INDEPENDENT INQUIRY COMMITTEE
INTO
THE UNITED NATIONS OIL-FOR-FOOD PROGRAMME

THIRD INTERIM REPORT

The Conduct of Benon Sevan

The Conduct of Alexander Yakovlev

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THIRD INTERIM REPORT

THIRD INTERIM REPORT
TABLE OF CONTENTS

THIRD INTERIM REPORT
TABLE OF CONTENTS

THIRD INTERIM REPORT
PREFACE

PREFACE

This Third Interim Report ("the Report") records certain lines of investigation developed in the two earlier reports of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme ("the Committee"). It analyzes in detail the illicit activities of Benon Sevan, the Executive Director of the United Nations Office of the Iraq Programme ("OIP"), and it reviews evidence that a United Nations procurement officer, Alexander Yakovlev, actively solicited a bribe in connection with the Oil-for-Food Programme ("the Programme") and presumptively accepted bribes from other United Nations contractors.

The Committee is fully cognizant that it has a fact-finding mission and is not a law enforcement body. It does not have the authority to charge any person or entity with the commission of a crime. The Committee's findings are based on a "reasonable sufficiency" of evidence, while the standards for filing criminal charges and obtaining convictions vary by jurisdiction. As indicated consistently from the start of its work, the Committee remains prepared to cooperate with national law enforcement authorities with respect to potentially corrupt activities that the Committee uncovers in its investigation and identifies in its reports. This includes actions of Programme contractors, United Nations staff members, and certain others outside the United Nations who collaborated in illicit and corrupt activities involving the Programme.

As widely reported, Mr. Sevan is now the subject of a criminal investigation. If criminal charges are to be brought against Mr. Sevan, the prosecuting authority will need to obtain a waiver of Mr. Sevan's immunity. The Committee recommends that the Secretary-General accede to any properly supported request from an appropriate law enforcement authority for such a waiver, giving due consideration to the status of the Committee's ongoing investigation and the degree to which the requesting authority is committed to reciprocal cooperation. The Committee's investigation of the sale and distribution of proceeds from oil allocated by Iraq at Mr. Sevan's request is ongoing.

In February, when the Committee issued its First Interim Report, it was aware that someone within the United Nations procurement department may have solicited a bribe from one of the bidders for the oil inspection contract during the 1996 bidding process. By mid-May, the Committee had determined that the official in question was Mr. Yakovlev. Following on this determination, the Committee has gathered sufficiently strong evidence that it is recommending that, upon request of appropriate law enforcement authorities, the Secretary-General waive the immunity of Mr. Yakovlev, with due consideration to the degree to which the requesting authority agrees to reciprocal cooperation with the Committee's ongoing investigation. The Committee's investigation of Mr. Yakovlev's Programme-related activities is continuing, including with respect to his role as procurement officer for the 1998 selection of Cotecna Inspection S.A. ("Cotecna") to inspect humanitarian goods entering Iraq.

In late March, the Committee issued its Second Interim Report, which detailed the events leading up to Cotecna's selection. At the time that Cotecna bid on and won this contract in late 1998, it employed Kojo Annan, the son of the Secretary-General, as a consultant. Although the Secretary-General knew his son worked for Cotecna, the Committee—in weighing conflicting statements and in the absence of documentary evidence—found that the evidence was not reasonably sufficient to show that the Secretary-General knew during the bidding and contract

THIRD INTERIM REPORT
PREFACE

award processes in 1998 that Cotecna was a candidate for the humanitarian inspection contract. The Committee also found no conclusive evidence that the Secretary-General's son, Kojo Annan, assisted Cotecna in the bidding process, but noted that its investigation of Kojo Annan's actions during the fall of 1998 was continuing.

Since the Second Interim Report, further evidence has developed on these points. As reported in the press, Cotecna recently discovered and disclosed a short e-mail that raises a further question about the Secretary-General's knowledge of Cotecna's interest in the contract. Specifically, the e-mail indicates that Michael Wilson, then a Cotecna Vice President and friend of the Secretary-General and Kojo Annan, had "brief discussions with the [Secretary-General] and his entourage" in Paris in late November 1998 about the status of Cotecna's negotiations with the United Nations and concluded that the "collective advise" was that "we [Cotecna] could count on their support."

The new evidence clearly raises further questions. Specifically, despite Mr. Wilson's denials of authorship, the e-mail appears authentic. Most of the e-mail's content, which addresses matters not relevant to the Committee's investigation, is accurate. The Committee has investigated vigorously in order to ascertain the facts. To that end, it has reviewed documents newly made available by Cotecna, and it has re-interviewed company and former company officials, as well as the Secretary-General and his son. To date, the Committee's investigation has elicited a series of denials concerning the fact of the alleged "discussions" described in the e-mail. However, the investigation is continuing—through further document searches and interviews—to evaluate the significance of this new evidence and other evidence that bears on the selection of Cotecna. The Committee expects to review its conclusions in its next report.

That more comprehensive report, now anticipated in early September, will provide a broad review of the Programme's management by various United Nations bodies: the Security Council and its 661 Committee; the United Nations Secretariat under the leadership of the Secretary-General; and the nine UN-related Agencies operating in northern Iraq. While the Committee has been and is exceptionally well staffed, it cannot reasonably claim that—in the time and with the funds available—every aspect of the Programme could be reviewed and evaluated in detail. However, the Committee remains confident that the breadth of its next report, including the evidence and recommendations for action to be presented, will effectively discharge the Committee's responsibility for an authoritative response to its broad mandate.

The Committee also plans to publish, in early October, a report on the activities of the companies that purchased Iraqi oil and that supplied Iraq with humanitarian goods under the Programme. With this report, the Committee will provide the definitive list of these more than 4,500 private contractors. To the extent evidence permits, that listing will supplement earlier information, including entities substantively supporting the nominal contracting party, known or alleged beneficiaries of oil allocations or purchase contracts, and the apparent payment of illicit "surcharges" on oil contracts and "kickbacks" on humanitarian contracts. Contracting parties are being notified of their anticipated appearance in the Committee's listing.

The Committee also plans to report in October on remaining issues concerning contract execution by the Programme's inspection and banking contractors and concerning certain activities of the United Nations Compensation Commission.

INTRODUCTION TO THE THIRD INTERIM REPORT

This Third Interim Report focuses on two aspects of corrupt activity by United Nations officials Benon Sevan and Alexander Yakovlev:

- *Chapter One – The Conduct of Benon Sevan*: In the Committee's First Interim Report, it set forth evidence establishing that Mr. Sevan asked for and received oil allocations from Iraq that were granted in the name of African Middle East Petroleum Co. Ltd. Inc. ("AMEP"). He did so while serving as Under-Secretary-General of the United Nations and Executive Director of OIP. In the Third Interim Report, the Committee presents further evidence suggesting that Mr. Sevan financially benefited from Iraqi oil allocations granted to AMEP. This Report highlights the intermediary role of Efraim (Fred) Nadler—Mr. Sevan's close friend and now revealed to have been a corporate officer and director of AMEP—in communications involving Mr. Sevan and AMEP's President Fakhry Abdelnour. The Report traces the trail of proceeds from AMEP's sale of approximately 7.3 million barrels of Iraqi oil, and its payment of between five and ten cents per barrel of oil to a bank account in Geneva, Switzerland, which Mr. Nadler controlled. The Report further describes how approximately $257,500 in cash withdrawals were made from this account on various dates between late 1998 and late 2001, when Mr. Nadler and/or Mr. Sevan were in Geneva and soon to return to New York. The Report shows how these cash withdrawals from Mr. Nadler's Swiss bank account were soon followed by cash deposits—a total of $147,184 from December 1998 to January 2002—to the bank accounts of Mr. Sevan and his spouse in New York. Among the several oil transactions from which Mr. Sevan and Mr. Nadler received proceeds was one in 2001 in which AMEP financed Mr. Abdelnour's payment of an illegal surcharge to the Iraqi regime. On the basis of available evidence, the Report concludes that Mr. Sevan corruptly benefited from his request and receipt of Iraqi oil allocations and that Mr. Nadler and Mr. Abdelnour financially benefited from and assisted in Mr. Sevan's corrupt activity.

- *Chapter Two – The Conduct of Alexander Yakovlev*: In the Committee's First Interim Report, it described the selection by the United Nations of inspection contractors to monitor oil exported from Iraq under the Programme, and it noted Mr. Yakovlev's involvement in this process. Since issuance of the First Interim Report, the Committee has discovered evidence indicating that Mr. Yakovlev secretly participated in a scheme to solicit a bribe from Société Générale de Surveillance S.A. ("SGS")—one of the companies that submitted a bid for the oil inspection contract. Mr. Yakovlev furnished confidential bidding information to a friend of his in France—Yves Pintore—who in turn approached SGS to see if SGS would "work with" him and "influential people in the UN in New York." The evidence includes a handwritten note by Mr. Yakovlev urging Mr. Pintore to alert SGS about certain confidential bidding information. The Committee's investigation of Mr. Yakovlev in relation to SGS also has revealed evidence of more corrupt activity by Mr. Yakovlev, including his receipt from various other United Nations contractors of more than $950,000 in payments to an offshore bank account. On the basis of available evidence, the Report concludes that Mr. Yakovlev and Mr. Pintore corruptly participated in a scheme to solicit a bribe from SGS in connection with the Programme's

THIRD INTERIM REPORT
INTRODUCTION TO THE THIRD INTERIM REPORT

oil inspection contract. However, the Committee does not have evidence that SGS paid a bribe.

Appendix A to this Report includes the Committee's response to the request of S. Iqbal Riza, the Secretary-General's former Chef de Cabinet, for reconsideration of the Committee's adverse finding against him in its Second Interim Report. It includes also the correspondence between Mr. Riza and the Committee. Appendix B includes communications submitted from Mr. Sevan in response to the Committee's notice of adverse finding against him. This Appendix includes also a letter from Allan B. Robertson in connection with his request for reconsideration of the Committee's adverse finding against him in the First Interim Report.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

I. INTRODUCTION

In the Committee's First Interim Report, it set forth evidence from Iraqi documents and witnesses establishing that Benon Sevan asked for oil allocations from Iraq while he served as Executive Director of the United Nations Office of the Iraq Programme ("OIP"). Mr. Sevan, in turn, designated those oil allocations for African Middle East Petroleum Co. Ltd. Inc. ("AMEP"), a small oil trading company headed by Fakhry Abdelnour of Geneva, Switzerland. From 1998 to 2001, AMEP purchased approximately 7.3 million barrels of oil allocated in the name of Mr. Sevan, which AMEP then sold to other companies, yielding net revenue for AMEP of approximately $1.5 million in United States dollars ("USD").[1]

Despite denials by Mr. Sevan and Mr. Abdelnour of working together with respect to the AMEP oil transactions, the First Interim Report described evidence of meetings and several telephone calls between Mr. Sevan and Mr. Abdelnour. It also briefly reviewed telephone records suggesting communications among Mr. Sevan, Mr. Abdelnour, and a third-person: Efraim (Fred) Nadler ("Fred Nadler" or "Mr. Nadler"), a close friend of Mr. Sevan.[2]

At the time of the First Interim Report, the Committee did not have sufficient banking records to evaluate whether Mr. Sevan received any financial benefit from the AMEP oil transactions. However, the First Interim Report noted that Mr. Sevan had filed financial disclosure statements with the United Nations claiming that his aunt (now deceased) had paid him $160,000 in cash from 1999 to 2003. In light of his aunt's modest means and livelihood in her native Cyprus, the First Interim Report expressed doubt that she was the source of such cash income. The First Interim Report noted that the Committee "continued to investigate whether Mr. Sevan or any other individuals or entities received any personal or financial benefit in return for Mr. Sevan's solicitation of oil allocations on behalf of AMEP."

This Chapter of the Third Interim Report describes the evidence resulting from the Committee's continued investigation. The major points of new evidence discussed below include:

- *Mr. Sevan's financial motive* – Evidence of Mr. Sevan's precarious personal financial condition prior to mid-1998, when he first sought and received an oil allocation for AMEP from Iraq and before he first started making a large number of cash deposits to his bank accounts;

- *Mr. Nadler's previously undisclosed link to AMEP* – Mr. Nadler's position not only as a close friend of Mr. Sevan but also as a corporate officer and director of AMEP;

[1] For ease of reference, unless otherwise noted, all monetary figures in this Report are cited in USD and without the notation of cents.

