

UK firm aided Serbs to build deadly arsenal

A SCOTTISH armaments company in which the Legal & General insurance giant held a stake played a key role in enabling Serbia to develop the devastating arsenal of shells now raining down on Sarajevo.

The Yugoslavian arms deals by the company, Allivane International (later called Aero Technologies), and its Belgian associate, the Space Research Corporation, were in flagrant breach of NATO guidelines.

Allivane, now in liquidation, was also linked with International Signal & Control, the US company behind a £400 million arms contract scam. The scam brought the UK's Ferranti International to its knees in 1989.

ISC's founder, James Guerin, was recently imprisoned for his part in the Ferranti scam and other offences.

Ranges

The Mail on Sunday has documents which indicate that the transfer of the technical know-how needed to produce the advanced 155 mm shells took place during late 1987 and early 1988.

Allivane employees helped the then Yugoslavian Federal Directorate of Supply and Procurement set up its own assembly line near Belgrade to manufacture the shells. This followed an agreement which had allowed the Space

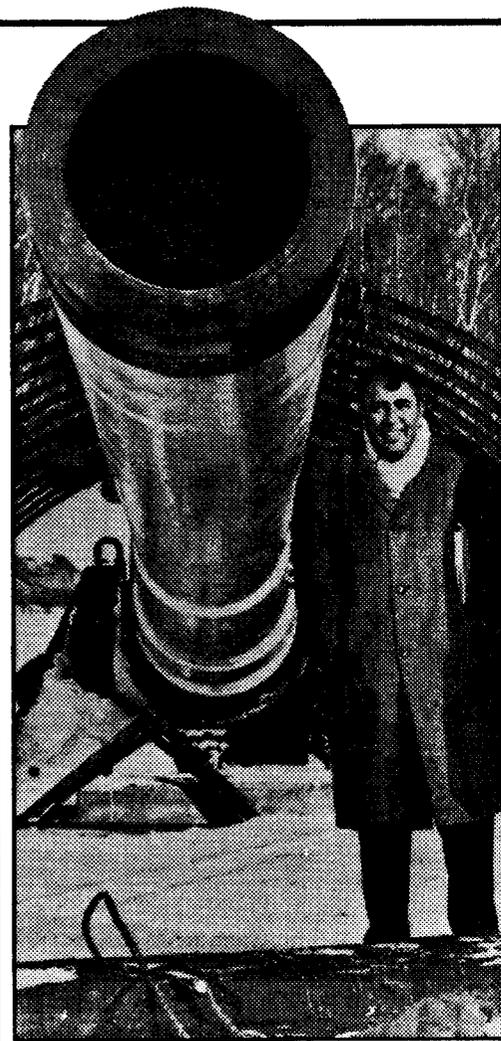
Research Corporation to test its highly sophisticated shells on firing ranges in Yugoslavia. The shells were designed by Dr Gerald Bull, who was at the heart of the Iraqi supergun affair. Bull was killed near his Brussels home in March 1989.

Other documents suggest Allivane was also involved in covert shipping of arms to Iran and Iraq during the Eighties. Some equipment exported by the company came from Ministry of Defence warehouses.

Last month Allivane was wound up by the High Court.



JAILED: James Guerin, left. Above: Shell designer Dr Bull with supergun



But around the time of these arms deals it was actively seeking institutional investors with the aim of flotation on the Stock Exchange. It hired Lawrence Prust as adviser, which asked Alan Keat of City law firm Travers Smith Braithwaite to check out Allivane International's contracts. Keat was acquitted in the recent Blue Arrow fraud trial.

Concern

Lack of interest from UK institutions compounded by concern over Allivane's contracts led to abandonment of the plan. Allivane turned to a Spanish investor, Carlos Iceta Gomez, owner of the Spanish arms conglomerate Forex, with whom it was already doing

most of its arms business. But after payments from the Middle East failed to arrive, Allivane was put into administrative receivership in 1989.

One of Allivane's subsidiaries, the AMAC Corporation, made riot control vehicles equipped with water cannon and electric shock equipment. Legal & General injected capital into this venture but sold its stake in 1988. It also held a small stake in Allivane itself until the company's collapse.

Allivane was set up in 1982 by Terry Byrne Jr and Paul Grecian. The law firm Wright Webb Syrett, based in Soho, did much of its legal work and the now-collapsed Bank of Credit and Commerce International handled letters of credit.