills) from Dubai to Jeddah. This also challenges their stated position about the establishment of Azizia.

11. **Decree of Dubai Court against Mr. Tariq Shafi;**

a. **Decree against Mr. Tariq Shafi:**

(1) In December 1994, Dubai Court passed a decree (copy is attached as ***Annexure J***) against Mr. Tariq Shafi for defaulting loans of BCCI. The

court decided that the respondents would pay an amount of AED 11,014,297. Brief detail of the case is as under:-

(a) In Feb 1989, Mr. Tariq Shafi requested BCCI for Personal loan of AED 4 Million dirham and signed letter of Credit for 889,000 German Franks on behalf of Truth Shailer. On his request, loan of AED 6,917,421 was granted and Letter of Credit amounting AED 2,816,558.

(b) Mr. Tariq Shafi and Imran Trade Organization defaulted in returning loan to the bank. Advocate agencies Zaid Galdari & Associates on behalf of BCCI filed a petition in court against Mr. Tariq Shafi & Imran Trading in Dubai court for implementation. Mr. Tariq Shafi according to his statement was working for Mian Shafi who had asked him to apply for the loan. The machinery reached Pakistan for Ittefaq group but LC but payment to Tariq Shafi was not made. This was because a dispute had started between the families over the businesses. When Tariq Shafi contacted Mian Shafi, the later told him that this transaction would be settled when the family settlement will take place.

(c) Bank of Credit & Commerce Luxemburg UAE (Abu Dhabi) requested the court to freeze all the accounts of Respondents. The Dubai Court placed name of Mr. Tariq Shafi on ECL and also order for attachment of his property.

(2) **Filing of Case against Mr. Tariq Shafi in Lahore High Court:** Government of Dubai filed a case in Lahore High Court against Mr. Tariq Shafi for defaulting bank loans. Later, Lahore High Court issued a "Stay Order" on the case.

(3) **Settlement of Liabilities:** BCCI petitioner requested the Dubai Court for stopping of implementation order of the case against Mr. Tariq Shafi and Imran Trading Organization in July 2012. Dubai Government requested the same from Dubai Court. Request of Dubai Government was approved with the file closure in August 2013.

b. **Findings of JIT:**

(1) As per banking rules, BCCI would not have given loan to Mr. Tariq Shafi until he cleared liabilities of erstwhile Gulf Steel Mills. Confronted with this evidence he accepted that he would not have been given loan if there had been liabilities against Gulf steel which he ostensibly owned. He however still did not disclose how the liabilities were cleared

(2) He failed to provide any evidence or money trail about equity related to his business. Therefore, it is fair to conclude that this new business might involve some part of sale proceeds of erstwhile Gulf Steel Mills.

(3) The settlement of loans by Dubai Court on the request of BCCI in August 2013, without any request or effort by Mr. Tariq Shafi, took place after assumption of power by Mian Muhammad Nawaz Sharif as the Prime Minister of Pakistan. This also coincided with the settlement between the Sharif and the Shafi family.

Specific Answers of Questions Raised by Honourable Bench based on JIT's Findings

12. **How Gulf Steel Mills came into being?** The respondents through the affidavits of Tariq Shafi claimed that the Gulf steel was established with zero equity and 100 % loan, a position that is not plausible. The underlying question is whether there was any money taken out of Pakistan to be used as equity in this business. The respondents were asked time and again to produce any

document to support their contention that the business was started with 100 % loan. They did not however produce any document which they were required to produce before the JIT in the light of Articles 117, 119 & 129 of Qanoon-e-Shahadat 1984 and Section-9(a)(5) of National Accountability Ordinance 1999.

13. **What led to its sale?**

a. **Stated Position of Mr. Tariq Shafi and Respondents**: Mr. Tariq Shafi and Respondents claimed that the Gulf Steel Mills was sold as business situation in Pakistan improved and Mian Muhammad Sharif reassumed the possession of his businesses in Pakistan (especially Ittefaq Foundry), which were earlier nationalized.

b. **Findings of the JIT**: The Gulf Steel Mills remained in loss since its establishment/ incorporation. Therefore, the shares in Gulf Steel Mills were sold:

(1) to clear the liabilities; liabilities of 21 million Dirham settled in 1978 while remaining liabilities of 14 million Dirham were ostensibly settled between 1978 to 1986 after 25% share sale of erstwhile Gulf Steel Mills.

(2) To focus on refurbishing the business in Pakistan, Ittefaq Foundry which was denationalized or invest in some new business in UAE.

14. **What Happened to its liabilities?**

a. **Detail of Liabilities**: The sale agreement with Mr. Kayed Ahli in 1978 placed the responsibilities of clearing all the liabilities including the electricity bills on the first party i.e Mr. Tariq Shafi, acting on behalf of Mian Sharif. The question arises, that if the AED 12 million were handed over to Mr. Fahad Al-Thani, how

were the liabilities cleared which ran into millions of Dirhams? A table highlighting the liabilities is as below (detailed calculation at *Annexure K*):

Total Liability of Gulf Steel Mills on the date of Share Sale Contract (1978)- see page 35 of CMA	36,023,899.91
Amount settled by Mr. Abdallah Kaid Ahli	21,375,000.00
Balance Deficit to be settled by M Tariq Shafi after payment to BCCI by Buyer of 21,375,000 being 75 % share	14,648,899.91
Net Consideration received under agreement dated 14.4.1980 for balance 25 % Shares	12,000,000.00
Balance Deficit of Gulf Steel	**(2,648,899.91)**

b. **Stance of Mr. Tariq Shafi:**

(1) The liabilities calculated as per the sale agreements stand to the tune of AED 14.65 million (refer to Table at *Annexure K*). There is an evident mismatch between the liabilities of the Company and the position assumed by Mr. Tariq Shafi pertaining to the sale value of the Company i.e., AED 12 million in 1980.

(2) Moreover, Mr. Tariq Shafi stated that this amount was not utilized for clearing the outstanding liabilities, leaving the question as to how these were cleared as Mian Sharif did not have any other overseas business at that time? Mr. Tariq Shafi, in response to this query, mentioned that between 1978 and 1980 Ahli Steel Mills generated a profit of AED 5 million against his shares (25%) - the mismatch with the liabilities remains unexplained.

(3) He admitted that he obtained loans from BCCI on his name (4 million Dirham) and on name of Al-Imran Trade Organization in 1987-88. These loans were also obtained on instructions of Mian Muhammad Sharif. As per banking rules, BCCI would not have given loan to Mr. Tariq Shafi until he cleared liabilities of erstwhile Gulf Steel Mills. Confronted with this evidence he accepted that he would not have been given loan if there had been liabilities against Gulf steel which he ostensibly owned. He however still did not disclose how the liabilities were cleared.

(4) The fact that the liabilities were promptly cleared is also evident from the fact that Tariq Shafi was put on ECL and warrants were issued against him when he defaulted in 1989. It is therefore clear that he would not have been able to work in Dubai if the liabilities of gulf steel, which he ostensibly owned, were not cleared in time.

c. **Stance of Mian Muhammad Shahbaz Sharif:**

(1) He stated that Mr. Tariq Shafi was the owner and beneficiary of Gulf Steel Mills, hence responsible for clearing of liabilities as well. This statement is explicitly inconsistent with the statements of Mr. Tariq Shafi, Mian Muhammad Nawaz Sharif and Mr. Hussain Nawaz Sharif, filed in the Court and recorded before the JIT, who stated that Mian Sharif was the beneficiary.

(2) When asked about the settlement of liabilities of Gulf Steel Mills, he declined to have any knowledge vis-à-vis their settlement. It is not logical that while he admits to have assisted Mr. Tariq Shafi in preparation of the Shares Sale Agreement (1980) yet he remained oblivious about liabilities and their settlement. Prima facie, he tried to conceal facts by denying knowledge about liabilities.

(3) He stated that it was not character of his father Mian Muhammad Sharif to start another business without clearing liabilities of old business.

d. **Conclusion by JIT**: It can be fairly concluded that liabilities of Gulf Steel Mills were cleared between 1978 to 1986, without which Mr. Tariq Shafi could not have obtained a new loan from BCCI. The fact that he started a new business in Dubai in 1981-82 is also indicative that the liabilities were cleared otherwise he would face proceedings similar to the ones he faced in 1990s. The JIT envisage following possibilities with reference to settlement of liabilities of Gulf Steel Mills by Mian Muhammad Sharif;

(1) **Possibility-1**: The liabilities (approximately 14 million Dirham in 1980) might have been settled through share sale proceeds (if any) of Ahli Steel Mills (erstwhile Gulf Steel Mills) in 80s.

(2) **Possibility-2**: Part of liabilities of Gulf Steel Mills was settled by portion of sale proceeds of 25% of Ahli Steel Mills (erstwhile Gulf Steel Mills).

(3) **Possibility-3**: Liabilities were settled by Mian Sharif through undeclared wealth, transferred illegally from Pakistan to Dubai during 80s.

15. **Where did its sale proceeds end up?**

a. 75% share sale proceeds (21 million Dirham) of Gulf Steel Mills were used by Mian Muhammad Sharif/ Mr. Tariq Shafi to settle part of liabilities in 1978.

b. Remaining 25% shares of Ahli Steel Mills (erstwhile Gulf Steel Mills) belonging to Sharif family were ostensibly sold between 1978 to 1986, and were used

(1) to clear remaining liabilities (14 million Dirhams).

(2) to invest in new business in Dubai, owned by Mian Muhammad Sharif and operated by Mr. Tariq Shafi from 1980-81 to 1994. Mr. Tariq Shafi later defaulted the loans obtained by him for this business.

16. **How did they reach Jeddah, Qatar and UK?**

a. The UAE government in response to the MLA sent by the JIT has not verified the sale document of 25 % shares of gulf steel. This is the only document that the respondents have relied upon to explain the money trail for investment in Qatar, which in turn provided money for businesses and properties in Jeddah and UK. The respondents were asked to produce any documents to support their contention but did not do so despite the fact that they were required to produce this evidence before the JIT in the light of Articles 117, 119 & 129 of Qanoon-e-Shahadat 1984 and Section-9(a)(5) of National Accountability Ordinance 1999.

b. The clearance of liabilities of gulf steel as explained in the section above would have in any case wiped out almost all of the claimed proceeds of sale of gulf steel and therefore there was no money available to be invested in any case.

Conclusive Findings by the JIT

17. In view of the above, conclusive findings of the JIT are;

a. that Gulf Steel Mills was a family business; Mr. Tariq Shafi and Mr. Muhammad Hussain were the *Benami* owners, while Mian Muhammad Sharif was the actual owner, being head of the family. Mian Muhammad Sharif used the two *Benamidars* (an orphan aged 18 years, and a foreign national) presumably to distance himself and his immediate family members from prosecution under the Foreign Assets' (Declaration) Regulation, 1972 issued on 10th January, 1972;

b. that two Affidavits of Mr. Tariq Shafi, produced by Respondent No. 7 before the Honourable Supreme Court of Pakistan, are factually incorrect, speculative, tampered and misleading, hence cannot be relied upon;

c. As per information received from UAE Government, the Share Sale Agreement 1980 produced by the Respondents under an Affidavit in the Honorable Supreme Court of Pakistan, does not exist, hence the attached copy (*Annexure-I*) is unauthentic, fictitious, and fabricated. The notarization of the said document has also been proved to be fictitious and illegal;

d. that stated position of Respondents and Mr. Tariq Shafi about Gulf Steel Mills and proceeds thereto (12 million Dirham) is false, fabricated, inconsistent and factually incorrect, hence cannot be relied upon;

e. that Mian Muhammad Nawaz Sharif, during his address to the nation, stated that in 1980 this factory (Gulf Steel Mills) was sold for AED 33.37 million (US$ 9 million). This is not consistent with either the documents/ record provided by the Respondents themselves or the findings of the JIT;

f. that Mr. Tariq Shafi neither received AED 12 million from Mr. Ahli as sale proceeds of remaining 25% shares of Ahli Steel Mills (erstwhile Gulf Steel Mills) nor did he hand over this claimed amount to Mr. Al-Thani during 1980;

g. that Gulf Steel Mills had liabilities to the tune of AED 36.02 million; of these AED 21 million were cleared in 1978 while remaining AED 14 million were cleared after 1978, record or detail of which is not available;

h. that Mr. Tariq Shafi not only produced false and misleading affidavits in the Honorable Supreme Court but is also known to have a tainted reputation as he defaulted on loans of BCCI in 1987-88. Owing to his reputation and the fact that he remained an absconder from law and was placed on the exit control list by UAE authorities;

i. that Respondents have misstated about transportation of scrap machinery of erstwhile Gulf Steel to Jeddah. LC document of transportation of scrap machinery from Dubai to Jeddah is unauthentic and fictitious.

Overall, the inconsistencies in the statements of Sharif family with reference to Gulf Steel Mills and the documents obtained from foreign jurisdiction by the JIT through Mutual legal Assistance legal conclusively prove that the story of Respondents about Gulf Steel Mills is unauthentic, lacks substance and seems fabricated. The available and produced documents / record, circumstantial evidence and discrepancies / inconsistencies of Mr Tariq Shafi and Respondents also establish that the sale proceeds of Gulf Steel Mills *NEVER* reached Jeddah, Qatar or UK.

Section II

Ownership of Avenfield Apartments

Documentary Evidences, Annexures and details are covered in Volume IV of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume IV of Investigation Report of Joint Investigation Team, Panama Case

OWNERSHIP OF AVENFIELD APARTMENTS

The Honourable Bench has directed the JIT to probe following three (3) questions related to Avenfield Apartments;

i. Whether Respondents No. 7 and 8 in view of their tender ages had the means in the early nineties to possess and purchase the flats?
ii. How bearer shares crystalized into flats?
iii. Who, in fact, is the real and beneficial owner of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited?

Back ground of the questions

1. The Panama Papers were released on 20th of April 2016 by ICIJ (International Consortium of Investigative Journalists). Prior to the publication of Panama Papers, Mr. Hussain Nawaz Sharif, who seldom appears in the media, gave a series of interviews to TV channels. Subsequent to the publication of the Panama Papers the Prime Minister also addressed the nation on a number of occasions to answer allegations that the Sharif family owns the Avenfield Apartments through offshore companies. After the legal proceedings started in the Honourable Supreme Court of Pakistan, the Prime Minister and the members of his family became the Respondents and filed their defence. During all media interviews, addresses to the nation and the proceedings in the Honourable Supreme Court of Pakistan, the ownership of the apartments by the Sharif family was admitted.

2. There however remained confusion as to who actually was the beneficial owner; Ms Maryam Safdar, who according to the leaked Panama Papers was identified as such by the

Financial Investigation Agency of British Virgin Islands or Mr. Hussain Nawaz who had publicly stated that he was the beneficiary of a trust of which his sister Maryam was the trustee. This, however, required an answer to the question as to what were the sources of funds for the purchase of these apartments and how were funds transferred abroad.

3. The family of Mian Sharif had taken over the possession of these apartments , soon after they were purchased in the period between 1993-96, through BVI companies, Neilson and Nescoll. The different media interviews by the Sharif family regarding the purchase and possession of the apartments throughout the period 1999 to 2016 and the addresses of the Prime Minister gave different versions which were often contradictory. During the proceedings of the case before the Honorable Supreme Court of Pakistan the respondent filed their responses which admitted not only possession but also the fact that the family had been paying some of the taxes like the ground rent etc., throughout. The main beneficiary of the apartments, however seemed to be Mr. Hussain Nawaz, who was the first occupier and Hasan Nawaz Sharif who continues to reside there. They however had started living in these apartments as students and the question arose how they were, despite their tender ages had the means in the early nineties to possess and purchase the flats.

4. The Qatari investment with Mr. Fahad Al-Thani became the primary explanation for the origin of funds that were available to the Sharif family, not only for the purchase of apartments, but also for other overseas businesses established by the family members of the Prime Minister including the steel mill in the Kingdom of Saudi Arabia (KSA). With many shifting and sometimes conflicting positions, it was explained by the Respondents 7 and 8 that the sale proceeds of the Gulf Steel Mills were invested, in cash terms and without documentation, with the Al-Thani family of Qatar, and all subsequent overseas ventures including purchase of the apartments, setting up of the businesses in KSA and UK were undertaken from the profits made from this investment.

5. The ownership however was admitted from 2006 onwards and it was claimed that the BVI companies who owned these apartments were purchased by the Qatari Al-Thani family who held the ownership through bearer certificates. It was further claimed that the ownership

changed hands through the handing over of bearer certificates as a result of final settlement between the Sharif family and Althani family.

Methodology of Investigations

6. **Recording of Statements**: The JIT recorded statements of, i) Mian Muhammad Nawaz Sharif (Respondent No. 1), ii) Mian Muhammad Shahbaz Sharif, iii) Ms. Maryam Safdar (Respondent No. 6), iv) Mr. Hussain Nawaz Sharif (Respondent No. 7), v) Mr. Hasan Nawaz Sharif (Respondent No. 8) and, vi) Captain (R) Muhammad Safdar (Respondent no 9) for either being possibly acquainted with the details of Avenfield properties or having filed document(s)/ supporting evidence in the Honourable Supreme Court of Pakistan during the Panama Case proceedings as respondents. Excerpts of their statements related to Gulf Steel Mills are attached as ***Annexure A***.

7. **Request for Mutual Legal Assistance (MLA)**: The JIT requested the British Virgin Islands (BVI), United Kingdom (UK) and Switzerland, for authentications/ certification of documents that had surfaced during the Panama Leaks or had been submitted by the Respondents in the Honourable Supreme Court of Pakistan during Panama Case hearing.

8. **Money Trail Leading to Ownership of Avenfield Properties by Respondents**:

a. The Respondents claimed that M/s. Nielson Enterprises Limited and M/s. Nescoll Limited which were sole shareholders (bearer shares) of Avenfield Apartments (Flat # 16, Flat # 16A, Flat # 17 and Flat # 17A) belonged to Qatari Prince.

b. The Avenfield Apartments were in possession of Sharif family since 1993 till to-date. In early 2006, as consequence of the settlement[1] with Mr. Hamad Al-Thani, the bearer shares of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited

[1] The Respondents claimed to have invested AED 12 million by Mian Muhammad Sharif in Qatari Real Estate business in 1980.

were transferred to Mr. Hussain Nawaz Sharif in light of desire of late Mian Muhammad Sharif. Accordingly, Mr. Hussain Nawaz Sharif became the sole beneficial owner of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited (owned Avenfield properties).

c. In 4 February 2006, a 'Trust Deed' was signed between Mr. Hussain Nawaz Sharif and Ms. Maryam Nawaz Sharif, declaring Ms. Maryam Nawaz Sharif as "Trustee" of Avenfield properties. Similarly, in 2008, another "Trust Deed" was signed between Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar. Ms. Maryam Safdar (Respondent No. 6) in response to specific summon to produce the original of i) Trust Deed document of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited (***Annexure B***) and, ii) Trust Deed of Coomber Inc. (***Annexure C***) provided what she stated were the " Originals" but were in reality good quality photocopies of the originals.

Documentary Evidence in the Case

9. **Documents/ Record Provided by the Respondents**:

a. Despite prior notice, the Respondents (No. 1, 6, 7 & 8) and Mr. Hamad Al-Thani provided selected documents or record but failed to produce any additional document/ record or evidence before the JIT to substantiate their stated position on the ownership of the apartments. The following documents/ records (only photocopies provided to JIT) and the Honorable Supreme Court of Pakistan, attached with CMA 432, 7531 and 7511, are the main basis of the defence of the Respondents with regard to Avenfield properties:-

(1) Trust Deed; page 83-86 (CMA 7531, 7511)

(2) Share Certificates; Nescoll and Neilsen Enterprises; Page 63-72 (CMA 7531).

(3) Copy of Sheikh Hamad Bin Jasim Bin Jaber Al Thani letter; page 22 (CMA 432).

(4) Worksheet for settlement; page 63 (CMA 432).

10. **Documentary Evidence Acquired by the JIT**: There are two key documents which helped the JIT to draw conclusions about not only the ownership of the Apartments but also about nearly all the questions raised by the Honorable Supreme Court of Pakistan.

a. **Authentication of Letters of Mr. Errol George (Director, Financial Investigation Agency, BVI) and response thereto of Mossack Fonseca & Co. (BVI) (released by ICIJ in Panama Papers)**:

(1) In response to JIT's MLA, Mr. Errol George (Director, Financial Investigation Agency, BVI) has certified/ verified his correspondence with Ms. J. Nizbeth Maduro [Money Laundering Reporting Officer, Mossack Fonseca & Co. (BVI)] during June 2012 as true copies (copies of the said letter/ correspondence is attached as ***Annexure D***.

(2) In his letter addressed to the JIT, Mr. Errol George has confirmed the following:-

(a) That a letter dated 12 June, 2012 (bearing reference "SAR#1478") was issued by the Financial Investigation Agency of the British Virgin Islands ("the Agency") signed by Mr. Errol George, Director, raising various queries in relation to both Nescoll Limited

and Nielson Limited to Ms. J. Nizbeth Maduro, Money Laundering reporting Officer, Mossack Fonseca & Co. (BVI) Ltd.

(b) That the Agency received a reply dated 22 June, 2012 from Mossack Fonseca & Co.(BVI) Ltd, responding to queries raised by the Agency in relation to Nielson Enterprises Limited; and

(c) That the Agency received a reply dated 22 June, 2012 from Mossack Fonseca & Co. (BVI) Ltd, responding to queries raised by the Agency in relation to Nescoll Limited.

(3) The letters certified/ verified by Mr. Errol George in response to MLA request indicate that Ms. J. Nizbeth Maduro [Money Laundering Reporting Officer, Mossack Fonseca & Co. (BVI)], in her two letters dated 22nd June 2012, has provided following information to FIA, BVI:-

(a) **Re: Nielson Enterprises Limited – BC# 114856 (copy attached):** Excerpts of the letter are as under:

i. The Beneficial Owner of the company is Maryam Safdar whose address is Saroor Palace, Bazoue al eman st, Ruwais, Jeddah, Kingdom of Saudi Arabia. Passport copy enclosed for ease of reference.

ii. Please be informed that we are not in receipt of the name(s), contact details and physical address of the Settler, Trustee and Beneficiary of any Trust(s) connected to or concerned with the aforementioned company.

(b) **Re: Nescoll Limited – BC# 77606 (copy attached)**: Excerpts of the letter are as under:

i. The Beneficial Owner of the company is Maryam Safdar whose address is Saroor Palace, bazoue al eman st. Ruwais, Jeddah, Kingdom of Saudi Arabia. Passport copy enclosed for ease of reference.

ii. Please be informed that we are not in receipt of the name(s), contact details and physical address of the Settler, Trustee and Beneficiary of any Trust(s) connected to or concerned with the aforementioned company.

(4) **Conclusions**: The authenticated documents render incorrect, into, the defence of Ms. Maryam Safdar (Respondent No. 6) and Mr. Hussain Nawaz Sharif (Respondent No. 7), taken before the Honourable Supreme Court of Pakistan and the JIT with respect to the beneficial ownership of the apartments and the Trust Deed submitted, as under:-.

(a) The authentication of above documents by Mr. Errol George and their receipt through formal official channels of Attorney General Office of BVI, prove beyond doubt that Ms. Maryam Safdar was the real and Beneficial Owner of Nielson and Nescoll offshore companies in 2012 and thus owned Avenfield properties.

(b) It authenticates that there was no Trust/ Trustees associated with these companies.

(c) The address of Ms. Maryam Safdar as shown in the letters of Ms. J. Nizbeth Maduro (Mossack Fonseca & Co. BVI), is of Saroor

Palace, Jeddah. Therefore, it can be assumed, if not contradicted by any documentary evidence, that Ms. Maryam Safdar remained the real and Beneficial Owner of the Avenfield properties under Nielson and Nescoll offshore companies, since she was living in Saroor Palace, Jeddah (between 2000 to 2005).

(d) The analysis of tax returns of Ms. Maryam Safdar shows that she had never declared Avenfield Apartments, as her overseas properties,

b. **Letter of SAMBA Financial Group, Tahlia Ladies Branch dated 3rd December 2005 addressed to Minerva Financial Services Limited (copy attached as *Annexure E*** In her statement before the JIT and CMA--- (page 18), Ms. Maryam Safdar (Respondent No. 6) has authenticated this letter to be true copy. However, she has taken up the position that she was given this letter on her request since she was Trustee of Avenfield properties, which were being looked after by Minerva.

(1) Excerpts of this letter are as under:-

(a) This is to certify that Maryam Mohammad Safdar is one of our valued customer in SAMBA Al-Tahlia Branch since 2002. And she is well known to us.

(b) full address: Saroor Palace, Bazoue al eman st. Ruwais, Jeddah, Kingdom of Saudi Arabia.

(c) This certificate was given to Maryam Mohammad Safdar based on her request without any responsibility on our part.

(2) **Conclusions:**

(a) The accepted letter establishes link of Ms. Maryam Safdar with Minerva Service since December 2005.

(b) Same address (Saroor Palace) is given in the SAMBA and Mr. Errol George letters (referred above), which indicates the timeframe of the linkage of Ms. Maryam Safdar with Minerva Service (2005).

(c) The contention of Ms. Maryam Safdar, of being Trustee of Avenfield properties, and that being the reason for her linkage with Minerva Services and the SAMBA letter is rendered totally incorrect by the authenticated letters of Mr. Errol George that plainly prove that she was the Beneficial owner of these properties, which were managed by Minerva Services.

(3) **Conclusions:** Ms. Maryam Safdar has submitted fake/ falsified documents to the JIT, which is a criminal offence. These documents are decoys to manipulate facts and camouflage truth. Mr Hussain Nawaz and Capt (R) Safdar as well as Ms Maryam safdar have also signed these falsified and misleading documents. Mr Hasan Nawaz Sharif, having submitted these documents as Respondent No. 8 is also prima facie involved in manipulating and misleading the Honorable Supreme Court of Pakistan.

11. **QC's Legal Opinion on Validity of the Nescoll/Nielsen Declaration of Trust under English law;** The defence of the Respondents with reference to the ownership of Avenfield properties hinges on Trust Declaration (Nielson and Nescoll Companies, ***Annexure B***) between

Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar, claimed to have been signed in 2006 and 2008 respectively.

12. The JIT has examined and considered the validity and authenticity of the Nescoll/Nielsen Declaration of Trust. With regard to its validity of the Nescoll/Nielsen Declaration of Trust, the JIT has considered the two "expert opinions" of English Queen's Counsel filed on behalf the Respondents No. 7 and 8 and by the Petitioner in CP 29/16 respectively. The "expert opinion" filed on behalf of the Respondents No. 7 and 8 is that of Stephen Moverley Smith QC dated 12-6-2017 is at page 107 of CMA 432/17 ***Annexure F***. The "expert opinion" filed on behalf of the Petitioner is of Gilead Cooper QC and is dated 13-2-2017. This was filed through a CMA and comprises of 22 pages. ***Annexure G***

13. The opinion of Stephen Moverley Smith QC is that there is no requirement, under either the laws of England and Wales, or under the laws of the British Virgin Islands, for trust instruments to be registered or filed with any authority and that there being no obligation to register or file a trust instrument, it becomes effective on the trustee agreeing by his signature to hold the assets of the trust on the terms of the written instrument. This opinion does not refer to either the Coomber Trust Declaration or the Nescoll/Nielsen Declaration of Trust nor does it state that the either was examined for the purposes of rendering that opinion. It is restricted to a general and broad statement of the English and BVI law as noted above.

14. The opinion of Gilead Cooper QC is substantially more detailed and refers at length to the pleadings of the Respondents No. 6 and 7 in CP 29/17 as well as specific provisions of the Nescoll/Nielsen Declaration of Trust. It also considers and comments on the opinion rendered by Stephen Moverley Smith QC. Upon examination of the said opinion the position that emerges under English law according to Gilead Cooper QC is that:

a. As a matter of English law, there are two methods by which a trust may be created: *either* a settlor may declare *himself* to be trustee of property belonging to him; or a settlor may *transfer* property to a trustee, who accepts the trust the case of bearer shares, the legal title is vested in whoever has physical possession of the

share certificates, and in order for the trust to be fully constituted, the certificates must be physically handed to the trustee. There is no mention of the bearer shares in this case ever having been handed over to Respondent No. 6 in either the pleadings of Respondents No. 1, 6 or 7 nor in any statement made by them before the JIT. Consequently, "if this did not take place, there was no transfer, and consequently no trust." It is the opinion of this expert that neither the English nor the BVI jurisdiction will recognise a valid trust of which the Respondent No. 6 is the trustee unless there was physical delivery of the bearer shares to her.

b. The JIT having considered both "expert opinions" carefully is of the view that, on balance, the legal conclusions of Gilead Cooper QC appear to reflect the correct position as these have been reached by considering all of the available facts and are underpinned by English law. If this position is accepted, which the JIT tends to agree with, then the obvious consequence is that the Nescoll/Nielsen Declaration of Trust did not create any valid and lawful trust under English law.

c. The matter of the continued validity of the Nescoll/Nielsen Declaration of Trust does not, however, rest there. It is an admitted position as pleaded by the Respondents No. 6, 7 and 8 that the "bearer" shares of Nescoll Limited and Nielsen Enterprises Limited were "cancelled" in July 2006 and new "registered" shares were issued in the name of Minerva entities. Again, since to create a valid trust, English law requires the *transfer* of the trust property (in this case, after July 2006 being the "registered shares" of Nescoll Limited and Nielsen Enterprises Limited and not the "bearer" shares) to a trustee, who accepts the trust, the cancellation of the "bearer" shares would have terminated any trust that may have existed as it left Respondent No. 6 with nothing over which she could be a trustee: without the bearer shares, she had no interest in Nescoll Limited and Nielsen Enterprises Limited. Furthermore, by cancelling the bearer shares and giving instructions for the issue of new shares, it is the opinion of Gilead Cooper QC that Respondent No. 7 "was in effect exercising his right under *Saunders v Vautier* (1841) 4 Beav. 115. to wind up the trust as the absolute beneficial owner" and that

would have "discharged" Respondent No. 6 "from any duties or obligations she might have had under the" Nescoll/Nielsen Declaration of Trust. The JIT, on balance, tends to agree with this opinion, the consequence of which is that even if *assuming arguendo* there was a valid trust over the "bearer" shares with effect from the date of purported execution of the Nescoll/Nielsen Declaration of Trust in February 2006, it would have terminated in July 2006, when the bearer shares were cancelled. Therefore, with effect from the date of cancellation of the "bearer" shares there was no lawful and valid trust and neither is such trust continuing to-date, contrary to the pleadings of the Respondents No. 6 and 7 and their respective statements before the JIT.

15. **Authenticity of the Trust Document Produced**: The JIT during examination of the document observed inconsistencies in the document produced by the Respondents as Nielson/ Nescoll Trust Deed and Coomber Inc, Trust Deed. Foregoing, the JIT underwent an exhaustive examination regime to include seeking comments from the solicitor (Jeremy Freeman), who had authenticated this Trust Deed and also the handwriting experts.

a. Mr Freeman's response was limited. ***Annexure H***.

(1) He stated: *"...We are in receipt of your email dated 27th June 2017 sent at 13:36 to our Mr Freeman. On 4th February 2006 Mr Hussain Nawaz Sharif and Mr Waqar Ahmed attended at these offices bearing the original Declarations of Trust, copies of which were attached to your email under reply and neither of which had Mr Freeman seen previously.....we do not propose corresponding with you any further.."*

(2) It is material to note that Freeman:

(a) Claims to have seen the 'original' documents which are identical to "copies" attached to Quist's letter.

(b) He had not seen the documents until they were allegedly produced by Hussain Sharif.

(c) Confirms being one of two witnesses who also signed the document.

(d) Confirms the contents of his 5 January are allegedly correct.

(e) Refuses to give detailed answers to Quist's questions and to entertain any further correspondence.

(3) **Conclusion**: At the time we therefore concluded that the failure by Mr Freeman to respond in comprehensive terms to Quist's letter was strongly indicative of the fact that to do so, namely, provide full and honest replies, would have incriminated not only Hussain Sharif and Mariam Safdar but also the other respondents in addition to Mr Freeman himself.

b. **Expert Opinion by Document Examiner of "Trust Declarations" of Nescoll & Nielson Limited and Coomber Inc., Provided by Ms. Maryam Safdar to the JIT;**

(1) Ms. Maryam Safdar, during her appearance before the JIT, provided following two documents, claiming these to be "Original Copies"

(a) "Nescoll/Nielsen Declaration" (copy attached as ***Annexure B***);

(b) "Coomber Declaration" (copy attached as ***Annexure C***);

(2) It is worth mentioning that the JIT had, after noticing some obvious cuttings in the dates in the photocopied documents presented by the

respondents in the Court proceedings had already got an expert opinion from "The Radley Forensic Document Laboratory (Forensic Handwriting & Document Examination Experts), London and had obtained the first report which is at ***Annexure I***. The JIT also sent, what was presented by Ms Maryam Safdar as "Original Documents" to "The Radley Forensic Document Laboratory (Forensic Handwriting & Document Examination Experts), London for examination. After forensic examination, the said Laboratory submitted a comprehensive report duly signed by ROBERT W. RADLEY (Forensic Handwriting & Document Examiner), profile at ***Annexure J***, and copy of report is attached as ***Annexure K***. Summary of their opinion is as under:-

(a) Both certified Declarations are bound with a staple and an eyelet binder in the top left hand corner which enclosed the pages of the Declaration within a green triangular corner piece. I am firmly of the opinion that both of the documents have been unbound with the removal of the eyelet in each case and the removal a number of staples and then rebound using the same eyelets and a single staple per document.

(b) I have identified the type font used to produce both certified Declarations as "Calibri". However, Calibri was not commercially available before 31st January 2007 and as such, neither of the originals of the certified Declarations is correctly dated and happy to have been created at some later point in time.

(c) It is not possible to determine when these copies would have been made unless, possibly, ink dating is undertaken.

(3) **Conclusions:**

(a) The report prepared by the UK based (Forensic Handwriting & Document Examiner) proves, beyond any doubt that presented documents by respondents in the Supreme Court and the documents presented to the JIT by Ms. Maryam Safdar were falsified to mislead the Court to believe that they were signed in 2006, whereas they could not have been typed in that font in that year as it was not yet introduced.

(b) The report by the Forensic Handwriting & Document Examiner further corroborates and substantiates the certified letters of Mr. Errol George, which indicate that Ms. Maryam Safdar was Beneficial Owner of Neilson/ Nescoll offshore companies (sole shareholders of Avenfield properties) and there was no trust or "Trustee".

16. **Conclusive Findings with reference to Authentication of Documents**: Following facts are proved beyond doubt;-

a. Ms. Maryam Safdar had been the real and Beneficial Owner of Neilson and Nescoll Offshore Companies and owned Avenfield properties in 2012 and before. Her present status with reference to ownership of these properties could not be checked/ verified in absence of record/ evidence, which the Respondents were required to provide in line with Qanoon-e-Shahadat.

b. Trust Declaration documents, presented by Ms. Maryam Safdar to the JIT, as well as the photocopies of these documents submitted in the Honorable Supreme Court of Pakistan, are fake and fabricated documents. These documents are decoys to

mislead the Honourable Supreme Court of Pakistan, manipulate facts and camouflage truth.

c. The non-provision of requested corroborative documents/ record and refusal to give "Data Disclosure Consent" to the JIT by the Respondents, corroborate the fact that Respondents were consciously veiling the evidence and its access by JIT, which they were otherwise required to produce before the JIT in the light of Articles 117, 119 & 129 of Qanoon-e-Shahadat 1984 and Section-9(a)(5) of National Accountability Ordinance 1999.

JIT's Findings on the bases of Statements of the Respondents

17. **Possession of Avenfield Properties**: Although rendered almost inconsequential due to the documentary evidence presented above, the investigation by JIT about the possession of the apartments is discussed below.

a. It is an accepted fact that Avenfied Apartments (Flats No. 16, 16a, 17 & 17a) are in possession of Sharif family since 1993. Mr. Hussain Nawaz Sharif claimed to have taken possession of first apartment (Flat # 17) in 1993. Later his brother, Mr. Hasan Nawaz Sharif joined him in 1994, and also his cousins Mr. Hamza Shahbaz and Mr. Haroon. He claimed to have taken possession of Apartment No. 16 during 1995, which was earlier in use by an Arab family. He claimed to have also taken possession of Apartment 17 A in the period 1995- 96. Some discrepancies and inconsistencies in the statement of Respondents with reference to possession of apartments are as under;

b. Mr. Hasan Nawaz Sharif has practically lived all of his adult life in the Avenfield apartment. He was however very evasive in answering the questions about the ownership of the apartments. He was asked about the interview that was aired in Tim Sabistian's BBC program "Hardtalk" attributed his answer to being very

young at that time and facing an anchor like Tim was not easy. He also said that the questions related to the Avenfield Apartments, in Hardtalk, were posed without any notice. He further stated that he should have stated the same thing that he has stated today before the JIT i.e he did not know who was paying the rent for the apartments. The claim of Mr. Hasan Nawaz Sharif, notwithstanding his age at that time, is not convincing as he did not acknowledge, in his statement before the JIT, that he had any knowledge, who owned Nielson and Nescoll at that time and even refused to acknowledge that he knew of these names at that time.

c. Mr. Hasan Nawaz Sharif (Respondent No. 8) contradicted the statement by Mr. Hussain Nawaz Sharif about possession of Avenfield Apartments, who had earlier stated that only Apartment No. 17 was in his possession in 1994. Contrarily, he confirmed that three Avenfield Apartments (No. 16, 16a & 17) were already in possession of Mr. Hussain Nawaz Sharif when he reached London in 1994 while they got possession of the fourth Apartment (No. 17a) over the next 6 months. It substantiates that Mr. Hussain Nawaz Sharif *prima facie* was not truthful to the JIT about possession of these Apartments.

d. Mian Nawaz Sharif distanced himself from the apartments and could not explain the timeframe and procedure adopted for obtaining possession of Avenfield Apartments by his sons namely; Mr. Hussain Nawaz Sharif and Mr. Hasan Nawaz Sharif and was even uncertain about which son claims the ownership of the flats now. He was unable to reply to questions with reference to possession of Avenfield Apartments vis-à-vis their management since 1993/94.

e. Mian Nawaz Sharif stated that he usually stayed in Apartment No. 16 (Avenfield) whenever he visited London. It is interesting to note that, except him, no one is ever stated to have lived in Apartment No. 16; the only exception was Mian Muhammad Sharif, who as per the statement of Mr. Hussain Nawaz Sharif stayed in this apartment while he was sick in nineties. This exclusive use of the

apartment makes him the sole beneficiary of the apartment as far as possession is concerned.

f. Mr. Hasan Nawaz Sharif stated that Mr. Hussain Nawaz Sharif had been paying for the ground rent and utilities of Avenfield Apartments from 1994 to 2000; thereafter he started himself paying it for which money also came from Mr. Hussain Nawaz Sharif. This contention is not consistent with the stance of Mr. Hussain Nawaz Sharif who stated that he did not pay these expenses after he left London in 1996. Both the brothers are supposed to be having firsthand knowledge about this aspect being personally involved in the said activity, hence cannot be given the benefit of doubt. Prime facie, either one or both of them has lied to hide some fact. On the other hand, Mian Nawaz Sharif was unable to reply to questions with reference to possession of Avenfield Apartments vis-à-vis their management since 1993/94.

g. Mr. Hussain Nawaz Sharif stated that he had been receiving money from his grandfather from the account of Ittefaq Group of Industries, 32 Empress Road Lahore for payment of ground rent and service charges for the Avenfield Apartments, which is in line with the statements of Mian Nawaz Sharif and Mian Shahbaz Sharif. Mian Nawaz Sharif reconfirmed that all expenses related to stay of Mr. Hasan Nawaz Sharif and Mr. Hussain Nawaz Sharif and the flats were being met by his father, Mian Muhammad Sharif. He stated that he knew that his family was paying the ground rent, service charges and utilities but did not know whether rent was being paid or not.

18. **Money Trail, as Claimed by the Respondents – Investment in Qatari Business by Mian Sharif and their Proceeds thereto**: The JIT, based on available documentary evidence and inconsistencies in the statements of the witnesses, has clearly concluded that the spreadsheet attached with Qatari letter (copy attached as ***Annexure L***) has been "*constructed*" as an afterthought to artificially connect missing dots in money trail of Sharif family with reference to the ownership of Avenfield Apartments. Therefore, the appearance of the two letters from Mr.

Al-Thani in the Honourable Supreme Court of Pakistan is a "Myth" and not a reality. Details along with corroborating evidence have been covered in Volume-IV (Qatari Letters) of the JIT's Investigation Report.

19. **Ownership of Avenfield Apartments and Trust Deed, as Claimed by the Respondents**: Although it has been proved beyond doubt that Ms. Maryam Safdar had been the owner of Avenfield properties and that documents filed by the Respondents (No. 6, 7 & 8) are fake and manipulated, yet, the statements by the Respondents/ witnesses have been analyzed as under, which further corroborate above referred authentic documentary evidence;

a. Mr. Hussain Nawaz Sharif stated that there was no written agreement prepared or signed between the parties about the settlement that was being made after about 25 years "to avoid future litigation by any party". This argument of not signing an agreement to settle an investment spread over decades and involving payments, for which no proof exists, is beyond comprehension and highly improbable.

b. Mian Nawaz Sharif was confronted with the relevant contents of his speech to the nation dated 5th April, 2016 and address in National Assembly dated 16th May, 2016. Initially, he claimed privilege of not replying but later gave vague answers stating that whatever he said was correct. He did not endorse the contents of interview by Mrs. Kalsoom Nawaz Sharif given to The Guardian newspaper in the year 2000 whereby she accepted ownership of Avenfield Apartments. He stated that she might not be in knowledge of actual situation. He also showed ignorance about claimed "Trust Deed" signed by Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar.

c. Mr. Hasan Nawaz Sharif stated that he first time came to know about "Trust Deed" with reference to Avenfield Apartments/ Nielson and Nescoll, in which Ms. Maryam Safdar was made "Trustee" by Respondent No.7. Furthermore, copy of this "Trust Deed" was not provided to Minerva (service provider Company) in 2006. The secrecy about the "Trust Deed" (if there was any) confirm about its

very existence in 2006. His answer to the question whether he knew if any member of his family was the beneficial owner of Nielson and Nescoll, the companies who owned the Avenfield apartments, during the period 1994 to 2006 was not a plain negation. He rather chose to answer the question in an indirect way by saying that he had no means of knowing whether his family was the beneficial owner of Nielson and Nescoll, the companies who owned the Avenfield apartments, during the period 1994 to 2006. Mr. Hasan Nawaz Sharif's lack of direct response seemed to be a tactic to avoid questioning on the issue. His statement in this regard was not plausible.

d. Mian Nawaz Sharif explained, at length, that Sharifs are closely knit, and an interdependent monolithic family. Mian Sharif had been head of family, who solely decided about the shares of various family members in the businesses, and the entire family used to be the beneficiary; he explained by stating that even educational expenses of his children were being paid by Mian Muhammad Sharif. Mr Shahbaz Sharif also corroborated the fact that the Sharifs are a monolithic family and stated that the expenses of Mr. Hamza Shahbaz Sharif in UK were also borne by Mian Sharif. This analogy is further corroborated by the utilization of the Avenfield Apartments where the beneficial ownership is claimed by Mr. Hussain Nawaz while the beneficiary in terms of longest possession and use is Mr. Hasan Nawaz Sharif.

e. Captain (R) Muhammad Safdar (Respondent No. 9) misstated that even today he did not know about owner of Avenfield Apartments. He, along with the family, had been visiting London since 1993, but neither stayed nor was in knowledge that Apartments were in possession of Sharif family. In late 2007, he along with family (including Mian Nawaz Sharif) once stated in Avenfield Apartments and learnt that Apartments were in possession of Sharif family. Following serious inconsistencies have been observed:-

(1) He claimed to have signed a "Trust Deed between Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar" as witness relating to Avenfield Apartments in 2006. Therefore, his contention that he was oblivious about owner of Avenfield Apartment is absolutely untrue.