[2] References to "Mr. Nadler" in this Report are to Fred Nadler; references to other members of the Nadler family are by both their first and last names.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

- *Frequent communications among Mr. Sevan, Mr. Nadler, and Mr. Abdelnour* – Mr. Nadler's very frequent meetings and telephone conversations with Mr. Sevan and his frequent telephone conversations with Mr. Abdelnour, including during times relevant to the Iraqi oil allocation and sales transactions from 1998 to 2001;

- *AMEP's payments to Mr. Nadler's Swiss bank account* – AMEP's transfer from 1998 to 2001 of $579,669 in proceeds from Iraqi oil sales to a Geneva bank account in the name of Caisor Services Inc., which was controlled by Mr. Nadler;

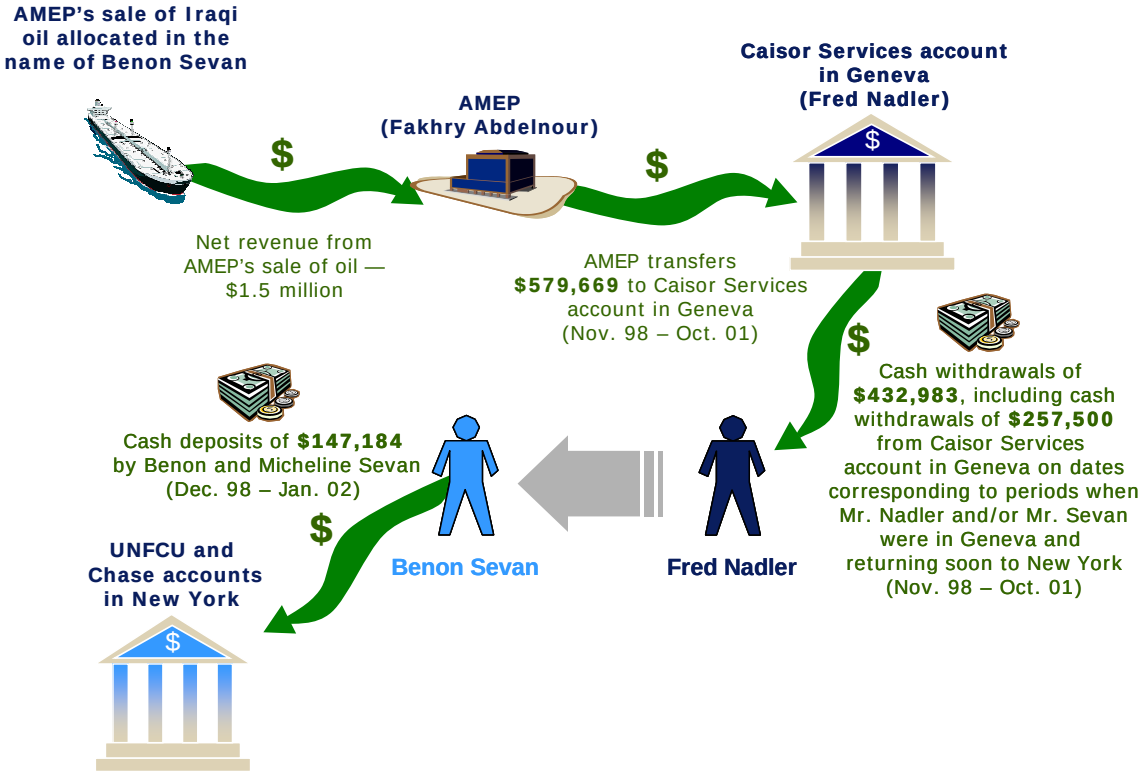
- *Mr. Nadler's cash withdrawals from the Swiss bank account* – Mr. Nadler's withdrawals in cash of $432,983 from November 1998 to October 2001 in USD and other currency, including specifically $257,500 (USD) in cash on dates that coincided with periods when Mr. Sevan and/or Mr. Nadler were in Geneva and returning soon to New York; and

- *Mr. Sevan's corresponding cash deposits to his New York bank accounts* – Mr. and Mrs. Sevan's series of a total of $147,184 in confirmed cash deposits to their New York bank accounts from December 1998 to January 2002, and the high degree of correlation between these deposits and prior cash withdrawals from Mr. Nadler's Geneva account.

On the basis of this evidence, the Committee reaffirms the findings of its First Interim Report and further concludes that Mr. Sevan, with the assistance of Mr. Nadler and Mr. Abdelnour, corruptly derived substantial financial benefits by soliciting and receiving oil allocations for AMEP from the Government of Iraq. In addition, with respect to one of the oil transactions, the Committee further concludes that Mr. Sevan and Mr. Nadler derived financial benefits that they knew would be tainted by payment from Mr. Abdelnour of an illegal surcharge to the Iraqi regime in violation of both the United Nations sanctions regime and the rules of the Programme.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Chart A – Flow of Funds from AMEP's Sales of Iraqi Oil to Fred Nadler and Benon Sevan



The Committee's conclusions are based on all available evidence with due regard to the fact that it has not been granted access to additional information that may shed further light on the nature of the activities of Mr. Sevan, Mr. Nadler, and Mr. Abdelnour. Although Mr. Sevan and Mr. Abdelnour initially cooperated with the Committee's investigation, they have stopped cooperating. Specifically, Mr. Sevan has refused to be interviewed by the Committee again. Due to Mr. Sevan's and Mr. Abdelnour's unwillingness to cooperate, the Committee could neither obtain all requested documents from them nor question them concerning the new evidence discussed in this Report. Mr. Nadler has declined altogether to respond to any of the Committee's repeated requests for interviews and information.[3]

[3] Eric Lewis letter to the Committee (Aug. 1, 2005); Committee note-to-file (July 28, 2005) (documenting attempts to contact Fred Nadler, including letters, phone messages, and requests to family members on February 1, February 2, March 15, March 18, May 11, June 29, July 20, and July 28, 2005); Luc Argand letter to the Committee (Feb. 11, 2005) (stating Mr. Abdelnour's refusal "to engage in any further discussion with your Committee"). Mr. Lewis is counsel to Mr. Sevan, and Mr. Argand is counsel to Mr. Abdelnour. For more complete discussion of Mr. Sevan's and Mr. Nadler's noncooperation, please see Part VI of this Chapter below.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Part II of this Chapter briefly reviews the evidence and conclusions of the Committee's First Interim Report concerning Mr. Sevan's solicitation and receipt of oil allocations from Iraq. Part III assesses Mr. Sevan's personal financial condition *prior* to his solicitation of an Iraqi oil allocation in 1998 and shows how his personal finances markedly improved over the next several years because of a large number of cash deposits made to his and his spouse's bank accounts.

Part IV discusses evidence of the close relationship among Mr. Sevan, Mr. Nadler, and Mr. Abdelnour, including new information revealing Mr. Nadler's management role with AMEP. This Part further discusses evidence of Mr. Nadler's control of a Swiss bank account in the name of Caisor Services Inc., to which some of AMEP's Iraqi oil sales proceeds were transferred and from which Mr. Nadler made a large number of cash withdrawals.

Part V reviews the course of the various oil allocations granted for the benefit of Mr. Sevan and AMEP's sales of the oil from these allocations. The discussion focuses on: (1) identifying interrelated phone calls between Mr. Sevan, Mr. Nadler, and Mr. Abdelnour during events of significance to Mr. Sevan's relations with Iraq and AMEP's oil transactions; (2) tracing the flow of oil sales proceeds from AMEP to Mr. Nadler's bank account in the name of Caisor Services Inc. in Geneva, Switzerland; (3) identifying a large number of cash withdrawals from Mr. Nadler's Geneva account; (4) showing a correlation between the dates of these cash withdrawals and dates when Mr. Sevan and/or Mr. Nadler were in Geneva and soon returned to New York; and (5) describing the extent of cash deposits by Mr. and Mrs. Sevan in New York following cash withdrawals from Mr. Nadler's Geneva account.

Part VI reviews the responses furnished by Mr. Sevan to the Committee's notice of adverse finding. Mr. Nadler has not responded to the Committee's notice of adverse finding, and Mr. Abdelnour provided a written response that he requested remain confidential.

The final Part of this Chapter includes findings and conclusions with respect to Mr. Sevan, Mr. Nadler, and Mr. Abdelnour. Although this Report identifies other members of the Sevan and Nadler families, the Committee does not make any adverse finding against any other member of the Sevan and Nadler families. Nothing in this Report should be construed as an opinion of the Committee that other members of the Sevan or Nadler families acted in a way that was wrong or improper.[4]

[4] The Committee notes that Micheline Sevan, Mr. Sevan's spouse, declined the Committee's requests for an interview.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

II. THE FIRST INTERIM REPORT

On February 3, 2005, the Committee issued its First Interim Report describing evidence that Mr. Sevan solicited and received oil allocations for AMEP from Iraq while he served as Executive Director of OIP. As noted in the First Interim Report, Iraq issued "allocations" of oil during each 180-day phase of the Programme. The Government of Iraq frequently allocated oil for the benefit of individuals who it believed could assist Iraq in its resistance to sanctions. An individual, in turn, could designate a company to contract for allocations and to trade them at a significant profit.[5]

Mr. Sevan made an official visit to Iraq in June 1998 for the stated purpose, among others, of discussing implementation of a newly authorized expansion of the Programme that allowed Iraq to import up to $300 million of parts and equipment for its oil infrastructure. According to Iraqi witness accounts and internal records of the Government of Iraq, Mr. Sevan asked Iraq's Oil Minister, Amer Muhammad Rashid, for an allocation of oil for AMEP. This request, in the amount of 1.8 million barrels of crude oil, was eventually granted by Iraq's Command Council.[6]

Mr. Sevan designated AMEP to contract with Iraq's State Oil Marketing Organization ("SOMO") for this allocation of oil. The contracting documents reflected the name of Mr. Abdelnour as President of AMEP. AMEP contracted with two other companies to sell the oil, and it derived nearly $300,000 in net revenue from this first transaction.[7]

In March 1999, Mr. Sevan went to the Organization of Petroleum Exporting Countries ("OPEC") conference in Vienna where he again saw Oil Minister Rashid. By this time, he had received a second oil allocation for AMEP but for only one million barrels. According to Oil Minister Rashid, Mr. Sevan quietly raised the subject of this oil allocation with him at the OPEC conference.[8]

Iraqi records and witness accounts show that Mr. Sevan received several more allocations of oil for AMEP in later phases of the Programme. Although AMEP did not follow through on contracts for each of the allocations granted to Mr. Sevan, AMEP acquired and sold 7.3 million barrels of oil—from 1998 to 2001—that were allocated by Iraq in the name of and for the benefit of Mr. Sevan. AMEP derived approximately $1.5 million of net revenue from all its Sevan-

[5] Independent Inquiry Committee, "Interim Report" (Feb. 3, 2005) (hereinafter "First Interim Report"), pp. 125-26.

[6] Ibid., pp. 131-33.

[7] Ibid., pp. 131-36. The Committee uses the term "net revenue" to refer to the margin between what AMEP paid Iraq for oil that it purchased and what AMEP was paid upon resale of the oil, minus known quantifiable costs, such as bank fees and, for AMEP's last oil transaction, the payment of a surcharge. The term "net revenue" does not include other costs incurred by AMEP, such as for Mr. Abdelnour's travel to Iraq, for which the Committee does not have cost data.

[8] Ibid., pp. 136-38, 154.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

related oil sales. For the last of its Iraqi oil purchases, AMEP paid an illegal surcharge of €177,978 ($160,088 at the then-applicable exchange rate) to the Iraqi regime. This payment outside the United Nations escrow account was in violation of the rules governing the Programme and the Security Council's sanctions against Iraq.[9]

The First Interim Report described at length multiple inculpatory and contradictory statements made by Mr. Sevan when he was interviewed by the Committee. With respect to whether he had any relationship to AMEP, Mr. Sevan admitted that "there was a call from the company [AMEP] to me," but claimed that it was just to seek information about how "to register" to buy oil under the Programme. Both Mr. Abdelnour and Mr. Sevan initially claimed to have met each other just once at the Vienna OPEC conference in March 1999. In a later interview, however, Mr. Sevan changed his account to acknowledge other meetings and volunteered that he developed a friendship with Mr. Abdelnour: "I came to like the guy. He is an interesting character you know, he's been around the world."[10]

When asked and shown documents about his meeting in June 1998 with Oil Minister Rashid, Mr. Sevan acknowledged that he "might have mentioned" AMEP to Oil Minister Rashid. When asked about his next encounter with Oil Minister Rashid at the Vienna OPEC conference in March 1999, Mr. Sevan said he told the Oil Minister that "the guy [AMEP] wants more" oil.[11]

Consistent with Mr. Sevan's eventual admission to an ongoing relationship with Mr. Abdelnour, the First Interim Report noted Mr. Sevan's possession in his United Nations office of business cards for Mr. Abdelnour and the appearance of AMEP's contact information in Mr. Sevan's telephone contact list.[12]

The First Interim Report also cited evidence of telephone contacts between Mr. Sevan, Mr. Abdelnour, and Mr. Nadler. Phone records showed calls between Mr. Sevan and Mr. Abdelnour in July 2000, April 2001, and January 2004. These records showed also that both Mr. Sevan and Mr. Abdelnour frequently spoke with Mr. Nadler—a friend of Mr. Sevan—and that on several occasions Mr. Nadler spoke with Mr. Sevan or Mr. Abdelnour soon after speaking with the other.[13]

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[9] Ibid., p. 152; FXConverter, "Exchange rate for October 22, 2001," http://www.oanda.com/convert/classic.

[10] "First Interim Report," p. 154.

[11] Ibid., pp. 153-54.

[12] Ibid., pp. 155-56.

