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A controversial aristocrat with a castle in Scotland who worked for BAE Systems is facing a court case in Vienna, Austria, this week over bribery and corruption charges that were dropped in the UK.

BAE lobbyist Count Alfons Mensdorff-Pouilly, 59, was even given 372,000 GBP of UK taxpayers money because he had not been allowed a comb and fresh underpants when he was in a British jail under investigation for the charges that were later dropped by the British Serious Fraud Office (SFO).

But now he is to go on trial in Austria this week over the same allegations (Dec 12).

The SFO originally only asked Austrian officials for help over allegations that the Count and a British relative who died in 2007 were key players in a network designed to launder cash that was then used in bribes to secure lucrative defence contracts.

But while the SFO suddenly announced that it was "no longer in the public interest to continue the investigation into the conduct of individuals" in February, the Austrian probe has continued.

In the UK the Count owns Dalnaglar Castle in Perthshire and a home in London's Sloane Square, and was awarded 372,000 GBP and an apology for his arrest. In Austria he now risks losing his woodland estate - and jail for up to 5 years on the same charges.

Although initially bogged down in trying to trace a complicated network of front companies that handled billions in transactions, Austrian prosecutors suddenly made headway with the arrest of a fraudulent Italian broker Gianfranco Lande, who offered a plea bargain deal with details of an arms trade bribery network.

The SFO had dropped charges in the UK after the deal that meant BAE Systems would pay 34 million Euros for "accounting irregularities" in respect of a deal with Tanzania, and in a separate deal 250 million GBP to US authorities for "wilfully misleading" the US Department of Justice over various arms contracts. All the other investigations over irregularities in other countries including Hungary, the Czech republic and Austria were dropped.

Crucial to the plea bargain deal was an ending of the prosecution of Mensdorff-Pouilly. In addition the acceptance of the two specimen charges did not include a conviction for bribery or corruption, crucial to allow BAE to stay in business.

If the Austrian case finds bribes were paid the 2 billion euro contract could be cancelled. A copy of the deal shows that if "incentives as stipulated under Article 304 of the Criminal Code" are discovered the contract could be terminated. If that happened the Eurofighter consortium that includes BAE would have to pay out billions of euros and would struggle to remain in the market.

And that is exactly what could happen if there is a conviction in the case starting on Wednesday in part thanks to the documents supplied from Italy.

The prosecution case is that money from the billion pound Austrian government deal was paid out by the BAE's Eurofighter partner European Aeronautics Defense and Space Company (EADS) to front companies that was then used

to disguise bribes made from BAE Systems itself.

(In an article in the Guardian they detail at great length the creation of the network of agents of which the Count was a member - [REDACTED])

Gianfranco Lande, known as Rome's Madoff, was initially arrested over a ponzi scheme and like Mensdorff was also an arms lobbyist negotiating multi-million pound contracts.

Lande however was engaged by EADS, Mensdorff for BAE, but there was financial contact between the two - for example a contract between Lande's Vector Aerospace LLP and Mensdorff's MPA Budapest for consultancy work on "Homeland Security".

There was also an unexplained 2.9 million euros paid to a Mensdorff front company called Brodmann Business SA in the British Virgin Islands, a financial "black hole" in the Caribbean where beneficial ownership can be hidden.

Prosecutors believe that the end result was the creation of an illegal and secret network that handled huge amounts of money linked with the Austrian government decision in 2003 to buy 18 Typhoon fighter jets from the Eurofighter consortium comprising EADS, Alenia Aeronautica and BAE Systems.

Austria agreed to spend 2 billion Euros on the jets and as part of the contract Austria would get 4 billion worth of business that would otherwise not have come to the Alpine republic, including the purchase of Austrian products valued at about twice the sales price as compensation for the drain on foreign-currency reserves related to the sale.

Some 2.7 billion euros of these "offset payments" were handled through the London-based front company Vector Aerospace LLP, that moved it through a complicate network of other front companies like Incuco Capital Markets, Greenwell & Co Ltd, Crossco Aerospace and so on that all had one thing in common - they all had no staff, only post boxes.

The Italian Guardia di Finanza interviewing Gianfranco Lande found one of the firms named 'Centro Consult' that reportedly held a 'commission' over the multi-million deal had a completely empty bank account.