(2) The ownership of Avenfield Apartments has remained under discussion in the media since 90s. It is implausible that a close family member like him was completely unaware about this issue.

(3) He narrated all events leading to the "Trust Deed between Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar", which he signed as a witness but neither did he remember the contents of the Trust Deed, nor its date/ year of signing since he had quickly gleaned the document. He declined to have known the relationship of Avenfield Apartments with the Trust Deed. When confronted with the Trust Deed filed by the Respondents in CMA ---- , he initially kept arguing it to be incomplete and photocopied document. However, later when exclusively indicated by the JIT, he verified it to be true copy. He also failed to recall any other "Trust Deed" signed by him as witness. Important conclusions are as under:-

(a) His inability to recall contents of claimed "Trust Deed" vindicated that no trust deed existed. He might have been made to sign some document by the family which he signed without reading. A common pattern/ practice in Sharif family, whereby decision by head of family is blindly complied with. Following are few cases to cite:-

i. Mr. Tariq Shafi claimed that he had been signing different documents related to Gulf Steel Mills without even reading the contents, though, there are serious unanswered

questions about even genuineness of his signatures on these documents.

ii. Mr. Hasan Nawaz Sharif and Mr. Hussain Nawaz Sharif signed family "Assets' Settlement" document, but when asked, they refused to have even seen the document.

iii. Mian Muhammad Nawaz Sharif verified his signatures on family "Assets' Settlement" document, but failed to recall the contents of the documents or date/ year of its signing.

f. **Envisaged Reason of Conversion of Bearer Shares into Registered Shares of Nielson and Nescoll:**

(1) Government of BVI changed its policy with reference to bearer shares, whereby the bearer shares were required to be converted into registered shares by June 2006, hence there was no flexibility to go beyond 2006.

(2) In 2007, Avenfield Apartments were pledged and mortgaged by Coomber Inc, in 2007 and 2008 respectively.

20. **<u>Physical Transfer of the Bearer Shares of Nielson and Nescoll Offshore Companies</u>:** Although it has been established that Ms. Maryam Safdar was beneficial owner of Avenfield Apartments and that the story built by Mr. Hussain Nawaz Sharif and other Respondents is totally incorrect which have been attempted to be corroborated by false documents yet, the stated stance of Respondents is discussed below to highlight contradictions and inconsistencies in their statements.;

a. Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar stated that they never saw or possessed Bearer Shares of Nielson and Nescoll Offshore Companies after their

transfer as a consequence of settlement with Mr. Al-Thani. On other hand, Mian Muhammad Nawaz Sharif said that he did not know how the bearer certificates were transferred.

b. As claimed by Mr. Hussain Nawaz Sharif, in early 2006, these were sent in an envelope by Mr. Nasir Khamis (representative of Mr. Al-Thani. to Mr. Waqar Ahmed (representative of Mr. Hussain Nawaz Sharif and business manager of Mr. Hasan Nawaz Sharif), who in turn mailed this sealed envelope to Minerva.

c. Mr. Hussain Nawaz Sharif confirmed, when repeatedly asked, that neither he nor Mr. Waqar Ahmed ever saw the Bearer Shares themselves.

d. He also stated that he along with Ms. Maryam Safdar (Respondent No. 6) had filled "Know Your Customer (KYC)" forms in Minerva. Ms. Maryam Safdar, however, negated this stating that she never filed any KYC. ***Annexure M***

e. **Conclusions**:

(1) Repeated change in stance of Mr. Hussain Nawaz Sharif before the JIT and even from the reply submitted in Honourable Supreme Court of Pakistan indicates possible efforts to conceal the facts.

(2) As per one of the clauses of the Trust Deed signed between Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar) produced by him, the "Trustee (Ms. Maryam Safdar)" was required to "hold" Bearer Shares on behalf of Mr. Hussain Nawaz Sharif. In the event, when both of them have never even seen these Bearer Shares, the document (Trust Deed) becomes unauthentic/illegality.

21. **Family Assets' Settlement**: Again, rendered almost inconsequential, another aspect that was investigated by the JIT is the Family asset settlement of the Sharif family. After the death of Mian Muhammad Sharif in 2004, Sharif family (sons, daughters and grandsons and granddaughters of Mian Sharif) reached a family assets settlement (copy attached as ***Annexure N***). However, the family asset settlement was executed in 2009 on an Affidavit, duly signed by all members of Sharif family;

a. Mian Nawaz Sharif stated that family "Assets Settlement" was agreed and executed after death of Mian Muhammad Sharif in 2005, which was inclusive of all properties and assets held by the family within Pakistan and abroad. He identified his signature on the "Assets Settlement" document accepting them to be his.

b. The said "Assets Settlement" document does not contain/ cover detail of any property outside Pakistan especially Avenfield Apartments. As per the statements of the Respondents, the apartments were transferred in the name of Sharif family (Mr. Hussain Nawaz Sharif) in 2006, much earlier than the execution of "Assets Settlement" document (signed in 2009) but there is no mention of these apartments in the document.

c. In the settlement document the female members of the family have surrendered their rights in favour of male members with reference to properties/ assets in Pakistan. It is however interesting to note that in case of apartments none of the legal heirs of Mian Muhammad Sharif including Mian Muhammad Nawaz Sharif and his brothers surrendered their claims on Avenfield Apartments in favour of Mr. Hussain Nawaz Sharif.

d. Mr Shahbaz sharif also verified "Assets Settlement" document, shown by the JIT as a true copy; the document was prepared in 2005 and executed in 2009 as shown on the Affidavit. Mian Shahbaz Sharif, however, also failed to justify non-

inclusion of Avenfield Apartments or investment with Mr. Al Thani in the said document.

Al-Towfeek Case: Analysis of the English proceedings, the inclusion of Avenfield properties in proceedings and details of their ownership as held by the High Court, Queens Bench Division.

22. Although the documentary evidence discussed above is conclusive the JIT investigated the Al Towfeek litigation (being case 1998-A-No. 991 before the Queens' Bench Division of the High Court of Justice (England) in which the Plaintiff was Al-Towfeek Company for Investment Funds Limited (Al-Towfeek) and Hudabiya Paper Mills Limited (Hudabiya), Mian Mohammad Shahbaz Sharif, Mian Mohammad Sharif and Mian Mohammad Abbas Sharif were arrayed as the First, Second, Third and Fourth Defendants respectively). The settlement of the litigation is an areas of investigation by the JIT in the context of identifying the true ultimate beneficial owners of the Mayfair apartments and assessing the veracity of the version presented before the Honourble Court with respect to these legal proceedings and the payment of US $ 8 million admittedly made to settle the same.

23. **Background of the Al-Towfeek Case:**

a. Proceedings were issued in London to recover a loan made by Al-Towfeek to Hudabiya Mills. Judgments were entered by the Plaintiff in the High Court on 20 October 1998 and 16 March 1999. On 26 October 1999, Mr. Shezi Nacqvi representing the Plaintiff filed witness statements with the High Court in support of an application for a charging order over the Mayfair apartments. His statements describe the interests of the Sharif family in the Mayfair apartments. On 5th November 1999 the High Court granted a "charging order nisi" over the Mayfair apartments in favour of the Plaintiff. The order expressly declared that " ...the

second defendant, third defendant/or fourth defendant has a beneficial interest in the [Mayfair apartments details of which were set out] in the schedule [to the order]". ***Annexure O***

b. There is a reference in the proceedings to the ownership of Hudabiya by the Sharif family and personal outstanding liabilities. Details of the parties and the liabilities are:

Hudabiya Paper Mills Limited,	First defendant	
Mian Mohammad Shahbaz Sharif	Second Defendant	US$18,673,203.86
Mian Mohammad Sharif	Third Defendant	US$15,504,732.37
Mian Mohammad Abbas Sharif	Fourth Defendant	S$15,504,732.37

c. The Plaintiff was also given permission to serve the charging order and Mr Nackvi's witness statements on the defendants in Pakistan and the JIT has obtained record which proves that this was indeed done and that, inter alia, Mr. Shahbaz Sharif was duly served with the same. It was further ordered that a complete set of the application documents should be served on the BVI companies at their registered office at Ansbacher BVI PO Box 659, Road Town, Tortola, British Virgin Islands. It appears, from available information, that the Defendants failed to respond to the assertions concerning the details and basis of their interests in the Mayfair apartments or otherwise to challenge or deny the same in any other way.

d. It is further worth noting that despite the Defendants' incarceration a settlement was reached between the parties and accordingly a Consent Order was filed with the High Court on 25 January 2000. The Consent Order had annexed to it a settlement deed. The deed is sealed and not available for public scrutiny. However, we now have a draft copy of the Consent Order ***Annexure P***, which we comment on below. The JIT has also submitted a Request for International

Mutual Legal Assistance to the UK Central Authority seeking record of the English High Court proceedings ***Annexure O***.

e. The draft Consent Order states that the charging order nisi granted by Master Trench on 5 November 1999 be discharged forthwith upon payment in accordance with clause 3 of the said deed with no order as to costs.

f. The cautions registered against the Mayfair apartments, therefore, are not required to be removed until payment is made to satisfy judgment. The security and the caution remain in place until the defendants make payment. The cautions are removed almost a month later on 21st February 2000.

24. **Analysis by JIT**:

a. According to the records made available to the JIT by SECP, Hudabiya Paper Mills had the following directors at the time of commencement of business in March 1992:

(1) Mian Muhammad Sharif
(2) Mian Shahbaz Sharif s/o Mian Sharif
(3) Mian Abbas Sharif s/o Mian Sharif
(4) Hussain Nawaz Sharif s/o Mian Nawaz Sharif
(6) Hamza Shahbaz Sharif s/o Mian Shahbaz Sharif
(7) Mrs. Shamim Akhtar w/o Mian Sharif
(8) Mrs. Sabiha Abbas d/o Mian Abbass

b. After commencement of business there was no change in the above until 1995. In October 1996, Mrs. Maryam (Nawaz) Safdar, was made director in place of Mr. Muhammad Shahbaz Sharif; thereafter as per the records filed with SECP there was no change in the director's status until 30 December 2000.

c. In his statement before the JIT, Mr. Shahbaz Sharif refused to answer questions concerning the Al-Towfeek litigation and related issues of registration of cautions against the registered titles of the Mayfair apartments. He refused to answer any questions relating to the English High Court proceedings involving Hudabiya in which he was personally arrayed as the Second Defendant (qua one of the Guarantors of the loan obtained by Hudabiya from Al-Towfeek) by claiming that the English High Court proceedings were quashed by the Pakistani High Court. This is a patently false and unsubstantiated statement belied by the available record which is to the contrary. Moreover, Mr. Shahbaz Sharif never produced the judgment of any High Court of Pakistan to this effect, nor is the JIT otherwise aware of any such judgment. Mr. Shahbaz Sharif, however, persisted that the JIT could not probe into this issue. Despite being made aware that JIT had been mandated in this regard by the Honorable Court, he remained adamant about not answering any questions concerning the placing of the caution over the Mayfair apartments. The said caution was placed in pursuance of the charging order of the English High Court on the basis that Nescoll Limited and Nielsen Enterprises Limited (the registered proprietors of the Mayfair apartments) were alleged to be vehicles for the Second, Third and Fourth Defendants in the said proceeding who were said to be the true beneficial owners. The emphatic and persistent refusal of Mr. Shahbaz Sharif to respond to this line of questions is construed by the JIT as an attempt to evade answering central questions about matters of which, according to the material on record discussed below, Mr. Shahbaz Sharif had due notice and knowledge. As it is now known that the English High Court proceedings were concluded through a Consent Order based on a Settlement Agreement to which all of the Defendants, including Mr. Shahbaz Sharif were a party, the nexus between: (a) Hudabiya, in which, at the relevant time, the interest of Respondent No. 1 was represented through Respondents No. 6 and No. 7 and the interests of the other two brothers was also directly or indirectly represented; and (b) the Mayfair apartments, which were the subject of a charge as a result of the English High Court proceedings, which was only vacated upon payment to Al-Towfeek on behalf of the Defendants of the settlement amount as per the

Settlement Agreement executed between Al-Towfeek and the four Defendants in the High Court proceedings, consequently also stands clearly established.

d. A similar pattern can be seen in the statement given by Hasan Nawaz Sharif (Respondent No. 8) who completely denied any knowledge concerning the payment in 2000 claimed by him and his brother Hussain Nawaz Sharif, before the Honorable Court through CMA 432/17, to have been made by the Al-Thani family to settle the Al-Towfeek litigation. This is in stark contradiction to the stance of both brothers in paragraph 8 of CMA 432/17 (submitted on behalf of Respondents No. 7 and No. 8) in which it was pleaded that the Respondent No. 7 was informed by the representative of the Al-Thani family that a sum of US $ 8 million has been paid during the year 2000 to the Al Towfeek Company for Investment Funds and that Respondent No. 7 was informed that this payment was made on the instructions of Mian Muhammad Sharif.

e. Mr. Hussain Nawaz Sharif's (Respondent No. 7) in his statement before the JIT also distanced himself from any knowledge of the English High Court proceedings and subsequent Settlement Agreement, while also explaining how Nasir Khamis, the representative of Mr. Thani, had recorded an expense of US $ 8 million representing the settlement payment in the Al Towfeek litigation. He maintained that his uncle, Mr. Shahbaz Sharif, who could otherwise have known about this payment was not present in Saudi Arabia at the relevant time and therefore he (Hussain) could not ask him to check the veracity of the details of the payment.

f. The Respondent No. 1, Mian Nawaz Sharif, also in his statement before the JIT - while acknowledging that he had heard about the Al Towfeek litigation - denied any knowledge of the details of the Settlement Agreement executed with Al-Towfeek.

g. We refer to the without prejudice draft of the Deed of Settlement and the Consent Order in respect of the English High Court proceedings marked 'Without prejudice - Draft 2, December 1999'("December 1999 draft consent order"). ***Annexure R***.

h. We do not believe it reflects the final terms reached and agreed upon by the parties to the Al-Towfeek Litigation, but it is nevertheless a helpful document as it underscores and proves the Defendants inaction when it comes to taking steps to dissociate themselves from having any nexus or beneficial ownership interest in the Mayfair apartments when they become aware of the English High Court proceedings, including the placing of a charge on the Mayfair apartments.

i. Nowhere in the December 1999 draft Consent Order - both in the draft Settlement Deed and the draft Consent Order - does it state that the Defendants do not have a beneficial interest in the Mayfair apartments.

j. The Mayfair apartments are not expressly excluded from being assets against which Al-Towfeek can enforce judgment in the event of a default by the Defendants to make payment.

k. This significant omission - expressly excluding the Mayfair apartments in the course of negotiations from the scope of legal proceedings supports, corroborates and reinforces the JIT's analysis and conclusion that the Defendants retained an interest in the Mayfair apartments as also held by the High Court in the 5 November Charging Order. That position remained unchallenged throughout, until final settlement, whether by Hudabiya (in which Respondent No. 1 held interest through his daughter and son), the Second, Third and Fourth Defendants (being the brothers and father of the Respondent No. 1) or by any third party such as any member of the Al-Thani family.

l. The JIT's investigation and analysis of documents / news report attached reveal that the Defendants made an application to set aside an order issued on 4 September 1998 and failed. They were ordered to pay the Plaintiff's legal costs. Nevertheless the Defendants did not appeal against the ruling. Subsequently the Defendants did not seek at any stage to appeal or set aside any further order made against them even though the High Court declared they had an interest in the Mayfair apartments.

m. The Settlement envisaged by the December 1999 draft consent order encompasses both sets of proceedings – 'the English Action' and 'the Pakistan Action'. *See paragraph D of Annexure P.*

n. Clause 2 of the draft Settlement Deed states that payment is to be made "from Hudabiya and/or the Guarantors in the sums particularised in clause 3 … in full and final settlement" of all worldwide claims "arising out of or in connection with the subject matter of the English Action".

o. Notably therefore, the parties to the draft Settlement Deed (being the same as the Plaintiff and Defendants in the English High Court proceedings) treat the basis of the claim as that set out in the English proceedings and not any proceedings in Pakistan. The Pakistani proceedings were, therefore, only tactical in nature and not a serious attempt to challenge the substantive Al-Towfeek claim fought in the proper jurisdiction where it succeeded and where matters concerning the ownership of the Mayfair apartments were more properly considered.

p. Furthermore, it is significant to note that clause 2 of the draft Settlement Deed refers to payment being made by the Defendants and not the Al-Thani family or any other third party.

q. Clause 7(3) of the draft Settlement Deed requires the Plaintiff to remove the cautions registered against the Mayfair apartments. In reality however, this clause does not seem to have been kept in the final signed version of the Consent Order and the Settlement deed.

r. The investigation reveals that it is likely that the final order by the High Court stated that the charging order nisi granted by Master Trench on November 5,

1999, be discharged forthwith ***upon payment*** in accordance with clause 3 of the said deed with no order as to costs.

s. Accordingly, we continue to rely on our conclusion that the charging order and the caution registered against the Mayfair apartments provided the Plaintiff with security until payment was discharged.

t. The parties agreed to keep the terms of the Settlement Deed confidential. *(Clause16)* We conclude that in all of the circumstances this was an essential requirement for the Respondent No. 1, his father and brothers so that they could mask details of both their personal liabilities and their beneficial interests in the Mayfair apartments.

u. We refer to the Orr, Dignam & Co. (Advocates) letter dated 29 June 2017 addressed to the JIT together with the affidavit of service dated 7 December 1999 provided by the said law firm. ***Annexure S***

v. The affidavit of service sworn by Mr. Mazhar Bangash confirms personal service of the 5 November 1999 Charging Order Nisi and Mr Nackvi's witness statements dated 26 October 1999 and 5 November 1999 - on 26 November 1999 on the Third and Fourth Defendants and on 27 November 1999 on the Second Defendant. Various banks and institutions were also served on other dates. Accordingly, this document itself conclusively proves that the refusal by Mr. Shahbaz Sharif and others to answer questions in relation to the Al-Towfeek litigation is intentionally evasive as the entire matter was formally in his notice. The conclusion that the Respondent No. 1, No. 6, No. 7 and No. 8 as well as Mr. Shahbaz Sharif were fully aware of the English High Court proceedings is further established by the fact that Hudabiya (in which Respondents No. 6 and No. 7 represented the Respondent No. 1's interest in 1999-2000) and Mr. Shahbaz Sharif along with his brother and father are all parties to the Settlement Agreement which was filed upon their instructions in the Queens Bench Division to seek disposal of the Al-Towfeek litigation upon payment of an amount of US $ 8 million to settle the claim of Al-Towfeek.

w. The affidavit as ***Annexure T*** exhibits a sealed copy of the 5 November 1999 charging order, which give details of a further hearing on 16 December 1999

before a judge, which provided an opportunity for the Defendants to challenge the declaration that they had an interest in the Mayfair apartments. Currently, there is no evidence to suggest that the Defendants or their legal representatives either attended that hearing or otherwise successfully set aside the Charging Order Nisi. Any such challenge is highly unlikely given our analysis set out above.

x. We also refer to the further explanatory note attached as ***Annexure U*** prepared by our UK legal advisors, Quist Solicitors.

25. **Conclusive Findings**: In the final analysis, on the basis of the material before the JIT, we conclude that:

a. the 'true' owners of the Mayfair apartments at the time of the Al-Towfeek litigation in early 1999 were members of the Sharif family, which included most likely the Respondent No. 1, who seems to be employing his children and the two BVI entities to conceal his true ultimate beneficial ownership in the Mayfair apartments.

b. the available record of the English High Court proceedings also strongly support the conclusion that members of the Al-Thani family or indeed any other third party had no real interest or nexus with the Mayfair apartments as, *inter alia*, no individuals other than members of the Sharif family were represented in the legal proceedings and subsequent negotiations which culminated in the referenced Settlement Agreement, which makes not even an oblique reference to the Al-Thani family.

c. no actual evidence of the remittance and payment of the US $ 8 million by the Al-Thani family on the instructions of Mian Muhammad Sharif, as claimed and pleaded before the Honourable Court has been produced by any of the Respondents or other individuals interviewed by the JIT. The language of the draft Settlement Agreement also fully corroborates the view that the payment was excepted to be made by one of the Defendants to the Al-Towfeek litigation and that one of the underlying objectives to confidentially conclude the said legal English High Court proceedings was to have the charge placed on the Mayfair

properties vacated without disclosing the identity of the Ultimate Beneficial Owners.

d. the absence of any established role, involvement or association of any member of the Al-Thani family in the ownership of the Mayfair apartments or of Nescoll Limited and Nielsen Enterprises limited even as far back as early 1999 is quite clearly established in the opinion of the JIT. The credibility of the version of events linking ownership of the Mayfair apartments and payment of the US $ 8 million settlement amount to the Al- Thani family is, therefore, further undermined and eroded by these proceedings, the conduct of the parties thereto and the available record relating to the same.

e. based on all the material and information now available with and before the JIT, it is quite evident that the Al-Thani family did not have any interest in the Mayfair apartments in 1999. Had that not been the case then the Al-Thani family or the BVI company agents and directors (upon whom the court orders and the Nacqvi witness statements were also served) would (it is a reasonable assumption by the JIT) have immediately applied to set aside the Charging Order on the basis that their interests had wrongly been interfered with, as the Al-Thani family admittedly had no nexus with the borrower of funds from Al-Towfeek (i.e. Hudaibia), the directors of the BVI entities were under a legal duty to take steps to protect the companies' assets. They also ran the real risk of the High Court ultimately ordering sales of the properties so that the proceeds could be applied to discharge the judgment debt. This however was not the case and a settlement was reached with the defendants without any contest by the Al-Thani family, whether directly or through Nescoll Limited and Neilson Enterprises Limited.

26. The obvious and very strong inference therefore is that the beneficial owners of the properties were not the Al-Thani family.

27. JIT has nevertheless moved a Request for Mutual Legal Assistance (MLA) to obtain specific details and record of the finally executed Settlement Agreement and Consent Order along with related record (update covered in Volume X). Another MLA has been issued to establish the real beneficiary and ultimate user of huge remittances made from fake/ fictitious

bank accounts amounting to US$ 3,462,968 in favour of Shamrock (an offshore company) to Lloyd Banks in London during the period between January 1993 to December 1995 (update covered in Volume X). It is pertinent to mention that Shamrock was ostensibly being managed by Mr. Urspeaker who also owned/ managed Ansbachar "the company which managed the Avenfield properties in 90s". The details of this connection have been covered in Volume pertaining to Hudabiya Case. Such request should however be kept confidential so as to prevent manipulation of record. Quist (Solicitors) are assisting JIT in efforts with the UK Central Authority. The UKCA has acknowledged receipt of the MLA and indicated that a reply to the MLA unfortunately would not be possible within the timeline set by the Honourable Court. Efforts to pursue the matter further are however underway.

Specific Answers of Questions Raised by Honourable Bench based on JIT's Findings

28. **Whether Respondents No. 7 and 8 in view of their tender ages had the means in the early nineties to possess and purchase the flats?**

a. Mr. Hasan Nawaz Sharif and Mr. Hussain Nawaz Sharif did not have any independent source of income/ businesses till 2000, and were dependent on their parents/ family. Their residence/ possession of Avenfield properties without payment of rent ostensibly was owing to ownership of the Sharif family at that time. It was only after 2001 that they claimed to have started independent businesses (Azizia Steel Mills and Flagship Investments respectively).

b. Hence it is conclusively established that Respondent No. 7 and 8 did not have any means to, individually or collectively, maintain, manage or purchase Avenfield properties. (answered in detailed in Assets Disproportionate Volume xx)

29. **How bearer shares crystalized into flats?** In light of the documentary evidence discussed in the sections above and the discussions in other volumes related to Gulf Steel sale,

the letters of the Qatari prince, the issue of how bearer shares crystalised into flats is fully answered that such claim by the respondent is found totally false. The fabrication of evidence to create trust deed of 2006 and the authentication by BVI authorities of FIA documents showing Ms Maryam Safdar as beneficial owner of the companies make it clear that the issue of bearer certificates crystallizing into flats is no more relevant. The flats were not the property of Qatari Prince and handing over of the bearer shares as settlement of Qatari investment is totally a myth.

30. **Who, in fact, is the real and beneficial owner of M/s. Nielson Enterprises Limited and M/s. Nescoll Limited?**

a. Mr. Hussain Nawaz Sharif who claims to be the ultimate beneficial owner of M/s. Nielson Enterprises and M/s. Nescoll Limited (owners of the properties) did not produce any document proving his ownership of the said companies/properties despite repeated demand by the JIT.

However, in the light of the authentication/ verification letters of Mr. Errol George (Director, FIA, British Virgin Islands) and Advocate General of BVI, it can be conclusively stated that Ms. Maryam Safdar was (and probably still is) the real and ultimate beneficial owner of the Avenfield properties, through the ownership of by M/s. Nielson Enterprises Limited and M/s. Nescoll Limited (BVI Companies) and the claim of Ms Maryam Safdar being the "Trustee" was an attempt to mislead the Honorable Supreme Court of Pakistan by presenting falsified evidence.

Section III

Qatari Letters

Documentary Evidences, Annexures and details are covered in Volume V of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume V of Investigation Report of Joint Investigation Team, Panama Case

TWO LETTERS OF MR. HAMAD BIN JASSIM BIN JABER AL-THANI

The Honourable Bench, Supreme Court of Pakistan has directed the JIT to probe following question related to letters of Qatari Prince;

vi) Whether sudden appearance of his letters is a myth or a reality?

PART-I

Back ground and Significance of Letters of Mr Hamad Al-Thani

1. Panama Papers were released on 20th of April 2016 by ICIJ (International Consortium of Investigative Journalists). Even before the release, the Sharif family through the interviews of Mr. Hussain Nawaz Sharif had accepted the ownership of the Avenfield apartments. Mr Hussain's explanations were followed by the addresses of Mian Muhammad Nawaz Sharif (the Prime Minister of Pakistan), which tried to explain the means that were used to purchase these apartments. In all the media interviews and addresses, there was no mention of an investment with the Royal family of Qatar after the claimed sale of Gulf Steel Mills in 1980. As a matter of fact, the proceedings in Honourable Supreme Court of Pakistan had been well under way and no mention of this investment was made in the concise statement of Respondent No 1. It was on 5th of November 2016 that the council for Respondent No 6, 7 and 8 presented the first letter from Mr. Hamad Al-Thani (copy attached as ***Annexure A***), followed by another letter on 22nd of December 2016 (copy attached as ***Annexure B***). The letters are important as they are the final defence and explanation of Respondents of how the sale proceeds of Gulf steel, invested with the Royal family of Qatar in 1980, not only

resulted in the Avenfield apartments becoming the property of Sharif family, but practically all other businesses that were set up by the father or sons of the Prime Minister Mian Muhammad Nawaz Sharif, abroad, after two decades.

Investigation Methodology

2. **Recording of the statements of the witnesses**. The JIT recorded statements of, i) Mian Muhammad Nawaz Sharif (Respondent No. 1), ii) Mian Muhammad Shahbaz Sharif, iii) Mr. Hussain Nawaz Sharif (Respondent No. 7) and, iv) Mr. Hasan Nawaz Sharif (Respondent No. 8). Excerpts of their statements related to two Qatari letters are attached as ***Annexure C***.

3. **Acquisition of Documents/ Records by the Respondents**. Despite prior notices, the Respondents (No. 1, 6, 7 & 8) failed to produce any document/ record or evidence before the JIT to corroborate contents of Qatari letters, which they were otherwise required to produce before the JIT in the light of Articles 117, 119 & 129 of Qanoon-e-Shahadat 1984 and Section-9(a)(5) of National Accountability Ordinance 1999.

4. **Request for Mutual Legal Assistance (MLA) to Government of United Arab Emirates (UAE)**. The JIT initiated request for Mutual Legal Assistance (MLA) to British Virgin Island (BVI), United Kingdom (UK), United Arab Emirates (UAE) and Switzerland to obtain evidence to establish the ownership of Nielson and Nescoll Offshore Companies (shareholders of Avenfield Apartments) and to collect evidence that could corroborate or contradict the letters submitted by Althani; details are covered in Volume-9 of the JIT's Report.

Findings of the JIT

5. **Infirmities/ Contradiction in the two Qatari Letters**. The JIT analysed the two letters submitted by Althani in the Honorable Supreme Court of Pakistan, recorded and analysed the statements of the respondents, moved letters for mutual legal assistance to foreign jurisdiction. These are discussed as hereunder;

Serial	Excerpts from Qatari Letters	JIT analysis/ contradictions
	Qatari Letter-1 (5 November 2016) **(CMA 7638, A-13)**	
a.	**Paragraph 2:** ....I was informed that during the year 1980, Mr. Mian Muhammad Sharif expressed his desire to invest a certain amount of money in real estate business of Al-Thani family in Qatar.	• *Hearsay;* no explanation has been given as to who informed him.
b.	**Paragraph 3:** I understood at that time, that an aggregate sum of around 12 Million Dirhams (AED 12, 000, 000) was contributed by Mr. Mian Muhammad Sharif, originating from the sale of business in Dubai, UAE.	• *Hearsay;*
c.	**Paragraph 4:** The properties Flat # 17, Flat # 17a, Flat # 16, Flat # 16a at Avenfield House, Park Lane, London were registered in the ownership of two offshore companies, bearer share certificates of which were kept during that time in Qatar. These were purchased from the proceeds of the real estate business. On account of relationship between the families, Mr. Mian Muhammad Sharif and his family used the Properties whilst bearing all expenses relating to the Properties, including the ground rent and service charges.	• *Hearsay*: did not mention how, when and from whom he learnt about this. • The statement that the properties were purchased from the ***real estate business*** contradicts the position subsequently taken when a detailed investment on interest calculated at Libor was presented for calculation of profits. • The claim that 'bearer shares' were kept in Qatar does not provide the details that who was the custodian of these shares at that time nor any record provided to support this claim.

d.	**Paragraph 5:** I can recall that during his life time, Mr. Mian Muhammad Sharif wished that the beneficiary of his investment and returns in the real estate business is his Grandson, Mr. Hussain Nawaz Sharif.	• *Hearsay*: Does not provide who provided this information that is now being recalled. • It is in contradiction to his subsequent letter dated 22 December 2016 wherein he introduced the "accruals and other distributions made over the term of the investment" which were later explained by introducing hand written notes and a worksheet. There is glaring contradiction as in the first letter Mr, Hussain Nawaz Sharif was supposed to be the sole beneficiary of the investment but the "distributions" made include payments made to Hasan Nawaz Sharif for setting up his business as well as payment made to settle the al Towfeek case in Queens Court, London. This raises serious doubts about the veracity of these letters.
Qatari Letter-2 (22 December 2016) **(CMA 732, A-36)**		
e.	**Paragraph 2:** In response to such queries, I wish to clarify that in 1980, Mr. Mian Mohammad Sharif (Mr. Sharif), a longstanding and trusted business partner of my father, made an investment, (the Investment) of approximately twelve million AED in the real estate business of the Al-Thani family. This investment was made by way of provision of cash, which was common practice in the Gulf region at the time of the investment and also, given the longstanding relationship between my father and Mr. Sharif, a customary way for	• No details of the long standing partnership is made available or even explained.

	them to do business as between themselves.	
f.	**Paragraph 3:** At the end of 2005, after reconciling all accruals and other distributions made over the term of the Investment, it was agreed that an amount of approximately $ 8,000,000 was due to Mr. Sharif. In accordance with Mr. Sharif's wishes, the amount due to him was settled in 2006 by way of the delivery to Mr. Hussain Nawaz Sharif's representatives of bearer shares of Nescoll Limited and Neilsen Enterprises Limited, which had been kept during that time in Qatar.	• There is glaring contradiction as in the first letter Mr, Hussain Nawaz Sharif was supposed to be the sole beneficiary of the investment but the "distributions" made include payments made to Hassan Nawaz Sharif for setting up his business as well as payment made to settle the al Towfeek case in Queens Court, London. This serious inconsistency in the stance casts serious doubts about the veracity of these letters.

6. **The issue of lack of documentation of investment**. It was claimed that no documentation was made for the sizeable investment of AED 12 million made by Mian Sharif with the his father Mr. Fahad Al-Thani. Mr. Hussain Nawaz Sharif tried to explain that neither his grandfather believed in documentation nor was it a norm at that time in the Gulf for such documentation. This contention is, however, not tenable as documentation has been presented by the Respondents in their defence related to establishment and sale of Gulf Steel Mills, which is quite detailed and clearly shows that proper documentation about such investments was the norm. Keeping in view that Mian Sharif was the real owner of Gulf Steel Mills the contention that he was averse to any documentation also seems baseless. Regardless of what Mr Hussain Nawaz Sharif stated, lack of documentation for such a sizeable investment is implausible.

7. **The issue of Cash payment and transfer**. The statement of Mr. Tariq Shafi and his Affidavits; letters of the Mr. Al-Thani; and the Sale Agreement of Gulf Steel Mills (proved to be fake in response of MLA request) produced by the Respondents are inconsistent with each other. The documentary and circumstantial evidence, when examined with provided record/ evidence, do not indicate any cash payment to Mr. Tariq Shafi by Mr. Ahli on account of sale of remaining 25% shares of Gulf Steel Mills in 1980 for the following reasons;

a. In his statement before the JIT, Mr Tariq Shafi conceded that he neither had met Mr. Fahad Bin Jassim Bin Jaber Al Thani, especially during that period (1980) nor had ever made any direct payment to Al Thani. He stated that he used to receive instructions from Mian Sharif to deliver installments to different representatives of Al Thani, whom he neither knew nor had seen earlier. His claim in the affidavit of handing over the cash payments to Mr Fahad Althani is totally contradicted by his statement. He failed to produce any record/ receipt showing transfer of money from Mr. Ahli to him or from him to Al Thani.

b. Mr. Tariq Shafi himself admitted that he was authorized to handle only small amounts of payments, largest being AED 60,000 that he ever handled in the period between 1974 to 1980. It would be therefore very unlikely that he was asked to handle 2 million in cash all of a sudden and to handle AED 12 million in cash over a 6 month period. It also became clear that the reference made in the affidavit about the general practice of dealing in cash in the Gulf in those times is not consistent with his own assertion in the statement that he used to issue cheques for larger amounts.

c. Mr. Tariq Shafi's claim of carrying and handing over cash of AED 2 million without any receipt or written acknowledgement is not plausible as it has been clearly mentioned in the sale agreement of 1980 that bank guarantees were kept for payment from Mr. Ahli to him. This also belies his claim that all payments were made on verbal instructions and trust.

d. Against AED 12 million received on account of sale of remaining 25% shares of Gulf Steel Mills (if any), there were liabilities to the tune of AED 14 million; hence, it is not plausible that this sum was transferred to Mr. Thani for investment in Real Estate.

e. **Conclusion:** The inconsistencies in statements of witnesses when reviewed against available documentary evidence submitted by the respondents in the Honorable Supreme Court of Pakistan, definitively indicates that Mr. Tariq Shafi neither received AED 12 million from Mr. Abdullah Kayed Ahli as sale proceeds of remaining 25% shares of Ahli Steel Mills (erstwhile Gulf Steel Mills) nor did he hand over this claimed amount to Mr. Al-Thani during 1980. Moreover the documentary evidence procured as a result of MLA response by UAE government described later in this section conclusively rejects the possibility of any cash transfer.

8. **Failure of Mr. Hussain Nawaz to mention investment with Al-Thani family during TV interview with Javed Chaudhry**

a. Mr. Hussain Nawaz Sharif was asked by the JIT why, despite the fact that he had been asked about the sources of income that helped establish the factory in Jeddah, he had not mentioned in the interview that the major share came from part of the profit on the investment of AED 12 million; the sale proceeds of Gulf Steel Mills, which was placed with Mr. Al-Thani by his grandfather in 1980? Also he was categorically asked about any assistance that he received from any person(s) belonging to Qatar.

b. The response of Mr. Hussain Nawaz Sharif was that he felt that it would not have been appropriate to reveal this information to the media as it would have started unnecessary controversies.

c. This explanation, however, is not convincing at all because the stating of truth upfront would in fact resulted in staying away from the controversies that were faced by the Sharif family because of late introduction of this evidence. As a matter of fact, the Qatari connection found no mention in all subsequent media talks by Mr. Hussain Nawaz Sharif and the addresses of the Prime Minister.

d. **Conclusion**: This omission by the family to even hint at a Qatari investment, if it was the true source of purchase of the Avenfield Apartments and foreign investments, despite relentless media questioning for at least the next 6 months, is incomprehensible.

9. **Inconsistencies in Statements of Respondents**

a. **Material difference between the submissions of Respondent No. 7 and Respondent No. 1 in Honourable Supreme Court of Pakistan.** This important question was answered by Mr. Hussain Nawaz Sharif in an unconvincing manner. The text of questions and answers relating to the contradiction between the stances of Mr. Hussain Nawaz Sharif and his father are reproduced below as they do not need much comment:

Question: Did your father know when the settlement was made with Mr. Al-Thani in 2006 regarding the investment made by your grandfather and that as a result the Mayfair Apartments have been adjusted against the residual amount and ownership has been transferred in your name?

Answer: He had the knowledge of the settlement as these things are discussed in the family. I don't think that he knew the details like the amounts of disbursement made.

Question: How do you then account for the fact that he has made no mention in his submission before the Supreme Court of Pakistan during the proceedings of the Panama Case of the investment made by your grandfather with Mr. Al-Thani and the settlement resulting in the ownership of the Mayfair Apartments?

Answer: He had a different Counsel. I think that he under the advice of his Counsel did not consider it appropriate to mention these facts in the submissions made before the Supreme Court of Pakistan.

Conclusion. This shows that the submissions were not made truthfully by at least one of the Respondents and the whole truth was not put before the Honorable Supreme Court.

b. **Shifting Stance of Mian Muhammad Nawaz Sharif (Respondent No. 1) before the JIT.** Although Mian Nawaz Sharif confirmed, in his statement before the JIT, that he had the knowledge of the investment made by Mian Sharif with the royal family of Qatar but he hardly seemed to remember any details.

(1) Although saying that the sale proceeds of Gulf steel were used for the businesses setup by his sons he did not remember the details. He did not remember having seen the worksheet submitted by his sons with the CMA but in the end said that he stood by all the submissions made by his sons and daughters in the Supreme Court.

(2) He remained completely non-committal about the two letters submitted by Mr. Hammad Bin Jassim Bin Al-Thani in Honourable Supreme Court of Pakistan for defence of Respondents Nos. 6, 7 and 8. He initially declined to have read the under reference two letters but later stated that he might

have seen these. He also endorsed the correctness of these two letters before the JIT, without being sure about the contents.

(3) **Conclusion**. His statement contradicted his stance taken in his submissions before the Honorable Supreme Court of Pakistan and seemed an effort to substantiate the stance taken by Mr. Hussain Nawaz Sharif and other respondents at this belated stage. Instead of lending any credence to the evidence (Qatari letters) his shifting of stance further weakened it.

c. **Implausible Stance of Mr. Muhammad Shahbaz Sharif.**

(1) In his statement before the JIT, he stated that he neither knew, nor could he confirm, when, by what means and how much money, did Mr. Tariq Shafi give to Mr. Al-Thani after the sale of Gulf Steel Mills. However, his father, Mian Sharif and Mr. Tariq Shafi did make mention about some investment in the '80s.

(2) Furthermore, he stated that he does not know whether proceeds from investment with Qatari Prince were used by Mr. Hassan Nawaz Sharif for establishment of his businesses in UK.

(3) **Conclusion**: The reluctance of key witnesses to discuss the details of this evidence seems to be a conscious effort to steer away from it to avoid further contradictions. This lack of knowledge about the investment with the Qatari family, by a witness so closely involved in the affairs of the family and the company.

10. **Discrepancy between first Qatari letter and Affidavit of Mr. Tariq Shafi submitted by the same respondent, a week apart**

a. The first letter of Mr. Hamad Al-Thani was submitted in the Honorable Supreme Court of Pakistan on 5 November 2016 by the Council representing Mr. Hussain Nawaz Sharif and other respondents, however, the first Affidavit of Mr. Tariq Shafi, again submitted on behalf of Mr. Hussain Nawaz Sharif dated 12/05/2017 did not find any mention of the Qatari investment.

b. This despite the fact that Mr Tariq Shafi and Mr. Hussain Nawaz Sharif, according to their statements, were together in Dubai soon after the release of ICIJ Panama Papers, to get the documents of sale of gulf steel mill. Thus, they had plenty of time for consultation and preparation of the contents of the Affidavit.

c. **Conclusion**. This omission in the affidavit of Mr. Tariq Shafi to refer to the Qatari investment despite the fact that the first Qatari letter had already been submitted in the Honorable Supreme Court of Pakistan ,therefore, is perplexing.

11. **Physical Transfer of the Bearer Shares of Nielson and Nescoll Offshore Companies**.

a. Contradictory stance of Mr Hussain Nawaz.

b. Mr. Hussain Nawaz Sharif in the CMA and his first statement before the JIT had asserted that the bearer shares had been exchanged in early 2006 between Mr. Nasir Khamis, the representative of Mr. Al-Thani and Mr. Waqar Ahmed, the business manager of Hassan's firm without any receipt, He was also unable to clearly explain as to how the shares were sent to Minerva, which was the holding company of Nescoll and Nielson. He also asserted that as far as the necessity of instructions to Minerva from Mr. Al-Thani regarding the transfer of bearer shares of Nescoll and Nielson are concerned, he did not think they were required as it

was the possession of bearer certificates that matters. Asked whether the possession of bearer shares by anyone like Waqar make him the owner Mr Hussain did not have any response.

c. Mr Hussain, however, in his statement dated 03 June 2017, changed his stance now insisting that on his instructions Mr. Waqar Ahmed received the bearer shares by courier and send them by mail to Minerva.

d. He confirmed, when repeatedly asked, that neither he nor Mr. Waqar Ahmed ever saw the Bearer Shares themselves.

e. In the statement Ms Maryam Nawaz also denied to have ever seen or possessed the bearer certificates. As per one of the clauses of the Trust Deed signed between Mr. Hussain Nawaz Sharif and Ms. Maryam Safdar) produced by him, the "Trustee (Ms. Maryam Safdar)" was required to "hold" Bearer Shares on behalf of Mr. Hussain Nawaz Sharif. In the event, when both of them have never even seen these Bearer Shares, as per their statement, the authenticity/legality of the document (Trust Deed) becomes doubtful. The expert opinion filed on behalf of the petitioners of Gilead Cooper QC dated 13-2-17, filed through CMA to Honourable Supreme Court of Pakistan also substantiate this legal contention (copy of the document is attached as ***Annexure D***).

f. **Conclusions**

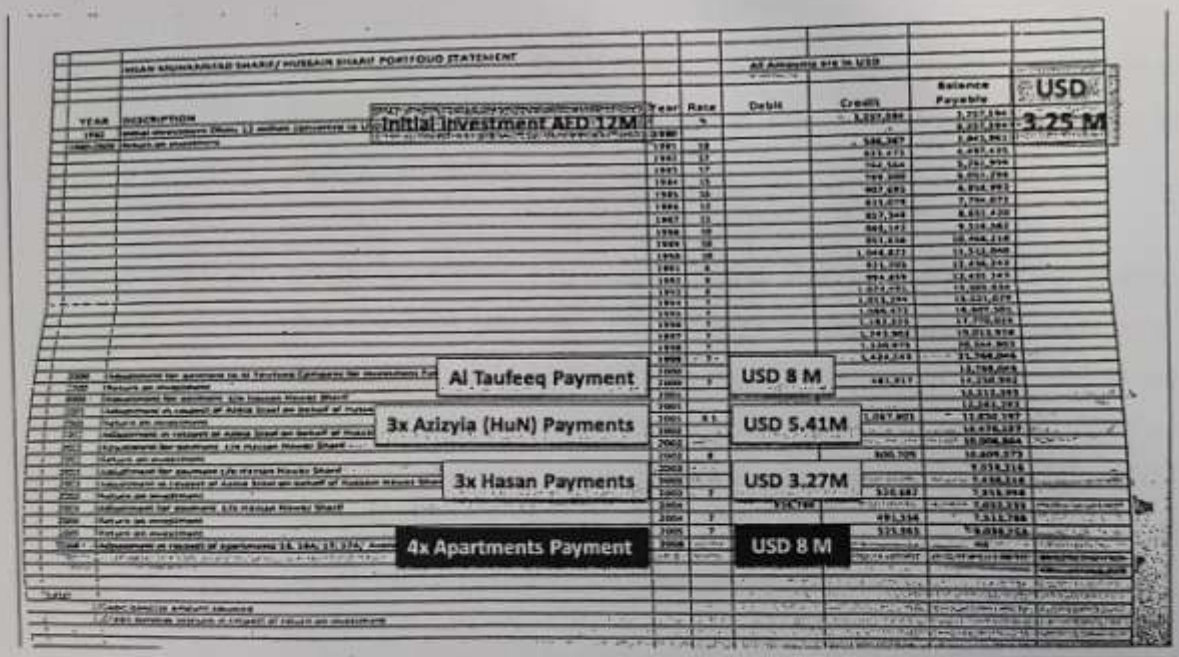
(1) Repeated change in stance of Mr. Hussain Nawaz Sharif before the JIT and even departure from the reply submitted in Honourable Supreme Court of Pakistan indicates possible efforts to conceal the facts.