[13] Ibid., pp. 154-57.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

III. BENON SEVAN'S FINANCIAL STATUS AND CASH DEPOSITS

The Committee has reviewed Mr. Sevan's personal financial records to determine if his financial condition may have created a motive for him to request oil allocations from Iraq and to determine if his financial records reflect the receipt of unexplained income. Section III.A describes the general characteristics of Mr. Sevan's income, debt, and expenses as derived from a review of Mr. and Mrs. Sevan's financial records. Section III.B describes the extent of cash deposits made by Mr. Sevan and his spouse to their bank accounts in New York. In light of the foregoing evidence, Section III.C evaluates Mr. Sevan's claim that he received $160,000 in cash from his aunt. The Committee notes that much of this financial analysis is based on financial records obtained from Mr. Sevan's office and records disclosed voluntarily by Mr. Sevan, as well as on records from other sources.

A. GENERAL INCOME, DEBT, AND EXPENSES

Mr. Sevan began his tenure as Executive Director of OIP on October 15, 1997 at an annual tax-free salary of $129,524, plus allowances and benefits. At the time, Micheline Sevan, Mr. Sevan's spouse, was employed at the United Nations as an assistant within the Department of Economic and Social Affairs at an annual tax-free salary of $69,243, plus allowances and benefits. Both received modest raises in compensation throughout the Programme. When interviewed by the Committee, Mr. Sevan advised that he did not have income outside his employment with the United Nations (other than cash that allegedly was received from his aunt, which is discussed in Section III.C below).[14]

The Sevans maintained several checking and savings accounts at two financial institutions in New York: the United Nations Federal Credit Union ("UNFCU") and Chase Manhattan Bank ("Chase"). Mr. Sevan operated two accounts, one at each institution, while Mrs. Sevan operated one account at Chase and three accounts at UNFCU, two of which were seldom used. The Sevans used their Chase accounts for receipt of their respective salaries via direct deposit from the United Nations and for payment of most of their monthly and day-to-day living expenses,

[14] United Nations Personnel Action – Notification Administrative for Benon Sevan (Mar. 27, 1998); Benon and Micheline Sevan personnel files and payroll records, United Nations Office of Human Resources Management; United Nations Personnel Action – Notification Administrative for Micheline Sevan (Feb. 13, 1997); Benon Sevan interviews (June 8 and Sept. 24 and 29, 2004). When promoted in early 1998 to Under-Secretary-General, Mr. Sevan's salary increased to $147,420. In lieu of taxes, a "staff assessment" of $45,290 was imposed; this adjustment, however, was offset by an upward "post adjustment" of $43,507. United Nations Personnel Action – Notification Administrative for Benon Sevan (June 3, 1998). Both Mr. and Mrs. Sevan had their salaries paid by direct deposit to their bank accounts. Benon and Micheline Sevan personnel file and payroll records, United Nations Office of Human Resources Management; Chase record, Benon and Micheline Sevan personal accounts, bank statements (Oct. 1997 to Apr. 2004).

which they divided between them. The UNFCU savings accounts were used to service debt and accumulate surplus funds.[15]

Outside the United States, Mr. Sevan held a bank account in Switzerland with UBS (formerly Swiss Bank Corporation) in Geneva. He opened the UBS account in August 1991, but it remained inactive between 1998 and 2002 (other than credits of interest and bank fee charges) and maintained a running balance throughout this period of less than 1,000 Swiss francs ($670).[16]

In Cyprus, Mr. Sevan held a certificate of deposit at the Bank of Cyprus, which he held jointly with his aunt, Berdjouchi Zeytountzian, until her death in June 2004. The certificate of deposit account was opened in September 1999 with a balance of 26,000 Cyprus pounds ($47,580) and grew to 37,400 Cyprus pounds ($75,174) by April 2004.[17]

Mr. Sevan also had a stock investment account with a brokerage firm in New York. Between January 1996 and February 1997, Mr. Sevan purchased approximately $180,000 in stocks by drawing down on his savings and funds from his New York bank accounts, as well as from money he borrowed on an equity line of credit and from a cash advance on his credit card. Although Mr. Sevan actively traded in his stock account during 1997 and 1998, he seldom withdrew proceeds from it during this time, instead re-investing them in new securities purchases. Mr. Sevan's stock portfolio value sharply dropped to $116,751 by the end of June 1998 and then to $84,163 by the end of October 1998—less than half of his portfolio's original value.[18]

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[15] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and cancelled checks (Jan. 1996 to Apr. 2004). Beginning in March 1998, Mr. Sevan had $3,000 of his United Nations paycheck direct deposited to his UNFCU account. Benon Sevan personnel file and payroll records, United Nations Office of Human Resources Management; UNFCU record, Benon Sevan personal account, bank statements (Mar. 1998 to Apr. 2004).

[16] UBS and Swiss Bank Corporation records (Aug. 15, 1991 to Nov. 30, 2003).

[17] Demetris Kattos and Contantinos Varnavides interview (Dec. 8, 2004); Michael Theodoulou and James Bone, "UN Oil-For-Food inquiry questions aunt's $160,000," *Times*, Feb. 5, 2005, p. 40 (noting that Ms. Zeytountzian died in June 2004). Mr. Kattos and Mr. Varnavides were employees of the Bank of Cyprus. Mr. Sevan told the Committee that, after his aunt died, he found approximately $25,000 of cash in her apartment and used about $6,000 to open an account at the Bank of Cyprus. Benon Sevan interview (Sept. 29, 2004). According to the bank representative, Mr. Sevan opened the account in May 2004 with a cash deposit of $6,100 (sixty-one $100 bills) and that he said at the time that the money was inherited from his aunt. Demetris Kattos and Contantinos Varnavides interview (Dec. 8, 2004). Throughout this Chapter of the Report, the Committee refers to Mr. Sevan's aunt as Ms. Zeytountzian; however, it acknowledges that certain materials refer to her last name with an alternative spelling (Zeytountsian).

[18] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and cancelled checks (Oct. 1997 to Oct. 1998); Chase record, Benon Sevan personal account, checkbook ledger (Jan. 1996 to Oct. 1998); UNFCU record, Benon and Micheline Sevan loan application (Feb. 27, 1996); D.H. Blair record, Benon Sevan investment account, buy and sell advices, and related documentation (Jan. 1997 to Oct. 1998); Sevan financial record, Benon and Micheline Sevan tax filings and related documentation (1995). A significant portion of Mr. Sevan's security purchases were the subject of an

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

At the time of Mr. Sevan's appointment as Executive Director of OIP, the Sevans owned a home on Long Island, New York, and they rented an apartment in Manhattan near the United Nations. In addition to their monthly rent obligation of $4,370 on the apartment, their monthly debt obligations totaled $2,767 (based on a home mortgage, automobile loan, an equity line of credit, and a credit card cash advance). The Sevans also actively used various credit cards, charging up to several thousand dollars per month, generally for retail and restaurant purchases. They had a negligible balance of funds in their checking accounts, and they had savings in their New York bank accounts of about $5,000.[19]

From mid-1997 through November 1998, with a combined take-home pay of about $14,000 per month, the Sevans' finances were frequently stretched thin from the monthly burden of funding two residences, debt obligations, credit card charges, and related living expenses. During much of the period, the monthly balances in their checking accounts hovered at or near zero, as their monthly expenditures more than kept pace with their monthly incomes. This caused frequent overdrafts (drawing upon a back-up credit line) and an inability to accumulate further savings.[20]

For example, in the banking month of February 26, 1998 to March 24, 1998, Mr. Sevan began with an overdrawn balance of $1,936 in his Chase checking account. The deposit of his United Nations salary of $9,750 at the beginning of the period on February 27 was quickly depleted by payment of the monthly apartment rent of $4,370 and a transfer of $3,000 to his UNFCU account to pay his monthly debt obligations. In addition, a partial payoff of his overdraft protection line of credit of $894 (for outstanding overdrafts), four cash withdrawals totaling $950, and payment of his American Express bill of $789, caused Mr. Sevan's account balance again to dip below zero and activate his overdraft protection line of credit. Mr. Sevan finished the period in overdraft status, owing $1,605.[21]

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investor fraud scheme by four former D.H. Blair managers, who caused massive investor losses and pleaded guilty to felony charges in March 2002. New York County District Attorney's Office, "NASD to Begin Administering D.H. Blair Restitution Fund for New York County District Attorney's Office" (June 30, 2003) (press release).

[19] Benon Sevan interviews (Sept. 8 and 24, 2004); Eric Lewis interview (Nov. 24, 2004); Benon Sevan renewal lease forms (Sept. 23, 1994 and Oct. 7, 1996); UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and cancelled checks (Oct. 1997 to Oct. 1998). The Sevans' monthly debt obligations included a home mortgage ($1,574), automobile loan ($500), an equity line of credit ($456), and a VISA cash advance ($237) with outstanding debt balances of $195,269, $22,343, $44,351, and $10,000 respectively. Monthly debt obligations quoted are for payments during the period of October 1997 to September 1998. Principal balances and bank fund balances quoted are as of October 1997. Ibid.

[20] Mr. and Mrs. Sevan maintained an overdraft protection line of credit with Chase that incurred approximately 19.50% annual interest. Chase record, Benon and Micheline Sevan personal accounts, bank statements, and overdraft statements (Nov. 1997).

[21] Chase record, Benon Sevan personal accounts, bank statements, and cancelled checks (Feb. 1998 to Mar. 1998). Mr. Sevan's debts were with UNFCU and were paid with monthly bank drafts from that account. UNFCU record, Benon Sevan personal accounts, bank statements (Jan. 1996 to Apr. 2004).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

From December 1996 to October 1998, Mr. Sevan's Chase account went into overdraft status forty-five times, and Mrs. Sevan's Chase checking account was overdrawn 153 times. At one point during this period, Mr. Sevan's checkbook ledger reflected a negative balance of $4,663, which only improved to a positive $1,967 following the month-end deposit of his monthly United Nations paycheck, leaving few funds available for his next month's living expenses.[22]

In short, Mr. Sevan's personal financial condition was precarious at the time he became Executive Director of OIP in October 1997. It remained so when he traveled to Iraq to ask Oil Minister Rashid for an oil allocation in June 1998.

B. THE SEVANS' CASH DEPOSITS

By the end of 1998, the Sevans' financial prospects began to improve. In December 1998, Mr. Sevan deposited a total of $9,800 in cash into his New York bank accounts. This was a departure from the Sevans' past practice. In the prior two years, Mr. Sevan had made a total of four cash deposits totaling $3,800 to his New York accounts, and Mrs. Sevan had not made any. These new cash deposits occurred within weeks of AMEP's sale in late November 1998 of 1.8 million barrels of crude oil allocated by Iraq in the name of Mr. Sevan.[23]

Over the next three years—from December 1998 to January 2002—the Sevans' bank records show that they deposited a total of $147,184 in *cash* to their New York banking accounts. There were no notations on the bank deposit slips to identify the source of this money, but the deposit slips clearly denote that the deposits were made in cash, usually in the form of $100 bills. These deposits were in addition to the Sevans' regular United Nations salaries. The cash deposits were spaced out over the three-year period, and no single deposit involved more than $10,000. The specific timing, size, and denominations of these cash deposits are described later in this Chapter.[24]

The Committee notes also that its calculation of cash deposits may underestimate the true amount of cash deposits because it does not include $35,400 in several large, round-number deposits (more than $1,000 and in denominations of $100) that appear on Mr. and Mrs. Sevan's bank statements but for which UNFCU was unable to locate any deposit slips. Among other deposits,

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[22] UNFCU and Chase records, Benon Sevan personal accounts, bank statements, and cancelled checks (Jan. 1996 to Oct. 1998); Chase record, Benon Sevan personal account, checkbook ledger (Jan. 1996 to Oct. 1998).

[23] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and cancelled checks (Dec. 1998 to Jan. 2002). The Committee's calculation of "cash deposits" throughout this Report excludes deposits of cash where the source was identified as a cash advance from credit cards or as apparent transfers between Mr. and Mrs. Sevan's bank accounts.