Vector Aerospace LLP director was Lande, the owners were two other London front companies Hopewell Investments Ltd and Provan Trading Ltd, Hopewell's owner was arms dealers Walter Schön and Provan was owned by the Belgian European Investments Management NV where Gianfanco Lande was the director.

Vector fitted in between the payments from EADS and the Austrian Euro Business Development GmbH, set up in Vienna by the government to handle countertrade deals, and prosecutors in Vienna have found it filtered off 113 million euros in service fees.

According to its annual report, Vector Aerospace made the countertrade agreements with Austrian companies within the framework of the Eurofighter deal but officials in Vienna had no record of the deals supposedly made. The suspicion is that the network added an extra layer that allowed cash - they have identified 113 million euros - to be diverted.

At the centre of the case is what happened to that money?

Thanks to the Italian research it is known that BAE's Eurofighter partner EADS had engaged about six brokers to arrange the offset deals with Austrian firms, including Columbus Trade Services Ltd, and Comco International Business Development LLC, both registered on the Isle of Man. Columbus directors were listed alternatively as Nicholas Williamson, Christopher Tushingham, Jason Cowleard and George Sharpe but in reality it was controlled by a Austrian accountant Dr Klaus Peter Kaindeinsberger while Comco was controlled by German banker Frank Walter Petmecky.

Prosecutors have found Vector Aerospace LLP transferred Columbus 16.5 million Euros and Comco 10.5 million, and

from Columbus two million went to Mensdorff's company Brodmann Business SA in the British Virgin Islands. The money was for fees in negotiating the offset deals with Magna and others – 2.5 per cent of the 468 Million euros of deals where the companies involved said no broker had been needed.

Comco-owner Frank P. also made a transfer to Brodmann of 880,000 from another Virgin Islands front company, EQ.CU.COM Finance Ltd.

But according to a statement made to prosecutors published in Austrian news magazine profil both Columbus and EQ.CU.COM were only on paper owned and run by someone else, in reality they were controlled by a relative of Mensdorff-Pouilly - Timothy Landon who had been brought the Count into the BAE network.

Illegal payments made regarding the sale of Gripens to Czech and Hungarian officials were eventually traced to a Panama registered company Valurex with a headquarters in Geneva connected to the former brigadier and multi millionaire Landon, who until his death in 2007 was married to Katharina Esterhazy, another Austrian aristocrat and cousin of Mensdorff.

Mensdorff had a consultancy deal with Valurex which he claims however was made after the deal with the Czech republic and Hungary was made.

If the prosecutors are correct it means that the 16.5 million euros transferred from Vector to Columbus ended up in Landon's control. According to information provided to Austria by the British prosecutors Brodmann was then used to make third party payments in connection with the sale of Gripen jets in the Czech republic and Hungary.

Although in the Austrian deal the Count was acting for BAE against the Swedes, BAE had inherited British Aerospace's 35 per cent share of Saab AB, with which it produced and marketed the Gripen fighter aircraft, and it only sold that in 2010 after reducing its holding to 20.5 percent in 2005.

Mensdorff when questioned said it all made no sense of the allegations. He said that the Homeland-Security-Job had been negotiated by Tim Landon and that it was research into the impact of Schengen and was unable to remember anything about business with Vector.

Asked about Columbus and EQ.CU.COM he admitted: "The names don't mean anything to me."

Mensdorff's Austrian lawyer, Harald Schuster, said the allegations his client was involved in money laundering and perjury in relation to claims he paid bribes to officials in eastern and central Europe for weapons contracts were all "old hat" and he expected that they would be dealt with.

He is already preparing for the next case in February, this time instigated by the Count's wife - the former People's Party (OVP) Health Minister Maria Rauch-Kallat, against an Austria newspaper that suggested she had helped her husband in a deal over flu masks.

A Campaign Against Arms Trade (CAAT) spokesperson Kaye Stearman told CEN: "This man was given lenient treatment by the legal authorities here - just a week in detention, with all charges dropped and high compensation awarded after a shameful plea bargain between the SFO and BAE Systems. We are delighted that he is facing the scrutiny of the Austrian courts and look forward to hearing more details of th

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