(2) If Ms Maryam Safdar did not see, let alone, hold the bearer certificates means that the she did not fulfill the requirement of being a trustee.

(3) The stances of both these witnesses clearly show that they could not satisfactorily explain how the bearer certificates were supposed to have been transferred from Althani to them. The fact that this whole episode is taken out of the equation because of the response received from BVI

establishing Ms Maryam as the beneficial owner of the two companies, as detailed in volume 4 of this report, further reinforces JIT's conclusion that the story of bearer certificate being handed over from Althani to Sharif's is totally false and cooked up. The attempt to use falsified documents to hoodwink the Apex Court of the land, as established by the expert's report also in the Volume-IV, also establishes that the Qatari letter and the issue of bearer certificate is nothing more than an attempt to cover up the facts.

12. **Authenticity of Entries in Spreadsheet Attached with the Second Qatari Letter dated 22 December 2016**. Mr. Al-Thani, through this spreadsheet, has tried to own/ justify various investments made by sons of Respondent No. 1 in their businesses and properties from 2000 to 2006 (as under). However, neither he himself nor the Respondents could provide even one corroborating document/ record to prove any banking transaction or connect the missing links. Findings of the JIT with reference to various entries in attached spreadsheet are as under:



a. **Admissibility as Evidence**. The document cannot be accepted as evidence for not fulfilling Qanoon-e-Shahadat 1984. The JIT's observations are as under;

(1) This spreadsheet is not an official document; it is submitted without any letterhead, date, signatures or certification etc.

(2) The returns in Real Estate business are not linear. Contrarily, the pattern of the rate of annual interest shown in the spreadsheet is consistent and linear, hence seems artificial.

b. **Inconsistencies in Statements of Sharif Family**. The two key witnesses, Mr. Hussain Nawaz Sharif and Mr. Hassan Nawaz Sharif gave conflicting statements with regards to their knowledge about entries/contents of the spreadsheet (Excel sheet) attached with the letters of Mr. Al-Thani which essentially was used to plug the gaps identified in the money trail;

(1) Mr. Hassan Nawaz Sharif (Respondent No. 8) is on record stating that he neither saw nor is aware about the existence of the said spreadsheet, let alone its contents.

(2) On the other hand, Mr. Hussain Nawaz Sharif (Respondent No. 7) stated that it was in late 2005, that he came to know about the details of the transactions made previously on the instructions of Mian Muhammad Sharif during the process of so called settlement with Mr. Al-Thani. However, according to him, he had no means to check authenticity of this document neither representative of Mr. Al-Thani showed him any ledgers or record to corroborate the entries in the spreadsheet.

(3) This makes the transactions given in the spreadsheet seriously questionable, which could have only been explained by Al-Thani himself.

c. **Transactions shown for the Businesses/ Accounts of Mr. Hassan Nawaz Sharif (US $ 3.72 Million)**

(1) One of the expenditures that have been shown in the spreadsheet is the provision of money to Mr. Hassan Nawaz Sharif in the years when he was setting up his business in UK in the year 2000 to 2004.

(2) Mr Hassan Nawaz, in his statement before the JIT, explained that Mr. Hussain Nawaz Sharif had sent him about 2.4 million GBP to help him set up his business without disclosing the source where the money was coming from. He also confirmed that he did not receive any money from anyone else.

(3) Mr. Hussain Nawaz Sharif, on the other hand in his statement, said that after discussion, of the expenditures already made, with Mr. Nasir Khamis (the representative of Mr. Al-Thani), he had sent a fax of the spreadsheet to Mr. Hassan Nawaz Sharif to confirm this transaction.

(4) Mr. Hassan Nawaz Sharif, in his statement however, assuredly stated that he never remained involved, saw or possessed any documents/ record, which related to Qatari Prince or Mayfair properties.

(5) The conflicting accounts of Mr. Hassan Nawaz Sharif and Mr. Hussain Nawaz Sharif clearly show that the investment with Mr. Al-Thani and its disbursement to Mr. Hassan Nawaz Sharif for setting up business in UK is not factually correct.

(6) **Conclusion**: In view of the non- production of any documents to corroborate the claims made in the letters, the JIT believes that the narration of the letters submitted by Mr. Al-Thani is not based on facts.

d. **Settlement of Al Towfeek Case (US $ 8 Million)**

(1) The spreadsheet also shows payment made for settlement of Al Towfeek Case, filed in Queens Bench Division (QBD), London. Mr Hussain Nawaz Sharif was asked whether he verified from someone in the family that this expenditure had been made. He stated that this verification could have

been done by his uncle Mian Muhammad Shahbaz Sharif but such verification was not possible as he was not in Kingdom of Saudi Arabia at that time. This explanation also is not convincing.

(2) In audited accounts of Hudabiya Paper Mill Ltd for the year ended June 30, 2000, it was observed that an outstanding amount of Rs. 310.23 Million on June 30, 1999, on account of Liabilities Against Assets Subject to Finance Lease Payable to Al- Towfeek for Investment Funds, Bahrain and was settled and converted into a Long Term Loan of Rs.494.960 million during the year according to the audited accounts of the company. As per accounts of the company filed with the SECP, the aforesaid liabilities against assets subject to finance lease of Al-Towfeek were settled for US $ 8,000,000 on January 5, 2000. The settlement amount of US$ 8 million was converted in to PKR @ Rs. 53.80/US Dollar prevailing on the date of settlement. The long term loan of Rs.494.960 million was booked against the settlement of liabilities against assets subject to finance lease. The audited accounts do not disclose the identity of the lender who provided this long term loan to the company for adjustment of settlement amount to Al-Towfeek. The status of this loan remained unchanged till the last accounts were filed with SECP pertaining to the period ended June 30, 2005. The above disclosures are at variance from the stated positions taken by Respondent No. 6, 7 and 8 in their CMAs. According to Respondent No. 7, he was informed by a representative of Al Thani family of Qatar that US 8 Million were paid by that family to Al Towfeek Company in January 2000, in connection with the Decree issued by the High Court of Justice- Queen's Bench and the settlement agreement between the parties. Respondent No. 7 further stated that he was informed by the representative of Al Thani family that the payment was made on the instructions of Mian Sharif out of the funds placed by him with them.

(3) **Conclusion**: If the above stance taken by the Respondents is correct, than in that case, the settlement of Al Towfeek Company was made out of the proceeds received from Althanis on the instructions of Mian Sharif, then in that case, under the norms of accounting disclosures, it should have been reflected in the accounts of Hudabiya Paper Mills Ltd. as a Loan from Directors, as Mian Sharif was a Director of the company at the date of substitution, instead of a Long Term Loan payable to an undisclosed lender.

The legal aspects of Al towfeek case are discussed in the Volume 4 of this report.

13. **Response of UAE Government to MLA regarding Gulf steel**. The whole defence of Respondents hinged on investment of AED 12 million, from sale proceeds of 25 % shares of erstwhile Gulf Steel Mills in 1980, with Mr. Fahad Bin Jassim Bin Jaber Al Thani by Mian Sharif. A copy of the sale deed dated 14 April 1980 which was claimed to have been notorised by notary public of Dubai courts on 30 May 2016 was submitted in the Honorable Supreme Court of Pakistan by the respondents 6, 7, 8. This stated position of Respondents has been found without any substance due to the following facts:-

a. In response to the Mutual Legal Assistance (MLA) request by the JIT, the Ministry of Justice, Government of UAE, through a letter (***Annexure E***) has,after having verified the record of of competent authorities of UAE, namely the Dubai Courts system certified that;

(1) **Paragraph 1**: That share sale 25% agreement of 1980 of Ahli Steel Mills (erstwhile Gulf steel Mills) dated on 14/4/80 according to your (JIT) request does not exist.

(2) "That no transaction worth AED 12,000,000 (twelve million dirham) as sale proceeds of 25% shares of Ahli Steel Mills (erstwhile Gulf Steel Mills) ever took place in name of Mr. Muhammad Tariq Shafi."

(3) **Paragraph 3**: "That no record could be found which indicate that notarization of this document was done by Notary Public of Dubai Courts on 30/5/2016."

(4) **Conclusion**: The document that the respondents submitted before the Honorable Supreme Court of Pakistan as sale document of 25% shares of Erstwhile Gulf steel mill and its notorisation having been proven by the response of UAE government is not true and is an attempt to present false evidence. The attempt to present such false evidence is matched by presenting letters which are based on hearsay and not supported by any documentation. In any case the purported source of money for investing with the Qatari family does not have any document, genuine or false, to support it. All subsequent ventures like the setting up of the various businesses and ownership of Avenfield Apartments of the Sharif family also do not have any basis left.

14. **Specific Answer of the Question Raised by Honourable Bench based on JIT's Findings**

a. **Question**: Whether sudden appearance of his letters is a myth or a reality?

b. **Answer**: The facts that there were material contradictions in the statements of Respondents, the hearsay nature of the letters with no documents to support the contention, that the affidavits of Tariq Shafi were found totally wanting as evidence were in themselves quite sufficient to state that the letters seemed a myth rather than a reality. However the facts are that (1) the response by UAE authorities to the MLA sent by JIT establishes that the gulf steel agreement is a

false document , which has been submitted in the Apex Court by respondent 6, 7 & 8 , (2) the response to the MLA by the Financial Investigation Agency, BVI establishing that the panama leak document released by ICIJ showing Ms Maryam Safdar as the beneficial owner of the companies is genuine (discussed in detail in Volume-IV of this report) and lastly as per report of the document expert (also discussed in detail in volume 4 of the report) establishes that falsified document of the two trusts have been prepared by respondent no 6, 7 and 9 and submitted in the Apex court to mislead it to believe that the trusts documents were signed in 2006. On the strength of the overwhelming documentary evidence it is concluded that the appearance of letters of Qatari prince are totally a myth.

15. **Conclusive Findings by the JIT**. In view of the above, conclusive findings of the JIT are:-

a. that evidence gathered establishes that even the question of Mr. Tariq Shafi handing over AED 12 Million to Mr. Fahad Al-Thani in 1980 does not arise

b. that the spreadsheet is not an official document; it is submitted without any letterhead, date, signatures or certification etc. This spreadsheet has been *"constructed"* as an afterthought to artificially connect missing dots in money trail.

c. That after having investigated the case in detail, examination of other witnesses and receipt of irrefutable evidence from foreign jurisdiction, recording of the statement of Mr. Hamad Al-Thani has become inconsequential.

d. That the appearance of the two letters from Mr. Al-Thani in the Honourable Supreme Court of Pakistan is totally a "Myth" and not a reality.

Part II

16. **Efforts to Record Statement of Mr. Al-Thani for Verification of Qatari Letters:**

a. The JIT analyzed the two letters of Mr. Al-Thani minutely in light of the documents available to it and the statements of the witnesses. It was felt essential that Mr. Al-Thani be interviewed to ascertain the veracity of the contents of the letters submitted by him and acquire supporting documents/ record.

b. Special arrangements were made to ensure timely delivery of summons to Mr. Al-Thani. Contrarily, the response from Mr. Al-Thani remained wanting and lacked urgency. He was given adequate time and multiple opportunities to appear before JIT (even at Qatar), but to no avail.

c. Brief details along with of summons (copies attached as ***Annexure F***) issued to Mr. Al-Thani by the JIT and his responses (copies attached as ***Annexure G***) thereto are as under:-

Ser	Date	Activities
(1)	Issue:13-5-2017 Received:17-5-17	**First Summon issued by JIT:** Asked to appear before JIT on 24-5-2017 at Federal Judicial Academy, Islamabad
(2)	Issue:24-5-2017	**Second Summon issued by JIT:** Asked to appear before JIT on 01-6-2017 at Federal Judicial

	Received:26-5-17	Academy, Islamabad
(3)	Issue:28-5-2017 Received:1-6-17	**Response of Mr. Al-Thani to First Summon**: he did not appear stating that "I hereby confirm and verify that the two letters dated November 5, 2016 and December 22, 2016 respectively…were signed by me and I am pleased to reconfirm the contents thereof. In light of the above confirmation, there is no requirement for my attendance in the proceedings of the JIT."
(4)	Issue:11-6-2017 Received:19-6-17	**Response of Mr. Al-Thani to Second Summon**: he did not appear stating that "Unfortunately it is not possible for me to visit due to unavoidable circumstances……..i suggest that the members of JIT may visit me in Doha at a mutually agreeable date."
(5)	Issue:22-6-2017 Received:23-6-17	**Third Summon issued by JIT**: The JIT decided that due to the importance of this piece of evidence for the respondents it would travel to Qatar, despite the major contradictions, inconsistencies and legal infirmities that had come to light during the investigation. Despite the time constraints, it offered to record the statement of the Prince in Qatar on one of the two days i.e 28 or 29 of June 2017 in the Pakistan High Commission in Doha, Qatar.

(6)	Issue:26-6-2017 Received:28-6-17	**Response of Mr. Al-Thani to Third Summon**: In his reply instead of confirming the dates for interview, he stated that "I wish to obtain an acknowledgement from you that I am not subject to the jurisdiction and the laws of Pakistan and that you confirm that I am not subject of any investigation or required to appear before any court of law or tribunal for any purpose whatsoever. However I have expressed my willingness to meet your team in Doha in order to allow you verify in person the contents of both my letters submitted to the JIT."
(7)	Issue:4-7-2017 Received:5-7-17	**Fourth Summon issued by JIT**: A detailed response was sent to him explaining the legal issues The JIT asked him to respond in a timely manner as the report has to be submitted in the Honorable Supreme Court of Pakistan in time.
(8)	Issue:6-7-2017 Received:7-7-17	**Response of Mr. Al-Thani to Fourth Summon**: In his reply he stated "I reiterate that I do not recognize, and am not subject to Jurisdiction of Pakistani laws and Pakistani courts in any manner whatsoever. Your statement that I have accepted and submitted to the jurisdiction of Pakistani laws and courts is inappropriate and factually incorrect. He again however asked the team to come and meet him

d. **Legal Position on Response of Mr. Al-Thani to Fourth Summon** (*Annexure H*)

(1) Mr. Thani, has adopted an evasive and evidently disingenuous stance with respect to his willingness to cooperate. His last letter was received, literally, less than 72 hours before the final report of the JIT.

(2) Besides employing dilatory tactics, Mr. Thani has also categorically refused to recognize to be subject to the "jurisdiction of Pakistani laws and Pakistani courts in any manner whatsoever".

(3) Mr. Thani has to-date also failed to formally confirm his acceptance of the proposed process and terms for the recording of his statement as set out in the JIT.

(4) In his letter dated 26-6-2017 (which reached the JIT on 3-7-2017) in which, for the first time, he raised a number of conditions, compliance with which was beyond the powers and remit of the JIT and which even otherwise were in conflict with and inimical to the proposed process and terms for the recording of his statement as set out in the JIT's letter of 22-6-2017.

(5) Significantly, Mr. Thani has never indicated that he has or will be providing any documentation to substantiate the contents of the Thani Letters. Instead, as is evident from the correspondence with him summarized above, he has simply "offered" to verify in person that he did sign the said letters and that he stands by their content but without any further elaboration at all.

(6) The legal status and utility of interviewing an individual in such circumstances, who had prior thereto, categorically refused to recognize,

accept or submit to the courts and laws of Pakistan or "to appear before any court or tribunal for any purpose whatsoever", in the JIT's humble assessment also seemed inappropriate and, potentially, an exercise in futility as refusal to appear in a Court or Tribunal would have defeated the very underlying objective for which the JIT intended and needed to record his statement.

(7) Mr Thani despite the best efforts of the JIT, as are clear from the above paras, chose to delay his responses or sideline the issue of recording of statement, by first refusing to give a statement , then accepting and asking for a date, then raising the legal issues of jurisdiction of Pakistani courts and finally sending his response at the last moment without acceding to the jurisdiction of Pakistani law and courts, that too , when the JIT had already started preparing its final report. This whole episode of avoidance to record his statement and delay it to the extent that the time given by the Honorable Supreme Court of Pakistan practically expires can only be seen as a tactical move to keep the defence of the respondents alive.

(8) The JIT in its investigations has collected sufficient evidence as detailed in this section and elsewhere in this report to conclude that the appearance or non-appearance of Mr Thani is not as significant as was assessed earlier.

(9) It has been proved through the acquired authentic documentary evidence and inconsistencies in the statement of witnesses that Mr. Tariq Shafi never handed over AED 12 million to father of Hamad Al-Thani. Hence, no question of any investment in Qatari business and proceeds thereto.

Section IV

Hill Metal Establishment/ Gifts

Documentary Evidences, Annexures and details are covered in Volume VI of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume VI of Investigation Report of Joint Investigation Team, Panama Case

HILL METAL ESTABLISHMENT (HME)

The Honourable Bench has directed the JIT to probe following two (2) questions related to Hill Metal Establishment (HME):-

i) How did Hill Metal Establishment (HME) come into existence? Where did its working capital come for?

ii) Where do the huge sums running into millions gifted by Respondent No. 7 to Respondent No. 1 drop in from?

Background of the question

1. This Report deals with the subject of Hills Metals Establishment which was introduced into the Panama Case proceedings at a later stage when the issue of hundreds of millions of rupee gifts from Respondent No. 7 to Respondent No. 1 were being discussed. It was claimed that this was a successful concern and is generating huge amount of profits out of which he sends certain sums to Respondent No. 1 by way of gifts.

2. Being very pertinent, Para 79 from the separate declaration of Justice Ejaz Afzal Khan in the CP 29 of 2016 is quoted here:

> *"....The record is completely silent on the question how and when Hill Metals Establishment was set up by Respondent No.7, who are its shareholders, what was the source of funds which were used to set up this business and why such huge amounts of money are being circulated through the said company. It has also not been explained whether or not Respondent No.1 who is the recipient of*

these funds has any direct, indirect, overt or covert nexus or connection with the said company. In today's world of offshore companies, dummy directors and elaborate devices to hide and camouflage financial transactions, as has been seen in this case, direct evidence is seldom found. However, there are telltale signs that may point towards the possibility of legal, beneficial or equitable interests in financial resources or assets.

Receipt and use of financial benefits is one such sign. Therefore, owing to admitted receipt of sums in excess of Rs.840 Million between 2011 to 2015 by Respondent No.1 from Respondent No.7, the possibility of a beneficial interest of Respondent No.1 in assets ostensibly held in the name of Respondent No.7 cannot be ruled out. As a corollary, if it is found that there is any such interest of Respondent No.1 in Hill Metals Establishment, his failure to declare the same in the Nomination Papers and Tax Returns could attract the provisions of Articles 62 and 63 of the Constitution for disqualification of Respondent No.1" (Pg 526 to 528 Justice Ijaz Ul Hasan).

3. Relevant Para from Court Judgment into the matter is reproduced below, highlighting questions relating to HME:

"By a majority of 3 to 2 (Asif Saeed Khan Khosa and Gulzar Ahmed, JJ) dissenting, who have given separate declarations and directions, we hold that the questions how did Gulf Steel Mill come into being; what led to its sale; what happened to its liabilities; where did its sale proceeds end up; how did they reach Jeddah, Qatar and the U.K; whether respondents No. 7 and 8 in view of their tender ages had the means in the early nineties to possess and purchase the flats; whether sudden appearance of the letters of Hamad Bin Jassim Bin Jaber Al-Thani is a myth or a reality; how bearer shares crystallized into the flats; who, in fact, is the real and beneficial owner of M/s Nielsen Enterprises Limited and Nescoll Limited, ***how did Hill Metal Establishment come into existence; where did the money for*** *Flagship Investment Limited and other* ***companies set up/taken over by*** *respondent No. 8 come from, and* ***where did the Working Capital for such companies come from and where do the huge sums running into millions gifted by respondent No.***

7 to respondent No. 1 drop in from, which go to the heart of the matter and need to be answered."

4. The first two questions are interlinked. The third question is also related, being linked to the claimed income of HME. The first two questions are, therefore, reported upon cumulatively and below after which the third question is addressed.

Methodology of Investigations - HME

5. **Recording of Statements.** With regard to HME, JIT recorded the statements of following:-

a. Respondent No 1
b. Respondent No 7
c. Respondent No 8
d. Mr Rehman Malik
e. Mr Shahbaz Sharif

6. **Request for Mutual Legal Assistance (MLA) to Government of KSA** The JIT requested the government of KSA on 31 May 2005 to provide documents regarding ASCL and HME.

7. **Documents produced / acquired by JIT**

a. **Respondent No 7**. In his appearance before the JIT on 3 June, he produced the following additional documents, not filed with the Honorable Supreme Court of Pakistan, for the first time:

(1) Brief Answer to the Question How did Hill Metal Establishment come into existence? Where did the working capital come from? (***Annexure A***)

(2) Copy of the Agreement dated March 20, 2005 between ASCO and Al-Tuwarqi. ***(Annexure B)***

(3) Copy of the Pay Orders in favor of ASCO. ***(Annexure C)***

(4) Loan Agreement No. 2131 dated 3 January, 2010 with Saudi Industrial Development Fund. ***(Annexure D)***

(5) Loan Agreement No. 2131 dated 2 July 2012 with Saudi Industrial Development Fund ***(Annexure E).***

(6) Working Capital Loan Agreement dated 1 April 1 2014 with National Commercial Bank (NCB) Bank ***(Annexure F)***.

(7) Banking Facility Agreement dated 18 June 2013 with Bank Muscat ***(Annexure G)***

(8) Loan agreement with Al Rajhi Bank ***(Annexure H)***

(9) Brief answer to "where do the huge sums running into millions gifted by respondent No. 7 to respondent No. 1 drop in from?" ***(Annexure CC)***

b. **Sourced Documents.** The expression "sourced document" whenever employed in this Section refers to documents which have been obtained by the JIT as part of its investigations through employing the services of a consultant law firm (Guernica International Justice Chambers) engaged for the purpose. The terms on and process through which a document referred to as a "sourced document" was obtained by the said law firm is set out in a letter dated 30-6-2017 which is appended herewith as ***Annexure I***. The JIT respectfully refers the Honourable Supreme Court to the said letter so as to take note of the source and status of the "sourced document". In this context, it may be noted that law firm has confirmed to the JIT that documents have been obtained from a number of open and confidential sources and that the documents are copies of originals and their contents have been properly and extensively verified. In its analysis the JIT treats these documents as being of authentic whilst acknowledging that their direct and formal admissibility and evidentiary value would be subject to applicable law and the further process mentioned in the said letter.

(1) Hill Metal Est: General Overview *(Annexure J)*

(2) Hill Metals Establishment -Sources of Funds. *(Annexure K)*

(3) Draft Promissory Note - Unsigned *(Annexure L)*

(4) Hill Metals Financial Facts (Financials for July 2011) and General Overview. *(Annexure M)*

(5) Transfer of Funds of SAR750,000/- by Respondent No.1 to Respondent No.7. *(Annexure N)*

(6) Transfer of Funds of SAR750,000/- by Respondent No.7 to HME *(Annexure O)*

(7) Iqama Nawaz Sharif *(Annexure P)*

(8) Hill Metals Management Report for the Quarter ended 31-3-2010. *(Annexure Q)*

(9) Amending Agreements *(Annexure R)*

(10) Aldar Audit Bureau Report *(Annexure S)*

(11) Copy of a signed letter from Al-Rajhi Bank *(Annexure T)*

(12) Hill Metals Establishment Receipts and Payments Account from July 1, 2009 to August 17, 2010. *(Annexure U)*

c. **Evidence collected from Bank Records.** Records obtained from Respondent No.1 bank accounts in Pakistan *(Annexure V)*

d. **Evidence collected by JIT from Jafza Dubai**

(1) Trade License CFZ *Annexure W*

(2) Nawaz Sharif CFZ job letter *(Annexure X)*

(3) Employment Contract Nawaz Sharif *(Annexure Y)*

(4) Employment Contract Amended Nawaz Sharif *(Annexure Z)*

e. Flow of Major transactions in the accounts of Mian Nawaz Sharif & Maryam Nawaz *Annexure AA*

f. Flow of transactions along with declared gifts and position of properties purchased *Annexure BB*

8. **Stance of the Respondents No. 7 and No. 8 before the Honourable Supreme Court in CP 29/2016 in relation to HME and remittances to Respondent No. 1 through HME or Respondent No. 7**

a. In the pleadings of the Respondent No. 7 and No. 8 before the Honourable Supreme Court, HME is averred to briefly through Paragraph 15 of CMA No. 432 of 2017 in the following terms:

> *"In 2006 the Respondent No. 7 set up a new steel manufacturing business in Jeddah, Saudi Arabia by utilizing the sale proceeds of the Azizia Steel Company Limited. The annual cash flow and retained earnings from this business have enabled the Respondent No. 7 to send remittances to his father in Pakistan. Reference may kindly be made to an auditor's certificate placed herewith as Annexure - Q. The purpose of these remittances has been to free his father from any financial constraints, given his full time involvement in politics. It has been in the knowledge of the Respondent No. 7 that his father has used the gift remittances sent by Respondent No. 7 to equitably strengthen the financial position of his sister, Respondent No.6."*

b. The only document produced before the Honourable Supreme Court of Pakistan (Honourable Court) in support of the above statement by the Respondent No. 7 and 8 with regard to the source of funding for establishing HME was Annexure F to CMA No. 432 of 2017, being a photocopy of a Sale and Purchase Agreement dated 20-3-2005 (SPA) between Al Aziza Steel Company Limited (ASCL) and Al-Ittefaq Steel Products Company Limited (Purchaser)[2] ***(Annexure B)***.

c. In considering the question of establishment of HME it is pertinent to note the context that setting up HME was a project to set up a steel mill which, by its

[2] The terms and conditions of the SPA and the transaction contemplated therein are relevant to the explanation(s) and statements of the Respondent No. 7 with respect to the source of funds employed to set up HME and will be examined at some length below to consider the veracity of the explanation provided in the first sentence of Paragraph 15 of CMA No. 432 of 2017.

nature, required very substantial initial capital expenditure accompanied by construction and commissioning of a moderately large and complex industrial facility. Such a project is both expensive and time consuming besides requiring specific skills and expertise. The initial stages of setting up HME included without limitation the acquisition of land for the steel mill and labour colony, procurement, erection and commissioning of the plant and machinery followed by commercial operations.

9. **Documents produced by Respondent No. 7 before the JIT with respect to HME**

a. At the time of his appearance for recording his statement before the JIT, Respondent No. 7 produced the following documents:

(1) A brief typed and unsigned response to the above mentioned three queries of the Honourable Court ***(Annexure A)***. This response to the extent that it relates to to the first two queries is reproduced below:

"1. Hill Metals Establishment (HME) came into existence from funding from the following sources:

(a) Sponsor funding (HNS).

(b) Short term funding from friends and business associates.

(c) Saudi Industrial Development Fund (SIDF), a KSA Government Development Financial Institution in Saudi Arabia.

(d) National Commercial Bank, Saudi Arabia, the largest commercial bank in the region.

(e) Other commercial banks in Saudi Arabia.

2. The funds provided by the Sponsor were sourced from sale proceeds of Al-Aziza Steel Company Limited (ASCO). ASCO was sold in 2005 by way of Agreement of 20th March 2005 between ASCO and the Al-Twarqi Group of Companies, KSA. (Agreement Annexureed)

3. The total amount of Sale proceeds were SR 63.100 million equivalent to USD 16.827 million. Pay orders in favor of ASCO are listed below and attached as Annexureed.

Saudi Hollandi Bank

Pay order no.	*Date*	*Amount (SR) Million*
000018629	*14.3.2005*	*21.235*

000018630	*14.3.2005*	*21.235*
000018717	*22.3.2005*	*20.630*
		63.1000 Million

4. *SIDF sanctioned a Project loan of SR 149.4 million (USD 39 m) for HME as evidenced by the Loan Agreements Annexured. This loan was used for project funding.*

5. *Working Capital Loans of HME were sanctioned by the following:*

Bank	*Amount*
Al-Rajhi	*SR 35 million*
Bank Muscat	*SR 40 Million*
National Commercial Bank	*SR 102 Million*

These loans were used for working capital financing."

(2) Loan Agreement No. 2131 dated 3 January 2010 with Saudi Industrial Development Fund (SIDF) ***(Annexure D).***

(3) Loan Agreement No. 2131 dated 2 July 2012 with SIDF. ***(Annexure E).***

(4) Working Capital Loan Agreement dated 1 April 2014 with National Commercial Bank (NCB) ***(Annexure F).***

(5) Banking Facility Agreement dated 18 June 2013 with Bank Muscat ***(Annexure G).***

10. **Statement of Respondent No. 7 before the JIT with respect to HME**

a. The summary of statements and replies of the Respondent No. 7 being in addition to the abovementioned documents and as recorded by the JIT for the Honourable Court are appended herewith as ***Annexure DD***.

b. A summary of the substance of the key statements made and replies given by him before the JIT, germane to the first two queries under consideration is given below:

(1) That the sole source of the "sponsor funding" portion of the funds utilized for setting up and establishing HME[3] was the sale proceeds of the assets and properties of ASCL covered by the SPA, which assets and properties were handed over to the Purchaser in March 2005.

(2) That the entire net sale proceeds were received by the Respondent No. 7 for his sole benefit and the amount was SAR 63.100 million.

(3) The decision to sell ASCL was his grand father's and neither he nor other family members (who he later admitted had an interest and share in HME) were keen on its sale.

(4) That he conceived of the idea and embarked upon the project for setting up of HME as a steel mill after the sale of ASCL.

(5) That the land acquired for and on which the facilities of ASCL were erected and set up was barren agricultural land converted or permitted especially as a concession by the Kingdom of Saudi Arabia to be employed for industrial use which was purchased at a relatively low price by the Respondent No. 7.

c. It will be noted that, except for a few elaborations and deviations (and subject to some material contradictions that came in replies to questions from the JIT) the statements of the Respondent No. 7 broadly follow the content and contours of the information given and position set out in the unsigned document submitted by him before the JIT (i.e. the document appended herewith as ***Annexure A).***

11. **Statements of Respondents No. 1 and 8 in relation to source of funding of HME and any direct or indirect funding of HME.** In the context of the queries under examination it is pertinent to mention that the JIT also questioned the Respondents No. 1 and 8 in relation to

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[3] As also stated in paragraph 1a of the unsigned document at **Annex A**.

HME[4]. The said Respondents denied having, directly or indirectly, provided any funding to HME whether for its establishment or for working capital requirements.

12. **Analysis by the JIT** With regard to the claimed source of funding for establishment, commissioning and operations of HME as a steel mill, the JIT's analysis, comments and findings are under:

a. **Establishment of ASCL**

(1) **Setting up of Azizia Steel Mills Limited**

(a) Mr. Hussain Nawaz Sharif failed to produce important documents such as the Memorandum and Articles of Association, documents of loans from the banks, the financial statements, etc., which are essential to ascertain the sources that were used to set up this factory in 2001. He, however, while explaining the availability of funds for setting up of the Azizia steel factory provided the following approximate figures of 2001 without any documentary support.

Year	Expense detail	Amount	Remarks
2001	Purchase of land	A few hundred thousand dollars	Despite repeated questions, did not give even an approximate figure
2001	Cost of machinery	USD 0.65 Million	Purchased from Al Ahli
2001	Paid up capital	USD 5.3 Million	Eq to 20 Million riyals at 3.75 SAR eq to 1 USD (historical rate in 2001)

[4] There was, however, a significant admission with respect to the ownership interest of the other two brothers of the Respondent No. 1 by three separate individuals including the Respondent No. 7 which is also discussed in the analysis below.

2001	Construction /infrastructure	USD 0.05 Million	Under construction
	Total expenditure in 2001	Over USD 6.00 Million plus a few hundred thousand Dollars as cost of land	

(b) Mr. Hussain Nawaz Sharif claimed that most of the initial funding for this project was made available by Mr. Al-Thani. The amounts provided by Mr. Al-Thani for 2001 and the loans that he mentioned from his unnamed friend are as below:

Year	Source of loan	Amount	Remarks
2001	Qatari adjustment 1	USD 0.65 Million	No documentation provided, no names provided
2001	Loan from unnamed Saudi friend	USD 0.8 Million max	
Total		USD 1.45 Million	

(c) While there is no documentary/circumstantial evidence to substantiate the provision of funds by Mr. Al-Thani and the Saudi friend in 2001, even the loan amount calculated, hypothetically, still falls short of the amount spent in the year 2001 by USD 4.55 million. If the unspecified amount of hundreds of thousands dollars for cost of land is included then this gap would further increase.

(2) **Transportation of Machinery to Jeddah.** The claim that the machinery for ASCL was brought from Dubai does not hold good as

according to his statement the machinery from Dubai was loaded on 50-60 trucks. However when the letter of credit was submitted by Hussain Nawaz in the same amount of money was for two truck load of machinery which proves that either ASCL was never established or it was established by money other than the one claimed. The story of setting up ASCL from scrapped machinery is false. This conclusion is proved by the response of UAE government to MLA forwarded by JIT requesting for confirmation of this transportation. The UAE government has categorically denied any such transportation. Document attached with volume iii (Gulf steel mill) of JITs report.

b. **Ownership of ASCL.** Although it has been claimed that the sole source of the "sponsor funding" portion of the funds utilized for setting up and establishing HME (or for "bringing it into existence") was the sale proceeds of ASCL, the following factors seriously contradict and materially undermine this stance and claimed version:

(1) The foundational basis for this claim is the SPA and the terms and conditions thereof relating to the sale and purchase of the assets and properties of the ASCL along with copies of three cheques referenced above. On this basis, it is claimed that, as a result of the transaction contemplated in the SPA, a net amount of SAR 63.10 million was received by Respondent No. 7 for his sole benefit, whose proceeds he invested as the "sponsor funding" portion of the funds required to set up HME as an operational steel mill.

(2) However, during the recording of statements of Respondents No. 1, 7, 8 and Mr. Shahbaz Sharif an admission was made by each of the said individuals to the effect that Respondent No. 7 was not the sole and exclusive owner of the entire interest and share in ASCL. Instead, to the extent of two-thirds of the total share and interest in HME, he was

holding the same effectively as a benami (or only ostensible owner) for and on behalf of the brother of the Respondent No. 1, Mr. Abbas Sahrif and Ms. Rabia Sharif, the daughter of the other brother of the Respondent No. 1 who were the real beneficial owners of all interest and share in ASCL to the extent of one-third each.

(3) This admission suggests and indicates that, in reality and in substance, Respondent No. 1 and his two brothers all had an equal share in ASCL which was held on their behalf through their respective children in the case of Respondent No. 1 and Mr. Shahbaz Sharif. In view of this admission the Respondent No. 7 was also queried by the JIT as to how could claim and justify being solely entitled to the entire claimed sale proceeds of ASCL since the sale proceeds would also have been liable to have been shared pro rata according to the respective agreed shares of the other two family members, to which his reply was that he was authorized to do so under a power of attorney document. However, in spite of a request for the same by the JIT, no such document to substantiate this statement was produced before the JIT.

(4) Unless there is an express waiver by the other two admitted beneficial owners of ASCL, the consequence of this admission is that, at most, Respondent No. 7 would have been entitled to only one-third of the net proceeds from the sale of ASCL. This, if the net proceeds are accepted to be SAR 63.10 million, would amount to SAR 21 million. If the net proceeds are taken to be SAR 42.470 million, the one-third share of Respondent No. 7 would amount to SAR 14.160 million. In either case, the net amount available to the Respondent No. 7 for funding the "sponsor funding" portion of the monies utilized to set up and establish HME as a steel mill reduces significantly and results in a material contradiction in the claim of the Respondent No. 7 with regard to the source of fund for setting up of HME. This also then gives rise to the

question whether this potion was funded through other undisclosed sources and by the other undisclosed persons.

(5) Notwithstanding the abovementioned factors and their consequences on the credibility of the related claims and statement of the relevant Respondents, according to the investigation of the JIT and the sourced documents[5] obtained by the JIT, it appears that the total net proceeds from the sale of ASCL paid by the Purchaser under the SPA was SAR 42.470 million rather than SAR 63.10 million. Whilst the Respondent No. 7 has maintained before the Honourable Court and the JIT that he received SAR 63.10 million through the three cheques mentioned in the unsigned document at ***Annexure A***, the investigation of the JIT and the sourced documents obtained by it shows that the Respondent No. 7 has concealed the existence and knowledge by him of three further agreements and instruments in relation to the sale and transfer of the assets of ASCL pursuant to the SPA to the Purchase.

(6) These documents conclusively establish that the net proceeds actually received by the Respondent No. 7 were only SAR 42.470 million. The first of these documents is an Amending Agreement dated 6-6-2005 amending the terms of the SPA which bears the signatures of the Respondent No. 7 on behalf of ASCL (the Seller[6] under the SPA), which

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[5] The expression "sourced document" whenever employed in this Section refers to documents which have been obtained by the JIT as part of its investigations through employing the services of a consultant law firm (Guernica International Justice Chambers) engaged for the purpose. The terms on and process through which a document referred to as a "sourced document" was obtained by the said law firm is set out in a letter dated 30-6-2017 which is appended herewith as Annex I. The JIT respectfully refers the Hon'ble Court to the said letter so as to take note of the source and status of the a "sourced document". In this context, it maybe noted that law firm has confirmed to the JIT that documents have been obtained from a number of open and confidential sources and that the documents are copies of originals and their contents have been properly and extensively verified. In its analysis the JIT treats these documents as being of authentic whilst acknowledging that their direct and formal admissibility and evidentiary value would be subject to applicable law and the further process mentioned in the said letter at Annex I.

[6] The expression Seller is defined to mean ASCL rather than Respondent No.7 as essentially an 'asset sale" took place under the SPA, although ASCL is described in SIDF documents as a "sole proprietorship" registered under the laws of KSA.

is at ***Annexure R***. The second document is a Mandate to Act as an Attorney in Fact also dated 6-6-2005 (Attorney Mandate) which too bears the signatures of the Respondent No. 7 on behalf of ASCL), which is at ***Annexure R-1***. The third instrument is a Mandate to Act as Escrow Agent (Escrow Mandate) also signed on 6-June-2005 by the Respondent No. 7 on behalf of ASCL which is at ***Annexure R-2***.

(7) Upon a cumulative reading of the Preamble and Clauses 3 and 4 of the Amending Agreement, it is evident that, subsequent to the execution of the SPA, the Respondent No. 7 (qua Seller) agreed with the Purchaser that the two parties shall jointly instruct the Escrow Agent holding the two cheques both dated 14-3-2005 and bearing No. 18629 for SAR 21,235,000 and No. 18630 also for SAR 21,235,000 to the Respondent No. 7. However, significantly, with regard to the third cheque bearing No. 18717 for SAR 20,630,000 dated 20-3-2005, Clause 3 of the Amending Agreement specifically provides that the same shall be released to the Seller and, in exchange, simultaneously the Seller will make available to the Purchaser a certified cheque of equivalent value of SAR 20,630,000. Moreover, the Escrow Mandate confirms that the Escrow Agent did indeed release all of the cheques under and in accordance therewith. The Amending Agreement (in Clause 2) and the Attorney Mandate confirm that risk and title in the assets and properties of ASCL covered by the SPA stood vested in the Purchaser on 6-6-2005.

(8) These source documents, if accepted, completely negate and contradict the stance of the Respondent No. 7 with respect to the net amount received by him from the sale of ASCL and, hence, also the claimed amount of funds that were available for investing in the establishment of HME as the "sponsor funding". These three documents also contradict the statement of the Respondent No. 7 before the JIT to the effect that the assets and properties of ASCL covered by the SPA were handed over to

the Purchaser in March 2005. Moreover, these three documents prove as incorrect and misleading the statement of the Respondent No. 7 before the JIT to the effect that, except for the SPA produced by him, there was no other documents relating to the sale of ASCL, besides the fact that the Respondent No. 7 with a view to overstating the net proceeds received from the sale of the assets and properties of ASCL covered by the SPA, deliberately concealed the existence of the Amending Agreement, the Attorney Mandate and the Escrow Mandate even though all three of which bear his signature.

(9) In this context, it is also pertinent that the Respondent No. 7 was unable to produce before the JIT the relevant books of account and bank account statements showing the actual amounts credited in his favour or as received by him on account of the sale proceeds actually paid by the Purchaser to the Seller under the SPA. Additionally, it is relevant to underscore that the copy of the SPA provided to the JIT was neither the original nor a complete copy thereof in as much as Schedule 5 (referred to in Clause 1.1 of the SPA and which sets out details of the "Assets" to be sold and transferred under the SPA) and Schedule 7 (referred to in Clause 15.1 of the SPA and which sets out definitions employed in the SPA) - which are obviously integral and important parts of the SPA - have been withheld and neither produced before the Honourable Court nor the JIT. This raises further suspicions and undermines the credibility of the version and statements of the Respondent No. 7 vis-à-vis the SPA, its terms and implementation of the transaction and manner and mode of settlement of payments contemplated therein.

c. Although it has been claimed that the source of the "debt" or "borrowed" portion of the funds utilized for setting up and establishing HME (or "brining it into existence") was: (a) short term funding from friends and business associates; (b) SIDF, NCB and other commercial banks in KSA, the following factors appear to seriously contradict and materially undermine this claim:

(1) No documentary proof to substantiate or quantify the "short term funding from friends and business associates" claimed to have been obtained and utilized in "bringing it into existence" or setting up and commission of HME was ever produced before the JIT. No such document was produced before the Honourable Court during the hearing of CP 29/16 either. Hence, to this extent, the claim remains a bare and unsubstantiated statement of the Respondent No. 7. However, some further sourced documents throw light on this aspect which is discussed further below.

(2) **SIDF Loan.** As regards reliance on utilization of funds received under loans from SIDF for establishing and setting up of HME, the Respondent No. 7 has produced before the JIT following :-

(a) A Loan Agreement No. 2131 dated 3-1-2010 ***(Annexure D)*** which contemplates provision of a loan by SIDF of up to SR 90,000,000 to "Hussain Mohammad Nawaz Sharif Hill Metal Industry for Metal Establishment" a sole proprietorship establishment and organized under the laws of KSA and registered on 18-6-2005; and

(b) A further Loan Agreement ***(Annexure E)*** dated 2-7-2012 under which SIDF has agreed to lend a further sum of SAR 59,400,000 to "Hussain Mohammad Nawaz Sharif Hill Metal Industry for Metal Establishment", thereby makes the total loan amount of SAR 149,400,000.

(c) Whilst there is no further documentary proof provided by the Respondent No. 7 of actual disbursement and utilization of the loans contemplated in these two documents, in Paragraph 15 of CMA 432, the Respondents No. 7 and 8 submitted that HME was set up "in 2006" as a "new steel mill", the preamble of both of the

SIDF Loan Agreement state that HME was registered with the Commercial Registration of Jeddah on 16 Feb 2005.

(d) In any event, whether the "new steel mill" was set up in 2005 or 2006, either way, since the SIDF loans did not become available to Respondent No. 7 and HME until at least some time in 2010 (as regards the first loan of SAR 90,0000,000) and until after July 2012 (as regards the second loan of SAR 59,400,000), this statement and claim is contradicted and negated by the documents produced by the Respondent No. 7 himself before the JIT.