[24] Ibid. Under United States law, financial institutions must file Currency Transaction Reports for deposit transactions involving more than $10,000 in cash during one business day. United States Code of Federal Regulations, 31 C.F.R. 103.22.

these round-number deposits included: $6,600 on December 17, 1999; $5,000 on March 10, 2000; $3,000 on July 28, 2000; $5,000 on December 15, 2000; and $8,000 on April 12, 2001.[25]

Table 1 – Cash Deposits by Benon and Micheline Sevan, December 1998 to January 2002[26]

Deposit Date	Mr. Sevan's Accounts	Mrs. Sevan's Accounts	Deposit Date	Mr. Sevan's Accounts	Mrs. Sevan's Accounts	
12/07/98	$ 5,000		*continued from previous column*			
12/18/98	2,800		09/11/00		$ 1,500	
12/18/98	2,000		09/22/00	$ 4,000		
02/19/99	6,000		09/27/00	4,614		
02/19/99	1,800		10/03/00		9,500	
03/05/99	1,700		01/03/01		7,000	
03/30/99	2,400		04/16/01		500	
04/30/99	3,000		04/19/01	6,000		
07/16/99	6,200		04/27/01	2,400		
07/19/99	3,000		06/06/01	100		
08/16/99	1,600		07/10/01		2,000	
10/12/99	600		08/10/01		600	
11/05/99	6,000		08/14/01		900	
11/10/99	2,500		08/22/01	5,000		
12/21/99	5,000		09/06/01		500	
01/05/00		$ 6,100	10/02/01		2,500	
01/17/00		2,470	10/31/01		1,700	
03/24/00	5,000		11/14/01	1,000		
04/07/00	9,000		12/31/01		1,000	
04/11/00	8,000		01/02/02	5,000		
05/18/00	4,000		01/03/02	400		
05/22/00	5,000		01/03/02		600	
continued in next column			01/11/02	1,200		
			Subtotal	**$ 110,314**	**$ 36,870**	
			Total			**$ 147,184**

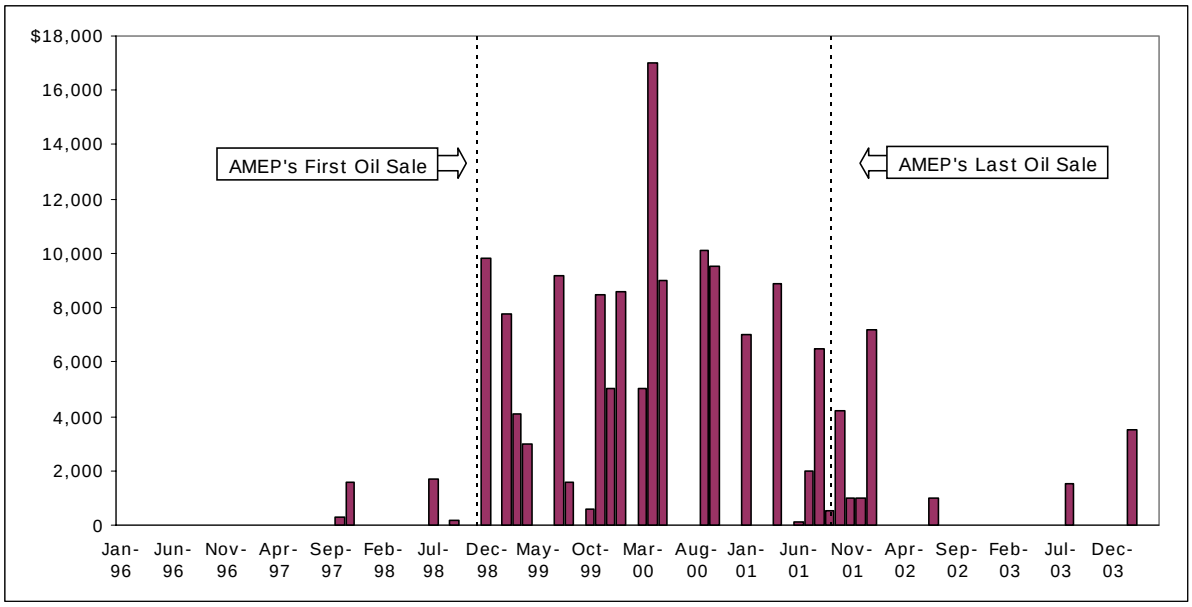
[25] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and cancelled checks (Nov. 1998 to Jan. 2002); UNFCU letter to the Committee (Feb. 7, 2005).

[26] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, deposit receipts, and checkbook register (Dec. 1998 to Jan. 2002).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

AMEP continued to sell oil allocated for Mr. Sevan during this time period; the last lifting of oil allocated for Mr. Sevan was in September 2001.[27] Once the oil stopped flowing for AMEP, the cash soon stopped flowing into the Sevans' accounts, as shown below in Chart B.

Chart B – Benon and Micheline Sevan's Cash Deposits by Month, January 1996 to December 2003[28]



With the infusion of cash into their bank accounts, the Sevans were able to accumulate surplus funds and were no longer prone to falling into overdraft status, as shown in Chart C.[29]

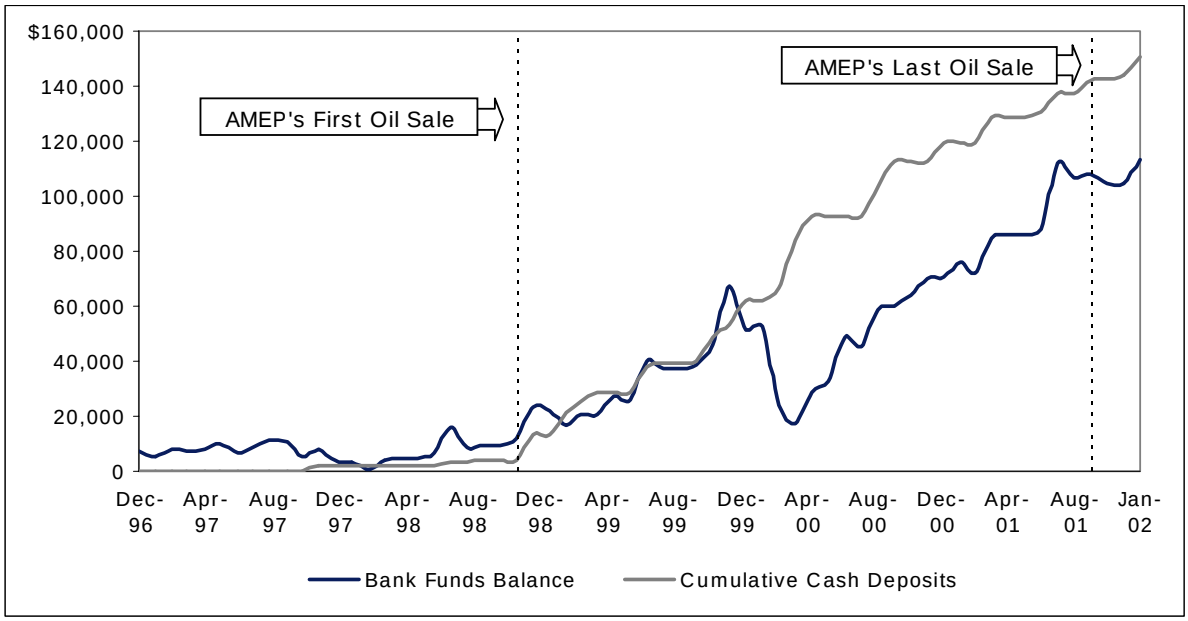
[27] "First Interim Report," p. 150.

[28] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, deposit receipts, and checkbook register (Jan. 1996 to Dec. 2003).

[29] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and cancelled checks (Dec. 1996 to Jan. 2002); Chase record, Benon Sevan personal account, checkbook register (Oct. 1998 to Jan. 2002).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Chart C – Combined Month-end Balances of Benon and Micheline Sevan's Bank Accounts and Cumulative Cash Deposits into these Accounts, December 1996 to January 2002[30]



Mr. Sevan used the cash deposits to pay off all debts but his mortgage, including debts that had been outstanding for quite some time. Mr. Sevan had been carrying a balance of several thousand dollars on his Optima credit card at a high interest rate throughout 1998, paying a few hundred dollars on it each month. However, a $3,000 cash deposit into his Chase account on April 30, 1999 helped pay off the remaining debt. By March 2000, aided by the infusion of about $40,000 of cash and large round-dollar deposits over the previous year, Mr. Sevan had accumulated $49,489 of funds in his UNFCU account that he used on March 22, 2000 to pay off the entire balance of $41,692 due on the equity line of credit he had opened in February 1996 to purchase stocks. Several months later, after building up his balance with more cash deposits, Mr. Sevan made a $3,000 payment in July 2000 against his car loan. On September 27, 2000—the same day he made a $4,614 cash deposit into his UNFCU account—Mr. Sevan paid off the car loan's remaining balance of $5,828.[31]

[30] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, deposit receipts, and checkbook register (Dec. 1996 to Jan. 2002). The significant drop in funds in March 2000, as discussed below, was due to Mr. Sevan's payoff of his equity line of credit. See UNFCU record, Benon Sevan personal account, bank statement (Mar. 31, 2000).

[31] UNFCU and Chase records, Benon Sevan personal account, bank statements, and cancelled checks (Nov. 1998 to Jan. 2002); Chase record, Benon Sevan personal account, checkbook register (Nov. 1998 to Jan.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Mr. Sevan also used cash deposits in April 2000 to purchase more stock for his investment portfolio. On April 6, 2000, he placed a purchase order with his broker to buy 1,500 shares of a common stock for a total purchase price of $20,254. At the time the stock order was placed, the balance of funds in Mr. Sevan's Chase checking account was only $4,589—well short of the amount needed by April 11 when the trade was set to clear. Mr. Sevan deposited $9,000 in cash into his Chase account on April 7 and then four days later deposited another $8,000 in cash, reaching the amount of funds necessary to pay for the shares. All $17,000 of cash was paid in the form of $100 bills. By separating the $17,000 of deposits into two transactions, Mr. Sevan avoided the United States law requiring the filing of a Currency Transaction Report for any single deposit of more than $10,000 in cash.[32]

C. BENON SEVAN'S CLAIM OF CASH RECEIVED FROM HIS AUNT

As noted in the First Interim Report, Mr. Sevan has claimed that he received $160,000 in cash from Ms. Zeytountzian, his elderly aunt from Cyprus. Indeed, on an annual basis, Mr. Sevan filed financial disclosure forms with the United Nations reporting this amount of cash income from his aunt—$50,000 in 1999, $45,000 in 2000, $30,000 in 2001, and $35,000 in 2003—and stating that he did not have other sources of outside income. When interviewed by the Committee, Mr. Sevan stated that his aunt brought into the United States "$20,000 or $30,000 in cash" and gave him cash gifts in amounts ranging up to $50,000 to defray the expenses of her annual stay with Mr. Sevan and his family in New York. Mr. Sevan also stated that he had no source of significant amounts of cash other than his aunt.[33]

However, as further noted in the First Interim Report, the Committee's interviews of acquaintances of Ms. Zeytountzian in Cyprus cast doubt on her ability to have accumulated as much as $160,000 to give to Mr. Sevan. Ms. Zeytountzian had earned a modest living as a government photographer, was living on small pension payments, and lacked a significant balance in her bank account in Cyprus.[34]

2002); Optima record, Benon Sevan credit card, monthly statements (Jan. 1999 to July 1999); UNFCU record, Benon Sevan VISA credit card account (Jan. 1996 to Apr. 2000).

[32] UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements (Apr. 2000); Geneva Capital record, Benon Sevan monthly account statement (Apr. 2000); Chase record, Benon Sevan personal account, deposit receipts (Apr. 7 and 11, 2000); United States Code of Federal Regulations, 31 C.F.R. 103.22.

[33] "First Interim Report," p. 161 (citing interviews of Mr. Sevan on June 8, September 29, and October 18, 2004).

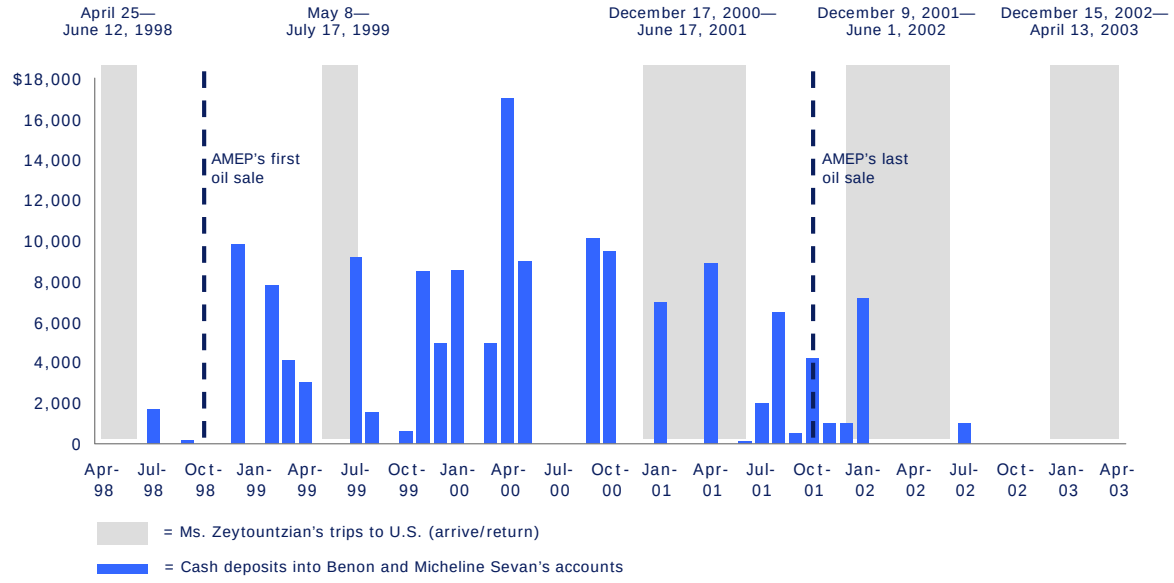
[34] Ibid., pp. 161-62; Gregory Kupelian interview (Sept. 30, 2004) (noting that Ms. Zeytountzian lived simply, would have kept money in a bank because she wanted to earn as much interest as possible, and would have been frightened to carry a large amount of cash); Harry Kupelian interview (Oct. 5, 2004) (stating that Ms. Zeytountzian was not wealthy and, in his opinion, would not have paid her own way to New York and that it was unlikely that she would carry large sums of cash).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Additional evidence reveals more reasons to doubt Mr. Sevan's claim that Ms. Zeytountzian was the source of Mr. Sevan's cash deposit income. First, the Committee has obtained travel records reflecting the dates that Ms. Zeytountzian was in the United States: April 25 to June 12, 1998; May 8 to July 17, 1999; December 17, 2000 to June 17, 2001; December 9, 2001 to June 1, 2002; and December 15, 2002 to April 13, 2003. Under United States law, Ms. Zeytountzian would have been required upon each entry into the United States to declare any cash in excess of $10,000. According to information made available to the Committee, there is no record of such declaration by Ms. Zeytountzian for any of these visits to the United States.[35]

Second, the dates of Ms. Zeytountzian's visits bear little correlation to the dates of the Sevans' cash deposits. Less than one-fourth of the Sevans' cash deposits ($33,400 of a total $147,184 between December 1998 to January 2002) were made on dates when Ms. Zeytountzian was in the United States. As demonstrated below in Chart D, approximately half of these cash deposits (about $75,000) occurred during a single fifteen-month period (from August 1999 to October 2000) when Ms. Zeytountzian was *not* in the United States.[36]

Chart D – Comparison of Dates of Cash Deposits by Benon and Micheline Sevan to Dates when Ms. Zeytountzian was in New York, April 1998 to April 2003[37]



[35] Berdjouchi Zeytountzian travel records; Official communication to the Committee (Feb. 24, 2005); United States Code of Federal Regulations, 31 C.F.R. 103.23(a) (requiring a "person who physically transports . . . [c]urrency . . . in an aggregate amount exceeding $10,000 at one time . . . into the United States from any place outside the United States . . . [to] make a report thereof").

[36] Berdjouchi Zeytountzian travel records; UNFCU and Chase records, Benon and Micheline Sevan personal accounts, bank statements, and deposit slips (Apr. 1998 to Apr. 2003).

[37] Ibid.; Berdjouchi Zeytountzian travel records; "First Interim Report," pp. 135, 150.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

IV. EFRAIM (FRED) NADLER

Fred Nadler, age seventy-seven, is a businessman and native of Egypt. He traveled frequently between New York, Geneva, and Egypt, spending about half his time in New York City, where he had an apartment in eastern midtown Manhattan. About three blocks away, Mr. Nadler shared an office at the penthouse apartment of his brother, Emanuel Nadler. The brothers' mother—Pauline Nadler—lived in an apartment three blocks north of Emanuel Nadler. A third brother—Henri (Enrico) Nadler—lived in Geneva, but sometimes came to New York where he stayed in a guest apartment in Emanuel Nadler's building.[38]

A. FRED NADLER AND AMEP

As noted in the First Interim Report, Mr. Abdelnour knew Mr. Nadler as a "good friend." Since the First Interim Report, however, the Committee also has learned that Mr. Nadler was Mr. Abdelnour's business partner in AMEP. AMEP was registered in Panama, and its Panamanian corporate records reflect that Mr. Nadler previously served as a corporate officer and member of the board of directors of AMEP. Specifically, the corporate records reflect that, upon the company's inception in 1982, Fakhry Abdelnour was President, Fred Nadler was Treasurer, and Enrico Nadler was Secretary.[39]

The corporate records further reflect that Mr. Abdelnour and the Nadler brothers remained listed as directors and officers of AMEP until December 19, 1986, when all three resigned at the same time and were replaced by three new managers and directors—Luis Rodriguez, Adolfo Sauri, and Luis A. Gordillo. Each of these new directors had the same address at a law firm—Arias, Fabrega & Fabrega—in Panama. According to a letter to the Committee from the law firm, each of these directors was "related to our firm, but they are not employees of Arias, Fabrega & Fabrega." The law firm further advised that these three directors resigned as officers and directors of AMEP on March 2, 2005.[40]

Despite the fact that the corporate records reflect his resignation from AMEP in 1986, Mr. Abdelnour's signature appears with the title "President" on AMEP's several contracts from 1998 to 2001 for oil with Iraq. During the review of available AMEP operating records and interviews

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[38] Emanuel Nadler interview (Feb. 1, 2005). Pauline Nadler passed away on May 17, 2000, and Enrico Nadler passed away in July 2005. "Nadler, Pauline," *New York Times*, May 19, 2000, p. A25. Fred Nadler's brother-in-law is former Secretary-General Boutros Boutros-Ghali.

[39] "First Interim Report," pp. 157-58; Afro-Arab Petroleum, S.A., incorporation documents (Mar. 31, 1982). AMEP started as "Afro-Arab Petroleum, S.A." until a name change in 1983 to its present name. Afro-Arab Petroleum, S.A., "Minutes of a Special Meeting of the Stockholders" (Apr. 15, 1983).

[40] AMEP minutes of shareholders meeting (Dec. 19, 1986); Fakhry Abdelnour interviews (Jan. 17-19, 2005); Gian Castillero telephone conversation (July 20, 2005); Eduardo de Alba letter to the Committee (Aug. 2, 2005). Mr. Castillero and Mr. de Alba are attorneys at the firm of Arias, Fabrega & Fabrega.

of Mr. Abdelnour and his employees, none of the Panamanian directors were identified as having any involvement in AMEP's operations, particularly in AMEP's purchase and sale of oil under the Programme.[41]

B. FRED NADLER, BENON SEVAN, AND FAKHRY ABDELNOUR

As noted in the First Interim Report, Mr. Sevan and Mr. Nadler were close friends. Stephani Scheer, who worked closely with Mr. Sevan as his Chief of Office, recalled that Mr. Sevan admired Mr. Nadler and considered him to be his best friend. According to Emanuel Nadler, Mr. Sevan was friendly with the entire Nadler family. Mr. Sevan acknowledged that he had known Mr. Nadler since 1992 after he met him at UN-related receptions. Mr. Sevan denied that the Nadler family ever gave him anything of significant value, such as cash, a fund, an account, or a loan.[42]

Mr. Nadler frequently called Mr. Sevan, often from the New York apartments of Emanuel or Pauline Nadler. Mr. Sevan's electronic calendar at the United Nations reflects that Mr. Nadler left at least twenty-eight messages for Mr. Sevan. Nearly half the times that Mr. Nadler left messages with a return number, he left phone numbers for the apartments of Emanuel Nadler or Pauline Nadler.[43]

The closeness of the relationships between Mr. Nadler and Mr. Sevan and between Mr. Nadler and Mr. Abdelnour is apparent from the volume of telephone calls between their numbers. Telephone records show as many as 868 phone calls from 1998 to 2001 between Mr. Nadler and Mr. Sevan and between Mr. Nadler and Mr. Abdelnour. The records reflect as many as 630 telephone calls between numbers associated with Mr. Sevan and with Mr. Nadler. Similarly, phone records show as many as 238 telephone calls between numbers associated with Mr. Abdelnour and with Mr. Nadler. This pattern of telephone calls is set forth in Table 2 below:

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[41] Programme contracts between SOMO and AMEP, M/04/60 (Sept. 29, 1998), M/06/78 (July 29, 1999), M/07/88 (Jan. 11, 2000), M/08/96 (Aug. 13, 2000), M/10/48 (Aug. 13, 2001); Fakhry Abdelnour interviews (Oct. 4 and 7, 2004; Jan. 17-19, 2005); Christian Weyer interview (Jan. 21, 2005); Allegra Heifetz interview (Nov. 4, 2004).

[42] "First Interim Report," pp. 157-58; Stephani Scheer interviews (July 16, 2004 and July 15, 2005); Emanuel Nadler interview (Feb. 1, 2005); Benon Sevan interview (Jan. 21, 2005).

[43] Benon Sevan Lotus Organizer and Electronic Calendar (Dec. 1997 to June 2000) (reflecting twenty-eight messages from Fred Nadler, two messages in the name of Emanuel Nadler, and ten messages in the name of "Mr. Nadler"). Of the twenty-eight messages left in the name of Fred Nadler, eight were left with Fred Nadler's residence number; eight were left with one of two phones numbers at Emanuel Nadler's residence; two were left with Pauline Nadler's number; one was left with note "at his brother"; and nine were left without return phone numbers. Ibid.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Table 2 – Phone Calls Between Telephone Numbers Associated with Mr. Sevan, Mr. Abdelnour, and the Nadler Family, 1998-2001[44]

Calls Between	1998	1999	2000	2001	Total
Sevan and Fred Nadler Telephone Numbers	97	154	133	40	**424**
Sevan and Emanuel Nadler Telephone Numbers	44	31	20	31	**126**
Sevan and Pauline Nadler Telephone Numbers	25	31	24	0	**80**
Sub-Total: Calls Between Sevan / Nadler Numbers	166	216	177	71	**630**
Abdelnour and Fred Nadler Telephone Numbers	19	66	29	1	**115**
Abdelnour and Emanuel Nadler Telephone Numbers	5	39	31	0	**75**
Abdelnour and Pauline Nadler Telephone Numbers	14	21	13	0	**48**
Sub-Total: Calls Between Abdelnour / Nadler Numbers	38	126	73	1	**238**
Total Calls Between Sevan, Abdelnour, and the Nadlers	**204**	**342**	**250**	**72**	**868**

As noted in the First Interim Report, when questioned about his knowledge of Mr. Nadler's profession, Mr. Sevan claimed that he did not know what Mr. Nadler did for a living. When asked about his knowledge of a relationship between Mr. Nadler and Mr. Abdelnour, Mr. Sevan claimed that he had not learned about the friendship between them until just before allegations of corruption in the Programme surfaced in the press in 2004. Mr. Sevan did not recall asking Mr. Nadler about his friendship with Mr. Abdelnour, and he stated that he could not recall if Mr. Abdelnour passed messages to him through Mr. Nadler.[45]

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[44] Nadler family telephone records, Verizon (1998-2001); Benon Sevan telephone records, Verizon (1998-2001); Benon Sevan telephone records, T-Mobile cellular (2000-2001). The numbers considered to be associated with Mr. Sevan include his home, office, and cell phone numbers; the numbers associated with Mr. Nadler include his New York apartment, cell phone numbers, Emanuel Nadler's residence numbers, and Pauline Nadler's residence number; the numbers associated with Mr. Abdelnour include his cell phone, home phone numbers, and AMEP's office. The count of telephone calls does not include thirty-five more calls between Mr. Sevan's numbers and a guest apartment maintained by the Nadler family in Emanuel Nadler's apartment building. Emanuel Nadler advised the Committee that he frequently called Mr. Sevan for social reasons, but that he never telephoned Mr. Abdelnour, adding "that would have been my brother Fred." Emanuel Nadler interview (Feb. 1, 2005). Accordingly, it should be assumed that some of the calls from Emanuel Nadler's residence to Mr. Sevan may have been from him and not Fred Nadler.

The Committee further notes that the phone records reflect that some calls lasted for only one minute, which may be consistent with leaving a message and no conversation having occurred. For local calls between landlines in New York, the Committee does not have information reflecting duration of calls. In addition, consistent with the lower call volume reflected in Table 2 for 2001, long distance phone records for the Nadler residences were unavailable after February 2001.

[45] "First Interim Report," p. 158; Benon Sevan interview (Jan. 21, 2005).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

C. FRED NADLER AND CAISOR SERVICES

As noted above, Mr. Nadler frequently traveled between New York and Geneva, where his brother Enrico Nadler lived. Although the Committee does not have records indicating dates when Mr. Nadler left New York to go to Geneva, it has received records that reflect Mr. Nadler's dates of entry back to the United States (arriving in New York) from Geneva.[46]

Mr. Nadler was the beneficial owner of a company and bank account in Geneva in the name of Caisor Services Inc. ("Caisor Services"). Like AMEP, Caisor Services was registered in Panama. The Caisor Services account in Switzerland was held at Union Bancaire Privée ("UBP"). The bank account files include Mr. Nadler's name and a copy of his Egyptian passport with the following "profession" description: "Director of Co." [47]

Mr. Nadler's transactions for this bank account were handled by a Geneva-based money management firm—Genevalor, Benbassat & Cie ("Genevalor"). According to a senior official of Genevalor, Mr. Nadler asked Genevalor to incorporate Caisor Services in 1986. Caisor Services did not conduct any independent business activity. It was, in essence, just a bank account for the use of Mr. Nadler. At some point in 1998 or 1999, Mr. Nadler told Genevalor that he was receiving money into the Caisor Services account in the form of commissions related to petroleum operations. An account at Genevalor was used as a clearinghouse account to receive payments for certain clients and to avoid disclosing clients' bank account details when receiving money from third parties. Deposits into the Caisor Services account passed through this clearinghouse account.[48]

According to Genevalor representatives, Mr. Nadler would call Genevalor from time to time to request money from the account. He wanted the money in cash. He would call in the morning and pick up the cash in the afternoon. Genevalor, in turn, would call the bank and then a bank courier would bring the cash to Genevalor with two receipt slips, one for the signature of Genevalor and the other for the signature of Mr. Nadler or another family member. Most of the cash withdrawn was in United States dollars, for which the withdrawals always were made in $100 bills. The Committee's review of records indicates numerous instances of Mr. Nadler's initials on these cash withdrawal slips.[49]

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[46] Fred Nadler travel records.

[47] UBP record, Compagnie de Banque et D'Investissements, "Demande D'Ouverture de Compte-Personnes Morales" (containing the request of Caisor Services to open an account).