(e) It is also pertinent to mention that the signed originals of neither of the two SIDF Loan Agreement referred to above was submitted to the JIT. The documents provided were mere uncertified photocopies under cover of the unsigned document.

(3) **Al Rajhi Bank**

(a) As regards the source of "working capital" funding for HME, the Respondent No. 7 has claimed through the unsigned document at ***(Annexure A)*** that HME had, amongst others, access to a facility of SAR 35 million from Al-Rajhi Bank. However, during the course of investigation JIT discovered that the said loan was sanctioned in 2008 ***(Annexure H)*** and according to a source document ***(Annexure T)*** (being a copy of a signed letter from Al-Rajhi Bank) addressed to HME, this facility was canceled on or around 27-10-2009 and the security therefore being charged on: (i) factory land # 9709 in Jeddah; and (ii) residential villa in Al Hamra District was released. Hence, the impression being given of availability of working capital through above mentioned loan is selective narration to generate a false perception.

(b) Accordingly, at least to this extent a false or misleading impression has been sought to be created by the Respondent No. 7 with regard to the available sources of "working capital" for a project such as an operational steel mill, which requires large amounts of working capital to sustain itself

(4) **Non Provision of Audited Financial Statements of HME**

(a) A credible and useful source of authentic evidence regarding the source and quantum of equity and debt actually employed to set up, establish and operate HME is the audited financial statements of HME. These would also be relevant in verifying the contents of the response and replies of the Respondent No. 7 including the contents of and position depicted through the unsigned statement at ***Annexure A***.

(b) The audited financial statements would also shed light on the quantum source of initial funds and actual debt and equity portions and the actual project cost and allied matters. It is undeniable that the audited financial statements of HME are indeed prepared and exist as these are referred to in the document appended by Respondents No. 7 and No. 8 at Annexure Q to CMA 432/16[7]. The SIDF loan agreements also specifically require HME to maintain accounts.

(c) However, in spite of repeated requests by the JIT, the Respondent No. 7 failed and declined to produce certified true copies of the same before the JIT. The JIT draws a negative inference from

[7] At page 133 of CMA 432/16. This is a "Statement of Cash Balances and Net Profit After Tax for the Years Ended 31 December 2010 to 31 December 2014" in which the figures have been "traced" from respective "audited financial statement".

such failure, which appears intentional with the object of avoiding the complete truth from being discovered by the JIT regarding the source and quantum of funds, assets, liabilities and actual profitability of and dividends declared by HME. The absence of and failure to produce the audited financial statements of HME may also lead to undermining the credibility of the other limited information regarding the source of funds, assets, liabilities and actual profitability of HME furnished by the Respondent No. 7 or No. 8 before the Honourable Court or the JIT.

(d) The audited financial statements would also have revealed the actual and true cost of setting up of HME and then enabled verification of whether the claimed sources of funds were indeed even sufficient to completely fund such setting up and establishment of a steel mill. In this context, based on a source document ***Annexure J***, the acquisition cost of 59, 101 square meters of industrial land in Khumrah District, Jeddah was SAR 11.1 million, another 1, 750 square, meters of land was acquired for the labour colony at a cost of SAR 0.277 million, the cost of just one "shredder" for Jeddah was SAR 10 million. This does not include cost of civil works and cost of other plant, equipment, machinery and vehicles. If all of the costs mentioned in this document are accepted and taken into account, these far exceed the funds claimed to have been available to Respondent No. 7 to set up HME.

d. In addition to the above, during its investigations the JIT has also obtained two further sourced documents which tend to further undermine and contradict the statements and stance of the concerned Respondents *vis-à-vis* the source of funds employed to set up and operate HME. Each of these documents and its

implications *vis-à-vis* the questions of the Honourable Court and the stance of the concerned Respondents is given below.

c. **Hill Metal Establishment: Source of Funds**

(1) Appended as ***Annexure K***, this unsigned document shows that:

(a) During the period 21-9-2009 and 25-11-2008 HME received funds amounting to SAR 59,999,860 million (or US $ 15,999,963 million) in nine separate tranches from one Mr. Saeed Sheikh.

(b) There is reference to a "MD NCB's Account" which during the period 5-10-2009 to 16-3-2010 shows movement of SAR 36,456,741 (or US $ 9, 721, 797) in this account.

(c) A net amount of SAR 38,289,000 (or US $ 10,210,400) received by HME as SIDF Loan disbursements.

(2) With regard to the amount of SAR 59,999,860 million (or US $ 15,999,963 million) stated to have been received from Mr. Saeed Sheikh:

(a) The Respondent No. 7 did not mention this during any of his appearances before the JIT. Mr. Saeed Sheikh according to investigation of the JIT is the maternal uncle of Mr. Javed Kiyani. According to further investigation by the JIT into the matters reported in the "Rehman Malik Report" and statement of Javed Kiyani made before JIT, this same individual was involved in sending substantial amounts in traveler cheques to Mr. Javed Kiyani from outside Pakistan through a personal courier (Mr Phil Berry), which were deposited and converted into United States Dollar Bearer Certificates and liquidated and handed over to Sharif family at Model town. In addition large amounts were deposited in "fake accounts" opened in the names of Salman Zia,

Asghar Ali and Mohammad Rizwan. These deposits in "fake accounts" were then employed as collateral to raise loans for the companies of Sharif family.

(b) This is a very substantial amount of funding and its terms are not entirely clear. However, it appears that this "loan" is linked to another source document in (i.e. Guaranty dated 16-9-2009 at (Guaranty) apparently issued by Respondent No. 7 in favour of Colebrook Investments Limited (Colebrook) incorporated and existing under the laws of St. Vincent & the Grenadines. It appears that this "Guaranty" may have been issued by Respondent No. 7 to Colebrook to secure the amount of US $ 15,999,963 advanced to HME possibly by the (unnamed) owner of Colbrook. A related source document connected to the Guaranty is a Convertible Promissory Note also dated 16-9-2009 of US $ 10,000,000, at ***Annexure L***. The "Guaranty" provides option for conversion of loan into equity of HME or equivalent by the owner of Colebrook. The Balance Sheet of HME as of 31-7-2011 (another source document, at ***Annexure M*** shows a 'convertible borrowing' of SAR 60,000,000 which is may well be the same transaction.

f. **MD NCB's Account**

(1) With regard to the "MD NCB's Account" which during the period 5-10-2009 to 16-3-2010 shows movement of SAR 36,456,741 (or US $ 9, 721, 797) in this account, when the Respondent No. 7 was queried about the same, he denied knowledge thereof.

(2) However, according to the JIT's investigation, this apparently refers to Respondent No. 7's personal bank account with NCB which is also used

to inject funds (of unknown and undisclosed source) into HME by Respondent No. 7.

g. **Direct Nexus between HME and Respondent No 1**

(1) In the context of the "source of funds" for establishing or operating HME, there are two further source documents which, if accepted, establish a direct link between Respondent No. 1 personally and funding of HME and its operations.

(2) The first of these documents, at ***Annexure N***, is (an unsigned) copy of instructions dated 20-9-2010 issued by Respondent No. 1 to the "Private Banking" section of Al Raji Bank, Jeddah in terms of which the Respondent No. 1 is instructing "immediate" transfer of an amount of SAR 750,000 from his account No. 462 60801 3344552 to the account of Respondent No. 7 also maintained with Al Raji Bank.

(3) This second related source document, at ***Annexure O***, is (an unsigned) copy of instructions dated 20-9-2010 issued by Respondent No. 7 to Al Raji Bank instructing transfer of SAR 750,000 from the account of Respondent No. 7 to the account of HME maintained with Al Raji Bank.

(4) These two documents, if accepted, establish a direct nexus and link between HME and the Respondent No. 1 in which Respondent No. 7 is being employed as a conduit. This not only undermines and contradicts the statements and stance of the concerned Respondents with respect to the "source of funds" to establish and operate HME but is also relevant in the context of the massive remittances made by HME (or Respondent No. 7) to Respondent No. 1 during the period 2009, which aspect is discussed whilst addressing the third of the three queries being examined and addressed in this Section.

h. Receipts & Payments Account

(1) Another source document, at ***Annexure U***, is the "Receipts & Payments Account" of HME for the period 1-7-2009 to 17-8-2010. This document contains a table bearing the heading "Funds Returned" and which, amongst others, contains the following entries:

(a) Entry showing payment of SAR 903,834 to Pakistani Consultancy Firm, Sidat Hyder Morshed, Associates for SAP License & Maintenance8.

(b) Entry showing payment of £ 6000 to Flagship Investments Limited with comments "On Director's Current Account".

(c) Entry showing payment SAR 1,912,500 to "Hassan" with comment "Indsys".

(d) Entry showing payment of SAR 1,875,000 to HDS (Owned by Ali Dar son in law of Respondent No 1 and son of Respondent No 10) with comment "Indsys".

(e) Entry showing payment of SAR 560,000 to HDS with comment "Indsys".

(f) Entry showing payment of SAR 3, 752, 300 (or US $ 1,000,613) to CFZ.

(2) These entries, if accepted, belie the statements and claims of the concerned Respondents in respect of not having any nexus with HME as the entries show that HME has borrowed or otherwise received funds which it has repaid (during the period to which the table relates) from the personal account of Respondents No. 7 and 8 besides Flagship

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[8] From the payment of SAR 903,834 for SAP, it appears that HME has one of the sophisticated Financial software SAP even then full details (as well as audited accounts) are not provided.

Investments Limited (wholly owned by Respondent No. 8) and the amounts during the relatively brief period covered by this document.

(3) Moreover, the reference to "CFZ" in this document showing that an amount of SAR 3, 752, 300 (or US $ 1,000,613) has been returned or repaid to it by HME during 1-7-2009 to 17-8-2010 is also significant. The reference by "CFZ" in the view of the JIT is likely a reference to Capital FZE (Jabel Ali Free Zone entity) owned by Hassan Nawaz Sharif, regarding which the honaourable Justice Ijaz ul Ahsan had raised his concerns and had directed the JIT to collect evidence with regards to its business activities and role in transfer of funds to different entities controlled by Respondent 7 & 8. JIT during its investigation found out that the Chairman of the board of Capital FZE was Mian Nawaz Sharif (Respondent No 1).

(4) Copies of the following documents as certified by the Jabel Ali Free Zone Authority which have been obtained by the JIT as part of its investigation are appended herewith:

(a) Employment letter of Nawaz Sharif. ***Annexure X***

(b) Employment Contract of Nawaz Sharif with Capital FZE. ***Annexure Y***

(c) Employment Contract Amendment of Nawaz Sharif with Capital FZE ***Annexure Z***

(5) The above documents of Capital FZE and along with a copy of the resident visa ***Annexure P*** for the United Arab Emirates issued to Respondent No. 1 for the period 2009/20015 and which describes him as the Chairman of the Board of Directors of Capital FZE along with the employment agreements and amendments thereto which show that Respondent No. 1 was paid a salary of AED 10,000 per month by Capital FZE all cumulatively taken (along with the entries in "Receipts & Payments Account" of HME) prove and establish:

(a) That HME, Capital FZE, Flagship Investments Limited and HDS are linked and associated.

(b) The Respondents No. 1, 7,8 and 10 each are interconnected, they have common business interests which are undisclosed

(c) The Respondent No. 1 has direct, indirect, overt and covert association with and interest in businesses and entities which have not been declared or acknowledged in Pakistan by the Respondent No. 1; and that

(d) Respondent No. 1, Capital FZE and HME are interlinked and have nexus with each other.

(6) All of the foregoing, contradicts the statements of the Respondents No. 1, 7 and 8 in this regard.

13. **Stance of the Respondents No. 1, No. 7 and No. 8 before the Honourable Supreme Court in CP 29/2016 in relation to remittances to Respondent No. 1 through HME or Respondent No. 7**

a. In the pleadings of the Respondent No. 7 and No. 8 before the Honourable Supreme Court, this aspect is also covered, albeit briefly in Paragraph 15 of CMA No. 432 of 2017, which has been reproduced above. The stated purpose of these remittances or "gifts" was to free the Respondent No. 1 from any financial constraints, given his full time involvement in politics. Essentially, the stance taken was that in 2006 the Respondent No. 7 set up HME and that "the annual cash flow and retained earnings from this business have enabled the Respondent No. 7 to send remittances to his father in Pakistan".

b. **Aldar Audit Bureau**. In support of this instead of the complete audited financial statements of HME, a so called "Statement of Cash Balances and Net Profits after Tax of HME for the years 2010-2014" prepared by Aldar Audit Bureau (Abdullah

AlBasri & Co.) dated 19-1-2017 (HME Cash and Profit Statement) ***Annexure S***. The HME Cash and Profit Statement is misleadingly referred to in Paragraph 15 of CMA 432/17 as an "auditor's certificate", which in actual fact simply and only "traces" figures in the audited financial statements of HME for the period 2010 to 2014. The HME Cash and Profit Statement (at page 134 of CMA 432/17) only contain the claimed figures for "net profit after tax" and "cash and bank" balances in each year.

c. In the unsigned statement ***Annexure DD*** under cover of which various documents were submitted by the Respondent No. 7 to the JIT, a reply to the above question is also given, the material parts of which are reproduced below:

> "1. Chart showing funds received 2009-16 from Respondent No. 7's (HNS) owned Hill Metal Establishment, KSA by Respondent No. 1 (MNS) is attached. ...
>
> 7. The funds transferred by MNS to MS were largely used to purchase landed property for herself by MS and are disclosed in her FBR returns for year to year.
>
> 8. These funds from HNS transferred to MNS did not 'drop in' from anywhere. These funds were transferred by Hills Metals Establishment owned 100% by HNS in KSA.

9. Hill Metal Establishment is a Steel Mill in KSA which manufactures and sells Reinforced Rebars. The establishment generates sufficient funds as evidenced by Certificates issued by Aldar Audit Bureau - A member firm of Grant Thornton, Chartered Accountants, KSA to be able to transfer valuable foreign currency to Pakistan."

A brief analysis of the documents provided is depicted in the chart below

Year	Net Profit SAR	Net Profit (Converted US$)	Gifts Received by MNS from Hill Metal (US$)	Gifts from Hussain Nawaz (US$)	Total Gifts (US$)	Equivalent PKR Gifts (Converted Figures)	Gifts as %age of Net Profit
2010	2,207,208	588,589	-	1,543,553	1,543,553	131,247,000	262.25%
2011	10,943,945	2,918,385	-	999,959	999,959	85,646,488	34.26%
2012	15,223,740	4,059,664	-	199,959	199,959	19,096,085	4.93%
2013	1,228,394	2,994,238	799,959	1,974,054	2,774,013	279,216,823	92.65%
2014	3,726,348	993,693	1,081,228	-	1,081,228	107,609,366	106.62%
2015	-5,912,579	-1,576,688	2,161,416	-	2,161,416	219,237,236	-137.09%
Sub-Total	**37,417,056**	**9,977,882**	**4,042,603**	**4,717,525**	**8,760,128**	-	**88%**
2016*	-	-	2,679,700	-	2,679,700	279,548,035	-
2017	-	-	421,735	-	421,735	44,054,120	-
TOTAL		-	**6,722,303**	-	**11,439,828**	**1,165,655,153**	-

**Profitibility position of HME for the year 2016 was not provided by Respondents.*

Net profit earned during 2010-2015 $ 9,977,882

Total gifts given to MNS in 6 years 2010-2015 $ 8,913,301

Percentage of gifts of net profit 88%

14. **Gifts by Respondent No.7 to Respondent No.1**

a. Starting from year 2010, Respondent No.1 is receiving gifts and remittances from his son Respondent No.7 and his business entity named M/s Hill Metals

Establishment (HME) from Saudi Arabia. Up to May 2017, Respondent No.1 received Euro 1.267 million and US$ 10.148 million from Respondent No.7 & HME. The Rupee equivalent of these foreign currency receipts, come to around Rs.1.166 billion. In addition, to these, Respondent No. 7 also made remittances of around Rs.69.228 million to, his sister, Respondent No.6 (Mrs. Mariam Safdar (MS) from HME in 2008 and 2009.

b. As per statement of Respondent No.7 submitted at the Honorable Supreme Court of Pakistan, the amounts were transferred by him to Respondent No.1 as to free his father from any financial constraints, given his full time involvement in politics. However the scrutiny of Respondent No.1, bank records in Pakistan, revealed that more than 70% of the gifts received by Respondent No.1, were in turn gifted to Respondent No.6 as gifts. Moreover a substantial amount of Rs.100 million was given as donation to PML (N) in 2013.

c. Further, hefty amounts almost, 25% of the gifts received from Respondent No.7 were withdrawn in cash by respondent No.1.

d. **Comments.** Major observations related to transactions in the bank accounts of Respondent No.1 and Respondent No.6 are given below;

(1) Around 88% of total net profit earned by M/s HME during 2010 to 2015 was sent to MNS through gifts and remittances indicating his close association or beneficial interest in the company.

(2) A total amount of Rs.1,165 million was sent by Respondent No.7 to Respondent No.1 as gifts and remittances from 2010 till May 2017. Out of this amount, Rs.822.725 million were gifted by Respondent No.1 to Respondent No.6 during the same period ***(Annexure V)***. Apparently Respondent No. 6 used the gifts received to acquire land. The declared land holding of Respondent No.6 increased from zero in 2010 to Rs.804.424 million in 2016 as per her tax returns filed with FBR.

(3) Rs.45 million were transferred from PML(N) account to Respondent No.1 on 10-Jun-2013. Considerations against this payment were not available on record.

(4) The amounts of gifts received by Respondent No.1 significantly increased after 2012-13.

(5) Till the year 2012-13, the gifts received by Respondent No.1 from Respondent No.7 & HME were declare as gifts whereas, the same amounts were termed as remittances after the year 2013-14 in tax returns of Respondent No.1 after he assumed charged as Prime Minister.

(6) Declared gifts were also used to repay the amounts to the person who gifted those amounts i.e. from Respondent No.6 (Rs.24.851M) to Respondent No.1 and from Respondent No.1 (Rs.19.460M) to Respondent No.7.

(7) The detailed pattern of transactions in bank accounts of Respondent No.1 and Respondent No.6 along with declared gifts and position of properties purchased is explained in flow chart at ***(Annexure AA & BB)***.

15. **Analysis by JIT.** The analysis and comments of the JIT on the above are as under:

a. Contrary to the averments of the Respondent No. 7 at Para 15 of CMA 432/17, which attributed the "annual cash flows" and "retained earnings" from HME as the source of funds enabling the remittances to Respondent No. 1, the supporting evidence produced (i.e. HME Cash and Profit Statement) is neither the cash flows nor the retained earnings position of HME. Instead, as requested by the Respondent No. 7, the accounting firm has simply "traced" the yearly figures relating to "net profit after tax" and "cash and bank balances" at the respective year ends. In the absence of detailed financial statements disclosing, other vital information on the health and financial viability including its ability by having sufficient balances in the "retained earnings", mere year end cash and bank balances are insufficient (and irrelevant) to accurately establish and verify the fact whether, after disbursement through remittances of the lions share of the available

cash of HME in any given year as gifts to Respondent No. 1, there was enough working capital left to sustain and operate the usual business of HME.

b. Similarly, the "yearly net profit after tax" is certainly not a substitute for the "yearly retained earning" position of a business entity. The "retained earning position" reflects the cumulative position of the undistributed profits net of the accumulated losses, if any, as of a particular date. A business cannot distribute profits to the owners unless there is a balance available here. The HME Cash and Profit Statement, in other words, simply does not contain all of the necessary and relevant information and figures to enable due and proper verification of facts. The information is incomplete and inapt for the purpose for which it has ostensibly been submitted.

c. It is pertinent to note that while Respondent No.1 has shown these remittances were received as gifts from his son Respondent No.7, the records obtained from Respondent No.1 bank accounts in Pakistan ***(Annexure V)*** revealed that the above remittances included the payments made from the accounts of HME; a business entity9 as opposed to Respondent No. 7 personally.

d. Respondent No. 7, was unable to produce any banking record or relevant documents of the source at KSA, which may shed light on the so called huge gifts given to Respondent No.1.

e. Starting from year 2010, Respondent No.1 is receiving gifts and remittances from his son Respondent No.7 and his business entity i.e. HME from KSA. Up to May 2017, Respondent No.1 received Euro 1.267 million and US$ 10.148 million from Respondent No.7 and HME. The Rupee equivalent of these foreign currency receipts, come to around Rs.1.166 billion. In addition, to these, Respondent No. 7

[9] HME as aforesaid is described in the SIDF loan documents as a "sole proprietorship" under the laws of KSA.

also made remittances of around Rs.69.228 million to, his sister, Respondent No.6 from HME in 2008 and 2009.

f. As per statement of Respondent No.7 in CMA 432/17 the amounts were gifted by him to Respondent No.1 so as to free his father from any financial constraints, given his full time involvement in politics. However the scrutiny of Respondent No.1, bank records in Pakistan, revealed that more than 70% of the gifts received by Respondent No.1, were in turn gifted to Respondent No.6 as gifts. Moreover a substantial amount of Rs.100 million was given as donation to PML (N) in 2013. Moreover, approximately 25% of the "gifts" received from Respondent No.7 were withdrawn in cash by Respondent No.1.

g. Most significantly, around 88% of total net profit earned by HME during 2010 to 2015 was remitted as "gifts" to Respondent No. 1 directly from a bank account of HME or through Respondent No. 7. Since 88% of the total net profit, during the six years from 2010 to 2015 by HME was transferred to Respondent No. 1, it left just 12% for the purported sole owner i.e. Respondent No 7, based in the KSA to maintain and support his lifestyle and that of his immediate family. This figure of 89% give rise to a strong presumption or inference that in substance and in reality, the Respondent No. 1 has a beneficial and proprietary interest in HME. This view is further buttressed and reinforced if consideration and weight is given to the source documents: (a) at ***Annexure N***, being (an unsigned) copy of instructions dated 20-9-2010 issued by Respondent No. 1 to the "Private Banking" section of Al Raji Bank, Jeddah in terms of which the Respondent No. 1 is instructing "immediate" transfer of an amount of SAR 750,000 from his account No. 462 60801 3344552 to the account of Respondent No. 7 also maintained with Al Raji Bank; and (b) at ***Annexure O***, being (an unsigned) copy of instructions dated 20-9-2010 issued by Respondent No. 7 to Al Raji Bank instructing transfer of SAR 750,000 from the account of Respondent No. 7 to the account of HME maintained with Al Raji Bank. These two documents, if accepted, establish a direct nexus and link between HME and the Respondent No. 1 in which Respondent No. 7 is being

employed as a conduit and give much credence to the view that the Respondent No. 1 has significant beneficial interest in HME and that, contrary to the claimed position, Respondent No. 7 is not the true and sole owner of HME but a nominee or ostensible owner only with limited, if any, actual beneficial interest in HME.

h. Another source document being the Management Report of HME ***(Annexure O)*** for the quarter ended 31-3-2010 establishes that "after a long period of stress and strained performance" HME "finally came out of the red" in this quarter for the first time. Accordingly, this also creates doubts about the claimed success and profitability of HME to such as level as to enable it to remit an amount equivalent to Rs. 1,165.655 million over a period of six years.

i. Yet another factor which tends to throw the claimed source of the funds which were remitted as gifts to Respondent No. 1 (i.e. profits of HME) into serious doubt are, amongst others, the express restrictive covenants contained in the SIDF Loan Agreement dated 3-1-2010 expressly restrict maximum dividend to "the lessor of 25% of the paid in capital" or the total repayment of installments during the same fiscal year". An identical covenant is also found in the second SIDF Loan Agreement dated 2-7-2012. Moreover, even the maximum annual capital expenditure is also capped by a covenant. In terms of Clause 9, HME is even restricted from creating any encumbrance on the revenue or assets of HME without the prior approval of SIDF. It is axiomatic that the quantum of funds of HME claimed to have been 'gifted' to Respondent No. 1 would, if true, result in default by HME under the SIDF Loan Agreements. Accordingly, this factor too, tends to call into question the veracity of the claimed source of the 'gifts' remitted to Respondent No. 1 from KSA.

j. A total amount of Rs.1,165 million was sent by Respondent No.7 to Respondent No.1 as gifts and remittances from 2010 till May 2017. Out of this amount, Rs.822.725 million were gifted by Respondent No.1 to Respondent No.6 during the same period. Apparently, Respondent No. 6 used the gifts received to acquire

land. The declared land holding of Respondent No.6 increased from zero in 2010 to Rs.804.424 million in 2016 as per her tax returns filed with FBR. During 2008-2009, an amount of Rs.69.228 million was directly remitted by HME to Respondent No.6.

k. Rs.45 million were transferred from PML(N) account to Respondent No.1 on 10-6-2013 and considerations against this payment were not available on record.

l. The amounts of gifts received by Respondent No.1 significantly increased after 2012-13.

16. **Conclusion.** The evidence brought on record by the Respondent, at best, is selective, incomplete, partial and inconclusive to form an objective conclusion by JIT on the veracity of the stance taken. In any case, if the SIDF loan agreements are taken at their face value, Respondent No. 7 did not produce any evidence or means establishing his personal capacity of meeting the SAR 90.4 M equity requirement as his share in the sale proceeds of Al Azizia Steel Company fell well short of this requirement.

17. Despite repeated requests, Respondent No. 7 did not produce the relevant corporate/business records. It is therefore not possible to ascertain:

a. The legal status of Hill Metals Establishment (HME) whether it's a sole proprietorship, partnership or a company limited by shares.

b. The sole beneficial status of Hussain Nawaz Sharif; whether he is the only owner, partner or in case of a limited company the only shareholder.

c. The actual equity injected in HME and the banking records showing that he has the means to inject that equity.

d. Though, the SIDF loan agreements clearly stipulate that HME has to get its accounts duly audited every year, the Respondent did not produce the audited financial statements, repeatedly requested by JIT. In the absence of audited financial statements since establishment of HME in 2006 to date it is not possible to quantify and place a monetary value on :

(1) Owner's equity injection.

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(2) Actual status of borrowings from SIDF; the project financier.

(3) Borrowings from friends and business associates.

(4) Borrowings from National Commercial Bank, Saudi Arabia.

(5) Borrowings from other commercial banks in Saudi Arabia.

(6) Operating results after HME went into commercial operations.

18. Respondent No. 7, in the light of above, was found not to be forthcoming with truthful disclosure as to the sources and actual utilization of the funds and could not therefore establish the lawful means for his ownership of HME.

19. Similarly as regards the gifts extended, it is not possible to conclusively comment on the financial health of HME and its ability to extend such lavish gifts in the absence of the relevant corporate/business and banking records.

20. Therefore, in the absence of audited financial statements since establishment of HME till to date, it is not possible to conclusively quantify and place a monetary value on:

a. Owner's equity injection and status of the Retained Earning's from where the possibility of sending large monetary gifts can be established.

b. Operating results after HME went into commercial operations.

c. Accounting treatment and disclosure of the amounts remitted as gifts to Respondent No. 1 in the financial statements. This is essential in terms of understanding the nature of remittances. Whether they were owner's share of profit or shown as an expense in the books of accounts? If they were an expense eg. Fee or Commission than in that case Respondent No.1 who is a tax payer in Pakistan would be liable to all the applicable taxes.

(1) Whether the cash flows of the HME support the payments of gifts to Respondent No. 1.

(2) Whether the retained earnings account balances support the payments of gifts to Respondent No. 1 and are in compliance with the loan covenants entered into with the lenders of HME, in particular, SIDF.

d. The pattern and the manner in which these remittances were made by between 2010 till May 2017 by Respondent No. 7 to Respondent No. 1, prima facie cannot be characterized as gifts from a son to a father. They keep coming at regular intervals, at times on a monthly basis, as if they were a regular source of income, without which, Respondent No. 1 would not be able to maintain his livelihood.

e. Respondent No. 1 on the other hand, recipient of these ostensible gifts, given to him "to free him from any financial constraints, given his full time involvement in politics", utilizes these hefty remittances in making equally hefty gifts to his daughter i.e. Respondent No. 6 who goes on to acquire huge land holdings to "equitably strengthen her financial position".

f. During the six years 2010 to 2015, 23 remittances, aggregating to US $ 8,913,301 million were made. The annual amounts of remittances bore no correlation with the profits of HME in that year. For example the Net Profit for the Year 2010 was US 588,589 but the remittance for that year was US $ 1,718,500. Similarly US $ 2,161,416 were remitted in the year 2015 in which HME incurred a loss of US $ 1,576,688.

g. On the basis the Aldar Audit Bureau's Statement produced by Respondent No 7 and the disclosure of Remittances Received in the Tax Returns and the entries in the bank statements of Respondent No. 1, it transpires that almost 88% of the total net profit made, during the six years from 2010 to 2015, by HME was transferred to Respondent No. 1. Leaving just 12% remaining profits for the purported sole owner i.e. Respondent No 7, based in the KSA to maintain and support his affluent lifestyle and that of his immediate family. The sheer quantum of the profits going to Respondent No. 1 in actual effect make him the significant

beneficial owner of the business, ostensibly owned by his son – Respondent 7, practically reduced to the status of his *Benamidar*.

Section V

Flagship Investments Limited & Companies

Documentary Evidences, Annexures and details are covered in Volume VII of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume VII of Investigation Report of Joint Investigation Team, Panama Case

FLAGSHIP INVESTMENTS LIMITED AND COMPANIES OF MR. RESPONDENT NO. 8

1. In pursuance of the decision of the Honorable Bench of the Supreme Court which states, *"...where did the money for Flagship Investment Limited and other companies set up/taken over by respondent No. 8 come from, and where did the Working Capital for such companies come from"*; the JIT has carried out a detailed analysis of the companies, investments and financial transactions (Annexure A) of Mr. Respondent No. 8 (Respondent No. 8). A pictorial representation of the plethora of companies and elaborate network of transactions has been prepared.

2. This analysis is based on evidence from JIT's own sources as well as the limited information available publicly. It is imperative to highlight that the information submitted by the Respondents did not suffice for the purpose of the investigation and was found to be severely lacking and no effort has been made by the Respondents to provide the same. A summary of documents provided and the comments of the JIT are attached as **Annexure B**. In the absence of vital information, the **'Burden of Proof'** is on the Respondents. Ample opportunities have been afforded to the Respondents to present plausible explanations to the various observations raised by the JIT but remain unheeded.

Dichotomies with regards to the sources of funds for establishment of Flagship Investments and other companies by Respondent No. 8

3. The Respondents, in their CMA filed before the Honorable Supreme Court of Pakistan, had described funds provided from the investment made with Al-Thani family of Qatar as the source for setting up Flagship Investments and other companies. However, in their statements in the appearances before the JIT, the said stance was neither qualified nor substantiated, Respondent No. 8 categorically and repeatedly confirmed that he requested Mr. Hussain Nawaz

Sharif, (Respondent No. 7) for the funds for setting up these companies and that he did not know from where Respondent No. 7 obtained these funds. On the contrary, when Respondent No. 7 was confronted with the same question, he denied ever being approached by Respondent No. 8 to provide the said funds. He went on to state that he learnt about the provision of funds to Respondent No. 8 for establishment of his companies through Mr. Nasir Khamis (representative of Al-Thani family) during the execution of settlement, and as it was never shared with him by Respondent No. 8 or anyone else in the family. Therfore, he immediately sent the papers provided by Nasir Khamis to Respondent No. 8 through facsimile transmission for confirmation of receipt of the said funds.

4. These dichotomies between the stance taken by the Respondents in the Honorable Supreme Court and their respective statements/narrations during their appearances before the JIT clearly indicates that the story of the utilization of Qatari funds for establishment of the companies is, prima facie, false and concocted. Nevertheless, irrespective of the source of funds an in-depth analysis of the establishment of the companies has been undertaken by the JIT in the subsequent paragraphs.

5. The table below encapsulates the movement of funds (inflow and outflow) of RESPONDENT NO. 8 based on his claim on the generation of capital from the proceeds received from Qatar and loans given by him to his companies in the United Kingdom and to a company incorporated in Pakistan namely Chaudhry Sugar Mills Limited:

RESPONDENT NO. 8 FUNDS FLOW (2001-2016) (Brackets/red color entries are negative)					
Year	Opening Balance of Respondent No. 8 Surplus /	Respondent No. 8 Claim from Qatar GBP (*)	Respondent No. 8 Loans to UK Companies Inflow /	Respondent No. 8 Loan to Chaudhry Sugar Mills Ltd.	Net Position of Respondent No. 8 Surplus /
2001- 2002	-	713,499	(705,071)	-	8,428
2002-2003	8,428	286,631	(307,761)	-	(12,702)

2003-2004	(12,702)	989,253	(1,066,880)	-	(90,329)
2004-2005	(90,329)	487,924	(272,165)	-	125,430
2005-2006	125,430	-	(568,274)	-	(442,844)
2006-2007	(442,844)	-	(319,305)	-	(762,149)
2007-2008	(762,149)	-	2,109,789	-	1,347,640
2008-2009	1,347,640	-	(922,488)	-	425,152
2009-2010	425,152	-	(463,477)	(658,219)	(696,543)
2010-2011	(696,543)	-	(130,465)	-	(827,008)
2011-2012	(827,008)	-	917,674	-	90,666
2012-2013	90,666	-	84,425	-	175,091
2013-2014	175,091	-	(175,932)	-	(841)
2014-2015	(841)	-	(299,400)	-	(300,241)
2015-2016	(300,241)	-	147,051	-	(153,190)

*** RESPONDENT NO. 8 Claim from Qatar; USD conversion to GBP**

* RESPONDENT NO. 8 CLAIM FROM QATAR			
Year	Respondent No. 8 Claim from Qatar USD	Exchange Rate (USD to GBP)	Respondent No. 8 Claim from Qatar GBP
2001- 2002	1,038,569	1.4556	713,499
2002-2003	461,333	1.6095	286,631
2003-2004	1,771,257	1.7905	989,253
2004-2005	936,766	1.9199	487,924

6. It is evident from the above that RESPONDENT NO. 8, except in the years 2001-2002, 2004-2005, 2007-2008, 2008-2009, 2011-2012 and 2012-2013, has extended more funds in the shape of subordinated loans to his companies in the UK and to Chaudhry Sugar Mills Limited in Pakistan, than were available to him after accounting for his claim of proceeds from Qatar. It may be noted that in all the UK companies, the paid up capital ranged from GBP 1 to GBP 100 only.

7. Another important factor that is revealed is that the aggregate profit/loss position of known UK companies of Respondent No. 8 for this period 2001-2016 is an **aggregate loss of GBP 10,551,540**. Despite such heavy losses, Respondent No. 8 has managed to erect an empire of real estate assets in UK through the conduit of numerous small size companies that require minimal regulatory reporting disclosures.

8. Furthermore, as per the information available on Respondent No. 8 to the JIT, it has been learnt that he started his business in the UK in the year 2001. Since then, he has remained associated as a shareholder, director and/or company secretary of the following UK Companies that he mostly acquired other than a few that were incorporated:

a. Flagship Investments Limited; paid up capital GBP 1 – year 2001;

b. Hartstone Properties Limited; ; paid up capital GBP 2 – year 2002;

c. Que Holdings Limited; paid up capital GBP 1 – year 2003;

d. Quint Eaton Place 2 Limited (formerly Quint Etam Place Limited); paid up capital GBP 100 – year 2003;

e. Quint Sloane Limited (formerly Quint Eaton Place Limited); paid up capital n/a – year 2003;

f. Quint Limited; paid up capital GBP 100 – year 2003;

g. Flagship Securities Limited; paid up capital GBP 100 – year 2005;

h. Quint Gloucester Place Limited; paid up capital GBP 1 – year 2006;

i. Quint Paddington Limited (Formerly Rivate Estates Limited); paid up capital GBP 100 – year 2006;

j. Flagship Developments Limited; paid up capital GBP 1 – year 2010;

9. Following is the list of Respondent No. 8's known properties in the UK owned/acquired/mortgaged by Respondent No. 8 and/or his companies:

a. <u>Properties used to Finance Respondent No. 8's UK Companies</u>. (Annexure C)

(1) Property located at 16 Avenfield House 118-127 Park Lane London W1K 7AF at the Land Registry with title number NGL338285;

(2) Property located at 16A Avenfield House 118-127 Park Lane London W1K 7AF at the Land Registry with title number NGL351184;

(3) Property located at 17 Avenfield House 118-127 Park Lane London W1K 7AF at the Land Registry with title number NGL342976;

(4) Property located at 17A Avenfield House 118-127 Park Lane London W1K 7AF at the Land Registry with title number NGL342977;

b. <u>Flagship Investments Limited</u>

(1) Property located and known as Units 31-33 Wills Way Industrial Estate Plots, Fleetsbridge Poole Dorset at the Land Registry with title numbers DT99349, DT148418, DT152196, DT253611, DT278957, DT168371 and DT115513;

(2) Property located at Plot no. 8, 121 Edgeware Road, London;

(3) Property located at Flat no. 12A, Avenfield House 118 Park Lane, Mayfair, London at the Land Registry with title number NGL225917;

(4) Property located at Flat no. 8, 2 Burwood Place, London at the Land Registry with title number NGL806047;

(5) Property located at Flat no. 201, Drake House, Saint George Wharf, London at the Land Registry with title number TGL192078;

(6) Property located at Flat no. 10, Duke Mansions, Duke Street London at the Land Registry with title number NGL394460;

(7) Property located at Flat no. 2, Dunraven House, 36 Green Street, London W1K 7FX at the Land Registry with title number NGL832138;

(8) Property located at Flat no. 4, 69 Cadogan Square, London SW1X 0DY at the Land Registry with title number NGL569247;

(9) Property located at Upper Ground Floor, Stanhope House, Stanhope Place, London W2 2HH;

(10) Property located at 12A, Evenfield House, 118 Park Lane, London W1 at the Land Registry with title number NGL335917;

c. Quint Gloucester Place Limited. Property located at F/H117, Gloucester Place London W1U 6JU at the Land Registry with title number NGL417483;

d. Quint Paddington Limited

(1) Property located at F/H the Fettler & Firkin Public House, 15 Chilworth Street, London at the Land Registry with title number NGL818885;

(2) Property located at K/A the Fettler & Firkin Public House, 15 Chilworth Street, London at the Land Registry with title number NGL350124;

e. **Quint Limited**. Property located at Flats L&M, 17 Eaton Square, London SW1 at the Land Registry with title number NGL818885.

f. **Quint Eaton Place 2 limited (formerly Quint Etam Place Limited)**. Property located at Flats no.5, 97-99 Eaton Place, London SW1;

10. The aforementioned list of properties is based on the limited information that was available with the JIT; therefore it is a reasonable assumption that more properties in the UK have been or are held by Respondent No. 8 in his name or on the name of his companies/firms/sole proprietorship/partnership firms or in the name of his family members or other benamidars. Respondent No. 8 has failed to provide any documentary evidence (land registry, bank statements, and tax returns) to justify the sources used to own these properties.

11. The sources used for making investments in real estate business in UK companies were mainly bank borrowings, building society loans, inter-corporate financings and director's loans. Financial analysis of companies reveals that reliance was mainly on bank loans, as these companies were shell companies and not trading companies, which used external sources for making investments. Moreover, as per available disclosures given in the financial statements of the UK companies, Respondent No. 8 was not drawing any salary/emoluments from these companies. Hence, Respondent No. 8 had no known source of income to fund investments in real estate.

12. Investments in properties were primarily recorded on cost basis in the financial statements. However, without independent valuations of such investments in real estate, market values of such investments in real estate are not known and recorded in the financial statements.

13. Respondent No. 8 indulged heavily in inter-corporate movement/revolving of capital amongst his companies wherein links of two offshore BVI (British Virgin Islands) companies i.e. Alanna Services Limited and Lamkin SA are established as minority shareholders of Quint Eaton Place 2 Limited and Quint Limited, respectively (companies of Respondent No. 8). These BVI

companies forwarded funds to the UK companies, Respondent No. 8 was asked to explain this linkage but responded by denying the liabilities outstanding towards the BVI companies, which is contradictory to the financial position given in the accounts of the companies of which he is a major shareholder. It is interesting to note that Minerva Services Limited and Minerva Nominees Limited, the shareholders of Nielson Enterprises Limited and Nescoll Limited companies which owned the Avenfield flats at that time, were also the shareholders of the aforementioned companies (Allana Services Limited and Lamkin SA).

14. In addition, Quint Paddington Limited obtained funds/loan from Capital FZE; a UAE based offshore concern, which is also owned by Respondent No. 8. Interestingly, although Respondent No. 8 stated that Capital FZE was created by him in anticipation of buying some properties in U.A.E. which never materialized; was being dissolved; and had no association with any other family member, yet on investigation JIT was able to establish that not only the company remained functional till 2014 but it ostensibly was being managed by under direct control of Mian Nawaz Sharif, Respondent No. 1 as Chairman of the Board.

15. Another company by the name of Hiltern International Limited (an offshore entity) emerged in 2014 to extend a loan to Flagship Investments Limited. Respondent No. 8 did not provide any satisfactory explanation, evidence, document to explain these offshore companies to the JIT and in fact denied ownership of any offshore company.

16. The financials of Quint Limited and Quint Eaton Place 2 Limited for the year ended March 31, 2007 reported fee payable to M Safdar amounting to GBP 188,000 and GBP 170,000 respectively. However, Respondent No. 8 failed to provide explanation of the aforementioned reported transactions. Likewise other Respondents namely M Safdar and Maryam Nawaz themselves disassociated themselves from any business activity of Respondent No. 8. Therefore, the reported figures stand unjustified despite queries put forward by the JIT before the Respondents.

17. Financial accounts of Quint Sloane Limited, yet another company of Respondent No. 8, could not be found despite extensive search on the Companies House Database, UK and was also

not provided by Respondent No. 8. Similarly, Respondent No. 8 failed to provide any information on the afore-stated BVI companies.

18. Furthermore, the financials of Chaudhry Sugar Mills Limited for the year ended September 30, 2010 discloses a loan from its sponsor 'Hasan Nawaz Sharif' of PKR 87,348,466 (GBP 658,219). The said loan remained outstanding in the financials of the company for the year ended September 30, 2011, until during the year ended September 30, 2012 where the loan is reported to be paid off, however, no evidence is available for the said loan's repayment to Respondent No. 8 (Annexure D).

19. The banking transactions trail record substantiates that Chaudhry Sugar Mills Limited had repaid PKR 70,000,000 to Maryam Safdar being in excess to the sum owned by it to Maryam Safdar amounting to PKR 41,066,200. The excess amount of PKR 28,933,800 paid to Maryam Safdar by Chaudhry Sugar Mills Limited has been reported as loan from Respondent No. 8 to Maryam Safdar in her income tax return for Tax Year 2012.

20. Following is the list of identified bank accounts of Respondent No. 8 for which he refused to provide any documents / statements to justify the reported funds movement in the financial returns of his companies:

a. Barclays Bank PLC A/c title: Quint Gloucester Place Limited, A/c no: 53644049, Sort Code 20-03-80;

b. Bank of Scotland A/c title: Quint Eaton Place 2 Limited, A/c no: 06104465, Sort Code 12-11-03;

c. An account in Midland Bank between years 1994-1998;

d. An account in Barclay's Bank, campus branch of City University in year 1998 or year 1999;

e. An account in Bank of Scotland;

f. An account in Halifax Bank of Scotland;

g. An account in a South African Bank Invertec Bank;

h. An account in an Australian Bank Clydes dale Bank;

i. An account in Standard Chartered Bank - opened in year 2013;

j. An account in Royal Bank of Canada, Isles of Mann - opened in year 2000;

k. An account in Royal Bank of Canada;

21. The aforementioned list is not an exhaustive list as there are strong probabilities that Respondent No. 8, in addition to the aforementioned banks, may have been operating through several other bank accounts to execute the financial web.

22. In view of the preceding, it is imperative to obtain the complete certified bank record/ statements, certified tax returns and certified documents of sale/purchase of each property (ever owned by Respondent No. 8 or his companies).

23. Furthermore, other documentary evidences substantiating the receipts as loan from Respondent No. 8 by Chaudhry Sugar Mills Limited and its repayments made to the sponsors or other parties is also required as the non-availability of such information leads to gap in the sources available to Respondent No. 8 and his lending to associated companies in the UK and Pakistan, thereby triggering the suspicion of acquiring and possessing "assets disproportionate to the known sources of income" by the respondent.