[48] Ibid.; Genevalor officials interviews (Aug. 4, 2005). The Committee's description of Genevalor's fiduciary activities does not imply that Genevalor acted improperly with respect to the services it performed in connection with the Caisor Services account.

[49] Genevalor officials interviews (Aug. 4, 2005); UBP record, Caisor Services account, teller withdrawal receipts (Nov. 1998 to Oct. 2001). Specifically, the Committee has copies of seven withdrawals slips bearing the initials of Mr. Nadler, as confirmed by Genevalor officials. The Committee also has three

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

A review of Caisor Services records reveals a large number of cash withdrawals. From November 1998 to October 2001, the Committee has calculated a total of $432,983 in value in the form of USD and other currency. This specifically includes $257,500 (USD) in cash on dates that, as described in Part V below, coincided with periods when Mr. Sevan and/or Mr. Nadler were in Geneva and returning soon to New York.[50]

Genevalor officials to whom the Committee had access did not know from 1998 to 2001 what Mr. Nadler was doing with his cash withdrawals. But they recalled that, in early January 2005, Mr. Nadler inquired how he might withdraw bearer shares to take investments out of the Caisor Services account.[51]

A Genevalor official also recalled that on approximately January 20, 2005, Mr. Nadler came into the Genevalor offices and met with him alone. Significantly, this visit occurred just one day after the Committee had concluded three days of interviews of Mr. Abdelnour and the day before the Committee interviewed Mr. Sevan. To understand the context of statements made by Mr. Nadler to Genevalor during this visit of January 20, 2005, it is necessary to review what Mr. Abdelnour previously had told the Committee's investigators from January 17 to 19, 2005, at a time when the investigators had some information reflecting payments from AMEP to the name "Genevalor," but were not yet fully apprised of Mr. Nadler's receipt of money from AMEP or his relationship to Genevalor and Caisor Services.[52]

When interviewed and shown some of the payment records, Mr. Abdelnour had denied that AMEP's payments to Genevalor were related to the Programme. Instead, he insisted that they were funds that he was lending against certain assets for a land deal that he was doing in Egypt. Mr. Abdelnour said that the Genevalor account belonged to a person who he declined to name, but who had assets in Egypt that he wished to acquire. When it was pointed out to Mr. Abdelnour that the payment amounts to Genevalor worked out to ten cents per barrel from the AMEP oil sales and that one of the credit advices contained a reference to "Client Pet." (ostensibly a reference to "petroleum"), Mr. Abdelnour stated that he probably intended to pay just that amount to the unidentified person in question and that he decided to pay him when he had money to spend from the oil sales. When asked at a different point in the interview about his relationship to Nadler family members, Mr. Abdelnour said that Fred Nadler was interested in the Egyptian land transactions that he was financing through payments made to Genevalor.[53]

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withdrawal slips bearing the name of other Nadler family members. The Committee otherwise has reviewed, but does not have copies of, more withdrawal slips bearing the initials of Mr. Nadler. Ibid.

[50] UBP record, Caisor Services account, teller withdrawal receipts (Nov. 1998 to Oct. 2001).

[51] Genevalor officials interviews (Aug. 4, 2005).

[52] Ibid.; Fakhry Abdelnour interviews (Jan. 17-19, 2005); Benon Sevan interview (Jan. 21, 2005).

[53] Fakhry Abdelnour interviews (Jan. 17-19, 2005). Because of ongoing investigation, these statements were not included the First Interim Report. See "First Interim Report," pp. 157-58.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

On January 20, 2005, when Mr. Nadler came to Genevalor's office and met with one of its officials, Mr. Nadler acknowledged that he had received payments from AMEP to Caisor Services since 1998. Mr. Nadler stated that his acquaintance, Mr. Abdelnour, was being investigated. He further stated that Mr. Abdelnour had told investigators that the payments to Caisor Services were not commissions on oil sales, but rather were loans made to Mr. Nadler. Mr. Nadler told the Genevalor official that, unfortunately, on a credit advice for one of the payments, it said "Pet." instead of "Prêt" (the French word for loan), and "Pet" could be interpreted as petroleum.[54]

According to this Genevalor official, Mr. Nadler stated during this meeting of January 20, 2005 that he had not given money to Mr. Sevan. Mr. Nadler further stated that there was no possibility that anybody would prove that he had given any money to Mr. Sevan as it was all cash withdrawals—there was no paper trail.[55]

The name "Sevan" was not then known to the Genevalor officials and only became known when the officials ran an Internet search on the name. The Genevalor officials were alarmed by Mr. Nadler's statement that no one could prove that he made any payments to Mr. Sevan. They promptly decided to resign their directorship positions with Caisor Services. Correspondence in the files shows that two Genevalor officials signed letters of resignation on January 21, 2005, and each made the following requests: "Please appoint a Panamanian Director to replace me."[56]

[54] Genevalor officials interviews (Aug. 4, 2005).

[55] Ibid.

[56] Ibid.; UBP record, Compagnie de Banque et D'Investissements, "Demande D'Ouverture de Compte-Personnes Morales."

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

V. BENON SEVAN AND CASH FROM OIL ALLOCATIONS

In the First Interim Report, the Committee reviewed evidence that Mr. Sevan requested and received oil allocations for AMEP from Iraq and that AMEP entered into contracts for the allocated amounts and sold the oil to other companies from 1998 to 2001. At the time of the First Interim Report, the Committee did not have sufficient access to financial and phone records to determine the flow of funds from AMEP's oil sales and whether Mr. Sevan was a beneficiary. Having now compiled and analyzed extensive financial and phone records, the Committee sets forth below the evidence indicating that Mr. Sevan financially profited from his oil allocations through payments to the Caisor Services bank account in Geneva, which was controlled by Fred Nadler.

As it did in the First Interim Report, the Committee describes the course of events on an allocation-by-allocation basis from 1998 to 2001. The discussion here does not repeat the First Interim Report's description of the content of internal Iraqi records and correspondence, except if necessary to place in context the conduct of Mr. Sevan and Mr. Nadler in relation to particular oil allocations. The description below focuses on new evidence of coordination among Mr. Sevan, Mr. Nadler, and Mr. Abdelnour, and on the flow of funds from AMEP through Caisor Services for the benefit of Mr. Nadler and Mr. Sevan.

A. THE FIRST ALLOCATION

As noted in the First Interim Report, Mr. Sevan's first request for an oil allocation was made to Oil Minister Rashid in June 1998. This is when Mr. Sevan traveled to Iraq to discuss, among other subjects, implementation of a recent Security Council resolution that—for the first time—authorized an "oil spare parts" component of the Programme. This component allowed Iraq to use some of the funds from the Programme's escrow account for general maintenance and repairs of its oil infrastructure.[57]

During the spring of 1998, Mr. Sevan—like many others within the United Nations and Security Council—had supported strongly the oil spare parts proposal. As Iraq doubtlessly was aware, however, Mr. Sevan held a unique position to influence the approval process, and this is clear from the sequence of events leading up to the Security Council's first authorization for oil spare parts funding. Iraq sought $300 million in funding—$210 million for "upstream" oil industry facilities and $90 million for "downstream" refinery facilities.[58] In March 1998, a team of United

[57] "First Interim Report," p. 131; S/RES/1175, paras. 1-3 (June 19, 1998). Resolution 986 previously had allowed Iraq to import "parts and equipment which are essential for the safe operation of the Kirkuk-Yurmatalik pipeline system," which ran from Iraq to Turkey. S/RES/986, para. 9(a) (Apr. 14, 1995). Resolution 986, however, did not otherwise authorize oil spare parts imports. See ibid.

[58] Within the petroleum industry, "upstream" operations generally refer to crude oil extraction and delivery activities (i.e., crude oil drilling, pumping, storage, and distribution), whereby "downstream" operations generally refer to petroleum refining and product-related activities (i.e., refining, product storage, distribution, and delivery).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Nations experts—led by employees of Saybolt Eastern Hemisphere BV ("Saybolt"), the United Nations oil inspection firm, and accompanied by two of the United Nations oil overseers—spent approximately ten days in Iraq assessing Iraq's request in accordance with the Security Council's request for an expert study on how to increase Iraq's oil exports. Because the experts' terms of reference for this mission did not include the inspection of downstream refinery facilities, Saybolt expressed the position that the $90 million component was not within the terms of the team's mandate to assess how to improve Iraq's export potential, and its initial draft reports did not include a recommendation for the $90 million component. On the other hand, the oil overseers took the view that the $90 million should be funded. After Saybolt did not provide an opinion about funding the $90 million downstream component within its report, Mr. Sevan relayed to Saybolt the contrary views of the oil overseers and pressed Saybolt to make a recommendation (either positive or negative) about the $90 million request, though noting that he needed Saybolt's position so that he could make the recommendation for the full $300 million. Saybolt ultimately agreed in its report that the downstream request was "considered to be reasonable."[59]

The Saybolt report in turn was submitted to the Security Council with a cover letter from the Secretary-General that OIP initially drafted. Although it had been the oil overseers that initially supported the $90 million downstream requirement, and Saybolt only later had noted such an opinion in its report, the cover letter was drafted to make it appear as if the Saybolt experts, with the support of the oil overseers, fully endorsed the $90 million downstream component:

> [The Oil Overseers] share the view of the group of experts that the request by the Ministry of Oil for $300 million for spare parts—$210 million for upstream and $90 million for downstream operations—is reasonable and that it reflects only the most essential and urgent needs of the Iraqi oil industry.[60]

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[59] S/RES/1153, para. 12 (1998) (requesting an expert study to evaluate and determine "the necessary equipment to enable Iraq to increase the export of petroleum or petroleum products"); Saybolt record, Graham Brett e-mail to Peter Boks (Mar. 13, 1998) (noting that Iraq raised the issue of the $90 million component during the visit of the expert team and that this matter "does not fall within our jurisdiction"); Saybolt record, Peter Boks e-mail to Benon Sevan (Mar. 16, 1998) (suggesting that the $90 million "downstream" request was outside the mandate of the team of experts); Bernard Cullet and Alexandre Kramar note to Benon Sevan, "Mission of the UN Oil Overseers in Iraq" (Apr. 9, 1998) (including the oil overseers' recommendation); Benon Sevan e-mail to Peter Boks (Apr. 11, 1998) (forwarding the overseers' recommendation and requesting Saybolt's recommendation concerning the $90 million); Secretary-General letter to the President of the Security Council, S/1998/330 (Apr. 15, 1998) (containing Annex, "Report of the group of experts established pursuant to paragraph 12 of Security Council resolution 1153 (1998), Executive Summary," which stated that "[w]hile not strictly relevant to the group of experts' objectives in relation to the increase of oil exports, these requirements have been noted, and the request is considered to be reasonable"). Both Peter Boks of Saybolt and former oil overseer Alexandre Kramar state that they were not inappropriately pressured to alter their conclusions. Peter Boks interview (Mar. 14, 2005); Alexandre Kramar interview (July 25, 2005); Stephani Scheer interview (July 15, 2005).

[60] Secretary-General letter to the President of the Security Council, S/1998/330 (Apr. 15, 1998); Stephani Scheer interview (July 15, 2005).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

At the informal consultations of the Security Council on June 12, 1998, Mr. Sevan advised that he might have to reconsider his planned trip to Iraq if the Security Council failed to approve the oil spare parts funding because it would send the wrong message about the United Nations' humanitarian intentions. In the light of this statement and the recommendation prepared by OIP and submitted from the Secretary-General with the Saybolt report, the Security Council acted on June 19, 1998 to authorize the full $300 million requested by Iraq.[61]

Just two days after the Security Council's action, Mr. Sevan left for Iraq for two weeks from June 21 to July 5, 1998. Official travel records show that Mr. Sevan met twice with Oil Minister Rashid (June 22 and June 30) and once with Vice President Taha Yassin Ramadan (July 2), both of whom were members of the Command Council, which was in charge of approving Iraq's oil allocations. Mr. Sevan's later report of these meetings observed that "[t]he Vice President and the Minister for Oil stated that the Secretary-General and I on his behalf should spare no effort in ensuring the approval of the contracts for essential spare parts concerning the oil industry as well as for the other sectors, which had been delayed far too long."[62]

During one of these meetings with Oil Minister Rashid, as reflected in an internal record of the Ministry of Oil, Mr. Sevan solicited an oil allocation on behalf of AMEP. The Oil Minister has stated that he conveyed Mr. Sevan's request to Vice President Ramadan. Around this time, Mr. Sevan also presented his request to the Permanent Mission of Iraq to the United Nations in New York ("Iraqi Mission"). Mr. Sevan directly asked an Iraqi official for an oil allocation to "help a friend" named Abdelnour who was Egyptian.[63]

Recently, the Committee has interviewed another Iraqi official who has provided additional corroboration of Mr. Sevan's request. According to this official, the Iraqi Mission official to whom Mr. Sevan made the request said at the time that Mr. Sevan had requested an oil allocation be given to a friend who owned an oil company named AMEP. This Iraqi official added that Mr. Sevan's request was communicated to Iraq's United Nations Ambassador Nizar Hamdoon and to SOMO in Baghdad.[64]

On July 13, 1998, about one week after his return from Iraq, Mr. Sevan had lunch with Mr. Nadler. On July 24, Mr. Sevan had a morning meeting with officials from the Iraqi Mission. Both prior to and on July 24, several calls were placed to Mr. Sevan's office from telephones used by Mr. Nadler, and Mr. Nadler left a number of messages from July 21 to July 24 requesting that Mr. Sevan call back. On July 24, two telephone calls were placed to Mr. Sevan's office: the

[61] OIP notes of informal Security Council consultations, p. 8 (June 12, 1998); S/RES/1175, paras. 1-3 (June 19, 1998).