24. Continuous revolving of funds by Respondent No. 8 amongst his UK companies clearly reveals that the purpose of formation of these companies with insignificant paid-up capital was (a) to evade the disclosure requirements for companies in UK, (b) to give an impression that the real estate empire was built owing to the successful businesses, (c) revolve funds inside and outside UK through his companies instead of his personal accounts to escape any probability of legal actions in-case of any legal proceedings and (d) to camouflage the real origin of funds and mix it with known business to layer the real transactions. Furthermore, it is beyond

comprehension as to how any person can manage to establish such a huge business empire comprising of such expensive properties when the business itself has minimal equity and has continuously been incurring losses. (Annexure E).

Flagship Investments Limited

25. An emphasis on Flagship Investments Limited has been made herein to explain the whole scheme of Respondent No. 8 in UK. Flagship Investments Limited was incorporated in 2001 by Respondent No. 8 with a paid-up capital of GBP 1 only. The beginning of this company is based on loan given by Respondent No. 8 amounting to GBP 705,071, (to which Respondent No. 8 has referred as proceeds from Qatar that has not been supported by any evidence by Respondent No. 8 and proved otherwise in Para 3 above).

26. The year wise important financial figures are as under:

RESPONDENT NO. 8 FUNDS FLOW (2001-2016) FLAGSHIP INVESTMENTS LIMITED					
Year	Profit / (Loss) GBP	Loan from Respondent No. 8 Inflow / (Outflow) GBP	Loan from Bank and Building Society Inflow / (Outflow) GBP	Loan from associated companies Inflow / (Outflow) GBP	Loan to associated companies Inflow / (Outflow) GBP
2002	(8,551)	705,071	229,594	-	-
2003	(14,657)	307,761	1,386,956	-	-
2004	39,051	593,939	(11,844)	-	-
2005	(117,419)	(188,450)	1,665,353	-	-
2006	(359,339)	469,351	671,227	5,583	

2007	3,237	(217,542)	(1,005,294)	118,326	-
2008	(213,281)	(540,463)	268,672	387,931	(175,274)
2009	(378,010)	361,771	(24,977)	(1,910)	(33,216)
2010	(34,905)	26,688	(33,838)	(198,426)	208,490
2011	(135,608)	(131,797)	(1,120,849)	(108,685)	(83,593)
2012	193,897	342,094	(2,025,000)	225,751	(333,245)
2013	(194,791)	(84,425)	-	(168,487)	(104,518)
2014	(119,906)	175,932	-	(28,402)	(111,470)
2015	(176,037)	299,400	485,000	(23,218)	(89,387)
2016	247,379	(147,051)	(485,000)	(22,940)	(107,331)
Net Position	**(1,268,940)**	**1,972,279**	**-**	**185,523**	**(829,544)**

27. The list of 10 known properties that were owned/mortgaged by Flagship Investments Limited are stated in Para 4 above. These are prime properties located in UK. The ownership documents / land registry papers showing the time, date, amount, party involved of the other parties from whom these properties were acquired/bought have not been shared by Respondent No. 8.

28. From the aforementioned, it is evident that Flagship Investments Limited mainly relied upon loans from Respondent No. 8. The total injection of funds by Respondent No. 8 in Flagship Investments Limited amounts to GBP 3,282,007, with the closing net position of loan from Respondent No. 8 to Flagship Investments Limited as at 2016 of GBP 1,972,279. It is pertinent to mention here that Respondent No. 8 did not provide evidence of the sources of funds (declared sources of income / funds, bank statements, tax returns etc.) through which he made such hefty amount of continuous loaning to Flagship Investment Limited. For this purpose, numerous advices and opportunities were given to Respondent No. 8.

29. Furthermore, Flagship Investments Limited was incurring losses which aggregated to the tune of GBP 1,268,940. It is prudent to say that if a company does not make profit then it becomes highly unlikely for it to remain a going concern. However, in the case of Flagship Investments Limited, not only it remained existent throughout the period under consideration but also mortgaged at-least 10 prime properties in UK to avail loans from the building societies and financial institutions (mainly banks).

30. Respondent No. 8, despite, numerous opportunities, failed to provide any documentary evidence to justify how, when and for what amount these properties were bought and subsequently sold. Furthermore, Respondent No. 8 also did not provide any record from the land registry to reveal the names of parties involved with Respondent No. 8 and/or Flagship Investments Limited for the sale/purchase of these properties. The banking record was also not made available by Respondent No. 8 regardless of persistence by the JIT.

31. Conclusion. The network of companies being established and dissolved over time appears to have been designed to camouflage the activities of Respondent No. 8 and his companies as well as to create a smoke screen in the way of discovering unaccounted wealth, the purchase of properties in the UK and amassing of wealth and properties. The analysis has shown that significant amounts of funds are involved and are being moved discreetly but continuously. The JIT has attempted to unearth the sources of funds and persons behind the underlying transactions but has been severely constrained due to the information that is being withheld from the JIT by the Respondents. Thus far, the Sharif family did not furnish the record that can provide a meaningful explanation of the sources of funds, the origin and acquisition of properties. The JIT has, at every stage of the investigation proceedings, provided Respondent No. 8 and his family the opportunity to produce evidence supporting the purchases but they have failed to do so. It is not fathomable that documentation of transactions and large purchases entailing millions of sterling are not available, and that these transactions were executed on the basis of verbal and mutual understanding.

32. Furthermore, a scheme of revolving funds through inter-corporate financing and through financing from financial institutions is also evident from the financials of the companies. Respondent No. 8 has failed to provide documentary evidence or motive behind revolving of funds in companies which are incurring losses on a consistent basis. It has also been observed that the underlying properties have been mortgaged numerous times to obtain loans from multiple financial institutions and subsequently the loans are retired in time or even before time. A pattern of incorporating loss making companies for revolving of funds and then subsequently ending up being dissolved is also observed.

33. Moreover, it appears that the multiple transactions with other associated companies of Flagship Investments Limited, which involved huge sums of money, was carried out to layer the flow of funds so that the real source / origin of funds and its utilization could not be easily identified. The JIT carried out a painstaking exercise of compiling the record / information of UK based companies and consolidated their financial position year wise, despite flagrant misreporting, misstatement and misrepresentation in the financial statements of the companies, to reveal the asset accumulation of Flagship Investments Limited and other subsequently acquired/incorporated companies in UK from unknown sources.

Section VI

NAB/ FIA Cases

Documentary Evidences, Annexures and details are covered in Volume VIII of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume VIII of Investigation Report of Joint Investigation Team, Panama Case

NAB/ FIA CASES

Back Ground

1. Honorable Supreme Court of Pakistan vide its order dated 20, April 2017, in constitution petition Nos. 29, 30 of 2016 and 03 of 2017, in addition to other directions, also ordered vide para 3, reproduced as under that;

"….. the JIT may also examine the evidence and material, if any, already available with NAB and FIA relating to or having any nexus with the possession or acquisition of the aforesaid flats or any other assets or pecuniary resources and their origin…."

2. In compliance to the above referred orders of the Honorable Apex Court, the record was requisitioned by JIT from NAB, FIA and SECP regarding cases inquired or investigated by these Departments against the Respondent No. 1 and others, on the allegations of corruption and corrupt practices.

3. It was noted that some of the cases originally initiated by the defunct Ehtesab Bureau, after the creation of NAB in 1999, were then transferred to it, which were subsequently processed by NAB. Similarly, some cases were initiated by NAB on its own and the same were referred to FIA for investigation and preparation of references under NAO, 1999. Similarly, FIA and SECP also conducted cases against the respondent No. 1, his family and their industrial / business concerns. The Summary of the cases as received is highlighted as under: -

List of Cases Provided by NAB:-

Ser No.	Title of the case
a.	Reference Against Mian Muhammad Nawaz Sharif and Saif ur Rehman regarding Purchase of Helicopter (Assets beyond known Sources of Income)
b.	Reference Against Mian Nawaz Sharif and other regarding huge illegal increase in share deposits of Hudabiya Paper Mills
c.	Reference against Mian Muhammad Nawaz Sharif, Mian Sharif and Mst. Shamim Akhter for construction of Palatial Mansions and buildings in Raiwand Estate which are beyond known sources of income.
d.	Reference against Mian Muhammad Nawaz Sharif, Ittefaq foundry and others for willful default of loan payable to National Bank of Pakistan.
e.	Investigation against Mian Muhammad Nawaz Sharif and others regarding acquisition of Avenfield properties in London(Assets beyond known Sources of income)
f.	Investigation against Mian Muhammad Nawaz Sharif for misusing his authority in sacking thousands of employees and appointing his own favorites at top positions in different departments.
g.	Investigation against Mian Muhammad Nawaz Sharif regarding misuse of authority in illegal appointments in FIA.
h.	Investigation Against Mian Muhammad Nawaz Sharif and other regarding sale/purchase of damaged urea fertilizer and causing loss of Rs. 158 million
i.	Investigation against Mian Muhammad Nawaz Sharif and other regarding leakage of secrecy about freezing of foreign currency accounts and transmitting $500million abroad.
j.	Investigation against Mian Muhammad Nawaz Sharif and other regarding setting up two Sugar Mills in Kenya.
k.	Investigation against Mian Muhammad Nawaz Sharif for misusing his authority in provision of amenities to Raiwand Estate through different government departments.

l.	Investigation against Mian Muhammad Nawaz Sharif, Saif ur Rehman and Ishaq Dar and other regarding import of BMW cars.
m.	Investigation Against Mian Muhammad Nawaz Sharif and Abdul Sattar Lalika for misuse of authority in import of damaged fertilizer from China causing loss of Rs. 52 million to National Exchequer.
n.	Investigation against Mian Muhammad Nawaz Sharif regarding misuse of authority in award of 15 acres land to M/s REDCO owned by Mr. Saif ur Rehman at Murree.
o.	Investigation against Mian Muhammad Nawaz Sharif and Kalsoom Nawaz regarding the purchase of Bird Lodge Murree.
p.	Investigation against Mian Muhammad Nawaz Sharif for misusing his authority in granting illegal promotion to Muhammad Sharif from AD to DD FIA.
q.	Investigation against Mian Muhammad Nawaz Sharif and Azam Khan Hoti for misappropriation in Afforestation along Motorway M-2
r.	Investigation Against Mian Muhammad Nawaz Sharif and others regarding illegal appointments in PIA.
s.	Investigation Against Mian Muhammad Nawaz Sharif and Shams ul Mulk Chairman WAPDA for misuse of authority in granting illegal benefit to M/s KEL
t.	Investigation against Mian Muhammad Nawaz Sharif regarding illegal allotment of plots in LDA.
u.	Investigation against Mian Muhammad Nawaz Sharif and other regarding misuse of authority in grant of contract for import of wheat to his own Company.
v.	Investigation Against Mian Muhmmad Nawaz Sharif and other regarding assets beyond known sources of income (benami investments in Hudabiya Engineering Company)
w.	Investigation Against Mian Muhammad Nawaz Sharif and others regarding acquisition of land through coercion, in /around Raiwand (Assets beyond known Sources of income)
x.	Investigation Against Mian Muhammad Nawaz Sharif and others in the matters of Sharif Trust.
y.	Investigation Against Mian Muhammad Nawaz Sharif For misusing his authority in

	construction of Road to Raiwand Estate.
z.	Investigation Against Mian Muhammad Nawaz Sharif regarding Construction of Flat and Mansions and buildings
aa.	Investigation against Mian Muhammad Nawaz Sharif regarding Illegal Allotment of Plots in LDA
bb.	Inquiries against Mian Muhammad Nawaz Sharif for illegal allotments of plots in LDA(10x inquiries merged into 1 inquiry)

List of cases provided By FIA

Ser. No.	Title of the case
a.	FIR No. 12/1994 case against Huddabiya Engineering Pvt. Ltd.
b.	FIR No. 13/1994 Against Huddabiya Paper Mills Pvt. Limited.

List of Cases Provided by SECP

Ser. No.	Title of the case
a.	Investigation Against Ramzan Sugar Mills Limited.
b.	Investigation Against Chaudhry Sugar Mills.

Chapter 2

1. **Categories of the Cases.** All the 32 Cases received from NAB, FIA and SECP have been thoroughly examined by the JIT. The cases have been broadly divided by the JIT, into following three Categories.

a. Ongoing Cases
b. Challans / References Quashed by Courts
c. Investigations / Inquiries closed by the concerned Departments

The summary of all these received cases, as per above three categories is as follow:

2. **Ongoing cases since 1999-2000 (NAB)**

a. As per information provided by NAB vide letter dated 21 June 2017, 1x inquiry and 8x investigations are under process since 1999- 2000 and even after lapse of about 18 years, no worthwhile progress has been made till date.

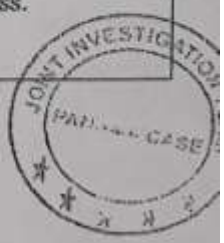
b. These under process cases include the two most important cases pertaining to the domestic assets of Raiwand estate and offshore assets of Avenfield properties (the primary matter of the constitution petition Nos. 29, 30 of 2016 and 03 of 2017, Panama Papers case) but despite being authorized almost two decades earlier, they remained pended on one pretext or the other and no serious effort is on record to finalize these outstanding cases on merit. Following table shows list of Ongoing inquiries and investigations with NAB

Ser. No.	Title of the case	Date of Authorization	Allegations	Present Status
a.	Investigation against Mian Muhammad Nawaz Sharif regarding	08.11.1999	Allegedly Mian Muhammad Nawaz Sharif misused his	Investigation still under process.

	misuse of authority in illegal appointments in FIA.		authority in appointment of 42 employees on different posts in FIA. These appointments were made on contract basis in violation of service rules and procedure.	
b.	Investigation against Mian Muhammad Nawaz Sharif regarding illegal allotment of plots in LDA.	10.2.2000	Mian Muhammad Nawaz Sharif misused his authority in allotment of plots to different beneficiaries in violation and rules of allotments.	Investigation still under process.
c.	Investigation Against Mian Muhammad Nawaz Sharif and other regarding assets beyond known sources of income (benami investments in Hudabiya Engg. Company)	28.02.2000	Audited Financial Statements of Hudabiya Engg. Company of year 1995-96 show share equity of Rs. 69 million by Sheikh Zakauddin. He has disowned this investment. Hence Rs. 69 million are	Investigation still under process.

			unaccounted for.	
d.	Investigation Against Mian Muhammad Nawaz Sharif and others regarding acquisition of land through coercion in / around Raiwand (Assets beyond known Sources of income)	29-02-2000	Mian Nawaz Sharif and his family have been alleged to have purchased/ acquired land in different mouzas in Raiwand which is dis-proportionate to their known sources of income	Investigation still under process.
e.	Investigation against Mian Muhammad Nawaz Sharif and others regarding acquisition of Avenfield properties in London (Assets beyond known Sources of income)	31.03.2000	Mian Nawaz Sharif and his family have allegedly purchased 4 x properties (16,16A,17 and 17A) on park lane which are thus dis-proportionate to their known sources of income.	Investigation still under process.
f.	Investigation Against Mian Muhammad Nawaz Sharif and others in the matters of Sharif Trust.	31.03.2000	Allegedly Sharif family has received corers of rupees through under hand methods in Sharif Trust. Accounts of the trust have not been subjected to audit and amounts have been	Investigation still under process.

			misappropriated. Sharif Family has acquired assets which are held in the name of trust as benami properties.	
g.	Investigation Against Mian Muhammad Nawaz Sharif for misusing his authority in construction of Road to Raiwand Estate.	17.04.2000	Allegedly Mian Muhammad Nawaz Sharif misused his authority in directing the funds of Zila Council in construction of road leading to Raiwand estate. whereas, this project was not included in the plan.	Investigation still under process.
h.	Investigation against Mian Muhammad Nawaz Sharif regarding illegal allotment of Plots in LDA	10.06.2000	Mian Muhammad Nawaz Sharif misused his authority in allotment of plots to different beneficiaries in violation of rules of allotment.	Investigation still under process.
i.	Inquiry against Mian Muhammad Nawaz Sharif regarding illegal	10.02.2000	Mian Muhammad Nawaz Sharif misused his	Inquiry still under process.



	allotment of plots in LDA (10 x inquiries merged into 1 inquiry)		authority in allotment of plots to different beneficiaries in violation of rules of allotment.	

c. <u>References Quashed or Respondents Acquitted by the Lahore High Court</u>. The Sharif family went into appeal in Lahore High Court in 6 cases from time to time. Out of these 6 cases, 4 were references filed by NAB and 2 were challans filed by FIA. The summary of these cases are as under: -

(1). <u>Quashed / Acquitted Cases of NAB</u>

(a) NAB had filed 4 references before the Accountability Courts, trial of only one reference i.e. Reference No. 2/2000, was held whereby the Accused Nawaz Sharif was convicted and sentenced to R.I. for 14 years along with imposition of fine to the tune of Rs. 20 Million and disqualified to hold public office for 21 years. (Later Acquitted by Lahore High Court in writ petition no. 2E of 2009)

(b) The rest of the three references never went under proper trial and appreciation of evidence filed therein, by the Accountability Courts, reason being that Mr. Nawaz Sharif and family was sent to exile in Saudi Arabia and these references were adjourned sine die. However, in 2011, 3x separate writ petitions were filed in Lahore High Court, praying for quashment of the references.

(c) The petitions were heard separately by two Member bench of Lahore High Court Comprising of Justice Kh. Imtiaz Ahmed and Justice Muhammad

Farrukh Irfan Khan. The Common feature of the Judgements of all these 3x petitions by Two-member bench was the split decisions and final decision by Referee judge. In references No. 5/2000 and 7/2000, the Justice Kh. Imtiaz Ahmed opined that the references stand quashed however NAB can re-investigate the matter. This was differed by Justice Muhammad Farrukh Irfan Khan who was of the view that NAB cannot be allowed to re-investigate the matter. The point was referred to referee judge Justice Sardar Shamim Khan who agreed with the view of Justice Muhammad Farrukh Irfan Khan and the reference was quashed and NAB was not allowed to re-investigate the matters.

(d) Matter related to reference No.11/2001, was also referred to same learned two-member bench vide a separate writ petition by the accused where again a split decision was reached by the learned bench. Justice Kh. Imtiaz Ahmed of the view that petition filed by the Accused should be dismissed and accused be directed to approach Accountability Court to make their pleas, whereas Justice Farrukh Irfan Khan was of the view that reference be quashed. The matter was again referred to referee judge Justice Sardar Muhammad Shamim Khan who agreed with the view taken by Justice Farrukh Irfan Khan and the reference was quashed by Honorable Lahore High Court.

(e) NAB never filed appeal against these decisions in Honorable Supreme Court despite having strong grounds.

(f) Following Table Shows List of four NAB references, which were filed in the Accountability Courts and subsequently acquitted / quashed by Honorable Lahore High Court.

Ser. No.	Ref no.	Decision by Trial Court	Petition No. LHC	Prayer	Decision by the Lahore High Court bench along with date	Decision by the referee judge with date.	Appeal filed by NAB in Supreme Court
a.	2/ 2000 (Helicopter Case)	Nawaz Sharif Sentenced to R.I for 14 Years and fine Rs. 20 million	2E/ 2009	Appeal against conviction	Conviction set aside and accused acquitted of all charges. (26.06.2009)	N.A	Not filed
b.	5/ 2000 (Hudabiya Paper Mills Case)	No trial was conducted	2617/ 11	Writ petition for quashment of Reference	Reference quashed but Split decision by bench on the issue of re-investigation by NAB. (April 2013)	Reference Quashed and NAB is barred from re-investigation of the matter (11.3.2014)	Not filed
c.	7/ 2000 (Raiwand Estate Case)	No trial was conducted	2619/ 11	Writ petition for quashment of Reference	Reference quashed but Split decision by bench on the issue of re-investigation	Reference Quashed and NAB is barred from re-investigati	Not filed

					by NAB.	on of the matter (11.3.2014)	
d.	11/ 2001 (Loan default case)	No trial was conducte d	2018/ 11	Writ petition for quashment of Reference	Split decision of bench on dismissal of Writ petition or quashment of reference	Reference Quashed (6.2.2015)	Not filed. (As per NBP correspon dence outstandi ng loans were settled / adjusted in 2013-14)

(2). **Quashed cases of FIA**. Following table shows list of challans / FIRs filed by FIA but later on quashed by Lahore High Court

Sr. No.	Title of the case	Date of Authorization	Allegations	Present Status
a.	FIR No. 12/1994 Case against Hudabiya Engineering Pvt. Ltd.(Loan Amount involved Rs.	10.11.1994	Obtaining of wrongful gain by Mian Muhammad Nawaz Sharif and others by obtaining loan for Hudabiya Engineering Pvt. Ltd. through opening fake and	After investigation of the matter challan u/s 173 Cr. PC was filed By FIA before Special Judge Central. During the pendency of Trial two writ petitions (12172/97 and 12173/97

	60 million)		fictitious accounts in different banks and depositing black money in these accounts through foreign remittances.(FIR u/s 419,420,468,471, and 109 PPC r/w Sec 5(2)47 PCA and article 3 of holders of representative office)	were filed by the accused for quashment of Challan. Petitions were accepted by Lahore High Court and Challan was quashed vide order dated 12.06.1997. No appeal was filed by FIA against the decision of Lahore High Court.
b.	FIR No. 13/1994 Against Huddabiya Paper Mills Pvt. Limited. (Loan Amount involved Rs. 40 million)	02.11.1994	Obtaining of wrongful gain by Mian Muhammad Nawaz Sharif by obtaining loan for Hudabiya paper Mills Pvt. Ltd. through opening fake and fictitious accounts in different banks and depositing black money in these accounts through foreign remittances. (FIR u/s 419,420,468,471, and 109 PPC r/w Sec 5(2)47 PCA and article 3 of holders of representative office)	After investigation of the matter, challan u/s 173 Cr.PC was filed By FIA before Special Judge Central. During the pendency of Trial two writ petitions (12172/97 and 12173/97 were filed by the accused for quashment of Challan. Petitions were accepted by Lahore High Court and Challan was quashed vide order dated 12.06.1997. No appeal was filed by FIA against the decision of Lahore High Court.

(3). Other Cases Finalized/Closed by Agencies

(a) Cases Closed by NAB. Following Table shows list of cases inquired and investigated by and subsequently closed by NAB on the basis on non-incriminating evidence.

Ser. No.	Title of the case	Date of Authorization	Allegations	Reasons for Closure
a.	Investigation against Mian Muhammad Nawaz Sharif for misusing his authority in sacking thousands of employees and appointing his own favorites in top positions of different departments.	08.11.1999	Allegedly Mian Muhammad Nawaz Sharif Misused his authority and sacked thousands of employees appointed in the tenure of Pakistan People's Party. He further appointed his favorites on top position of different corporations and banks.	Investigation was closed on the ground that according to opinion of Establishment division the employees were on contracts and they were laid off as per the recommendations of concerned departments. The investigation was closed on 02.01.2004
b.	Investigation Against Mian Muhammad Nawaz Sharif and other regarding sale / purchase of damaged	08.11.1999	Allegedly Mian Muhammad Nawaz Sharif and Abdul Sattar Lalika were	Investigation was closed on the grounds that proper procedure was adopted for disposal of damaged

	urea fertilizer and causing loss of Rs. 158 million		involved in sale / purchase of 16 lac bags of damaged Urea at a very low rate which caused loss to the tune of Rs. 158 million to the exchequer.	urea and no loss to the exchequer was caused. The investigation was closed on 16.01.2001
c.	Investigation against Mian Muhammad Nawaz Sharif and other regarding leakage of secrecy about freezing of foreign currency accounts and transmitting $500million abroad.	08.11.1999	Allegedly Mian Muhamad Nawaz Sharif, Sartaj Aziz, Ishaq Dar and Saif ur Rehman were involved in misusing their authority and leakage of secrecy about freezing of foreign currency accounts on 28-29 May 1998 and siphoning of $500 million Abroad.	Investigation was closed in year 2004 due to non-availability of evidence in support of allegations.
d.	Investigation against Mian Muhammad Nawaz Sharif and other regarding setting up two Sugar Mills in	08-11-1999	Allegedly Companies Owned by Mian Muhammad Nawaz Sharif and	Matter was referred to FIA for investigation. Investigation officer submitted his report with the

	Kenya.		Family were supplying machinery for setting up two Sugar Mills in Kenya and funds for this purpose were being supplied by Government of Pakistan on Supplier credit basis which would have been ultimately misappropriated.	recommendation to close the case, as these mills were neither established nor management of existing mills were taken over. The case was closed on 12.06.2002
e.	Investigation against Mian Muhammad Nawaz Sharif for misusing his authority in provision of amenities to Raiwand Estate through different government departments.	16.11.1999	Mian Muhammad Nawaz Sharif used his influence as Prime Minister on different departments for provision of amenities to Raiwand estate.	Investigation closed by NAB on 07.12.2000, as no incriminating evidence involving corrupt practices came on record.
f.	Investigation against Mian Muhammad Nawaz Sharif, Saif-ur Rehman, Ishaq Dar and other regarding import of BMW cars.	16.11.1999	Allegedly M/s REDCO owned by Mr. Saif-ur Rehman is involved in import of 62	The IO recommended the case for closure as tax evasion does not fall under the ambit of NAB. The case was closed by NAB on

			BMW cars from South Africa and Custom duty was evaded on the import of these cars.	05.04.2003
g.	Investigation Against Mian Muhammad Nawaz Sharif and Abdul Sattar Lalika for misuse of authority in import of damaged fertilizer from China causing loss of Rs. 52 million to National Exchequer.	25.11.1999	Allegedly the accused persons were involved in import of 20,000 tons of damaged TSP fertilizer which caused loss to National Exchequer.	Investigation was conducted and it was found that only 8,000 tons of fertilizer was found damaged and necessary actions were taken to make the loss good. The investigation was closed on 17.11.2000
h.	Investigation against Mian Muhammad Nawaz Sharif regarding misuse of authority in award of 15 acres land to M/s REDCO owned by Mr. Saif-ur Rehman at Murree.	13.12.1999	Mian Muhammad Nawaz Sharif Being Chief Minister Punjab misused his authority and allotted a prime land in Murree to M/s REDCO in violation of procedures and on very low rates which caused loss to exchequer.	The investigation was closed on 12.02.2002 as the case was not found fit for prosecution because the lease was cancelled and the custody was restored back to the department hence no loss occurred.

i.	Investigation against Mian Muhammad Nawaz Sharif and Kalsoom Nawaz regarding the purchase of Bird Lodge Murree.	22.12.1999	Allegedly bird lodge was purchased by Mian Muhammad Nawaz Sharif and these assets are disproportionate to the known source of income.	The IO recommended the case for closure on the ground that the property was declared by Kalsoom Nawaz in her wealth tax returns and part of it was inherited by her from her father and part of it was purchased by her. The investigation was closed on 11.11.2000
j.	Investigation against Mian Muhammad Nawaz Sharif for misusing his authority in granting illegal promotion to Muhammad Sharif from AD to DD FIA.	23.12.1999	Allegedly the Mian Muhammad Nawaz Sharif misused his authority and Muhammad Sharif AD FIA was promoted to the post of Deputy Director in violation of Service rules.	Since both the accused persons were convicted in other cases and one of the accused i.e. Mian Nawaz Sharif was exiled hence the case was recommended for closure by IO. The case was closed on 27.10.2001.
k.	Investigation against Mian Muhammad Nawaz Sharif and Azam Khan Hoti for misappropriation in Afforestation along	31.12.1999	Allegedly the accused were involved in extending Illegal favor in grant of contracts for	Due to non-availability of incriminating evidence the IO recommended the case for closure on 14.09.2000 However

	the M-2 Motorway.		Afforestation along M-2. The trees were not planted by the contractors and the funds were misappropriated.	the matter remained pended with NAB till completion of the contract as per terms and conditions. After ensuring the fulfilling of contractual obligations, the case was closed in year 2012.
l.	Investigation Against Mian Muhammad Nawaz Sharif and others regarding illegal appointments in PIA.	04.02.2000	Misuse of Authority by Mian Muhammad Nawaz Sharif by appointing his favorite persons in PIA on different posts.	Matter was investigated by NAB and the case was closed on 19.01.2015 due to non-availability incriminating evidence and record.
m.	Investigation Against Mian Muhammad Nawaz Sharif and Shams ul Mulk Chairman WAPDA for misuse of authority in granting illegal benefit to M/s KEL	04.02.2000	Allegedly WAPDA had declared the Reliability Run Test taken by M/s Kohinoor Energy Limited (A power production company owned by Saigol Group) on 20.06.1997 as unsatisfactory. Mian Muhammad	The matter was referred by NAB to FIA for investigation. FIA completed the investigation and submitted its report with the recommendation to close the case as the competent committee decided the matter in favor of the company. The case was closed

			Nawaz Sharif directed WAPDA to accept the test results which resulted into payment of Rs. 45 crores to the company, ultimately causing loss to the exchequer.	on 05.05.2003
n.	Investigation against Mian Muhammad Nawaz Sharif and other regarding misuse of authority in grant of contract for import of wheat to his own Company.	17.02.2000	Allegedly Mian Muhammad Nawaz Sharif was involved in creating artificial Shortage of wheat in Pakistan and imported 4 million tons of wheat from USA. The contract for the shipping of the said wheat was awarded to a company without any tender	Investigation was recommended for closure by IO as nothing substantial evidence could be found against the accused. the investigation was closed on 27.10.2001.
o.	Investigation Against Mian Muhammad Nawaz Sharif regarding	-	Flats and Mansions constructed in Raiwand estate	Investigation was Clubbed with other investigation(Sr. 11)on the same issue and

	Construction of Flats, Mansions and buildings		are disproportionate to the known sources of income.	reference was filed

(4). Cases Closed By SECP. Following table Shows the list of cases closed by SECP: -

Sr. No.	Title of the case	Date of Authorization	Allegations	Present Status
a.	Investigation Against Ramzan Sugar Mills Limited.	12.10.1994	Investigation was conducted against Sharif family on multiple allegations mainly on breach of trust by Mian Sharif, Funds of the company were being used on un-authorized objectives, assets of the	Investigation was initiated into the affairs of Ramzan Sugar Mills by SECP on the directions of Honorable Lahore High Court on the petition of Mian Miraj ud din and others. Investigation was conducted by M/s Anjum Asim Shahid and Company and report was submitted to SECP on 25.03.1995. later, the matter was settled between Ramzan Sugar Mills and Appellants and settlement was allowed by Lahore High court vide its order dated 06.04.2014. Therefore the case was closed.

			company being transferred to another sugar mills and company suffering continuous losses.	
b.	Investigation Against Chaudhry Sugar Mills	04.10.2012	Investigation against Chaudhry Sugar Mills was conducted by SECP on the allegations of Suspicions of Money laundering and discrepancies in their annual audited accounts.	Investigation u/s 263 of Companies Ordinance was initiated by SECP against Chaudhry Sugar Mills. The company did not provide the complete record to investigation team despite serious observations, communicated through repeated requests. Though observations were not adequately addressed and were in field but in June 2016, the investigation was abruptly closed in back dates on 14.1.2013.

Chapter 3

Analysis and Recommendations of JIT

1. Voluminous record of each of the cases falling in above referred three categories as highlighted in Chapter 2 was thoroughly examined by JIT in pursuance to the orders of the Honorable Supreme Court and recommendations have been formulated for taking appropriate action under the directions of Honorable Supreme Court of Pakistan in cases;

a. Where JIT founds that the NAB inquiries / investigations have been considerably delayed and are still under process even after a passage of about 17-18 years.

b. Where no inquiry / investigation has been initiated by NAB despite the availability of relevant record.

c. The references / Challans which have been quashed / respondents acquitted by Honorable Lahore High Court but despite strong grounds, no appeal was preferred.

d. The cases which have been closed without any proper justification;

2. Recommendations on NAB Cases. Following Table shows status and recommendations of JIT with respect to the ongoing 8 investigations and 1 inquiry of NAB as well as 3 x quashed / acquitted references: -

Ser. No.	Case Title	Allegations	Current Status	JIT's recommendations
a.	Investigation Against Mian Muhammad Nawaz Sharif	Purchase of Avenfield properties no.	Investigation under process since last 17-18 years with	The entire Panama Case primarily revolves around the allegations

	Regarding Acquisition/Purchase of London Properties.(Assets Beyond known Sources of income Case)	16, 16A, 17 and 17A London (Assets Beyond known sources of income)	no tangible progress.	on the basis of which this investigation was authorized. Had this case be conducted in a professional manner, the Panama issue had been addressed many years ago. But the case has been abnormally delayed by the successive NAB authorities since its authorization. Though the Investigation of this matter was authorized on 27.12.1999 but despite the lapse of about 18 years, the case remained pended for most of the time on one pretext or other and not a single evidence related to Avenfield properties and sources of funds has even been collected by NAB. However, Sufficient evidence and material has now come on

				record during the proceedings of the Honorable Supreme Court and JIT, which has a direct nexus with the NAB investigations. It is thus recommended that NAB be directed to complete the investigation without any further delay. (JIT **Analysis along with relevant documents enclosed at** *Annexure-A*)
b.	Investigation Against Mian Muhammad Nawaz Sharif and others regarding acquisition of land through coercion in / around Raiwand (Assets beyond known Sources of income)	Mian Nawaz Sharif and his family have been alleged to have purchased/ acquired land in different mouzas in Raiwand which is dis-proportionate to their known sources of income	Investigation is under process since 29-02-2000	This investigation is under process with NAB since 29-2-2000 on the allegations of acquisition of land by Sharif Family through coercion in/around Raiwand which is disproportionate to their known sources of income. No worthwhile progress has been made and despite the lapse of about 17 to 18 years,

				the case remained pended for most of the time on one pretext or other. It is recommended that this investigation may be finalized without any further delay of time. Further if the honorable Supreme Court allows to reopen the reference / investigation against Raiwand Estate then this case be clubbed with the said reference on its reopening. **(JIT Analysis along with relevant documents enclosed at *Annexure-B*)**
c.	Investigation Against Mian Muhammad Nawaz Sharif for misusing his authority in construction of Road to Raiwand Estate.	Allegedly Mian Muhammad Nawaz Sharif misused his authority in directing the funds of Zila Council in construction of road leading to	Investigation authorized on 17-04-2000 but still under process.	The NAB may complete the investigation on priority without any further delay based on merits of the case.

		Raiwand estate. whereas, this project was not included in the plan.		
d.	Investigation Against Mian Muhammad Nawaz Sharif and others in the matter of Sharif Trust	Receiving of crores of Rupees through underhand methods using Sharif Trust. Benami Assets are being held in the name of Sharif Trust by Sharif Family	Investigation of the matter was authorized on 31.03.2000 and is still under process.	The case was delayed by NAB without any justification and no serious efforts have been made so far for the collection of evidence, since authorization of case in March 2000. NAB be directed to take all steps necessary to complete the investigation in shortest possible time. **(JIT Analysis along with relevant documents enclosed at *Annexure-C*)**
e.	Investigation Against Mian Muhmmad Nawaz Sharif and other regarding assets beyond known sources of income (benami investments in Hudabiya Engg.	Audited Financial Statements of Hudabiya Engg. Company of year 1995-96 show share equity of Rs. 69 million by	Investigation into the matter was authorized on 28.02.2000 however since then the case is pending with NAB. The allegations being	This investigation may be merged with investigation related to Hudabiya papers Mills Reference on its re-opening if deemed fit by Honorable Supreme Court. (JIT Analysis

	Company)	Sheikh Zakauddin. He has disowned this investment. Hence Rs. 69 million are unaccounted for.	investigated in this investigation seems to have been covered in reference no. 5 of 2000 (State Vs Hudabiya Paper Mills) but this investigation is being shown as separate by NAB.	along with relevant documents enclosed at *Annexure-D*)
f.	Investigation against Mian Muhammad Nawaz Sharif regarding misuse of authority in illegal appointments in FIA.	Allegedly Mian Muhammad Nawaz Sharif misused his authority in appointment of 42 employees on different posts in FIA. These appointments were made on contract basis in violation of service rules and procedure.	Investigation of the matter was authorized in year 1999 and a complete report of the investigation officer along with annexures is available on record. NAB is keeping this case pending despite availability of IO's final report and record which apparently has no justification.	NAB may be directed to finalize the case expeditiously on merit. **(JIT Analysis along with relevant documents enclosed at *Annexure-E*)**
g.	1x Inquiry and 2x investigations against Mian	Mian Muhammad Nawaz Sharif in	Several inquiries and investigation on the allegations	NAB may be directed to finalize the cases expeditiously. **(JIT**

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	Muhammad Nawaz Sharif for illegal allotments of plots in LDA	the capacity of Chief Minister Punjab misused his authority in allotment of plots to different beneficiaries in violation and rules of allotment.	of illegal allotments of plots were authorized by NAB in year 2000 and were entrusted to Anticorruption establishment Punjab. Some of them were finalized by ACE and their investigation reports are available on record and some were still under process when they were transferred back to NAB. All these inquiries and investigation are pending since then and no efforts have been made by NAB for their disposal on merit. Apparently no justification is available on record for such an inordinate delay.	Analysis along with relevant documents enclosed at *Annexure-F*)

NAB References Acquitted/Quashed recommended to be re-opened				
h.	State Vs Mian Muhammad Nawaz Sharif and Saif ur Rehman(Reference No. 2 of 2000.)	Assets Disproportionate to known sources of income: Purchase of Helicopter by Mian Muhammad Nawaz Sharif which was not declared in his income and wealth statement which he could not account for	Reference no 2 of 2000 was filed in Accountability Court Attock Fort and Trial was conducted. Mian Muhammad Nawaz Sharif was convicted in the case to 14 year RI and fine. However, the conviction was set aside by Lahore High Court vide its order dated 13-09-2010 in writ petition No. 2-E of 2009. Appeal Against decision was not filed by NAB.	NAB may be ordered to review the case and file an appeal before Supreme Court for assailing the orders of the Honorable Lahore Court keeping in view the available incriminating evidence, use of fake Qatari connection and non-availability of financial resources by the accused, to purchase the helicopter. **(JIT Analysis along with relevant documents enclosed at *Annexure-G*)**
i.	State Vs. Hudabiya Papers Mills and others (Reference No. 5 of 2000)	Mian Muhammad Nawaz Sharif and other directors of Hudabiya Papers Mills and Associated companies have	Reference no. 5 of 2000 was filed by NAB in Accountability Court. The reference was adjourned sine die since the accused was not available	**A detailed report on this case with additional evidence in the form of a stand-alone report has been submitted separately.** NAB may be ordered to file an appeal before Supreme Court

		received huge share deposits from unknown sources which are disproportionate to their known sources of income.	in the country. On return of the accused, a writ petition no. 2617 of 2011 was filed by the accused in Honorable Lahore High Court. Two-member bench of Lahore high Court gave a split judgement and the matter was referred to Referee judge for the decision that whether the reference be quashed or matter be referred to NAB for re-investigation. The referee judge quashed the reference vide its order dated 11.03.2014. NAB did not file appeal against the decision of High Court.	assailing the orders of the Honorable Lahore Court keeping in view the fresh, very strong and comprehensive documentary evidence, money trail and banking record. **(JIT Analysis along with relevant documents enclosed at *Annexure-H.*)**

j.	State Vs Mian Muhammad Nawaz Sharif, Mian Sharif and Mst. Shamim Akhter (Reference No. 7 of 2000)	Allegedly Mian Sharif, Mst. Shamim Akhter and Mian Muhammad Nawaz Sharif Constructed Palatial Buildings Mansions and houses in Raiwand Estate which were grossly disproportionate to their known sources of income. Huge sums of money were invested in these buildings which are un accounted for.	Matter was referred by NAB to FIA for investigation. On completion of investigation a reference no. 7/2000 was filed by NAB in Accountability court, which was sine die adjourned due to non-availability of accused in the country. When the accused returned they filed a writ petition no. 2619/2011 in Lahore High Court. The court Quashed the reference. NAB did not file any appeal against the decision of High Court.	NAB may be ordered to review the case and file an appeal before Supreme Court for assailing the orders of the Honorable Lahore Court keeping in view the available incriminating evidence and matter be referred for re-investigation as evaluation reports of the properties by NESPAK viz a viz the financial resources of Sharif family as per their tax record are grossly disproportionate and remained un-explained by the Sharif family. Further ongoing cases with NAB on the same issue may be merged with this case if re-investigation is allowed. **(JIT Analysis along with relevant documents enclosed at *Annexure-I*)**

e. In Addition to the cases mentioned above there is another case which has not been initiated by NAB despite availability of record with NAB. This case pertains to a "Trust" established in USA. As per available documents 6x companies of Sharif family entered into an agreement with this "Trust" for provision of security to banks in Pakistan on behalf of these companies so that companies could get loans against this security. This case seems to have strong connection with Hudabiya Paper Mills case, hence NAB may be directed that either a separate case be initiated or this matter may be merged with the Hudabiya Paper Mills case, if reopened. **(JIT Analysis along with relevant documents enclosed at *Annexure-J*).**

3. **Analysis and Recommendations on FIA Cases.** The scrutiny of record pertaining to the two FIRs as highlighted below, shows that Honorable Lahore High Court only discussed the jurisdiction of FIA regarding conducting investigations into the matters of foreign currency accounts of private individuals however, question regarding existence of the individuals in who's name fake accounts were opened was not adequately addressed. It has been further noted that these cases have also been quashed without conducting a proper trial and without giving evidence a chance to come on record. Since these two cases are linked with chain of events which are part of bigger offence which has been thoroughly elaborated by NAB in its reference no. 5 of 2000 the JIT recommends that these two cases may also be opened and may be linked with case of Hudabiya Paper Mills (which has already been requested by JIT to be opened) so that a complete picture could be drawn regarding the transactions made of Sharif family in connection with accumulation of assets and money laundering.

Ser. No.	Title of the case	Allegations	Current Status	Recommendations of JIT
a.	FIR No. 12/1994 case against Hudabiya	Obtaining of wrongful gain by Mian Muhammad	After investigation of the matter challan u/s 173 Cr.PC was	The case may be re-opened and merged with case

	Engineering Pvt. Ltd.	Nawaz Sharif through obtaining loan for Hudabiya Engineering Pvt. Ltd. by opening fake and fictitious accounts in different banks and depositing black money in these accounts through foreign remittances.(FIR u/s 419,420,468,471, and 109 PPC r/w Sec 5(2)47 PCA and article 3 of holders of representative office)	filed By FIA before Special Judge Central. During the pendency of Trial two writ petitions (12172/97 and 12173/97 were filed by the accused for quashment of Challan. Petitions were accepted by Lahore High Court and Challan was quashed vide order dated 12.06.1997. No appeal was filed by FIA against the decision of Lahore High Court.	of Hudabiya Paper Mills on its opening if deem fit by Honorable Supreme Court of Pakistan. (JIT Analysis along with relevant documents enclosed at *Annexure-K*)
b.	FIR No. 13/1994 Against Huddabiya Paper Mills Pvt. Limited.	Obtaining of wrongful gain by Mian Muhammad Nawaz Sharif by obtaining loan for Huddabiya paper Mills pvt. Ltd. Through opening fake and fictitious accounts in	After investigation of the matter challan u/s 173 Cr.PC was filed By FIA before Special Judge Central. During the pendency of Trial two writ petitions (12172/97 and 12173/97 were filed	The case may be re-opened and merged with case of Hudabiya Paper Mills on its opening if deem fit by Honorable Supreme Court of Pakistan. (JIT Analysis along

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		different banks and depositing black money in these accounts through foreign remittances.(FIR u/s 419,420,468,471, and 109 PPC r/w Sec 5(2)47 PCA and article 3 of holders of representative office)	by the accused for quashment of Challan. Petitions were accepted by Lahore High Court and Challan was quashed vide order dated 12.06.1997. No appeal was filed by FIA against the decision of Lahore High Court.	with relevant documents enclosed at *Annexure-L*)

4. **Analysis and Recommendations on SECP Cases** . Scrutiny of the record received from SECP Showed that the investigation related to Chaudhry Sugar Mills was closed by officers of SECP in connivance with each other and with mala fide intensions and despite the fact that the observations raised by SECP vide their letter dated 30.11.2012 were not addressed by Chaudhry Sugar Mills but still the matter was covered up by officers of SECP and investigation was shown to have been closed in back dates i.e. 14.01.2013. JIT is of the opinion the matter related to Chaudhry Sugar Mill was since closed by SECP prematurely with mala fide intentions, hence, recommends the re-opening of the case.

Ser. No.	Title of the case	Allegations	Current Status	Recommendations of JIT
a.	Investigation Against Chaudhry Sugar Mills	Investigation against Chaudhry Sugar Mills was conducted by SECP on the allegations of Suspicions of Money laundering and discrepancies in their annual audited accounts.	Investigation u/s 263 of Companies Ordinance was initiated by SECP against Chaudhry Sugar Mills. The company did not provide the complete record to investigation team despite repeated requests and letters and observations raised by the investigation officers were not removed however in May / June 2016, the investigation was abruptly closed in back dates of 2013, despite the fact the observations raised by SECP were pending.	Though the observations raised by SECP were not addressed but in June 2016, the investigation was abruptly closed in back dates on 14.1.2013. The date selection for closure is apparently to reflect that case was independently closed as Respondent No. 1 was not in power on this particular

JOINT INVESTIGATION TEAM

				date. JIT recommends that the investigation may be re-opened. (JIT Analysis along with relevant documents enclosed at *Annexure-M*)

JOINT INVESTIGATION TEAM PANAMA CASE

Section VII

Hudabiya Mills Case

Documentary Evidences, Annexures and details are covered in Volume VIII (A) of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume VIII (A) of Investigation Report of Joint Investigation Team, Panama Case

ANALYSIS OF JIT ON FIA FIR'S AND NAB REFERENCE (HUDABIYA PAPER MILLS AND HUDABIYA ENGINEERING)

1. The Honourable Supreme Court of Pakistan in its Order dated 20 April 2017 in CMA No. 2939 of 2017 constituted a Joint Investigation Team to carry out a thorough investigation into the issues raised in its detailed judgment. The Honourable Court in addition to raising a number of specific questions directed the JIT in para 3 of its Order to:

"Also examine the evidence and material, if any, already available with the FIA and NAB relating to or having any nexus with the possession or acquisition of aforesaid flats or any other assets or pecuniary resources and their origin. The JIT shall submit its periodical reports every two weeks before a Bench of this Court constituted in this behalf. The JIT shall complete the investigation and submit its final report before the said Bench within a period of sixty days from the date of its constitution. The Bench thereupon may pass appropriate orders in exercise of its powers under Articles 184(3), 187(2) and 190 of the Constitution including an order for filing a reference against respondent 1 and any other person having nexus with the crime if justified on the basis of material thus brought on the record before it."

2. Accordingly, Chairman NAB and Director General FIA were requested to provide certified copies of all cases initiated against the respondents named in the Panama Case. In response to our request, the record of following cases was provided:

a. Copies of the complete case files of FIR No.12/94 dated 10-11-1994 and FIR No.13/94 dated 12-11-1994, PS FIA/SIU, Islamabad, by FIA.

b. Copy of NAB's Interim Reference 5/2000 (Hudabiya Paper Mills -105 pages) and copy of Final Reference No. 5/2000-3065 pages). Copies of order passed by the

Division Bench of Lahore High Court and Referee Judge in Writ Petition No. 2617/2011 – 52 pages)

3. Moreover, while going through the above case records, it transpired that State Bank of Pakistan, on receipt of a complaint forwarded by Chief Ehtesab Commissioner's Secretariat vide letter dated 23rd April, 1999, had also carried out a related enquiry. The certified copies of the said report and its underlying records were also obtained from State Bank of Pakistan.

4. **Final Challans of FIA and NAB Reference**. To reflect the brief of investigation of the FIA FIRs No 12/94 and 13/94 and NAB Reference 5 of 2000, the copies of final challans submitted in the Special Court by FIA and NAB reference filed in the Accountability Court are attached as ***Appendix-XXIII***

ANALYSIS BY JIT

5. As directed by the Honourable Court, the JIT examined record of investigations of FIA cases and NAB Reference and the underlying evidence and material, including witness statements. The examination was essentially carried out with a view to ascertain the nexus of the respondents and their close family members, if any, with any other assets or pecuniary resources with their origin not disclosed, or disproportionate to their known sources of income.

6. During the course of examination of record received from different banks and departments the JIT has collected the following additional evidence which was not on record in the FIA and NAB investigations:

a. New bank accounts including an account of Mr. Mukhtar Hussain an employee of Ittefaq Group/Sharif Family Companies and three bank accounts of Mr. Saeed Ahmed, a confidante of Mr. Ishaq Dar, also mentioned in his statement u/s 164 in the Hudabiya Reference, were identified. The movement of funds in these

accounts have close linkages with the other already identified fictitious / fraudulently opened accounts mentioned in the subject investigations.

b. The JIT investigation revealed that the process of money laundering actually started in September 1991 as against the first identified transaction in August 1992 by FIA and NAB investigations. These transactions showed that funds to the tune of USD 2,238,333/- were deposited in the first two such accounts opened in the name of Saeed Ahmad and Mukhtar Hussain. Subsequently, the total funds from these account were transferred to the accounts of Musa Ghani and Talat Masud Qazi, two person already identified in the previous investigations, through Dollar Bearer Certificates (DBCs) in order to hide the source of funds. A chronology of events is furnished at the end.

c. Out of the total outflow outside the country, an amount of USD 3.907 million was sent to United Kingdom. This amount included USD 0.350 million to Shamrock Consulting Corporation, London already identified in FIA's challans. However, the JIT discovered an additional USD 3.557 million remitted to different companies and individuals in London during the period 1993 to 1995.

d. Parallel comparison of the cases filed by FIA in 1994 and NAB's final reference filed in the year 2000 revealed very strong inter linkages between the cases filed in different time frames, by two different investigating institutions. In fact substantive portion of the aggregate funds identified in FIRs of FIA were traced to the bank accounts used/mentioned in the NAB reference on Hudabiya Paper Mills. Investigations revealed for example DBCs of USD 3.800 million, bearing specific numbers, were issued from one account disclosed in the FIA case; subsequently, the DBC's bearing the same serial numbers were deposited in bank accounts of Qazi family mentioned in the NAB reference.

e. In addition to the new evidence brought on record, a comprehensive start-to-end trail of funds encapsulating the evidences covered by the FIA and NAB's

investigations for the entire period from 1991 to 2000 depicted in a detailed flow chart of funds, with relevant evidences collected during the course of investigations, is placed from ***Appendix-I to XXV***.

f. An evaluation of Mr. Ishaq Dar's statement made u/s 164 in the Hudabiya Reference was carried out with specific reference to the banking/ financial transactions mentioned therein. This evaluation revealed that the aforementioned statement was substantively corroborated by documented banking records/ evidence and witness statements forming part of the Reference.

g. It is also worth mentioning that soon after the Promulgation of Protection of Economic Reforms Act 1992 on 28-07-1992 when Respondent No. 1 was the then Prime Minister, majority of the fake/fictitious and fraudulent bank accounts were got opened. This fact was also mentioned in Mr. Ishaq Dar's Statement made u/s 164.

CONCLUSION

7. In light of above findings, it can be safely concluded that since the inception in 1991 and culminating in 1998, various fictitious and fraudulent foreign currency accounts were opened and loans were obtained/secured with deposits therein used for the benefit of business concerns namely; Hudabiya Papers, Hudabiya Engineering, Chaudhry Sugar, Hamza Board Mills owned by the respondents and their close family members. Finally, the unwinding of intricate loan structure, set up by Respondent No. 10, was completed in 1998 whereby the entire remaining proceeds amounting to Rs.712 million approximately ended up in the two companies namely Hudabiya Paper Mills (Rs.642 million) and Hudabiya Engineering (Rs.70 million) as advance against share subscription.

8. Since 1998 both companies have not issued shares against the advance. According to the returns, including the audited financial statements submitted by these companies with the Securities and Exchange Commission of Pakistan, there is no claim made whatsoever by any

person against the companies demanding issuance of share certificates against the advance or return thereof. This indicates that the persons on record of the company i.e. Saddiqa Sayed Mahfoodh Hashim Khadem and members of the Qazi family transferring such huge funds in the accounts of the company (as advance against share subscription) were not the actual depositors of these funds. The actual persons making these deposits, apparently, intended to hide their true identities. It is evident that the real beneficiaries of these funds were the equity holders in the HPML. It may further be noted that the nexus of Respondents No.1, 6 and 7 is established by the fact that they are cited as accused while Respondent No.10 is cited as an approver in the NAB final Reference No.5 of 2000.

9. It is also pertinent to note that in audited accounts of Hudabiya Paper Mills Ltd., for the year ended June 30, 2000, it was observed that an amount outstanding to Rs.310.23 million on June 30, 1999, on account of liabilities against assets subject to finance lease payable to Al-Towfeek Company for Investment Fund, Bahrain and was settled and converted into a long term loan of Rs.494.960 million during the year according to the audited accounts of the company. As per accounts of the company filed with the SECP, the aforesaid liabilities against assets subject to finance lease of Al-Towfeek Company were settled for US$ 8 million on January 5, 2000. The settlement amount of US$ 8 million was converted into PKR @ Rs.53.80/US dollar prevailing on the date of settlement. The loan of Rs.494.960 million was booked against the settlement of liability, i.e. against assets subject to finance lease, plus loading of onetime cost of 15%. The audited accounts do not disclose the identity of the lender who provided this loan to the company for adjustment of settlement amount to Al-Towfeek. The status of this loan remained unchanged till the last accounts were filed with SECP pertaining to the period ended June 30, 2005. Audited accounts for the years ended June 30, 2000 and 2005 are attached at ***Appendix-XXIV & XXV***. The above disclosures are at a variance from the stated positions taken by Respondents No. 6, 7 and 8 in their CMAs. According to Respondent No. 7, he was informed by a representative of Al-Thani family of Qatar that US$ 8 million were paid by that family to Al-Towfeek Company in January 2000, in connection with the decree issued by the High Court of Justice-Queen's Bench and the out of court settlement agreement between the parties. The Respondent No. 7 further stated that he was informed by the representative of Al-Thani family that the payment was made on the instructions of Mian Sharif out of the funds placed by him with them.

10. If the above stance taken by the Respondents is correct, thus in that case, the outstanding liability to Al-Towfeek Company, was in fact taken over by Mian Sharif and under the norms of accounting disclosures, should have been reflected in the accounts of Hudabiya Paper Mills Ltd, as a Loan from Directors, as Mian Sharif was a director of the company at the date of substitution, instead of a long term loan payable to an undisclosed lender.

RECOMMENDATIONS

11. The JIT has brought on record substantial additional evidence which substantiates and corroborates the FIA and NAB investigations and also establishes the linkages between the two investigations. It is recommended that all the three cases are fit to be reopened for investigation and trial on the basis of new additional evidence procured and brought on record by the JIT.. In view of the foregoing, the Honourable Bench may pass appropriate orders including filing of reference against the accused already identified in the referemce, if deemed fit.

12. In view of the significance of the key role played by Mr. Saeed Ahmad in light of evidences and witness statements already on record and additional evidence collected by JIT in the Hudabiya Paper Mills reference, his name also be added to the list of persons accused in the case.

13. Similarly, based on the significance of his role in the FIA FIRs and in light of new evidences collected by JIT the name of Mr. Javed Kayani may also be included in the list of persons already accused in the case.

CHRONOLOGYOF EVENTS

1. Javed Kiyani, an account holder of Habib Bank AG Zuerich (HBAZ), Lahore having close relationship with the branch officials, assisted in opening of fictitious Foreign Currency Accounts (FCAs), remitting funds into these accounts and to further utilize Foreign Currency available in these accounts as collateral for loans to some of the Group companies of Sharif family.

2. Mr. Ishaq Dar (ID) submitted an affidavit under an Oath for the money laundering carried out by him through "Benami Accts" for the "Sharif Family". He completed his accountancy from Institute of Chartered Accountants in Wales, London UK. During his education he stayed with Masood Ahmed Qazi and his family and became friends. Mr Ishaq Dar who had been a class mate of Nawaz Sharif in Govt College Lahore, came back to Pakistan and worked his way through different jobs and businesses. He, after working with various companies, started his own Modaraba Company in year 1991 with the name of First Hajveri Modaraba Company with a capital of Rs.150 Million. In his confessional statement he admitted that he had been handling the money matters of the Sharif family and also alleged that Mian Nawaz Sharif and Mian Shahbaz Sharif were involved in money laundering worth at least USD14.886 Mn. (Ishaq Dar Affidavit attached at ***Appendix I***).

3. Naeem Mehmood, the then director of Hajveri Modarba, opened various "Benamidar" accounts in different banks on the directions of Ishaq Dar.

4. Javed Kiyani opened fictitious FCAs in the names of Sulman Zia, Muhammad Ramzan and Asghar Ali (account opening forms at ***Appendix II***) at HBAZ on 26 Aug 92, while maintaining old accounts of Attia Kiyani (wife), Begum Marium Kiyani (mother) and his own (Javed Kiyani) in same bank. Complete documentation for opening of accounts was done by Javed Kiyani himself as verified through the report of handwriting expert (report attached at ***Appendix-III***) and statements of bank staff responsible for accounts opening and subsequent transactions in the FCAs.

5. During 1992. Javed Kiyani started transferring money from different accounts abroad into Benami FCAs opened at HBAZ in the form of Foreign Telegraphic Transfer (FTTs), Dollar Bearer Certificates (DBC) & Traveller Cheques (TCs). Multiple interbank transfers of large amount were carried out in order to create a cloud cover to hide the money trail.

6. Evidence of transactions worth USD 2,343,028/- in Sulman Zia account carried out during the period 1992-94 is attached at ***Appendix-IV***.

7. Evidence of transactions worth USD 1,562,477/- in Muhammad Ramzan account carried out during the period 1992-93 is attached at ***Appendix-V***.

8. Evidence of transactions worth USD 1,968,607/- in Asghar Ali account carried out during the period 1992-93 is attached at ***Appendix-VI***.

9. Evidence of transactions worth USD 775,560/- in Javed Kiyani account carried out during the period 1992-94 is attached at ***Appendix-VII***.

10. FCY funds accumulated in these fictitious FCA's/ DBCs of significant amount were issued. The issued DBCs were deposited in some of the fictitious FCAs of Qazi family. The FCY received in these accounts further utilized as collateral for loans to some of the Ittefaq Group companies. In addition, funds from these accounts were also remitted outside Pakistan through a draft in the name of Sara Sheikh (reportedly daughter of Sheikh Saeed), FTT in the name of Khedivial Mail Line Agency UK, FTTs to Shamrock Consulting, London and draft in the name of Star Trading & Merine Inc. Washington.

11. Ishaq Dar opened Benamidar FCAs in the names of Sikindra Masood Qazi & Talat Masood Qazi in BoA, Lhr (UK National) on direct instructions of Mian Muhammad Nawaz Sharif. During the same period, two Benamidar FCAs were opened by Naeem Mahmood in the names of Kashif Masood Qazi and Nuzat Gohar Qazi in same bank; details attached at ***Appendix-VIII***). These FCAs in the name of Qazi family were opened/ operated by Ishaq Dar &

Naeem Mehmood under the instructions of NS and were used for transfer of FCY funds of Mian Muhammad Nawaz Sharif abroad (for purchase of offshore companies/ properties). Two previously opened FCAs of Saeed Ahmad (former director and shareholder of Modabra Company and a close friend of Ishaq Dar) & Musa Ghani (nephew of wife of Ishaq Dar) were also used for same purpose. Various FCAs were opened in different banks.

12. Evidence of transactions in Kashif Masood Qazi account done during the period 1993-94 is attached at ***Appendix-IX***.

13. Evidence of transactions in Nuzhat Gohar Qazi account done during the period 1992-94 is attached at ***Appendix-X***.

14. Evidence of transactions in Sikindra Masood Qazi account done during the period 1992-94 is attached at ***Appendix-XI***.

15. Evidence of transactions in Talat Masood Qazi account done during the period 1992-94 is attached at ***Appendix-XII***.

16. Evidence of transactions in Musa Ghani account done during the period 1992-93 is attached at ***Appendix-XIII***.

17. On 23-9-1991, an FCA of Saeed[10]d Ahmad was opened in Bank of America, Lahore Branch. Almost all funds accumulated in this account were through FTTs. On 4-6-1992, DBCs of almost aggregate funds of USD 1,074,000/- were issued. On the same date, the same amounts of DBCs were deposited in the newly opened account of Musa Ghani. Subsequently, various other accounts of Saeed Ahmad were also opened in different banks.

18. Evidence of transactions in Saeed Ahmed accounts (Al-Baraka Islamic Bank, Emirates Bank, Bank of America and Al-Towfeek Bank) is attached at ***Appendix-XIV***.

[10] These evidences were identified by JIT after detailed probing of the facts.

19. Similarly, on 12-5-1992, an FCA of Mukhtar Hussain (a senior employee of Ittefaq Group Companies) was opened in Bank of America, Lahore Branch. Funds of USD 1,162,000/ accumulated in this account comprised of an FTT of USD 861,102/ and a cash deposit of USD 300,000/-. On 30-6-1992, DBCs of total accumulated amount of USD 1,162,000/- were issued. The same amount of DBCs on the same date was deposited in the account of Talat Masud Qazi in the same bank.

20. Evidence of transactions in Mukhtar Hussain account done during 1992 is at ***Appendix-XV***.

21. Against marking lien on these Benami FCAs, credit lines (loans) worth more than Rs.300 Million for Hudabiya Engineering Mill, Hudabiya Paper Mill, Chaudhry Sugar Mills, Hamza Board Mills, Hajvery Holdings and First Hajvery Modaraba were acquired from multiple local banks during year 1991 onward (documentary evidence is attached at ***Appendix-XVI***). Further, during this period, loans were also allowed to some individuals related to Sharif family group companies and Hajvery group companies by marking lien on deposits in these Benami FCAs.

22. In last quarter of 1993, credit facilities/ collateral (FCAs operated by ID & Naeem Mehmood) in Bank of America (BoA) were transfered to Al-Faysal Investment Bank and At-Towfeek Investment Bank (documented evidence is at ***Appendix XVII***).

23. On 10 & 12 Nov 94, the FIA lodged FIR #12/94 against Benami FCAs of Sharif family and FIR #13/94 against the directors of Hudabiya Paper Mills owned by Sharif family (FIRs attached at ***Appendix XVIII***)

24. FCY amount worth USD 350,000/- was transferred from Sulman Zia FCA to Shamrock Consulting Corporation London (presumably owned by NS) having account in Llyod Bank London in three different transactions (evidence attached at ***Appendix XIX***).

25. During 1993-95, cash amounting USD 62,610/- was transferred from Sulman Zia account to Star Trading & Marine in Corporation Washington DC, USA (owned by Sheikh Saeed, a UK

National and close friend of Ishaq Dar), amount worth USD150,000/- transferred from Asghar Ali account to Khedivial Mail Line Agency, UK, amount worth USD750,000/- each transferred from Kashif Masood Qazi and Mrs. Nuzat Gohar Qazi accounts to Imran R Khan (American Express Bank, London) and amount worth USD941,590/- from Sikandra Qazi, USD432,148/- from Mussa Ghani and $ 239,290 from Saeed Ahmed account was transferred to Steve (American Express Bank, London) (Evidence attached at *Appendix-XX*)

26. According to Rehman Malik report filed by the petitioners, Hans Rudolf Wegmuller (reportedly direct contact of Mian Nawaz Sharif) registered Shamrock Consulting Corporation (an offshore company) in British Virgin Islands (BVI), having authorized capital of USD 50,000 on 15 May 92. Funds amounting $ 350,000 were transferred from Shamrock Consulting Corporation to Mr. Hans Rudolf Wegmuller account in Banque Poribasen-suisse Zurich, two different transactions in Feb 93. Nescoll Ltd & Nielsen Enterprises (presumably owned by Mariam Nawaz) were registered as off-shore companies in BVI through Hans Rudolf Wegmuller on 27 Jan 93 & 14 Apr 94, respectively. However when Mr. Rehman Malik appeared before the JIT, he stated that this information was provided by a source and there was no documentary evidence available except a couple of documents that he had handed over to General (R) Amjad, the then Chariman NAB. Gen Amjad however in his statement before the JIT stated that has met Rehman Malik only once and it was a chance meeting and no document was provided to him in that meeting.

27. In 1998, equity of $ 6.67 mn in Rupees was transferred to Hudabiya Paper Mills through Saddiqa Sayed Mahfoodh Hashim Khadem (resident of Middle East) as "Share Deposit Money (Evidence attached at *Appendix XXI*).

28. Pak Rupee equivalent of the remaining money amounting to US $ 6.9 million were directly transferred in the account of Hudabiya Paper Mills Ltd in garb of investment from Qazi family account (Evidence attached at *Appendix XXII*).

29. To reflect the brief of investigation of the FIA FIRs No 12/94 and 13/94 and NAB Reference 5 of 2000, the copies of final challans submitted in the Special Court by FIA and NAB reference filed in the Accountability Court are attached as *Appendix-XXIII.*

30. The status of long term loans booked in PKR against the liabilities of USD 8 mn settled with Al-Towfeek as reflected on the audited accounts filed with SECP pertaining to the period ended June 30, 2000 & 2005. Copy of audited accounts for the years ended June 30, 2000 and 2005 are attached at *Appendix-XXIV & XXV.*

Section VIII

Assets Beyond Means
(Mian Muhammad Nawaz Sharif)

Documentary Evidences, Annexures and details are covered in Volume IX of Investigation Report of Joint Investigation Team, Panama Case

Documentary Evidences, Annexures and details are covered in Volume IX of Investigation Report of Joint Investigation Team, Panama Case

ASSETS BEYOND MEANS
(MIAN NAWAZ SHARIF)

ASSETS DISPROPORTIONATE TO KNOWN MEANS OF INCOME

Analysis based on:

i) Income/wealth statements
ii) Company information
iii) Bank account details of individuals and companies
iv) Family Settlement Document
v) Return of Personal Assets

INTRODUCTION

1. In its Order dated April 20, 2017, the Honourable the Supreme Court of Pakistan, in addition to the thirteen questions posed to the JIT for investigation, tasked investigate the case and collect evidence, if any, showing that Respondent No. 1, or any of his dependents or benamidars, owns, possesses or has acquired any assets or any interest therein, disproportionate to his known means of income. The thirteen questions posed in the Order each are linked with this universal query.

2. The entire two-month long investigation proceedings have been focused on ascertaining means of income of especially Respondents No. 1, 6, 7, and 8, namely; Mian Nawaz Sharif, Prime Minister of Pakistan, Ms. Maryam Safdar, Mr. Hussain Nawaz Sharif and Mr. Hassan Nawaz Sharif, respectively. Extensive hearings have been held to record statements of the Respondents and accord them opportunities to provide documents/information that may prove as plausible explanations for amassing the wealth and income. All Respondents, as well as the persons connected with the affairs of the Sharif family, who were summoned by the JIT, did not or could not furnish relevant and requisite information. The record that was made available to the JIT by the Respondents was a duplication of that already available, with very few new documents made available, in the Honourable Court through their responses to the Constitution Petitions No. 29 of 2016 etc. Not even a remote content of plausibility was provided.

3. The new evidence collected by JIT (discussed in the relevant documents of the JIT Report (Panama Papers Pakistan) is as under:

i. **Confirmation of the beneficial ownership of Maryam Nawaz of BVI companies namely; Nielsen Enterprises Limited and Nescoll Limited by the Federal Investigation Agency, British Virgin Islands - (Volume V);**

ii. **Confirmation of Chairmanship of Mian Nawaz Sharif in offshore company namely; FZE Capital, U.A.E. by Jabel Ali Free Zone Authority (JAFZA) - (Volumes VI and IX);**

iii. **Confirmation of fictitious sale/purchase agreements submitted to Honourable Court by the Respondents, by the Ministry of Justice, U.A.E. (Volume III); and**

iv. **Confirmation of forged/tampered documents submitted as Declarations of Trust by the Respondents, by the forensic expert, UK. (Volume IV)**

4. The evidence, especially pertaining to the Avenfiled properties at (i) above, undermines the saga of the Sharif family and questions the veracity of the entire documentation submitted by them in the Honourable Supreme Court of Pakistan in their defence to justify the proportion of the income and the assets. It is established that the children of Respondent No. 1 and were his dependents as they were minors/students with no independent sources of income of their own and during 1985-99 when Respondent No. 1 entered into politics. The group of companies owned by the respondent no 1 witnessed an exceptional growth spurt in terms of wealth and income. The assets grew geometrically but the declared wealth and known sources of Respondent's No. 1 income vis-à-vis the tax returns, company information, and bank account statements of Respondents collected from the FBR, SECP and SBP, respectively, state otherwise.

5. It would be in the fitness of things that in a disproportionate assets case such as this, the Respondents should seek recourse to discharging the burden to prove that the assets are proportionate to known sources of income. It is up to the Respondents to establish beyond reasonable doubt, the value of the assets possessed by them and sources of income from which these were procured. JIT does not believe that it is necessary for the Respondents to provide an absolute estimation of their income and assets but rather an explanation that is, at the least, reasonable and worthy of acceptance. It would have sufficed to provide, relevant income tax and wealth statements; accurate and up-to-date audited financial statements showing the profits and income generated by companies incorporated locally and abroad; documented cash-flows; documentation of facilities undertaken from financial institutions and their repayment, proof of collateral/security/guarantees provided for securing letters of credit and other credit; documented cross-border and intercorporate transfer of funds through banking channels, amongst other things. More specifically, proper documentation showing the establishment and sale of Gulf

Steel Mills, Al-Ahli Steel Mills, and Al-Azizia Steel Mills; sources of equity raised for establishment of Hill Metals Establishment, Jeddah, KSA, and Flagship Investments Inc., and other companies in the UK, their profitability and remittances to Pakistan (detailed analyses of these issues are discussed in detail in the relevant volumes of the Final Report of the JIT). Yet another area of obscurity are the "SPVs" (Special Purpose Vehicles)/offshore companies identified by the JIT Capital FZE, Chadron Inc., Ansbacher Inc., Coomber Inc., Nielson Enterprises Limited and Nescoll Limited and other shelf companies procured in the UK, British Virgin Islands, Isle of Mann, Jersey, etc., , which played the role of conduits for transferring money to destinations around the world or back into Pakistan.

6. Nevertheless, an analysis of the tax and wealth returns, financial statements of the companies in Pakistan, bank account statements and record of the Respondents was undertaken to attempt to establish the money trail and account for the build-up of assets in Pakistan and abroad since the establishment of Ittefaq Foundries by Mian Sharif and other assets which were/are subsequently managed by the children of Respondent No. 1. The subsequent paragraphs present an expose of Respondents No. 1, 6, 7, 8, and 10 and any person who had any nexus with the asset accumulation with respect to his/her tax, company and banking records.

Respondent no. 1 (Mian Muhammad Nawaz Sharif)

7. The available record shows that Respondent No. 1 started filing returns from year 1983-84. Complete record of tax returns/ wealth statements were not furnished by FBR as for *assessment years 1997/98 - 2001/02 & from 2004/05 – 2007/08, wealth statements were not filed by Respondent No. 1*, more so, IT return for the year 2007 was not provided (details are at Annex A). In his statement made before the JIT on 15 June 2017, Respondent No.1 categorically stated that, initially, he had been a shareholder and/or director in a few of the companies established by his late father in Pakistan. However, he had not been actively involved in the business of any of those companies since the year 1985. He also stated that he had been actively involved in politics since 1981 and has devoted his entire life to his occupation as a politician. The same stance has been taken by him in various public speeches. His stance has also been reinforced by Respondents 6, 7, and 8 in their concise statements filed before the Honourable Supreme Court, that their father (Respondent No. 1) has no concern/ role in their business and properties. The JIT, during the course of investigation, analysis of available tax returns and available financial details of his companies with SECP and State Bank of Pakistan (SBP) has come across the following facts:-

a. Opening of accounts as CEO of Chaudhary Sugar Mills. During evaluation of evidences and record collected from different banks by the JIT, it was noted that he opened 5 PKR bank accounts and 3 Foreign Currency accounts in four different banks during the period from 1-7-2009 till date. In the bank account opening forms submitted to the bank, he mentioned his occupation as 'self-employed' and name of the employer/ business as 'Chaudhry Sugar Mills Limited' (CSML) in all the account opening forms. In two of the accounts opened at Standard Chartered Bank (Pakistan) Limited, he showed himself as CEO of the Chaudhary Sugar Mills Limited (Annex B) while in an account opened at ABL, he had showed his designation as a shareholder. In addition to the individual accounts of Respondent No.1, the account opening form of his joint account with Ms. Shamim Akhtar Sharif also reflect the above details. Further, the Taxpayer Registration Certificate of the Respondent No.1 printed on 26-09-2009 (Annex C) reflected his business has been named as Chaudhry Sugar Mills Limited and

address of taxpayer as 'c/o Chaudhry Sugar Mills Limited, 146, Abu Bakar Block, Garden Town, Lahore'. It may be noted that as on 31-12-2008, Respondent No. 1 held 1,600,000 shares of CSML, which increased to 2,012,538 shares on 31-1-13 and 12 million on 31-1-16 (Annex D).

Drawing of Salary from Chaudary Sugar Mills. While analyzing an account statement of Respondent No.1 (Annex E), it was noted that during 2010 to 2013, he has been receiving regular salary from CSML on a monthly basis (Rs.24.372 million in aggregate). It was observed that during 2010-11, an amount of Rs. 560,000/ per month was received by Respondent No.1 from CSML for nine months while the amount was increased to Rs.800,000/ per month during 2011-12. Similarly, Rs.820,417/- per month was received during the first 11 months of 2012-13. Contrary to his publicly held stance that he had no role or involvement with the family business; he was drawing monthly salary from CSML. The drawing of salary from CSML is also disclosed in the Income Tax returns filed by him.

Transaction showing involvement with CSML affairs. In addition, a couple of financial transactions of respondent No.1 with CSML were also observed. On 28-06-2010, CSML transferred Rs.5.670 million in his account. Similarly, on 23-09-2015, Rs.18.019 million was transferred by respondent No.1 to CSML (Annex F).

Capital FZE-Dubai: The Honourable Justice Ijaz-ul-Ahsan in his separate judgment specifically raised the issue of Capital FZE-Dubai; The relevant para(s) are reproduced below:

Quote:

87. It is also an admitted position that Respondent No.8 set up a company under the name and style of Flagship Investments Limited which received substantial sums of money in the year 2001 when the said Respondent had no source of income. Over the course of the next few years, a number of other companies were set up/taken over by Respondent No.8 allegedly for the purpose of his real estate business. The sources from which the said companies/businesses

were funded are also shrouded in mystery. There is yet another company under the name and style of Capital FZE, Dubai presumably registered under the laws of UAE. Funds also appear to have been routed through the said company from time to time by / and on behalf of Respondent No.7. The real ownership and business of the said company is unclear from the record which needs to be explained. No effort has been made on the part of the Respondents to answer the questions on the afore-noted matters.

89. Further, the source(s) of funding for Azizia Steel Mills and Hill Metals Establishment in Saudi Arabia, Flagship Investments Limited and a number of other companies set up/taken over by Respondent No.8 also need to be established. In addition to the affairs of Capital FZE, Dubai which also appears to be owned by Respondent No.7 need an inquiry.

90. Evidence shall also be collected by the JIT regarding source(s) of funding of Capital FZE, Dubai; its business activities and role in transfer of funds to different entities owned or controlled by Respondents No.7 & 8

Unquote

e. As also pointed out by Honourable Justice Ijaz-ul-Ahsan, the real ownership and business of the said company is unclear from the record which needs to be explained. No effort has been made on the part of the Respondents. The Honourable Justice also desired that evidence to be collected by JIT regarding FZE, Dubai; its business activities and role in transfer of funds to different entities owned or controlled by Respondents No. 7 and 8. These questions were posed to the aforesaid Respondents in their appearances before the JIT; however, despite repeated requests, no satisfactory evidence was produced by them.

f. However, JIT in the course of its investigations was successful in collecting evidence directly from the concerned Regulatory Authority i.e. Jebel Ali Free Zone Authority (JAFZA), in Dubai. The evidence provided revealed that Capital FZE was granted a Trading License, bearing Registration No. 561, on October 1, 2001. The license shows Respondent No. 8 as Manager. The authorized activities

included Metal Ores Trading, Basic Steel Products Trading, Basic Non Ferrous Metal Product Trading, Fencing and Barbed Wire Trading, Metal Cans and Containers Trading, Metal Alloys Trading and Metal Drums and Barrels Trading. Further, evidence thus procured reveals *that Mian Nawaz Sharif, Respondent No. 1, was the Chairman of the Board for Capital FZE from August 7, 2006 until April 20, 2014 at a salary of AED 10,000.* Further, evidence revealed that this salary was revised on February 02, 2007 vide Employment Contract Amendment – Form 9, duly signed by Respondent No. 1, filed with JAFZA. *On the basis of this employment Respondent No. 1 was able to procure "Iqama" dated 5-7-2009 and valid up to 4-6-2015 to work and reside in Dubai* (Annex G).

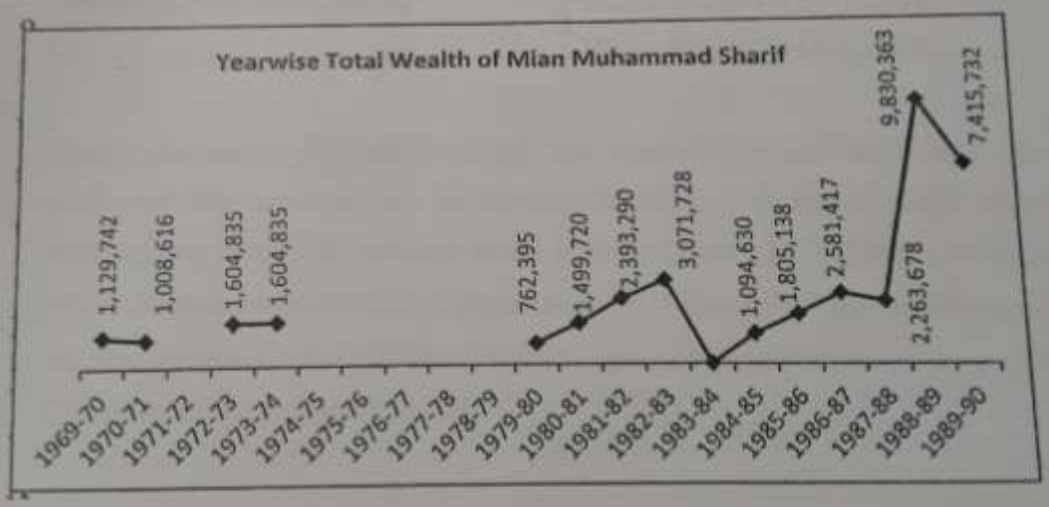
g. As discussed in detail under the Sections covering Hill Metals Establishment and "gifts" between the Respondents, a payment of USD 1,000,000 from the accounts of Hill Metals Establishment to Capital FZE was noted in the documents procured depicting an evidence of rotation of money between family businesses.

h. Another example of rotation of funds between the accounts of Respondents discussed in detail under the Section on Hill Metals Establishment that Respondent No. 1 instructed the Bank Manager Al Rahji-Jeddah to transfer SAR 750,000 from his account No. 462 60801 3344552 to Respondent No. 7 Account No. 462 60801 000 6782. Thereafter, Respondent No. 7, on the same day, through an Advice dated Sept 20, 2010 instructed Al Rajhi Bank to transfer SAR 750,000 from his account 462 60801 006782 to Hill Metals Establishment (Annex H).

i. <u>Flow of transactions between Respondents No. 1 and 6 in Pakistan</u>. Significant inter-linkages have been observed during detailed scrutiny of bank accounts of Respondents No. 1 and 6. Between the period of 2009 to May 2017, approximately Rs. 1.4 Billion landed in Respondent No. 1's bank account mainly from Respondent No. 7. Of these inflows, Respondent No. 1 transferred Rs. 822.726 million to the account of Respondent No. 6. For details, reference to the Section covering the issue of gifts/ remittances is made.

j. **Mis-declaration in Wealth Statement for the Tax Year 2013 and concealment of Rs 45 million by Main Nawaz Sharif**. As per Wealth Statement submitted by the Respondent No.1 for the tax year 2013, an amount of Rs.100 million was shown as donation given to PML (N). This fact was corroborated by the JIT from the statement of Wealth of the respondent (Annex I). During analysis of account statement, it was also observed that an amount of Rs.45 million was transferred back by the PML (N) on 10-6-2013 to Respondent No.1 (Annex J). This inflow of Rs.45 million, although reflected in the account statement, was not disclosed in the Wealth Statement. Hence, it appears that the *Respondent No.1 not only concealed his assets to the tune of Rs.45 million but also misreported in the Wealth Statement for the tax year 2013* submitted under Section 116 of the Income Tax Ordinance, 2001.

k. Respondent No. 1 in his address to the nation and speech on the floor of the National Assembly claimed that his father owned multimillion rupees assets in the 1970's before the industry was nationalized; a claim that cannot be ascertained through his personal Tax returns as well as of the parents. (Refer to Annex A of V



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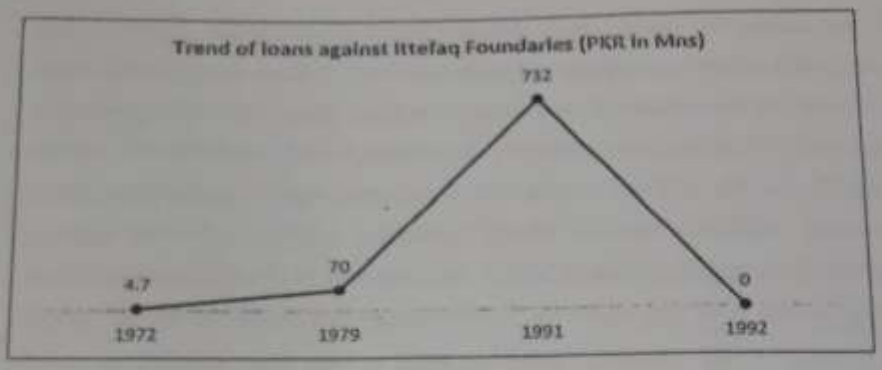
2. The record made available to the JIT by the SECP (details and mis-statements made by SECP with regards to provision of documents/ information is attached as Annex V.) revealed direct shareholding of Respondent No. 1 as under:-

Name of Companies	Years of Shareholding
Chaudhary Sugar Mills Limited	2000-2008, 2010-2013
Mohammad Buksh Textile Mills Limited	2011-2015
Ittefaq Brothers Private Limited	1976-1979, 1981-1985, 1987, 1989-90, 1992-1994, 1996
Brothers Steel Mills Limited	1984, 1986-1988, 1990, 1994
Ittefaq Foundries Private Limited	1980-1993
Ramzan Sugar Mills Limited	1992-1995
Ittefaq Sugar Mills Limited	1983-2015
Hudabiya Paper Mills Limited	2010-2014
Hudabiya Engineering Private Limited	2010-2016
Ilyas Enterprises Private Limited	1986-1993
Ittefaq Textile Mills Limited	1972, 1974-1976, 1979-1980, 1986, 1988-1989, 1993-1994, 1998

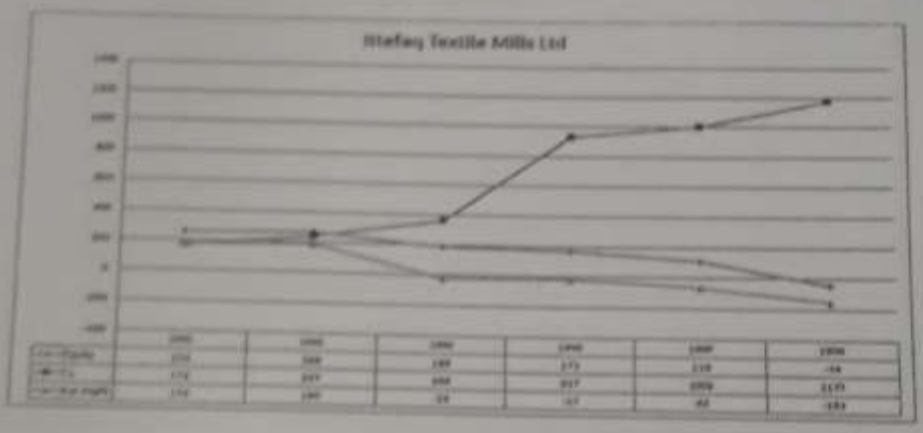
a. Ittefaq Foundries (Private) Limited. The company (incorporation on 6 Nov 1962) was the first company incorporated by Mian Muhammad Sharif; shares were equally distributed amongst seven brothers (Annex L). In 1966, 100 shares of this company were allotted to Respondent No. 1 thus he became the Director of the said company. Trend of loans obtained against Ittefaq Foundaries from 1972-1992 is reflected graphically below.



b. Prior to nationalization of the company in 1972, the bank loan was Rs. 4.7 million, however, after de-nationalization of the company in 1979, the loan of company was Rs. 70 million. Moreover, the said company obtained further loans and reported its loan liability of Rs. 732 million in the year 1991. Subsequently, the loan liability was reported as Nil in the year 1992 followed by winding-up petitions (Lahore High Court CO 109/94; CO 111/94; CO 120/94; CO 23/95) and recovery suits (390/94; 388/94; 359/94; 382/94) against the Company in 1996. It is pertinent to mention here Respondent No. 1 did not provide any financial statements of the said company to the JIT. After, Respondent's No. 1 rise to the political forefront of Pakistan, especially after 1985, this company obtained substantial loans. Thereafter, the said company was unable to pay off its liabilities, thus, winding up petition and recovery suits were filed against the said company in 1996. From the aforementioned, it appears that Respondent No. 1 used the loaning scheme to accumulate wealth. Moreover, major shareholding was kept in the names of other family members of Respondent No. 1, it would seem, to avoid any direct connection with the gains attained thereof. Thus a foundation for such ventures was laid by Ittefaq Foundries (Private) Limited.