[62] "First Interim Report," pp. 131-33.

[63] Ibid., p. 131.

[64] Iraq official interview.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

first from Mr. Nadler's residence and the second from a telephone at Pauline Nadler's residence, approximately one hour after the previous call.[65]

It was not until the last week of September that Mr. Abdelnour traveled to Baghdad and executed AMEP's contract for this allocation, totaling 1.8 million barrels of crude oil. In the period leading up to AMEP signing its first contract under the Programme on September 24, 1998, telephone records show an increase in calls between Mr. Sevan, Mr. Nadler, and Mr. Abdelnour. On Friday, September 11, two calls were placed from a telephone listed at Pauline Nadler's residence to Mr. Abdelnour, including a call to Mr. Abdelnour's cell phone at 11:42 a.m. (New York time). Within the hour, a call was placed between the same telephone and Mr. Sevan's office telephone; another such call occurred at the end of the day. From September 16 until September 24—the date the contract between AMEP and SOMO was signed by Abdelnour—seven calls were placed between telephones used by Mr. Nadler and Mr. Sevan and another seven calls were placed between telephones used by Mr. Nadler and those used by Mr. Abdelnour. On September 19, Mr. Nadler called Mr. Abdelnour shortly after receiving a call from Mr. Sevan.[66]

While Mr. Abdelnour was in Baghdad, SOMO Director Saddam Hassan re-confirmed by telephone with Muwafaq Ayoub, one of Iraq's officials at the Iraqi Mission, that AMEP was indeed the company that Mr. Sevan had recommended. The fact of this communication between Mr. Hassan and Mr. Ayoub was recorded in a later memorandum from SOMO to Oil Minister Rashid, seeking formal approval of the final contract terms:

> And with reference to the phone conversation on the morning of 24 September 1998 between the undersigned [Saddam Zibn Hassan] with Mr. Muwafaq Ayoub from the Iraqi mission in New York in which he emphasized that AFRICAN MIDDLE EAST PETROLEUM CO. LTD. INC. represented by Mr. Fakhry Abdelnour is the one recommended by Mr. Sevan.[67]

At 7:59 a.m. on September 24, 1998, a call was placed from Mr. Sevan's residence to Mr. Nadler's residence. Later that morning, Mr. Sevan met with officials from the Iraqi Mission and the Iraqi Ministry of Foreign Affairs who were assigned responsibility for dealing with the Programme. Toward the end of the day, calls were placed from Mr. Nadler's residence to Mr.

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[65] Benon Sevan Lotus Organizer and Electronic Calendar (July 13 and 24, 1998); Benon Sevan appointment book (July 24, 1998); Nadler family telephone records, Verizon (July 21-24, 1998). The telephone calls starting on July 23, 1998 originate first from Emanuel Nadler's residence and then from Fred Nadler's residence. Ibid.

[66] "First Interim Report," pp. 134-35; Nadler family telephone records, Verizon (Sept. 11-24, 1998); Benon Sevan telephone records, Verizon (Sept. 15-19, 1998); Benon Sevan Lotus Organizer and Electronic Calendar (Sept. 11, 1998) (in the message, Mr. Nadler provided as his contact telephone number the number listed to Pauline Nadler). The records of local calls between Mr. Sevan and Mr. Nadler do not contain data on the duration of these calls. Unless otherwise noted, times noted for phone calls reflect when phone calls were placed according to New York time.

[67] "First Interim Report," p. 134.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Sevan's office and apartment, followed by a call from Mr. Sevan's apartment to Mr. Nadler's residence.[68]

In the meantime, after Mr. Abdelnour signed the contract and returned from Baghdad to Geneva, a call was placed from Mr. Nadler's residence to AMEP's offices on September 28, 1998 at 6:24 a.m. In approximately half-an-hour, Mr. Abdelnour sent a telex to SOMO to thank SOMO officials for meeting with him in Baghdad. About one-and-a-half hours later, at 8:24 a.m., a call was placed from Mr. Nadler's residence to Mr. Sevan's apartment. According to Mr. Sevan's appointment book, he met Mr. Nadler for breakfast the following morning.[69]

AMEP's oil was not lifted until November 19, 1998. During the week before the liftings, calls between telephones used by Mr. Sevan, Mr. Nadler, and Mr. Abdelnour increased in frequency. On Wednesday, November 11, calls were placed from a telephone at Mr. Nadler's New York residence to Mr. Sevan's apartment and from a telephone at Pauline Nadler's residence to Mr. Sevan's office, and then one call was placed from a telephone at Emanuel Nadler's residence to the AMEP office and two calls to Mr. Abdelnour's personal cell phone. Later that day, a call was placed from a telephone at Emanuel Nadler's residence to Mr. Sevan's office at the United Nations. Over the six days preceding the first lifting of oil on the contract, eight calls were placed between telephones used by Mr. Nadler and Mr. Sevan, interspersed with six calls between telephones used by Mr. Nadler to AMEP offices and to telephones used by Mr. Abdelnour.[70]

As noted in the First Interim Report, AMEP did not itself lift the oil for which it contracted, but sold the oil to Addax BV ("Addax"), Geneva Branch, and to Shell International Trading and Shipping Company Limited ("Shell"). Addax and Shell sent tankers to lift the oil at the port of Ceyhan between November 19 and 22, 1998. AMEP's net revenue totaled $298,576 from these transactions.[71]

Following these two lifts, Mr. Abdelnour wired two payments—$47,000 on November 23, 1998 and $41,667 on November 30, 1998—to Mr. Nadler's Geneva-based account of Caisor Services.

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[68] Benon Sevan telephone records, Verizon (Sept. 24, 1998); Nadler family telephone records, Verizon (Sept. 24, 1998); Benon Sevan appointment book (Sept. 29, 1998).

[69] Nadler family telephone records, Verizon (Sept. 28, 1998); AMEP record, AMEP telex to Ministry of Oil (Sept. 28, 1998); Fakhry Abdelnour interviews (Oct. 4 and 7, 2004); Benon Sevan Lotus Organizer and Electronic Calendar (Sept. 29, 1998).

[70] Nadler family telephone records, Verizon (Nov. 1-30, 1998). From November 1 to 10, 1998 there were only six calls between the telephones of the Nadlers, Mr. Sevan, and Mr. Abdelnour. In contrast, there were twenty-three calls between these numbers from November 11 to 17 and then no more calls for the rest of November. Ibid.

[71] "First Interim Report," pp. 135-36.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

The two payments are roughly equivalent to five cents per barrel on AMEP's first oil allocation under the Programme.[72]

These payments were conducted in a manner that made them difficult to trace. They were not wired from AMEP's regular operational account but, instead, from an account in the name of the Guirgeh Foundation, which, according to Mr. Abdelnour, was a personal account of his; this personal account was later reimbursed with funds in the same amounts from AMEP's main operating account. The payee listed for these two transactions was neither Caisor Services nor Mr. Nadler; instead, the payee was a director of Genevalor, the money management firm that acted as fiduciary for the Caisor Services account. Indeed, none of the payment instructions and debit advices for the wire transfers from AMEP to this account identifies Caisor Services or Mr. Nadler as the intended beneficiary. But the basis for these payments is ascertainable from cryptic references on the bank credit advices: the first payment refers to "Harriet" (the name of the tanker that lifted the first load of oil) and the second payment refers to "22/11/98" (the date of the second oil lifting).[73]

In the meantime, Mr. Nadler traveled to Geneva at some point after November 17, 1998, returning to New York on December 6, 1998.[74] On November 23, 1998—the date that AMEP wired $47,000 to Caisor Service's account—there was a single $3,000 cash withdrawal from the account. Early on the morning of December 7, 1998, three telephone calls were placed, initially from Fred Nadler's residence to Mr. Sevan's apartment (8:10 a.m.), and then two from Emanuel Nadler's residence to Mr. Sevan's office (10:41 a.m. and 12:02 p.m.). Fred Nadler met Mr. Sevan for lunch later that day. That afternoon (3:30 p.m.), Mr. Sevan deposited $5,000 in cash in the form of fifty $100 bills into his credit union account.[75]

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[72] United European Bank ("UEB") record, Guirgeh Foundation account, debit advices (Nov. 23 and 30, 1998); UBP record, Caisor Services account, credit advices (Nov. 23 and 30, 1998); "First Interim Report," p. 135.

[73] UEB record, Guirgeh Foundation account, debit advices (Nov. 23 and 30, 1998); UBP record, Caisor Services account, credit advices (Nov. 23 and 30, 1998); UEB record, AMEP account, debit advices (Dec. 17 and 21, 1998); UEB record, Guirgeh Foundation account, credit advices (Dec. 17 and 21, 1998); Fakhry Abdelnour interviews (Jan. 17-19, 2005). As noted, after AMEP received the revenue from the sale of this oil, it replenished the Guirgeh Foundation account with two transfers in the same amounts: $47,000 on December 17, 1998 and $41,667 on December 21, 1998. UEB record, AMEP account, debit advices (Dec. 17 and 21, 1998); UEB record, Guirgeh Foundation account, credit advices (Dec. 17 and 21, 1998).

[74] Fred Nadler travel records; Nadler family telephone records, Verizon (Nov. 17 to Dec. 6, 1998). Phone records for Mr. Nadler's New York residence show a gap in phone calls between November 17 and December 6, presumably when he was in Geneva. Ibid.

[75] UBP record, Caisor Services account, teller withdrawal receipts (Nov. 23, 1998); Nadler family telephone records, Verizon (Dec. 7, 1998); Benon Sevan appointment book (Dec. 7, 1998); UNFCU record, Benon Sevan personal account, deposit receipt (Dec. 7, 1998). The deposit receipt reflects that the cash was deposited at 3:30 p.m. Ibid.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Over the next eleven days, there was almost daily telephone contact between Mr. Sevan and Mr. Nadler, including three telephone calls on December 17, two of which were placed from Fred Nadler's residence to Mr. Sevan's apartment (8:32 a.m.) and office (11:50 a.m.), and the other from Emanuel Nadler's residence to Mr. Sevan's office (12:56 p.m.). On December 18, Mr. Sevan deposited another $2,800 in cash (twenty-eight $100 bills) into his UNFCU account and $2,000 in cash into his Chase account.[76]

Accordingly, within one month of the lifting of oil allocated at the request of Mr. Sevan for AMEP, he had deposited $9,800 of cash into his New York bank accounts. This amount deposited by Mr. Sevan is *more* than the $3,000 cash previously withdrawn from the Caisor Services account. However, as illustrated in Table 3 at the end of this Chapter, this is the only example from many future transactions in which the amount known to be withdrawn from Caisor Services was less than the amount or series of amounts soon thereafter deposited by Mr. or Mrs. Sevan to their New York bank accounts.

B. THE SECOND ALLOCATION

As noted in the First Interim Report, Mr. Sevan requested another oil allocation for AMEP for the next phase of the Programme, but Iraq decided to grant an allocation for only one million barrels. AMEP entered into a contract with SOMO on February 6, 1999 for the one million barrels. Two days later, on February 8, 1999, there was a $2,000 cash withdrawal from Mr. Nadler's Caisor Services account in Geneva, and then another $7,500 cash withdrawal on February 16. Mr. Nadler, who was in Geneva at the time, returned to New York the following day of February 17, at approximately 3:00 p.m. That night, two calls were placed from a telephone at Pauline Nadler's residence to Mr. Sevan's apartment and office, respectively.[77]

Two days later, on February 19, phone records show an exchange of calls between Mr. Sevan and Mr. Nadler, the first at 7:47 a.m. from Mr. Sevan's apartment to Mr. Nadler's residence, and then at 12:07 p.m. from Mr. Nadler's residence to Mr. Sevan's office. On the same day, Mr. Sevan deposited $1,800 in cash (eighteen $100 bills at 1:27 p.m.) into his UNFCU account and then fifteen minutes later $6,000 in cash into his Chase account (sixty $100 bills at 1:42 p.m.). Two

[76] Nadler family telephone records, Verizon (Dec. 8-17, 1998); UNFCU record, Benon Sevan personal account, deposit receipt (Dec. 18, 1998); Chase record, Benon Sevan personal account, deposit receipt (Dec. 18, 1998).

[77] "First Interim Report," pp. 136-38; UBP record, Caisor Services account, teller withdrawal receipts (Feb. 8 and 16, 1999); Fred Nadler travel records; Nadler family telephone records, Verizon (Feb. 17, 1999). The records on Mr. Nadler's travel in most cases only indicate the date of entry into the United States, along with the departure city and flight information. See ibid. Records of his original exit from the country are not available.

weeks later, on March 5, Mr. Sevan deposited an additional $1,700 in cash (seventeen $100 bills) into his UNFCU account.[78] His cash deposits over this two-week period totaled $9,500.