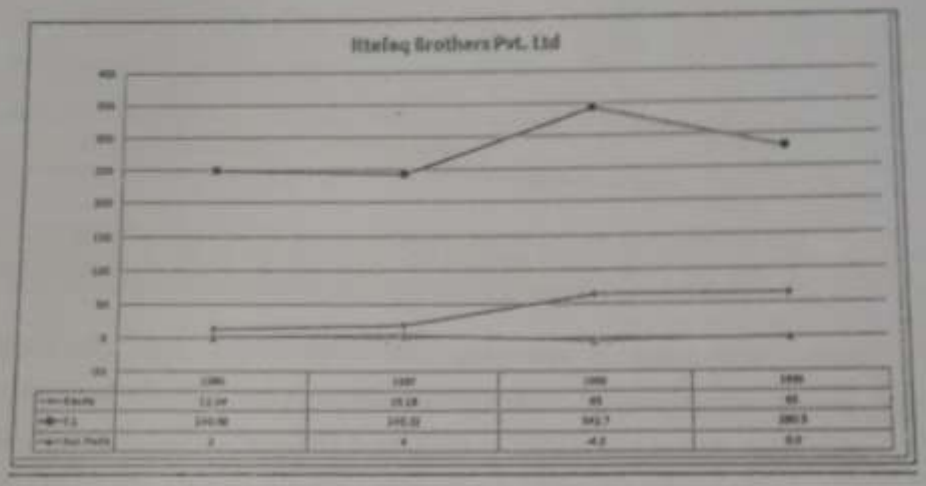
c. <u>Ittefaq Textile Mills Limited</u>. Ittefaq Textile Mills Limited was incorporated on 30-April-1966 (Annex M). As per the available information provided by SECP, the shareholding of the Respondent No. 1 was 0.96% shares and he remained a director of the Company in the year 1972 and from 1986 to 1988 (Chief Minister Punjab). The financial review of the available record / information showed that in

the year 1998, the Company has a negative equity of Rs. 44 million and total assets of Rs. 1,132 million. The Company has liabilities towards related parties amounting to Rs. 236 million and receivables from the related parties was Rs. 448 million. The available record revealed no payment of dividends by this company during the period of Respondent No. 1 held shares; and (Did we ask , if not then perhaps leave this out)The company's profits did not contribute towards the wealth accumulation of Respondent No. 1. The financial outlook of this company during the period when Respondent No. 1 had emerged as a leading political figure of Pakistan, has been a fund revolving company that is , prima facie, mainly used to move funds by creating liabilities on the company as figured below:



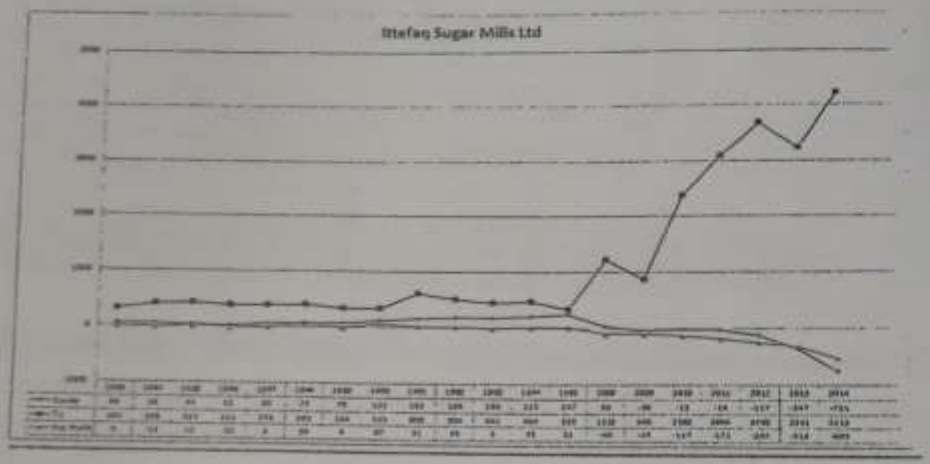
d. <u>Ittefaq Brothers (Private) Limited</u>. Ittefaq Brothers (Private) Limited was incorporated on 23 May 1972 (Annex N). The available record of the said company showed Respondent No. 1 to be the shareholder (ranging between 9% to 35%) since 1973 to the last annual return recorded in 1998 and director of the Company from 1973 to 1986. In 1981, Ittefaq Brothers (Private) Limited had a loan liability of Rs. 15 million (an increase from Rs. 2 million) with a paid-up capital of Rs. 1.15 million. A similar pattern of loaning was observed after 1986 (when he prominently had risen on the political forefront of Pakistan) the loans due by the company were reported to be Rs. 210 million in 1989 and Rs. 236 million the following year. However, in 1991 till 1996, the loan liabilities were

reported as NIL. The company reportedly had negative equity and no dividend was paid to the shareholders. The said company subsequently filed a Winding-up Petition CO 6/95 and a Banking Tribunal Suit 113/95 followed thereafter. (Did we ask) The available record revealed no payment of dividend by this company during the period of Respondent No. 1 held shares of the company. After, Respondent's No. 1 rise to the political forefront of Pakistan especially after 1985, this company obtained substantial loans. Thereafter, the said company was unable to pay off its liabilities, thus, a winding up petition and recovery suits were filed against the company. Respondent No. 1 did not provide any profitability record of the said company to justify the income earned from it.



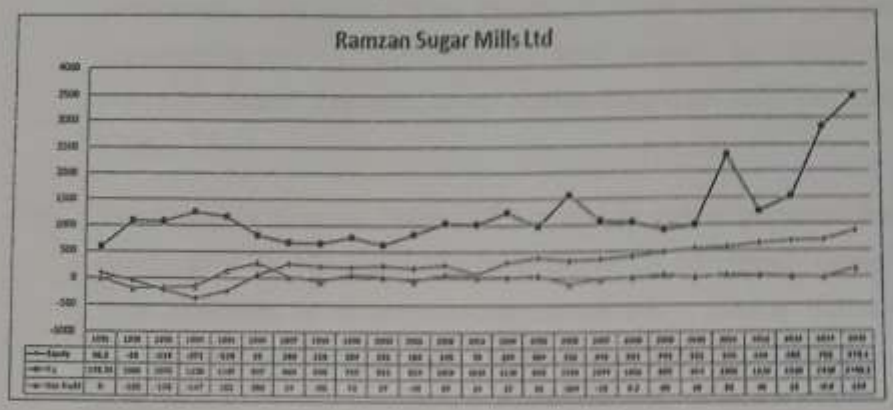
e. Ittefaq Sugar Mills Limited. Ittefaq Sugar Mills Limited was incorporated on 04-May-1982 (Annex O). Respondent No. 1 was holding nominal shares in the company as his maximum shareholding was 188,000 shares in 1989 which declined to only 1000 shares in 2007 whereas Ittefaq Foundries Private Limited and Ittefaq Brothers Limited remained major shareholders in the said Company. As per the available information, the company had a paid-up capital of Rs. 56 million from the years 1982-1995. In the initial years, the said company borrowed funds from financial institutions, which increased from NIL to Rs. 248 million in the year 1983, and total assets increased from Rs. 27 million in 1982 to Rs. 360 million in 1983. It is pertinent to mention that it is one of the very few companies

of the Sharif group that made profits however, the said company did not pay any dividend till the year 1988 and thereafter no substantial income could have been earned by Respondent No. 1 from this company due to his nominally changed shareholding. The available record revealed no payment of dividend by during the period of Respondent No. 1 was holding shares. It can be concluded that this company's profits did not contribute towards the wealth accumulation of Respondent No. 1.



f. Ramzan Sugar Mills. The Company was incorporated on 4-Aug-1990 (Annex P). As per the available information, the shareholding of Respondent No. 1 along-with his wife and children was 10% from 1993 to 1996 and about 8% from 1996 to 2014. During the afore-mentioned period, Respondents No. 7 & 8 remained as the directors of the Company for the year 1999 to 2001 and 2004 to 2005. In 2015 onwards, the family members of Mr. Shahbaz Sharif became the majority shareholders of the Company and the shareholding of Respondent No. 1 family reduced to NIL. The financial review of the available record / information reveal that the Company was initially in losses and the equity remained negative for the years 1992 to 1995. However, the Company became profitable and as per the 2015 financial statements the Company's equity improved to Rs. 875 million. The available record revealed no payment of dividends by this company during the period of Respondent No. 1 holding significant shares. The company's profits did

not contribute towards the wealth accumulation of Respondent No. 1. It has been observed that this is the only Pakistan-based company in which the Respondent No. 1 alongwith his family members were shareholders and its equity relatively improved over the years.



g. Chaudhary Sugar Mills Limited. Chaudhary Sugar Mills Limited is reported to be incorporated on 05-Aug-1991 (Annex Q). As per the information made available, Respondent No. 1 held approximately 7-8% shares of Chaudhary Sugar Mills Limited since 2000.

(1) In 1992, the said company mortgaged its properties located at plant site in Toba Tek Singh to secure a long-term morabaha finance from Faysal Al Islami of Bahrain E.C amounting to Rs. 309.813 million. However, Company's operating fixed assets were Rs. 15.587 million only and Rs. 652.064 million were disclosed as 'work-in-progress'. Moreover, an amount of Rs. 28.241 million long-term loan was secured from First Hajvery Modarba. In view of the fact that the Company's operating fixed assets (other than work in progress), borrowing under morabaha appears to be a suspicious arrangement as current assets were placed as security for the long-term morabaha loan.

(2) However, in the financial year 1993, a long-term loan secured from Faysal Al Islami of Bahrain was retired and loan was swapped with obtaining

loan amounting Rs. 401.257 million (USD 15.520 million) from Chadron Jersey Limited, St. Hellier, Jersey Island, a company incorporated in Channels Island. Foreign private loan secured from Chadron Jersey Limited was secured at interest rate of 10% per annum payable in 10 installments commencing from October 1, 1994. However, as per first supplemental letter of hypothecation dated January 30, 1995, payment schedule revealed five installments commencing from 1995 and ending on 1999.

(3) The available financial record of the said company revealed that only dividends of Rs. 136.8 million were declared/ paid dividends during 1995-1999. However, no evidence of Respondent No. 1 holding shares during this period have been reported. Furthermore, financial statements of the said company do not provide any specific disclosure that Respondent No. 1 was drawing any emoluments/ other benefits from the Company.

(4) After, Respondent's No. 1 rise to the political forefront of Pakistan especially after 1985, this company obtained substantial loans

(5) From the aforementioned, it appears that Respondent No. 1 and his family members used this company as a loaning scheme to accumulate wealth. Moreover, major shareholding was kept in the names of other family members of Respondent No. 1 to avoid any direct connection with the gains attained thereof.

h. Muhammad Buksh Textile Mills Limited. The Company was incorporated on 8-Sept-1991 (Annex R). As per financial statements of 2015, the company did not commence operations of the business since incorporation. Moreover, it has been observed that the company submitted the accounts for the years 1992 to 2000 in year 2002. Respondent No. 1 along with his children and wife held 22-30% shares from 1994 to 2015. The majority of shares were held in the name of Ms. Shamim Akhtar (mother of Respondent No. 1) holding 26% shares. Individual shareholding of the Respondents are as follows:

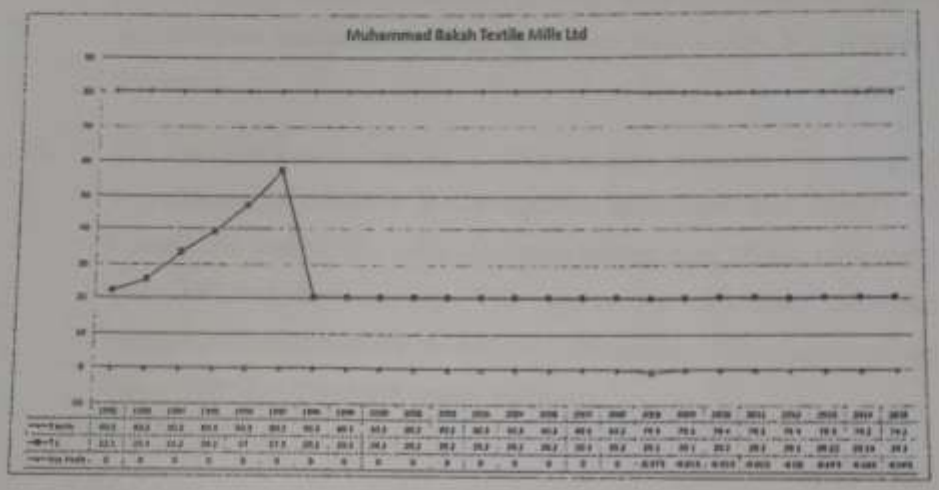
(1) Respondent No. 1: 6% from 2011 to 2015

(2) Respondent No. 7: 6% from 1994 to 2015

(3) Respondent No. 8: 6% from 1994-96 and 1% from 1997 to 2015

(4) Respondent No. 6: 6% from 1994 to 2015.

The Company has been dormant since incorporation; has never paid dividend to shareholders and has negative equity. The financial performance of the Company does not warrant any share in the increase of wealth of Respondent No. 1. The financial performance graph is as follows:



i. Hudabiya Paper Mills Limited. Hudabiya Paper Mills Limited was incorporated on 29-Jan-1992 (Annex S) (detailed analysis is in Volume xx).

(1) As on October 31, 1992, the company's fixed assets amounting to Rs. 98.708 million and its long-term secured loans were Rs. 184.247 million, which could have been possible by pledging any other asset that had not been disclosed in the financial statements. Moreover, 1993 was considerably variant financial year for the company as during the same year, the said company had long-term secured loans of Rs. 255.729 million, short term finances of Rs. 126.619 million and generated Rs.

126.024 million from associated undertakings. Furthermore, the company secured a loan amounting to USD 10 million from Al-Towfeek Company for Investment Funds, Bahrain through Al-Baraka Islamic Investment Bank Lahore on November 23, 1992.

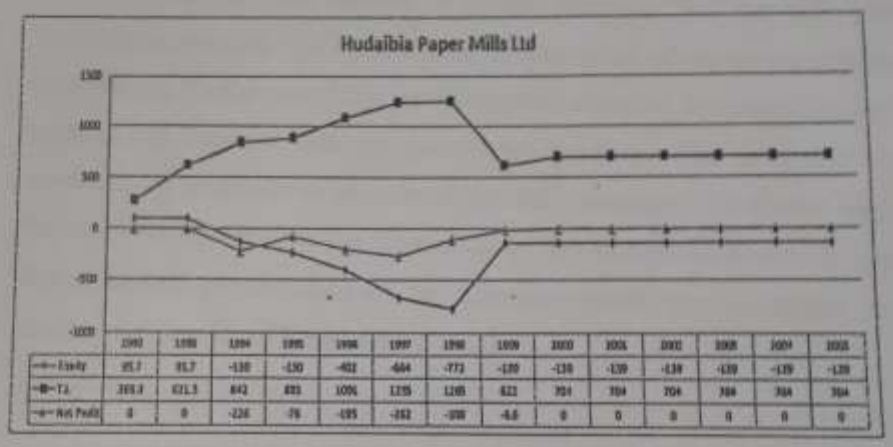
(2) It is pertinent to mention here that the said company did not reveal any disclosure on the legal proceedings of Queen's Bench, London whereby the Avenfield apartments were attached. In the financial year 2000, the Company disclosed that liabilities (relating to Al-Towfeek Company for Investments Funds Bahrain) were settled for USD 8 million on January 5, 2000. As per relevant disclosure given in Note 3 of financial statements for the year ended 2000, long term loan of Rs. 494.960 million was disclosed.

(3) The stance of Respondent No. 1 and his family members while responding to petitions CP 29/2016 & CP 30/2016 have been that Qatar's Prince Hamad Bin Jassim bin Jaber Al-Thani settled loan of the said company with Al-Towfeek Company. This stance has not been substantiated through any documentary evidence of transaction or arrangement by the Respondent No. 1 and his family members.

(4) It is noticed that a share deposit money of Rs. 642 million in 1998 was reflected in the accounts of the said company. This is contrary to adverse financial position of the said company as at that time the said company had negative equity of Rs. 772 million and operations of the said company had already been shut down. The said company went into negative equity in 1994 and closed its operations in 2000. Accumulated losses were Rs. 877.810 million as of June 30, 2005. Last available financial statements were filed for the financial year 2005. The Company did not file its accounts for the year 2006 and for subsequent years.

(5) The Respondent No. 1 and his family members failed to substantiate their stance through evidence that Qatar's Prince Hamad Bin Jassim bin Jaber Al-Thani settled loan of Al-Towfeek Company against the said company and it was disclosed in Note 3 to financial statements for the year 2000 that long term loan was converted at Rs. 53.80 per USD for USD 8,000,000 substituted loan. The actual liability recorded was for Rs. 494.960 million but liability of Rs. 430 million at the given USD conversion rate was reported to be settled.

(6) From the aforementioned, it appears that Respondent No. 1 and his family members used this company as a medium to revolve funds and accumulate wealth. Moreover, major shareholding was kept in the names of other family members of Respondent No. 1 to avoid any direct connection with the gains attained thereof.



j. Hudabiya Engineering Company (Private) Mills Limited. Hudabiya Engineering Company (Private) Mills Limited was incorporated on 12-May-1992 (Annex T).

(1) As per the certified true copies of the annual returns provided by SECP, Respondent No. 1 along with his children owned 22% shares from year 2000 to 2009 and 33% from year 2010 to 2016. Shareholding pattern of the Respondents is as follows:

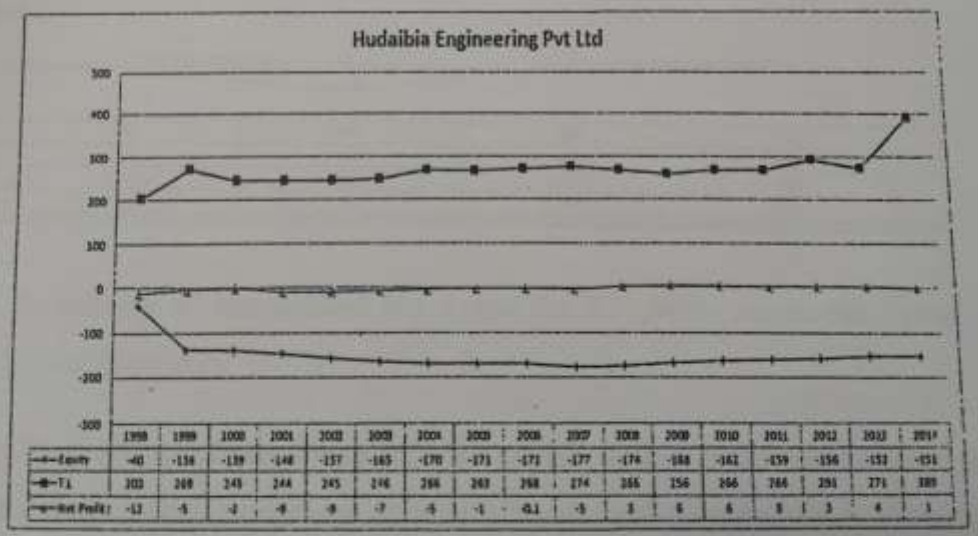
(a) Respondent No. 1: 11% holding from year 2010 till 2016.

(b) Respondent No. 6: 6% holding from year 2000 till 2016.

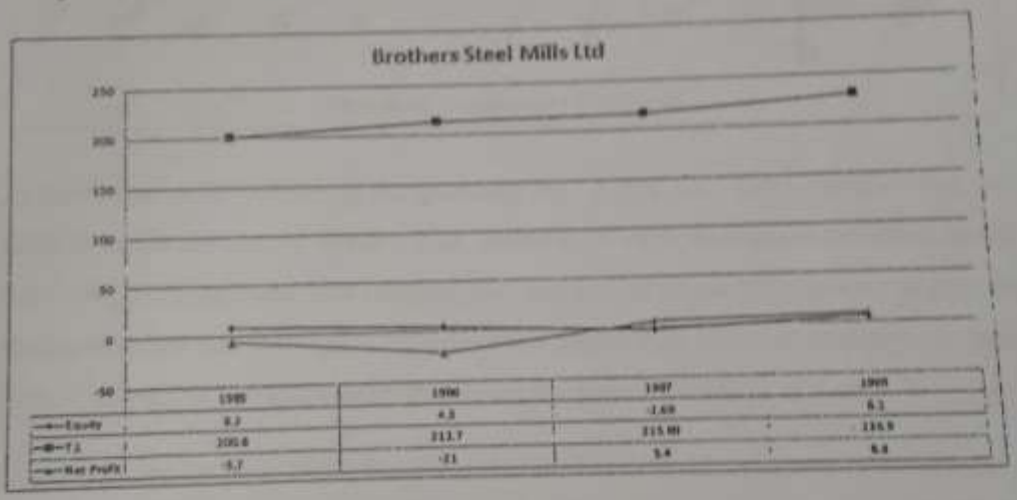
(c) Respondent No. 7: 12% holding from year 2000 till 2016.

(2) From the analysis of available data, the equity of the Company is negative by Rs. 40 million in 1998 and in 2014 it was negative Rs. 151 million. Additionally, share deposit money of Rs. 69 million was noticed in the 2014 accounts of the company. In 2014, related party liability of Rs. 159 million was payable by the said company.

(3) However, from the uncertified copies provided by SECP from the year 1993 to 1997, the receivables from related-party companies and sponsors were Rs. 242 million. It is also observed that the total sales in these years was Rs. 112 million and the company advances amount to Rs. 242 million. In the year 2007, the Company changed the classification and merged all Debtors with no party-wise breakup. The available record revealed no payment of dividends by this company. Similarly negative Equity was reported in the financials of the company, hence, it appears that financial performance of the Company could not contribute to the increase of wealth of Respondent No. 1.



k. **Brothers Steel Mills Limited**. Brothers Steel Mills Limited was incorporated on 28-Jul-1983 (Annex U). The only financial statements available with JIT were of 1985, 1986, 1987 and 1988. The company with a cumulative position of profit/loss during this period had losses of Rs. 12.5 million. Ittefaq Foundaries Private Limited was a major supplier of the Company. Brothers Steel Mills Limited had outstanding redeemable capital of Rs. 42.227 million in 1986. The Company proposed convertible preference shares of Rs. 11.797 million. Redeemable Capital was issued in the names; I.C.P Rs. 11.032 million, N.B.P Rs. 6.154 million, H.B.L Rs. 6.154 million, U.B.L Rs. 6.154 million, M.C.B Rs. 3.692 million, A.B.L Rs. 2.461 million and N.I.T Rs. 6.580 million. Further, it has been noted that sponsors loans amounting to Rs. 11.290 million (1985: Rs. 11.533 million). It is noteworthy, that despite significant sales, Brothers Steel Mills Limited recorded losses and did not declare dividends. The available record revealed non-payment of dividend by this company during the period of Respondent No. 1 holding significant shareholding.

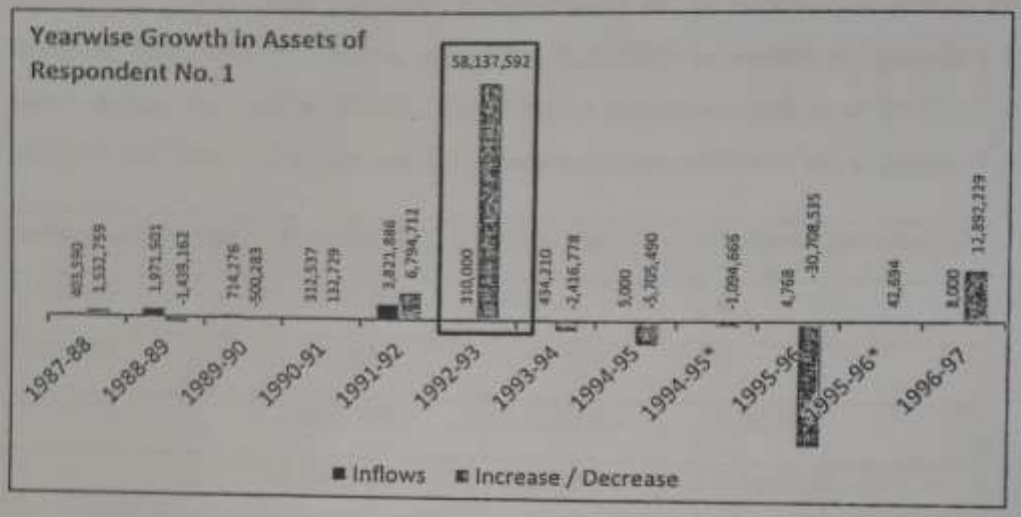


l. In 1990, the income of Respondent No. 1 was Rs. 277,846/-; assets held worth were Rs 5.46 million only.

m. During 1991-92, transactions worth millions of US dollars were routed through Benami accounts in the businesses of Sharif family and amounts were invested into businesses as equity to increase the personal wealth. As these transactions

were routed through Benami accounts, hence, there was no footprint in the Tax Returns. Details/ statements of Benami accounts already submitted in Second Interim Report of JIT.

n. From 1992 to 1993, his wealth grew from Rs 8.33 million to Rs 68.027 million without any declared plausible source of income. More so, income declared by Respondent No. 1 in his tax returns was not commensurate with his and his family profile.



o. In the same year (1992-93), Respondent No. 1 declared total assets worth Rs. 68.027 in his Return of Wealth Tax, whereas Wealth Statement reflected assets worth Rs 5.328 million. His income does not complement his capacity to pay the tax on assets worth Rs 68,027 million while keeping in view his expenses as well. Return of wealth tax and wealth statement for year 1992/93 is at Annex V.

p. Since assessment year 1991, Respondent No. 1 was holding assets in the names of minors *(Hassan Nawaz and Asma Nawaz)*. During assessment year 1990/91 the value of these assets was declared as Rs 598,045 which appreciated to Rs 63.97 million is assessment year 1992/93 without any visible inflow. Return of wealth tax for assessment years 1990/91 at Annex W, return of wealth tax for assessment year 1992/93 is at Annex V.

q. In the year 1994-95, he paid Rs. 3.0 million as wealth tax, however, visible income was Rs. 5,000/-. According to the statement of personal expenses *(annexed with wealth statement,)* even his personal/ family expenses were borne by his sister in law, Ms. Sabiha Abbas. IT return and statement of personal expenses for year 1994/95 is at Annex X.

r. In the years 1992-95, total wealth tax payable was Rs. 4,561,802, whereas total wealth tax paid as per wealth tax returns for the same period was Rs. 2,352,982. A sum of Rs. 780,977 was reclaimed as refundable tax as reflected in wealth tax return of year 1994-95. Thus, a gap of Rs. 2,208,820 in wealth tax payable is noted during the period. Wealth Tax Returns for assessment year 1992/93 at Annex V and Wealth Tax Returns for assessment years 1993 -95 are at Annex Y.

Assessment Year	Payable Tax	Tax Paid	Refund claimed
1992-93	1,606,759	0	0
1993-94	1,551,340	1,68,302	0
1994-95	1,403,703	2,184,680	7,80,977
	4,561,802	**2,352,982**	**7,80,977**
Gap = 4,561,802 - 2,352,982 + 7,80,977 = Rs 2,208,820			

s. As per financial details of Ittefaq Sugar Mills Limited, Respondent No. 1 was holding 48,000 shares in the years 2003 and 2004 and 1000 shares from 2009 - 2013, however, he did not declare ownership of these shares in his wealth statements for said tax years. Wealth statement for tax years 2002/03, 2003/04, tax years 2008/09 – 2011/2012 and Form A/ 29 of Ittefaq Sugar Mills Limited for the same years and Wealth statement for assessment years 2012/13 at Annex Z.

t. In years 2004-05 to 2007-08, Respondent No. 1 did not file his wealth returns.

u. Since year 2008, wealth started to pour in the form of heavy remittances from Hussain Nawaz and Hill Metals Establishment (KSA). Funds worth Rs 1.083 Bn were remitted into personal account of Respondent No. 1. There are anomalies in

these transactions which do not reconcile with the amounts declared in tax returns.

Year	Inflow (Bank Statements)	Inflow (Wealth Statements)	Differences	Remarks
2009-10	127.236 million	125.917 million	1.319 million	From Hussain Nawaz (KSA)
2010-11	104.280 million	129.840 million	25.56 million	
2011-12	-	-	-	
2012-13	218.227 million	201.540 million	16.687 million	
2013-14	-	41.670 million	41.670 million	
2013-14	112.310 million	192.05 million	121.21 million	Hill Metals Establishments
2014-15	261.636 million	215.62 million	46.016 million	
2015-16	259.414 million	234.600 million	24.814 million	
	1083.103 million	1141.037 million	57.934 million	

v. As per financial records of MBTML with SECP, Respondent No. 1 owned 467,950 shares in 2011 but were not declared in wealth statement for tax year 2011/12. Wealth statement for 2011/12 at Annex AA and MBTML Form A/ 29 are at Annex BB.

w. Loan worth Rs 110 million was taken from Ramzan Sugar Mills by Respondent No. 1 between 2001-03; out of the total, Rs 50 million was paid by Ramzan Sugar Mills to NAB on account of Respondent No. 1. These liabilities of RSML were settled in the year 2011/12 without any visible source of income. Wealth

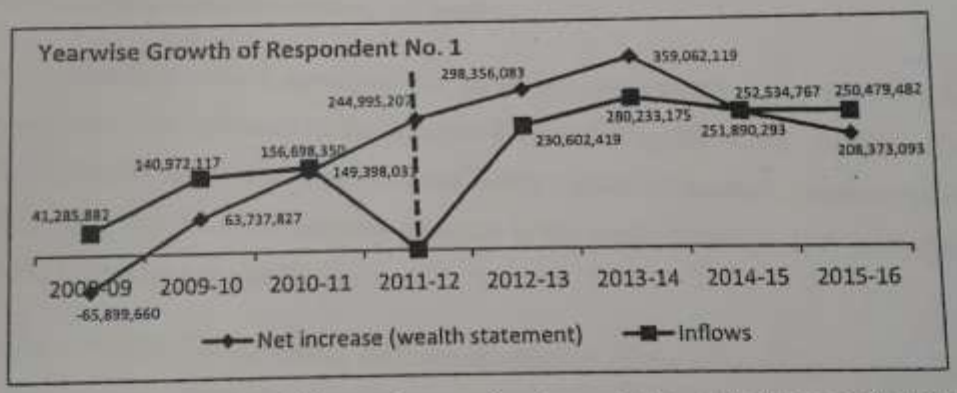
statement of Respondent No. 1 for the year 2011/12 at Annex AA, account statement of RSML and document of NAB is at Annex CC.

x. In year 2012/13, property worth Rs 63.75 million in Changla Gali was declared by Respondent No. 1 to be in the name of spouse in his wealth statement, however, same did not reflect in wealth statements of Kulsoom Nawaz from years 2013/14 - 2015/16. Wealth statement of Respondent No. 1 for the year 2012/13 is at Annex Z. Wealth statement of Kulsoom Nawaz and Respondent No. 1 for the year 2013/14 - 2015/16 are at Annex DD.

y. As per tax return of year 2012-13, Respondent No. 1 gave Rs 100 million as donation to PML (N) on 30 Apr 2013. Reporting of this entry in Return of Personal Assets *(ROPA)* in ECP needs to be counterchecked.

z. By year 2013/14, assets of Respondent No. 1 grew 6.59 times once compared with his assets of year 2008 (Rs 55 million in year 2008 to Rs 359 million in year 2012/13). Major source of increase was gift amounts sent by Hussain & HME (Hill Metals Establishment) from KSA *(Rs 457.3 million b/w 2009 - 14)*.

aa.



hange of gifts worth millions of rupees is observed from Mr. Hussain & HME to Respondent No. 1 and Maryam Nawaz and Respondent No. 1 to Hassan Nawaz. It is an abnormal pattern of exchanging gifts as why a company would gift such heavy amounts to individuals. Evidence for profitability of HME was not furnished; hence source of income of Hussain could not be ascertained. Heavy gifts in the form of cash raises eyebrows; likely attempt of money laundering. Inflow of gifts and their distribution/ utilization is at Annex EE.

3. Conclusion. The facts provided by Sharif family show that Respondent No. 1, ostensibly has confined his role to that of an equity holder only in the family owned businesses, who does not hold any formal position or role in running the businesses and is not a Director on any Board. Apparently the objective of such stance is to distance himself from a formal role in running of the businesses in strictest regulatory and legal sense. However, on the other hand, it is also evident that he is enjoying pecuniary benefits, other than dividends from these businesses in the shape of unexplained inflows in his personal bank accounts, on a fairly regular basis, from the business profits of his son and businesses run by him purportedly as gifts.

4. The evidence collected reveals that he, in fact, was the Chairman of the Board, drawing salary from Capital FZE; a company owned by his son Respondent No. 8, is at variance with the stance taken in the CMAs filed, by Respondents No. 1, 6, 7 and 8. This fact was not disclosed in any statutory returns/declarations before the authorities in Pakistan; be it the Income Tax returns or the Filings before the Election Commission of Pakistan.

5. Respondent No. 1 in his tax returns filed before the authorities for the year 2013, claimed to have made a donation of Rs. 100 million to Muslim League (N) and concealing the fact that he received back Rs. 45 million from the same party account, before the close of the relevant financial year end; amounts to mis-declaration of wealth.

6. The above facts depict that Respondent No. 1was enjoying monetary benefits from the family businesses, other that dividends in his declared capacity of equity holder. Moreover, he was maintaining an active operational link with his family owned businesses, contrary to his publically held position, that he is not actively involved in the family business and is devoting his entire life to his occupation as a politician. \

7. As per claims of Mian Nawaz Sharif, his business empire/ assets is based on his inherited money from his father who owned millions of Rupees in the '70s. The financial analysis of Mian Muhammad Sharif does not substantiate this claim. An exorbitant hike in buildup of his assets is observed during his first tenure of premiership, however, inflows mentioned in his tax returns is not commensurate with his growth which leads to the presumption that this empire was not based on legal monetary sources. An anomaly of opening *benami* accounts in the names of Qazi family, Saeed Ahmed etc., and source of inflow in these accounts was not clarified by the

Respondents. These *benami* accounts were used as collateral for acquisition of loans and also for moving funds abroad to build Sharif family's assets in Pakistan as well as in UK.

8. From the record made available on Respondent No. 1 to the JIT, it is observed that Respondent No. 1 held minor direct shareholding in closely held family companies. These companies were not profit-bearing. However, these companies were continuously revolving funds amongst themselves, shareholders/ directors/ sponsors and offshore companies. Moreover, it can be seen from the available record that Respondent No. 1 kept shares in the name of his wife, sons and daughters who were not financially independent at that time; a move to delink him from the closely held family businesses yet he had control over the business due to his strong political and family influence. Another important factor noted here is that despite the adverse financial position of all closely held family businesses, Respondent No. 1 had phenomenal growth in accumulation of wealth by his direct family and other shareholders of the company, which were also his family members.

9. A detailed analysis of available financial details of Sharif family's companies with SECP and their tax/ wealth returns reflect serious dichotomies in declaring their assets (mis/ non-declarations of assets). Respondent No. 1 built assets and declared them on the names of his children, however, there was no plausible source of income with Respondent No. 1 or his children.

10. As per Lahore High Court case no W.P 3114 HPML vs NAB, Mian Nawaz Sharif paid 110 million to NAB as settlement in HPML case. Analysis of account details of RSML revealed that the company paid Rs 50 million to NAB as payment on behalf of Mian Nawaz Sharif as part of total 110 million. This use of RSML funds is in violation of company law as his personal liabilities were paid through the funds of RSML.

11. Another hike is seen in assets after Sharif family's political rejuvenation in 2007/08. Funds were shifted from their UK/ UAE empires to Pakistan in the form of gifts in excess of Rs. 880 million. Substantial funds were transferred in the accounts of Respondent No. 1 in the form of gifts from Hussain Nawaz and Hill Metals Establishment accounts, taking advantage of the tax exemption on foreign remittances/ gifts. Massive assets were built while showing the cost as nil being based on gifts. Moreover, the Respondents have failed to substantiate their sources of

income behind these gifts abroad if compared with the account details of their companies abroad, it is observed that these companies were in losses/ under liabilities and were not in a position to generate any dividend.

12. Having gone through financial details of his companies/ bank accounts and his declarations in FBR record, it seems that Respondent No. 1 is in possession of **'ASSETS BEYOND KNOWN SOURCES OF INCOME'**.

Section IX

Assets Beyond Means
(Other Respondents)

Documentary Evidences, Annexures and details are covered in Volume IX (A) of Investigation Report of Joint Investigation Team, Panama Case

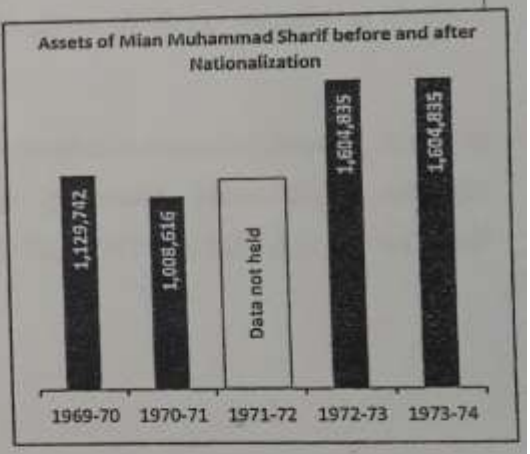
Documentary Evidences, Annexures and details are covered in Volume IX (A) of Investigation Report of Joint Investigation Team, Panama Case

ASSETS BEYOND MEANS - OTHER RESPONDENTS

Mian Muhammad Sharif (Late)

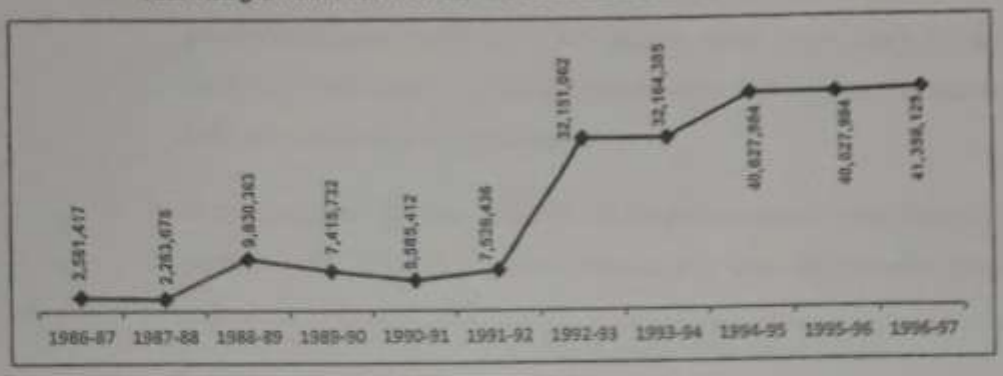
13. Mian Muhammad Sharif had been filing tax returns/ wealth statements since the year 1969-70. Complete record of returns were not furnished by FBR as for assessment years 1971/72 & 1974/75 - 1978/79, returns of wealth tax were not filed by Mian Muhammad Sharif, more so, income tax (IT) returns for the assessment year 1969/70 - 1993/94 were not filed. Wealth statements for the assessment years 1969/70 - 1999/2000 were not filed (details are at **Annex A**). Analysis of returns of Mian Muhammad Sharif reveal the following:-

a. Respondent No. 1 claimed that his father owned assets in millions of rupees in the 1970's before the industry was nationalized; the tax returns of Mian Muhammad Sharif present a picture to the contrary, as assets held with Mian Muhammad Sharif were around Rs. 1 million since 1969-70. There was no drastic decline in his assets during the timeframe of Nationalization.



b. His wealth started to increase in the late eighties and early nineties. The wealth of Mian Muhammad Sharif multiplied 4.3 times during year 1992/93 i.e. from Rs. 7.53 million to Rs. 32.15 million and by Rs 8.5 million in 1995/96. Sources / income details were not available to determine the inflow.

Yearwise growth of assets of Mian Muhammad Sharif



14. Findings

a. Although Mian Muhammad Sharif remained involved in the family business which evidently flourished considerably, he did not file IT returns for a major period of time.

b. Moreover, analysis of his companies' profile reflecting his source of income is not commensurate with the increase in his assets. A sharp increase in assets is seen in the years 1992-93.

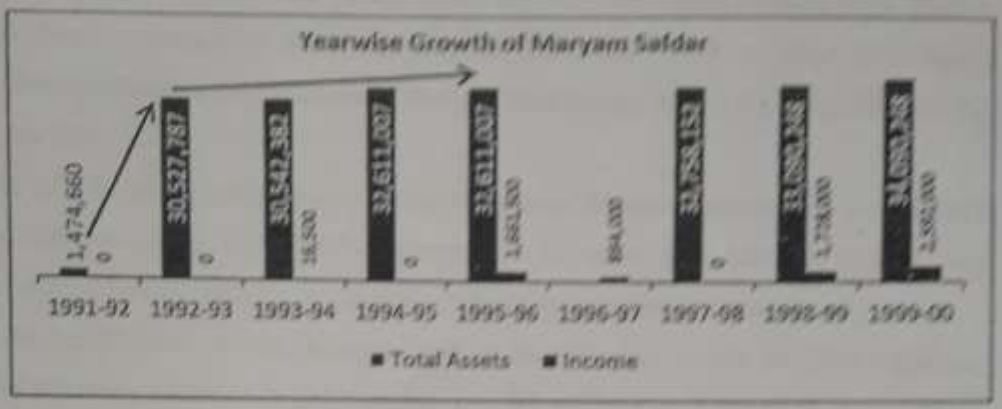
c. Having analyzed his economic growth and available source of income, it can be ascertained that Mian Muhammad Sharif possessed, prima facie, ASSETS DISPROPORTIONATE AND BEYOND KNOWN SOURCES OF MEANS at the time.

Maryam Safdar (Respondent No. 6)

15. Respondent No. 6 started filing returns from year 1991-92. Complete record of tax returns/ wealth statements were not furnished by FBR as for assessment years 1991/92 - 92/93, 1995/96, 1998/99, 1999/2000 & 2004/05 - 2008/09, wealth statements were not filed by Respondent No. 6, more so, IT returns for the year 1991/92 & 2004/05 - 2008/09 were not filed (details are at Annex B). Analysis of financial details available with SECP and returns of Respondent No. 6 reveal following:-

a. Maryam Safdar has been part of the family business since she was a student and possessed assets worth Rs 1.47 million since year 1991-92 and started filing return of wealth tax. It is significant to note that she owned assets worth millions with no visible source of income.

b. Her assets grew in year 1992/93; 21 times in a single year from Rs 1.47 million in year 1991/92 to Rs 30.5 million without any declared income. **Annex C.**



c. As per the details of assets reflected in her return of wealth tax, Maryam Safdar held 424,400/- shares in Hudabiya Paper Mills since year 1993/94 till date. She was also Director of the company during years 1996/98. **Annex D.**

d. As per financial records of MRTML with SECP, Maryam Safdar owned 1000 shares (worth Rs 10,000) in years 2001-2003 but then same were not declared in wealth statement for the same years. **Annex E.**

e. As per financial records of Ittefaq Sugar Mills Limited with SECP, Maryam Safdar owned 55,000 shares (worth Rs 550,000) in years 2001 - 2003 and 2010 - 2013, however, she did not declare these shares in the wealth statement for the assessment said years. **Annex F.**

f. As per financial records of CSML with SECP, Maryam Safdar owned 12,401,455 shares (worth Rs 20,710,429) in year 2010, however, she declared 5,401,455 shares in wealth statement for the assessment year 2009/10; amounts to concealment of aasets and tax evasion. **Annex G.**

g. Maryam Safdar owned a BMW car which was gifted to her by the UAE Royal Family and value of the car was declared as Rs 3.5 million in the Tax year 2009-

10; the same car was declared to be sold on a profit of Rs 19.66 million in year 2011-12. Such price escalation is abnormal, she declared the same BMW in her wealth statement in the next year 2012/13 as well. Moreover, Mr. Muhammad Safdar in his ROPA submitted to ECP in year 2008 declared worth of the same car as Rs 6.0 million. Wealth statements for years 2009/10 & 2011-13 are at **Annex H**, Muhammad Safdar ROPA for year 2013-16 at **Annex I**.

h. In the Return of Personal Assets (ROPA) filed with ECP, Muhammad Safdar declared owning that car ownership of the same BMW in year 2013-2016; whereas Maryam Safdar declared that she sold the car for Rs 28.164 million in the year 2011-12.

i. In ROPA, Muhammad Safdar declared that Ms. Maryam Safdar paid for the duty of the car i.e Rs. 3,412,418/- , whereas in the same year Maryam Safdar total declared income was Rs. 1,184,000/-, where did the money come from?

j. As per 2009/10 record, Maryam Safdar owned assets worth Rs 73.50 million, which also included a loan worth Rs. 42 million to Chaudhry Sugar Mills Limited, loan worth Rs 2.2 million to Mian Muhammad Nawaz Sharif and loan worth Rs 1 million to Ms. Kulsoom Nawaz. Income during the year was Rs 1.18 million. There no evidence of such inflow or a periodic source of income as IT returns and wealth statements for years 2004/05 - 2008/09 were not filed by Maryam Safdar.

k. Mian Muhammad Nawaz Sharif declared land worth Rs 24.85 million in his personal returns in the name of Maryam Safdar in his wealth statement for year 2010/11, same was not declared in wealth statement of Maryam Safdar for the said year which amounts to concealment of assets. **Annex J**.

Year	Gifts received	Total Assets
2010/11	31.7 million	102.93 million
2011/12	51.6 million	210.8 million
2012/13	35.86 million	236.5 million
2013/14	192.05 million	347.6 million
2014/15	310.53 million	654.32 million
2015/16	172.52 million	830.73 million

l. Maryam Safdar did not have a regular authentic source of income commensurate to her growth in wealth and even her spouse did not possess a source of income (declared by Muhammad Safdar, till year 2013-14). She had been receiving heavy gifts from Mian Muhammad Nawaz Sharif and brothers Hussain and Hassan. However, these gifts boosted her assets from Rs 73.50 million to Rs 830.73 million within the period of 2009-2016.

m. During the period, she purchased agriculture land worth Rs. 804 million *(1431 Kanals)*, which is her declared source of income.

Conclusion

a. Accumulation of Maryam Safdar's assets shows a drastic hike in early 90's with no declared source of income.

b. Analysis of financial details of her assets and record of FBR reflects dichotomies of mis/ non-declaration of assets which seemingly tantamount to hiding of assets and tax evasion.

c. Maryam Safdar declared ownership of a BMW car claimed to be gifted from royal family of UAE. Rs 3.5 million was paid by her as custom duty custom duty without any visible source of income. The same car was shown to be sold @ Rs 28 million in her wealth statement and assets were increased, however, the same is reflected in her wealth statements of subsequent years. Moreso, dichotomies are found in declaration/ value of this car in wealth statements of Maryam Safdar and Muhammad Safdar who declares the value of the car as Rs 6.0 million and ownership of car till 2016 seemingly tantamounts to hiding of assets and tax evasion.

d. Not only the assets are observed to be accumulated without any declared source of income, but she has been observed loaning millions of rupees without any substantial evidence on source of income.

e. Since year 2008, Maryam Safdar started receiving hefty gifts worth millions of rupees which were utilized to acquire agriculture land. Since agriculture land or its income is tax exempted, reflection of substantial amounts as agriculture income annually afforded her to legalize her funds.

f. Financial analysis of Maryam Safdar's assets and her available record of FBR reflects that Maryam Safdar possesses, prima facie, ASSETS DISPROPORTIONATE AND BEYOND MEANS OF KNOWN SOURCES OF INCOME.

Muhammad Safdar

5. Mr. Muhammad Safdar, husband of Respondent No. 6, has filed his IT returns only for 2013/14 and 2014/15. The wealth statement was filed during tax year 2014/15 only. (details are at **Annex B**). Analysis of returns of Mr. Muhammad Safdar reveal following:-

a. Mr. Muhammad Safdar has not filed IT returns/ return of wealth tax and wealth statements since the 1990's though he was an officer of the Pakistan Army and was later inducted in the civil bureaucracy.

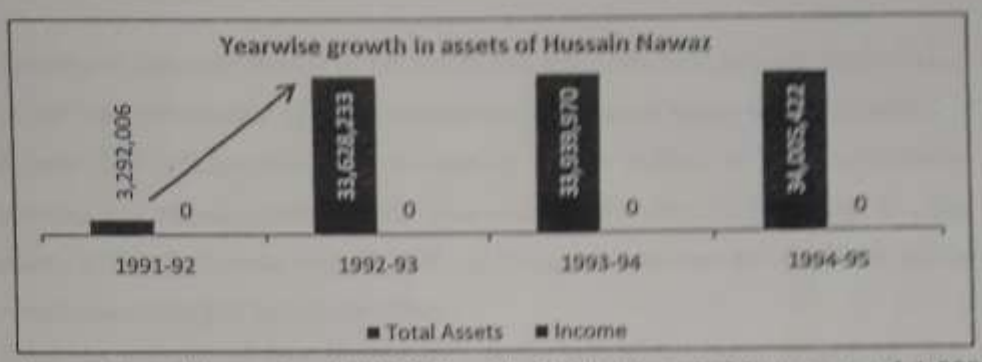
b. He contested general elections in 2008 and was elected as a Member of the National Assembly. He was drawing salary but did not file his returns in violation of income tax laws; though income tax was deducted at source, he did not file the returns. He did not disclose in his nomination papers that he had been paying tax since year 2008/09; it was revealed through copy of nomination papers submitted in ECP. Nomination papers submitted with ECP for General Elections 2013 are at **Annex K**.

c. As per ROPA submitted to ECP in year 2014/15 he declared his total assets worth Rs 12.26 million, however, in his wealth statement for same year he declared his assets as 13.19 million. Copy of ROPA submitted to ECP in year 2014/15 is at **Annex I** and wealth statement for year 2014/15 are at **Annex L**.

Hussain Nawaz Sharif

6. Mr. Hussain Nawaz Sharif, Respondent No. 7 started filing tax returns since the year 1991/92. He was a student at that time and owned assets in the form of shares of companies; value of these shares was Rs 3.3 million. He filed tax returns till year 2003. (details are at Annex M). Analysis of the financial details available with SECP and returns of Hussain Nawaz reveal following:-

a. His assets multiplied 10 times from Rs 3.3 million to Rs 33.63 million in year 1992/93, however, his income during the year was nil.



b. As per financial records of MRTML with SECP, Hussain Nawaz owned 1,000 shares (worth Rs 10,000) in years 2001 – 2003, however, he did not declare these shares in wealth statement for the said assessment years; amounts to concealment of assets and tax evasion. Wealth statement for assessment years 2001/02 till 2003/04 at **Annex N** and MRTML Form A for years 2001 - 2003 are at **Annex O**.

c. As per financial records of Ittefaq Sugar Mills Limited with SECP, Hussain Nawaz owned 55,000 shares (worth Rs 550,000) in years 2001 - 2003, however, he did not declare these shares in wealth statement for the said assessment years; amounts to concealment of assets and tax evasion. Wealth statement for assessment years 2001/02 till 2003/04 at **Annex N** and Ittefaq Sugar Mills Limited Form A for years 2001 - 2003 are at **Annex P**.

d. As per financial records of RBTML with SECP, Hussain Nawaz owned 225,000 shares (worth Rs 2,250,000) in years 2001 - 2003, however, he did not declare these shares in wealth statement for the said assessment years; amounts to concealment of assets and tax evasion. Wealth statement for assessment years

2001/02 till 2003/04 at **Annex N** and RBTML Form A for years 2001 - 2003 are at **Annex Q**.

7. Findings

a. Accumulation of Hussain Nawaz's assets shows a drastic hike in early 90's and then in year 1997/98 with no declared source of income. Hussain Nawaz even failed to provide any details in this regard despite repeated requests/ advises. This is the time once Sharif family was part of ruling elite. Hence, JIT believes that this build up of assets was through irregular means and Hussain Nawaz was used as proxy to build family assets.

b. Analysis of financial details of his assets and record of FBR reflects dichotomies on mis/ non-declaration of assets tantamount to hiding of assets and tax evasion.

c. In year 1997/98, he was observed loaning Rs 1.4 million to Kulsoom Nawaz whereas his annual income for the year was Rs 400,000. In year 2001/02, his shares of MRTML were sold for Rs 51 million, this gain was not disclosed in his wealth statement and income tax return.

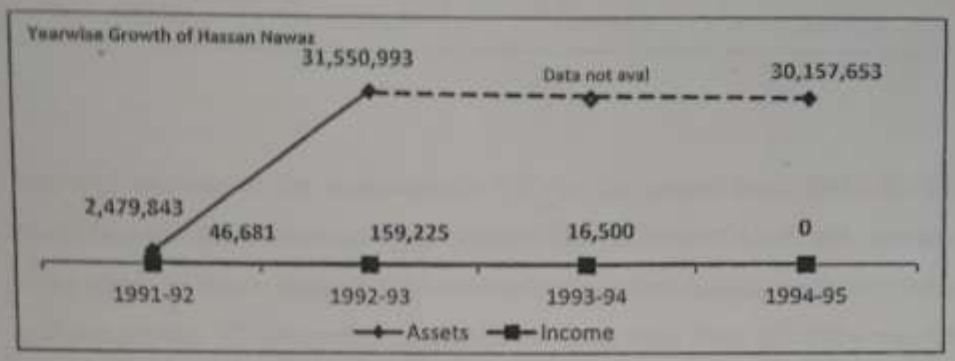
d. Financial analysis of Hussain Nawaz's assets and his available record of FBR reflects that Hussain Nawaz possesses, prima facie, **ASSETS DISPROPORTIONATE AND BEYOND MEANS OF KNOWN SOURCES OF INCOME.**

Hassan Nawaz Sharif

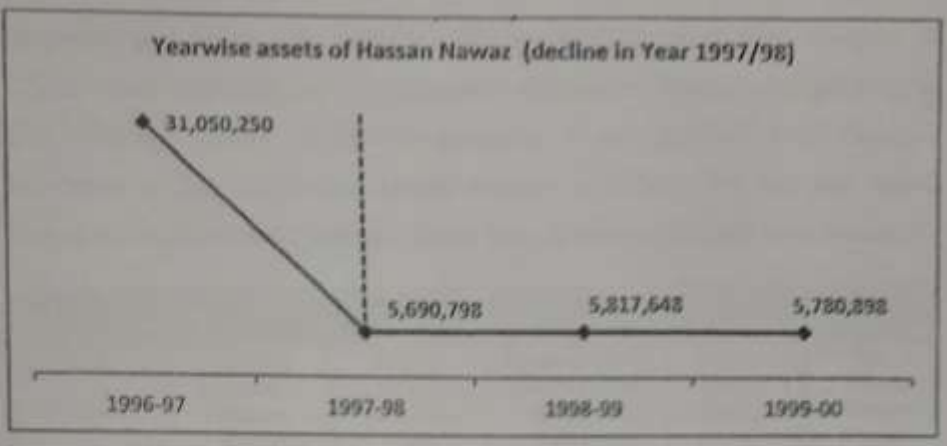
8. Hassan Nawaz Respondent No. 8 was a dependent child of Mian Muhammad Nawaz Sharif till year 1994; he started filing IT returns from year 1995-96 onwards. Mian Muhammad Nawaz Sharif was managing the assets owned by Hassan Nawaz till years 1995/96 as he was a minor. Mian Muhammad Nawaz Sharif has been filing IT returns of Hassan Nawaz since year 1989/90 till 1995/96 (details are at **Annex R**). Hassan Nawaz moved abroad (UK) in year 1994. After studies he started his business and established 10 known companies in UK till todate **(Yearwise fund flow charts, detailed financial analysis of UK companies of Hassan Nawaz and detailed analysis of his companies are covered in Volume VII of Investigation Report**

of Joint Investigation Team, Panama Case). Analysis of his returns and financial analysis of available record for the companies of Hassan Nawaz reveal following:-

a. Assets owned by Hassan Nawaz were worth Rs 2.4 million in year 1991/92, his assets grew 13.14 times in the year 1992/93 to Rs 31.55 million without any visible source of income. Return of wealth tax of Mian Muhammad Nawaz Sharif for assessment years 1991/92 & 1992/93 and IT returns of Hassan Nawaz for same years are attached as **Annex S.**



b. In the year 1995/96, Hassan Nawaz owned worth Rs 31.55 million which sharply declined to Rs 5.6 million in the next year *(1996/97)*; registering a decline of Rs 25.95 million. Details were not available; however, analysis of Hussain Nawaz's Wealth Statement reveals addition in shares of CSML, HEL and HPML, presumably transferred to him by Hassan Nawaz and a reason of decline in assets of Hassan Nawaz. This was not declared in the wealth statements of Hussain and Hassan Nawaz which is tantamount to concealment. Wealth tax returns of Hassan Nawaz and Hussain Nawaz for assessment year 1995/96 is at **Annex T.**



c. Financial analysis of the companies in UK for the period from 2001 till 2016 establishes that there has been a gap between Hassan Nawaz's available resources in the shape of funds claimed to be received from Qatar compared to his funding as director to his UK companies. Inflow from Qatar from 2001 till 2004 was GBP 2,477,307, however, his outflow/ loans to his own UK companies enters into a deficit of GBP 762,149 by year 2007. Detailed Hassan Nawaz funds flow chart for UK companies is at Annex U.

HASSAN NAWAZ' FUNDS FLOW (2001-2007)
ALL UK KNOWN COMPANIES

Year	Opening Balance of Hassan Nawaz Surplus / (Deficit) GBP	Hassan Nawaz Claim from Qatar GBP	Hassan Nawaz Loans to UK Companies Inflow / (Outflow) GBP	Hassan Nawaz Loan to CSML Inflow / (Outflow) GBP	Net Position of Hassan Nawaz Surplus / (Deficit) GBP
2001-2002	-	713,499	(705,071)	-	8,428
2002-2003	8,428	286,631	(307,761)	-	(12,702)
2003-2004	(12,702)	989,253	(1,066,880)	-	(90,329)
2004-2005	(90,329)	487,924	(272,165)	-	125,430
2005-2006	125,430	-	(568,274)	-	(442,844)
2006-2007	(442,844)	-	(319,305)	-	(762,149)

d. Although, the fund flow analysis of Hassan Nawaz for year 2009/10 reveals a surplus of GBP 425,152; however, he financed GBP 463,477 to his UK

companies and additionally GBP 658,219 to CSML (as mentioned in accts o CSML where Hassan Nawaz is a sponsor) in Pakistan thereby overspending o GBP 696,543. Source of this overspending is not justified from financia statements of his companies. Ledger account of CSML for the year ende September 30, 2010 and breakup of loans from sponsors of CSML is at **Annex V.**

HASSAN NAWAZ FUNDS FLOW (2007-2016)
ALL UK KNOWN COMPANIES

Year	Opening Balance of Hassan Nawaz Surplus / (Deficit) GBP	Hassan Nawaz Claim from Qatar GBP	Hassan Nawaz Loans to UK Companies Inflow / (Outflow) GBP	Hassan Nawaz Loan to CSML Inflow / (Outflow) GBP	Net Position of Hassan Nawaz Surplus / (Deficit) GBP
2007-2008	(762,149)	-	2,109,789	-	1,347,640
2008-2009	1,347,640	-	(922,488)	-	425,152
2009-2010	425,152	-	(463,477)	(658,219)	(696,543)
2010-2011	(696,543)	-	(130,465)	-	(827,008)
2011-2012	(827,008)	-	917,674	-	90,666
2012-2013	90,666	-	84,425	-	175,091
2013-2014	175,091	-	(175,932)	-	(841)
2014-2015	(841)	-	(299,400)	-	(300,241)
2015-2016	(300,241)	-	147,051	-	(153,190)

e. Another important factor revealed from financial analysis is the aggregate los position of UK companies of Hassan Nawaz for the period from year 2001-201 is GBP 10,551,540. Despite such heavy losses, Hassan Nawaz has managed t erect an empire of real estate in UK. From the available record it transpires tha Hassan Nawaz has been associated with at least ten UK companies. Furthermore the financial analysis of these known UK companies reveal underlinin numerous properties. The aforementioned structure of properties against th companies is annexed at **Annex W.**

f. Financial information available on UK companies also reveals that links with certain BVI/ Gulf based companies. Movement of funds amongst UK companies and BVI/ Gulf based companies is reported in the financial statements of UK companies. Included in the BVI companies are Alanna Services Limited which is 20% shareholder in one of Hassan Nawaz company namely Quint Eaton Place 2 Limited. In addition to this another BVI company namely Lamkin S.A which is 30% shareholder in one of Hassan Nawaz company namely Quint Limited. Another BVI company namely Coomber Gp Inc (owned by Hussain Nawaz and Mian Muhammad Nawaz Sharif) has financed money to Flagship Securities Limited and Que Holdings Limited being owned by Hassan Nawaz. Furthermore, another company namely Hilton International Limited has forwarded loans to Flagship Investments Limited. Another company namely Capital FZE (Dubai based company) has given loan to Quint Paddington Limited being owned by Hassan Nawaz. This is explained in table below:-

Offshore Lender Companies	Relationship of Hassan Nawaz in Offshore Lender Company	Loan	Hassan Nawaz Owned Companies (Borrower)	Shareholding of Hassan Nawaz in Borrower Company
Alanna Services Limited	80% Shareholding	GBP 16,380 in 2004 GBP 106,534 in 2005 GBP 3,137 in 2006 **Total = GBP 126,051**	Quint Eaton Place 2 Limited	100%
Lamkin S.A	70% Shareholding	GBP 160,120 in 2004 GBP 21,369 in 2005 GBP 9,540 in 2006 **Total = GBP**	Quint Limited	100%

		191,029		
Coomber Gp Inc	Owned by Hussain Nawaz Sharif and Mariam Nawaz Sharif (Mariam Safdar)	GBP 1,700,000 in 2007 **Total = GBP 1,700,000**	Que Holdings Limited	100%
Coomber Gp Inc	Owned by Hussain Nawaz Sharif and Mariam Nawaz Sharif (Mariam Safdar)	GBP 150,000 in 2008 GBP 118,000 in 2010 GBP 45,000 in 2011 **Total = GBP 313,000**	Flagship Securities Limited	100%
Hiltern International Limited	Unknown	GBP 32,000 in 2014 **Total = GBP 32,000**	Flagship Investments Limited	100%
Capital FZE (Dubai based comapny)	Operated by Waqar Ahmed Khan (Company Secretary of Hassan Nawaz Companies in UK)	GBP 615,000 in 2008 **Total = GBP 615,000**	Quint Paddington Limited	100%

g. Reference is made to ICIJ Panama Papers wherein, it was revealed that a bank mortgage deed dated September 02, 2008 was executed by Nielson Enterprises Limited (Mortgagor & Borrower), Nescoll Limited (Borrower) and Coomber Group Inc., (Borrower) with Deutsche Bank (Suisse) SA. The lease hold properties known as 16 Avenfield House, 117 to 128 Avenfield, London, W1K 7AH and 16A Avenfield House, 117 to 128 Avenfield, London, W1K 7AH which were owned by Nielson Enterprises Limited, were mortgaged against a sum of GBP 7,000,000. It is pertinent to mention here that this mortgage deed, on behalf

of Coomber Group Inc., was signed by Hussain Nawaz Sharif and Mian Muhammad Nawaz Sharif. Mortgage Deed at **Annex X**. The sum of GBP 7,000,000 was divided amongst Nielson Enterprises Limited (GBP 1,750,000), Nescoll Limited (GBP 1,750,000) and Coomber Group Inc (GBP 3,500,000). Letter from Farara Kerins (barrister and solicitor) is at **Annex Y**. Coomber Group Inc., further loaned GBP 1,700,000 to Que Holdings Limited (owned by Hassan Nawaz) in year 2009. The available financial statements of Que Holdings Limited for year 2012 reveals the full settlement of GBP 1,700,000 with Coomber Group Inc, however, no documentary evidence on the source was furnished by Hassan Nawaz to the JIT despite several advises/ opportunities.

h. Hassan Nawaz's claim on proceeds from Qatar has not been substantiated by him through any documentary evidence. Having analyzed financial details available/ above mentioned loaning of Coomber Group Inc, it can be assumed that members of Sharif have stakes in other offshore companies as well which are involved in loaning to Hassan Nawaz's UK based companies as these offshore companies have been seen loaning to Hassan Nawaz's companies on the same pattern as of Coomber Group Inc . However, details/ financial documents were not furnished by the respondents despite several requests.

i. In the year 2011/12, as per wealth statement of Maryam Safdar, Hassan Nawaz gave out a loan worth Rs28.94 million to her, however, same is not reconcilable as Hassan Nawaz is not filing IT returns/ wealth statement since year 2004/05.

9. **Findings**

a. Accumulation of Hassan Nawaz's assets shows a drastic hike in early 90's with no declared source of income. This is the period Sharif family was part of the ruling elite. Hence, JIT believes that this build up of assets was through irregular means and Hassan Nawaz was used as a proxy to build family assets.

b. Analysis of financial details of his assets and record of FBR reflects dichotomies on mis-declaration of assets tantamount to hiding of assets and tax evasion.

c. Detailed analysis of available financial details of Hassan's UK companies reveals a gap between claimed parent funds from Qatar and his funding to UK companies as Hassan has been observed over loaning than available funds. Moreover, the company's annual financial position reflects that most of the companies remained in losses. Despite these losses, these companies not only erected an empire and purchased properties in UK but Hassan was seen loaning to Sharif family's companies in Pakistan. Source/ details of these funds were not provided by the respondent despite repeated requests/ opportunities.

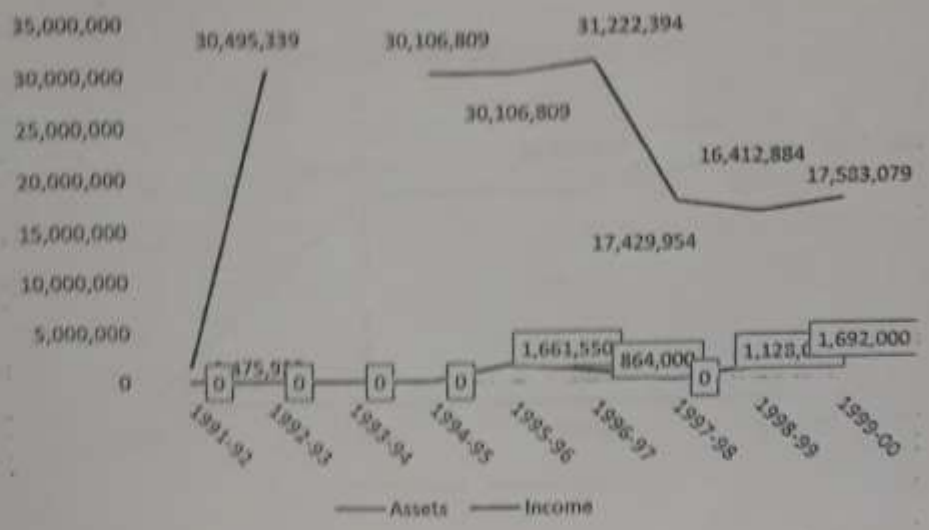
d. Financial analysis of Hassan Nawaz's assets and his available record of FBR reflects that Hassan Nawaz possesses, prima facie, ASSETS DISPROPORTIONATE AND BEYOND KNOWN SOURCES OF MEANS.

Ms Asma Nawaz (Dar) - d/o Mian Muhammad Nawaz Sharif

10. Asma Nawaz was dependant of Mian Muhammad Nawaz Sharif; her tax returns have been filed by his father from 1995-96, however she started filing her returns from 2001-02. She filed her IT Returns from 1995-96 till 2001-02 (Assessment years) and 2002-03 till 2005-06 were tax tears. She filed her Wealth Statement for assessment years 1996-97, 1997-98, 2000-01, 2001-02 and tax tear 2003-04, however, she never filed her Return of Wealth Tax; (details at **Annex Z**). Mian Muhammad Nawaz Sharif declared her assets in his Return of Wealth Tax. Analysis of available data reveals following:

a. It cannot be ascertained from where assets worth Rs. 1.47 million in year 1991/92 have been acquired by Ms. Asma/ Mian Muhammad Nawaz Sharif in her name as declared by Mian Muhammad Nawaz Sharif in his Return of Wealth Tax. Prima facie, it seemed an attempt to hide assets and move money.

b. Assets owned by Ms. Asma Nawaz were worth Rs 1.47 million in year 1991/92; grew 21.7 times in the year 1992/93 to Rs 31.55 million without any visible source. Similarly, in the year 2000/01, Respondent No. 1 transferred assets Rs. 30.856 million in her name for which sources/ origin of assets were not declared by herself or her father. Returns of wealth tax of Mian Muhammad Nawaz Sharif for assessment years 1991/92 & 1992/93 are attached as **Annex S**.



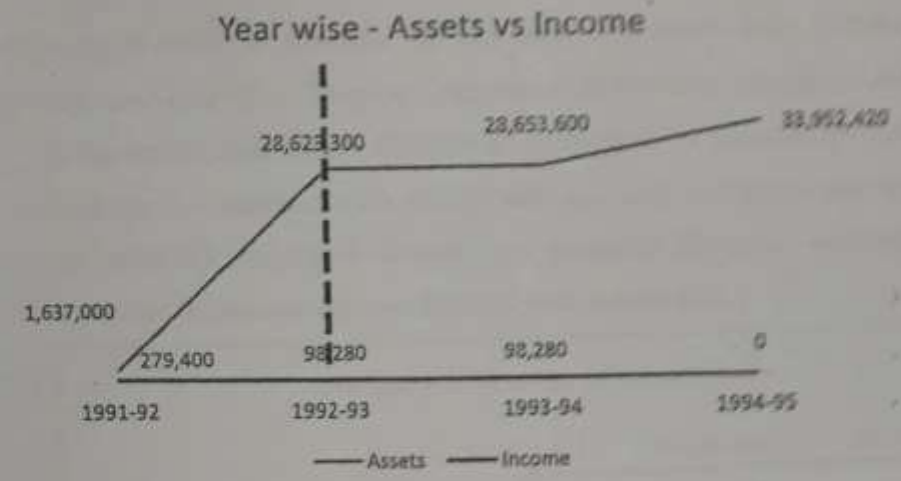
c. In the year 2000/01, CSML was incurring a loss of Rs. 131.12 million, however Ms. Asma received dividends in the form of income worth Rs 1,128,000/- from the company. The same cannot be justified as a company in loss cannot provide profit to shareholders.

d. In the year 2000/01, Ms. Asma received dividends worth Rs 1,128,000/-; whereas outflow of income included worth Rs 1 million loan to her grandmother SA and Rs 1.2 million to her mother Ms. Kulsoom Nawaz totaling Rs. 2.2 million which also excludes the expenditure incurred during the year.

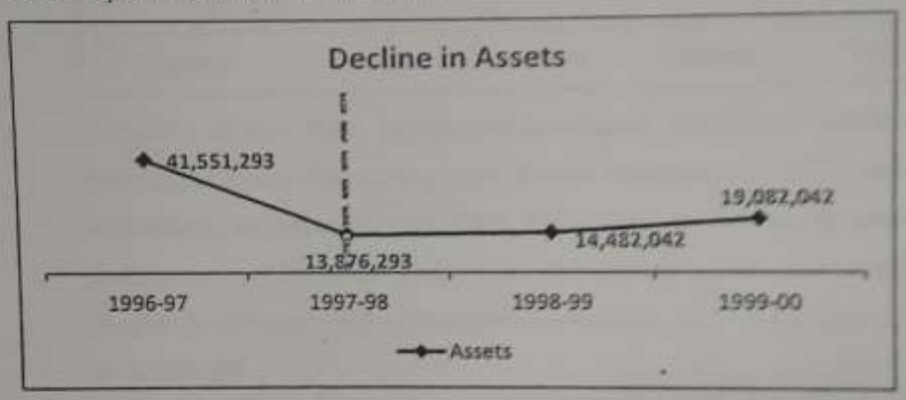
Mrs. Kulsoom Nawaz

11. Mrs. Kulsoom Nawaz, wife of Respondent No. 1, has been part of the family business and had been filing return since year 1984-85. She owned assets worth Rs 747,231/- as per return of wealth for the year 1985/86. (details at **Annex AA**). Analysis of returns of Mrs. Kulsoom Nawaz reveal following:-

a. Total Assets of Mrs. Kulsoom Nawaz increased 17.5 times from Rs 1.64 million in year 1991-92 to Rs 28.62 million in year 1992-93, against the reported income of Rs 279,400/- only.



b. There was a sharp decline of Rs 27.67 million in assets in the assessment year 1997-98, details about the disposal in the form of transfer, sale or gift was not declared, hence cannot be ascertained.



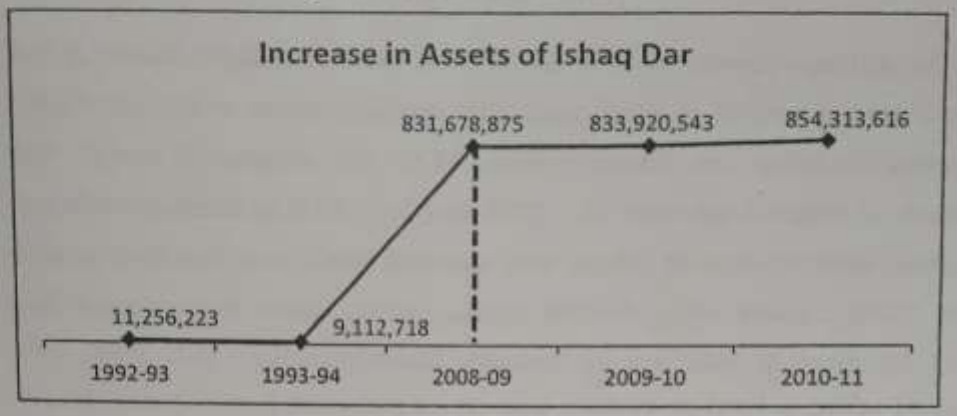
c. Mrs. Kulsoom Nawaz also owned property worth Rs 63.75 million in Changla Gali which was not declared in her Wealth Statement of tax year 2012/13, however is declared in the Wealth Statement of spouse; Mian Muhammad Nawaz Sharif. Wealth statement of Mian Muhammad Nawaz Sharif and Mrs. Kulsoom Nawaz for tax year 2013/14 are at **Annex BB**.

Mr. Muhammad Ishaq Dar (Respondent No. 10)

12. Limited Tax record of Mr. Muhammad Ishaq Dar was available with FBR. **His IT returns are missing from 1981/82 till 1985/86. Wealth statements were not provided by FBR from assessment year 1994/95 till 2001/02 and tax year 2002/03 till 2007/08 despite**

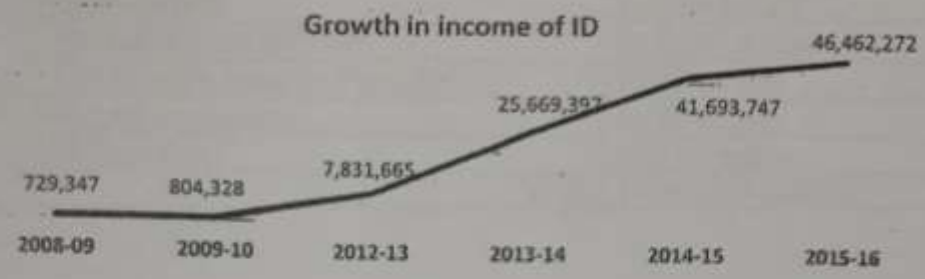
repeated requests. In order to ascertain the true picture of assets held, Return of Personal Assets (ROPA) was retrieved from Election Commission of Pakistan. (details at **Annex CC**).

a. In his wealth statement in 2008/09 an increase of 91 times in his assets was seen from Rs. 9.11 million to Rs. 831.70 million. This exorbitant leap in his assets is not clarified/ supported through any plausible financial documents. Wealth statement for assessment year 1981/82 is at **Annex DD**.



b. In ROPA of year 2005, he reported investment of GBP 5.5 million in BARAQ Holdings Limited *(investment with Shaikh Nahayan)*. In 2008, out of the same investment, he extended loan GBP 4.9 million to his son. Source of GBP 5.5 million was not declared. Prime facie, this capital became the source to build his empire in Dubai as well as his assets in Pakistan. ROPA for year 2005 and 2008 at **Annex EE**.

c. From 2006 till 2016, he has received remittances from UAE worth Rs 627 million (*source ROPA*), which included repayment of loan and gifts from his son. These remittances became prime source of assets build up and increase in his income from mere Rs. 0.7 million in 2009 to Rs. 46 million in 2015-16. These gifts and foreign remittances are tax exempted. Since source of parent capital (GBP 5.5 million) is not clarified by Respondent No. 10, ROPA for years 2006, 2007 & 2009 - 2016 and Wealth statement for year 2016 are at **Annex FF**. ROPA for year 2008 at **Annex GG**.



d. ROPA/ wealth statements from 2009/10 till 2015/16 reveals donation of Rs 169.276 million to various charities with major chunk to his own Hajveri Trust and Hajveri Foundation (*Rs 86.18 million, details are tabulated below*). Donations declared in ROPA of year 2012 - 16 were not declared in wealth statements of said years. These donations gave him tax exemptions while keeping such huge amounts within his own access; amounts to tax evasion. ROPA for years 2009, 2011 - 2016 and wealth statement for year 2016 at **Annex FF** and Wealth Reconciliation statements for tax year 2008/09, 2010/11 & 2012/ 13 and Wealth statements for years 2013/14-2015/16 are at **Annex HH**.

Year	Donation to	Amount
2009	Hajveri Trust	Rs. 0.3 million
	CM Punjab Relief Fund for IDPs of NWFP	Rs. 50.0 million
2011	Hajveri Trust	Rs. 1.929 million
	Helpline Charitable Organization	Rs. 1.0 million
	CM Punjab Flood Relief Fund	Rs. 10.0 million
2012	Senate Emergency Relief Fund	Rs. 1.025 million
	Indus Foundation Trust	Rs. 0.25 million
	Ramzan Ration / Food distribution	Rs. 2.285 million
	Hajveri Foundation	Rs. 4.0 million
	Hajveri Trust	Rs. 2.5 million
2013	Ramzan Ration / Food distribution	Rs 2.33 million
	Hajveri Foundation	Rs 5.0 million
	Hajveri Trust	Rs 3.0 million
2014	National Assembly Employees Welfare Fund	Rs 0.5 million
	Senate Secretariat Employees Welfare Fund	Rs 0.5 million
	Mst Naziran Bibi	Rs 0.05 million
	Hajveri Foundation	Rs 9.3 million
	Hajveri Trust	Rs 2.26 million
2015	Hajveri Foundation	Rs 50 million

	Hajveri Trust	Rs 1.39 million
	PM Relief Fund for TDPs	Rs 0.127 million
	CM (Punjab) Fund for Flood Relief	Rs 10 million
2016	Hajveri Foundation	Rs 10 million
	Hajveri Trust	Rs 1.53 million
	Total	Rs 169.276 million

13. **Findings**

a. Mr. Muhammad Ishaq Dar did not file income tax returns from 1981/82 to 2001/02. Being an expert in economics and part of ruling elite is, prima facie, tantamount to tax evasion.

b. An exorbitant increase in his assets has been observed since year 2008/09 for which source of funds/ income and details were not furnished despite repeated requests/ opportunities.

c. Analysis of financial details of his assets and record of FBR reflects dichotomies on mis-declaration of assets is tantamount, prima facie, to hiding of assets and tax evasion.

d. Respondent No. 10 invested GBP 5.5 million in BARAQ Holdings in UAE. Source of these funds was not disclosed by him despite repeated requests. Out of these funds, GBP 4.97 million were given by him to his son. After year 2008, he started receiving funds and payment of loans from his son which became a source for his assets build up in Pakistan.

e. Respondent No. 10 gave substantial amount of funds (Rs 169.27 million) in Charity. Major chunk of charity was given to his own organisation and keeping the funds within his own access. These donations were mentioned in his personal expenses in his wealth statements. Thus, availing tax exemption on these hefty amounts is, prima facie, tantamount to tax evasion.

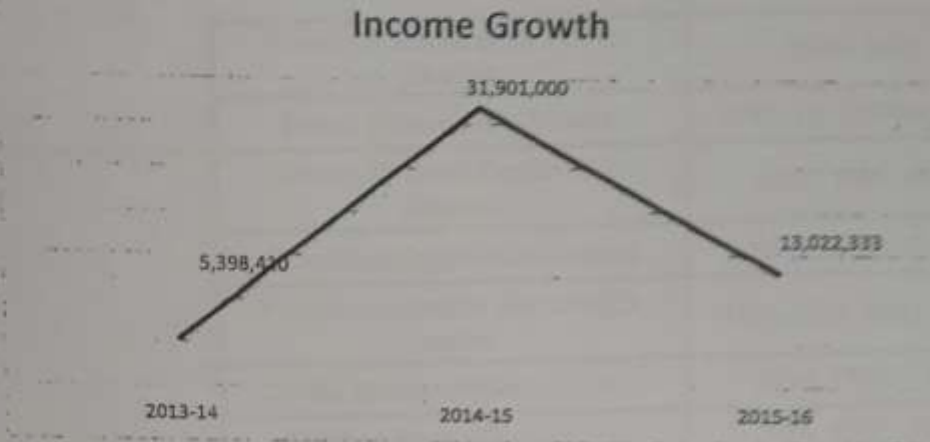
f. Financial analysis of Respondent's No. 1 assets and his available record of FBR reflects that Ishaq Dar possesses, prima facie, **ASSETS DISPROPORTIONATE AND BEYOND KNOWN SOURCES OF MEANS.**

JOINT INVESTIGATION TEAM

Mr. Saeed Ahmed

14. Mr. Saeed Ahmed, currently the President of National Bank of Pakistan, registered as tax payer in 2015, therefore, no record of prior to tax year 2015 is available.

a. In his IT Return for 2014-15, he declared foreign income amounting to Rs. 2 million but no evidence regarding source of this income is available.



b. Moreover, in his wealth statement for same year, he declared foreign remittances worth Rs. 17.13 million for which sources cannot be ascertained.

c. A detailed account of the role and activities of Mr. Saeed Ahmed in the wealth accumulation of the Sharif family have been discussed in detail in the Hudabiya Paper Mills Limited case at Volume VIII A.

Pakistani Companies with Direct Shareholding of Respondents No. 6, 7 & 8

15. The record made available to the JIT by the SECP revealed direct shareholding of Respondent No. 6, 7 & 8 in Pakistani companies as stated below: -

Name of Respondents	Name of Companies	Years of Shareholding
Mariam Nawaz Sharif / Mariam Safdar (Respondent No.6)	Mehran Ramzan Textile Mills Limited	1994, 1996-2007
	Chaudhary Sugar Mills Limited	1994-2008, 2010-2013
	Mohammad Buksh Textile Mills Limited	1994-2009, 2011-2015

	Hamza Board Mills Limited	1992, 1996-2003, 2007
	Ramzan Sugar Mills Limited	1992-2014
	Ittefaq Sugar Mills Limited	1990-2015
	Hudabiya Paper Mills Limited	1998-2015
	Hamza Spinning Mills Limited	1994-2001
	Hudabiya Engineering Private Limited	2000-2016
	Ittefaq Textile Mills Limited	1990, 1993-1994, 1998
Hussain Nawaz Sharif (Respondent No. 7)	Mehran Ramzan Textile Mills Limited	1994, 1996-2007
	Chaudhary Sugar Mills Limited	1994-2008, 2010-2013
	Mohammad Buksh Textile Mills Limited	1994-2009, 2011-2015
	Ittefaq Brothers Private Limited	1994, 1996-1998
	Brothers Steel Mills Limited	1994, 1996, 1998
	Hamza Board Mills Limited	1992, 1996-2003, 2007
	Ramzan Sugar Mills Limited	1992-2014
	Ittefaq Sugar Mills Limited	1990-2015
	Hudabiya Paper Mills Limited	1998-2015
	Hudabiya Engineering Private Limited	2000-2016
	Ramzan Buksh Textile Mills Limited	1993-2008
	Ilyas Enterprises Private Limited	1993, 1996
	Ittefaq Textile Mills Limited	1990, 1993-1994, 1998
	Hamza Spinning Mills Limited	1994-2001
Hasan Nawaz Sharif (Respondent No. 8)	Mehran Ramzan Textile Mills Limited	1994, 1996-2000
	Chaudhry Sugar Mills Limited	1994-1997, 1999-2008, 2010-2013
	Mohammad Buksh Textile Mills Limited	1994-2009, 2011-2015
	Hamza Board Mills Limited	1992, 1996-2003, 2007

	Ramzan Sugar Mills Limited	1993-2015
	Ittefaq Sugar Mills Limited	1990-1996
	Hamza Spinning Mills Limited	1994-2001
	Ittefaq Textile Mills Limited	1990, 1993-1994

16. Detailed financial analysis of these companies from the record made available to the JIT is at **Annex II**:-

a. The companies, wherein respondents were acting as shareholders/directors/beneficial owners are primarily family owned businesses. These companies were mainly incorporated in 1980s and 1990s when respondent number 1 was holding public office.

b. The respondents being shareholders injected nominal capital as seed money and these companies were mainly entrusted with borrowed funds from bank/financial institutions/ foreign financial institutions or foreign incorporated special purpose vehicles.

c. The companies also borrowed funds at inception stages and rolled over funds with other facilities. Foreign currency funds were generated to install plants and machinery. However, going forward, majority of the companies were either non-operational or were not functioning at the maximum capacity and were in loss having negative equity. Such companies included Mohammad Buksh Textile Mills Limited, Hudaibya Paper Mills Limited Hudaibya Engineering Company Private Limited, Hamza Board Mills Limited, Mehran Ramzan Textile Mills Limited.

d. Due to weak performance and in absence to accumulated or operational profits, dividends were not declared except in few years. These companies are mainly loss making units and almost last twenty year no significant turnaround was observed.

CONCLUSIONS

17. As per the afore-stated detailed analysis, significant gap / disparity amongst the known and declared sources of income and the wealth accumulated by the Respondent No. 1, 6, 7 and 8 have been observed. The financial structure and health of companies in Pakistan

having linkage to the Respondents also do not substantiate the wealth of the Respondents. There exists a significant disparity between the wealth declared by the Respondents and the means though which the Respondents had generated income from known/declared sources.

18. Moreover, irregular movement of huge amounts in shape of loans and gifts from Kingdom of Saudi Arabia based company (Hill Metals Establishment), United Kingdom based Companies (Flagship Investments Limited and others) and United Arab Emirates based Company (Capital FZE) to Respondent No. 1, Respondent No. 7 and Pakistan based companies of Respondent No. 1 and family have been highlighted.

19. The role of off-shore companies is critically important as several off-shore companies (Nescoll Limited, Nielsen Enterprises Limited, Alanna Services Limited, Lamkin S.A., Coomber Group Inc., Hiltern International Limited) have been identified to be linked with their businesses in UK while conducting this investigation. These companies were mainly used for inflow of funds into UK based companies; which not only acquired expensive properties in UK from such funds but also revolve these funds amongst their companies of UK, KSA, UAE and Pakistan.

20. In addition to the companies, Respondent No. 1 and 7 have been found to be recipients of these funds movement into Pakistan as gifts/loans whose purpose/reason have not justified by them before the JIT. Needless to say, these UK companies were loss-making entities with heavily engaged in revolving of funds vis-à-vis creating a smoke screen that the expensive properties of UK were due to the business operations of these UK companies.

21. The JIT is compelled to refer to:

Section 9(a)(v) of the National Accountability Ordinance, 1999:

"A holder of a public office, or any other person, is said to commit or to have committed the offence of corruption and corrupt practices:-

...

(v) if he or any of his dependents or benamidars owns, possesses, or has acquired right or title in any assets or holds irrevocable power of attorney in respect of any assets or pecuniary resources disproportionate to his known sources of income, which he cannot reasonably account for or maintains a standard of ASSETS beyond that which is commensurate with his sources of income ---"

Section 14(c) of the National Accountability Ordinance, 1999:

"In any trial of an offence punishable under clause (v) of sub-section (a) of Section 9 of this Ordinance, the fact that the accused person or any other person on his behalf, is in possession for which the accused person cannot satisfactorily account, of assets or pecuniary resources disproportionate to his known sources of income, or that such person has, at or about the time of the commission of the offence with which he is charged, obtained an accretion to his pecuniary resources or property for which he cannot satisfactorily account, the Court shall presume, unless the contrary is proved, that the accused person is guilty of the offence of corruption and corrupt practices and his conviction therefor shall not be invalid by reason only that it is based solely on such presumption."

21. The Qanun-e-Shahadat Order, 1984 and the following provisions are also relevant:

Article 122 of the Qanun-e-Shahadat Order, 1984:

"122. Burden of proving fact especially within knowledge. When any fact is especially within the knowledge of any person the burden of proving that fact is upon him.

Article 117 of the Qanun-e-Shahadat Order, 1984:

"117. Burden of proof. (1) Whoever desires any Court to give judgment as to any legal right or liability dependent on the existence of facts which he asserts, must prove that those facts exist.

(2) When a person is bound to prove the existence of any fact, it is said that the burden of proof lies on that person."

Article 129 of the Qanun-e-Shahadat Order, 1984:

"129. Court may presume existence of certain facts. The Court may presume the existence of any fact, which it thinks likely to have happened, regard being had to the common course of natural events, human conduct and public and private business, in their relation to the facts of the particular case.

Article 2(4), (7) and (8) of the Qanun-e-Shahadat Order, 1984:

Definition of "proved":

"(4) A fact is said to be proved when, after considering the matters before it, the Court either believes it to exist, or considers its existence so probable that a prudent man ought, under the circumstances of the particular case, to act upon the supposition that it exists.

(7) Whenever it is provided by this Order that this Court may presume a fact, it may either regard such fact as proved, unless and until it is disproved, or may call for proof of it.

(8) Whenever it is directed by this Order that the Court shall presume a fact, it shall regard such fact as proved, unless and until it is disproved."

22. **Failure on the part of all Respondents to produce the requisite information confirming "known sources of income" is prima facie tantamount to not being able to justify assets and the means of income.**