As noted in the First Interim Report, neither Mr. Sevan nor Mr. Abdelnour was pleased with the reduced oil allocation of only one million barrels. In late March 1999, Mr. Sevan attended the OPEC conference in Vienna—despite the stated concerns of his Chief of Office that it would be inappropriate for him as a United Nations staff member to do so. According to Oil Minister Rashid, he saw Mr. Sevan at this conference, and Mr. Sevan quietly raised his request for an oil allocation.[79]

In interviews with the Committee, both Mr. Sevan and Mr. Abdelnour have acknowledged that they saw each other at the OPEC conference, and Mr. Sevan has further stated that he "might have said" to Oil Minister Rashid that "the guy [AMEP] wants more" oil. Phone records show two calls from Mr. Nadler's residence in New York to Mr. Sevan's cell phone in the early evening of March 23, while Mr. Sevan was still in Vienna.[80]

Mr. Sevan departed Vienna and arrived in Geneva on March 24, 1999 for meetings with the United Nations Compensation Commission. The following day, $6,000 in cash was withdrawn from the Caisor Services account in Geneva. At some point during this timeframe, Mr. Nadler went to Geneva, and travel records show that he and Mr. Sevan were on the same flight back to New York from Geneva on March 28.[81]

Two days after his return, on March 30, 1999, Mr. Sevan made another cash deposit to one of his New York bank accounts. Mr. Sevan deposited $2,400 in cash (twenty-four $100 bills).[82]

On April 8, 1999, Mr. Abdelnour sent a telex to SOMO Executive Director Hassan in which he referred to "our meeting last month in Vienna (OPEC)" and requested confirmation that AMEP's

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[78] Benon Sevan telephone records, Verizon (Feb. 19, 1999); Nadler family telephone records, Verizon (Feb. 19, 1999); Chase record, Benon Sevan personal account, deposit receipt (Feb. 19, 1999); UNFCU record, Benon Sevan personal account, deposit receipt (Feb. 19 and Mar. 5, 1999).

[79] "First Interim Report," pp. 137-38; Stephani Scheer interviews (July 23, 2004 and July 15, 2005); Benon Sevan request for travel authorization (Mar. 15, 1999).

[80] "First Interim Report," pp. 137-38, 154; Benon Sevan interview (Jan. 21, 2005); Fakhry Abdelnour interviews (Oct. 4 and 7, 2004; Jan. 17-19, 2005) (stating that he did not speak with the Oil Minister while at the OPEC meeting); Nadler family telephone records, Verizon (Mar. 22-23, 1999). In addition, on March 22, a two-minute call was placed from Fred Nadler's residence to Mr. Abdelnour's cell phone, and on March 23, three calls were placed from the telephone at Emanuel Nadler's residence to Mr. Abdelnour's cell phone, which were then followed by two calls from Mr. Nadler's residence to Mr. Sevan's cell phone. Nadler family telephone records, Verizon (Mar. 22-23, 1999).

[81] Benon Sevan voucher for reimbursement of expenses (Mar. 30, 1999); Benon Sevan request for travel authorization (Mar. 15, 1999); UBP record, Caisor Services account, teller withdrawal receipts (Mar. 25, 1999); Fred Nadler travel records.

[82] UNFCU record, Benon Sevan personal account, deposit receipt (Mar. 30, 1999).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

contractual quantity had been raised by another one million barrels. This document, which was recovered from SOMO's files, contains a handwritten note at the bottom from a lower-level official of SOMO directed to Mr. Hassan, which refers to Mr. Sevan by name:

> Executive Director
>
> African Middle East /Mr. Sevan are stating that they are under the impression that their allocation was increased from 1 to 2 million barrels, as a result of the meeting with Mr. Minister in Vienna. Please note that the amount of contract is [for] Kirkuk [oil].
>
> For your information and proportioning -[83]

The following week, beginning on April 15, 1999, there was an increase in concurrent calls between telephones used by Mr. Sevan, Mr. Nadler, and Mr. Abdelnour. On April 15 alone, there were six calls throughout the day:[84]

8:10 a.m.	Fred Nadler's residence to Mr. Sevan's apartment
10:10 a.m.	Emanuel Nadler's residence to the AMEP office in Geneva
10:33 a.m.	Emanuel Nadler's residence to Mr. Sevan's office (a message was left stating that "Fred Nadler" called and listing the call back number at his brother's apartment)
12:00 p.m.	Emanuel Nadler's residence to the AMEP office in Geneva
10:15 p.m.	Fred Nadler's residence to Mr. Sevan's apartment
11:13 p.m.	Mr. Sevan's apartment to Fred Nadler's residence

The following day (April 16), calls were placed from Mr. Nadler's residence to the AMEP office in Geneva and to Mr. Abdelnour's personal cell phone. On April 18 and 19, more calls were placed from Mr. Nadler's residence to Mr. Abdelnour's cell phone. Ten days later, on April 29, a number of calls were made first from Emanuel Nadler's residence to the AMEP offices in Geneva

[83] "First Interim Report," p. 138.

[84] Nadler family telephone records, Verizon (Apr. 15, 1999); Benon Sevan Lotus Organizer and Electronic Calendar (Apr. 15, 1999).

and to Mr. Abdelnour's personal cell phone, and later in the day from Mr. Nadler's residence to Mr. Sevan's office.[85]

SOMO did not grant the request for a higher allocation. Furthermore, although it had signed a contract, AMEP decided not to go forward with the contract, and no oil was lifted for Mr. Sevan's second oil allocation.[86]

C. THE THIRD ALLOCATION

For the next phase of the Programme (Phase VI), neither Mr. Sevan nor AMEP appeared at the outset on SOMO's allocation lists. On at least one occasion, Iraqi officials advised Mr. Sevan that delay in lifting an allocation risked a blacklisting for further allocations.[87]

Although he did not initially receive an allocation for this phase, Mr. Sevan's prospects changed after he paid a visit to Oil Minister Rashid in Baghdad. On May 28, 1999, Mr. Sevan sought travel authorization, explaining that he had been called for consultations by Oil Minister Rashid: "I had a call from the Minister for Oil yesterday urging me to go to Baghdad very soon, to discuss the requirements for the oil industry and how to increase production capacity and export." Official travel records show that Mr. Sevan was in Iraq from June 16 to July 6, 1999.[88]

Within days of his trip to Iraq, Mr. Sevan's name surfaced again in the SOMO oil allocation records. On his way back from Iraq, following two days in Jordan, he made a five-day stopover in Geneva beginning on July 9, 1999. Cash in the amount of $11,000 was withdrawn from Mr. Nadler's Caisor Services account on July 9, and an additional $4,000 was withdrawn on July 12.[89]

On July 14, Mr. Sevan departed Geneva and arrived back in New York. Travel records reflect that Mr. Nadler was also present in Geneva during this period, returning to New York from Geneva on July 16. Two days after his return from Geneva, Mr. Sevan deposited $6,200 in cash

[85] Nadler family telephone records, Verizon (Apr. 15-19 and 29, 1999); Benon Sevan telephone records, Verizon (Apr. 15, 1999).

[86] "First Interim Report," p. 138; Fakhry Abdelnour interviews (Jan. 17-19, 2005).

[87] "First Interim Report," p. 138.

[88] Benon Sevan request for travel authorization (May 28, 1999); United Nations Quarterly Report on Absences from Duty Station (Apr. to June 1999); United Nations Quarterly Report on Absences from Duty Station (July to Sept. 1999); Benon Sevan travel claim (Sept. 9, 1999).

[89] "First Interim Report," p. 140; Benon Sevan travel claim (Sept. 9, 1999); UBP record, Caisor Services account, teller withdrawal receipt (July 9 and 12, 1999).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

(sixty $100 bills and ten $20 bills) into his UNFCU account. Three days later, on July 19, Mr. Sevan deposited an additional $3,000 in cash (thirty $100 bills) into his Chase account.[90]

Chart E – Events from June to July 1999

On July 22, 1999, a week before AMEP signed the contract for Mr. Sevan's new oil allocation, Mr. Nadler once more placed concurrent phone calls to Mr. Sevan and Mr. Abdelnour.[91] Mr. Abdelnour was back in Baghdad on July 29, 1999 to execute the contract for AMEP's purchase of two million more barrels of oil. The following day, starting at 8:07 a.m., successive phone calls were placed from Mr. Nadler's residence to Mr. Sevan's apartment, then to Mr. Abdelnour's cell phone and, finally, from Mr. Sevan's apartment to Mr. Nadler's residence—all within half-an-hour.[92]

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[90] Benon Sevan travel claim (Sept. 9, 1999); Fred Nadler travel records; UNFCU record, Benon Sevan personal account, deposit receipt (July 16, 1999); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (July 19, 1999).

[91] Nadler family telephone records, Verizon (July 22, 1999). On July 22, Mr. Nadler placed calls to Mr. Abdelnour's cell phone at 10:34 a.m. (one-minute duration) and 10:36 a.m. (ten-minute duration). Then, at 11:11 a.m., Mr. Nadler called Mr. Sevan's office extension at the United Nations. Ibid.; Benon Sevan Lotus Organizer and Electronic Calendar (July 23, 1999) (stating that "Fred Nadler" called from his brother's apartment on July 22, 1999).

[92] Programme contract between SOMO and AMEP, M/06/78 (July 29, 1999); Nadler family telephone records, Verizon (July 30, 1999); Benon Sevan telephone records, Verizon (July 30, 1999). By the time Mr. Abdelnour went to Baghdad to sign his contract with SOMO, AMEP already had agreed to sell the oil to STASCO (Shell) on July 20, 1999. Shell record, STASCO contract with AMEP (July 22, 1999).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

AMEP eventually sold the oil to Shell at a premium of twenty-eight cents per barrel, yielding net revenue of $490,914; Shell lifted the oil in two installments of approximately one million barrels each on October 21 and November 21, 1999. In the meantime, on October 12, 1999, Mr. Sevan addressed the Security Council to urge approval of the Secretary-General's recommendation for an additional $300 million for oil spare parts and equipment. He assured the Council that his recommendation had been made "purely on technical grounds."[93]

On October 19, 1999—two days prior to Shell's first lifting—a telephone call was placed from Mr. Sevan's apartment to Mr. Nadler's residence early in the morning (7:48 a.m.), and, shortly thereafter, three phone calls were placed from Mr. Nadler's residence to Mr. Abdelnour's cell phone (8:53 a.m., 10:14 a.m., and 10:25 a.m.).[94]

Two days later, on October 21, 1999, Shell lifted one million barrels of AMEP's oil from Ceyhan. The following day, there was again an exchange of phone calls between Mr. Sevan, Mr. Nadler, and Mr. Abdelnour, with three calls between the apartments of Mr. Sevan and Mr. Nadler before 8:00 a.m., followed in the late morning and mid-afternoon by a total of three calls from Mr. Nadler's residence to Mr. Abdelnour's cell phone and his Geneva residence.[95]

On October 27, 1999, six days after Shell lifted the oil, Mr. Abdelnour wired $100,000 from the AMEP bank account to Mr. Nadler's Caisor Services account in Geneva. This amount was equivalent to ten cents per barrel for the lifting.[96]

Mr. Nadler was once again in Geneva during this time, and, on November 2, 1999, there was a $9,000 cash withdrawal from his Caisor Services account. Mr. Nadler returned to New York the following day, and phone calls were placed from his residence to Mr. Sevan's apartment and office that evening and to Mr. Sevan's apartment the following morning. On November 5, 1999, a call was placed from Mr. Nadler's residence to Mr. Abdelnour's cell phone, followed approximately twenty minutes later by a call from the same phone to Mr. Sevan's apartment. Later that day, Mr. Sevan deposited $6,000 in cash (sixty $100 bills) into his UNFCU account.

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[93] "First Interim Report," p. 141; Secretary-General letter to the President of the Security Council, S/1999/1053 (Oct. 12, 1999); Benon Sevan talking points, "Letter dated 12 October 1999 from the Secretary-General addressed to the President of the Security Council S/1999/1053" (Oct. 12, 1999).

[94] Benon Sevan telephone records, Verizon (Oct. 19, 1999); Nadler family telephone records, Verizon (Oct. 19, 1999).

[95] Shell record, AMEP invoice to STASCO (Nov. 2, 1999); Benon Sevan telephone records, Verizon (Oct. 22, 1999); Nadler family telephone records, Verizon (Oct. 22, 1999).

[96] UEB record, AMEP account, payment instructions (Oct. 25, 1999); UEB record, AMEP account, debit advice (Oct. 27, 1999); UBP record, Caisor Services account, credit advice (Nov. 2, 1999). The payment instructions and debit advice for this wire transfer list the beneficiary as "Genevalor" and reference "Client Pet." UEB record, AMEP account, payment instructions (Oct. 25, 1999); UEB record, AMEP account, debit advice (Oct. 27, 1999).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Five days later, on November 10, 1999, Mr. Sevan deposited another $2,500 in cash (twenty-five $100 bills) into his Chase account.[97]

On November 17, 1999, in informal consultations with the Security Council attended by Mr. Sevan, the Council acknowledged that there was general support for the Secretary-General's recommendation to increase Iraq's allowance for purchasing oil spare parts and equipment by $300 million, but there was concern about Iraq's low rate of contract submissions for this Programme phase. Mr. Sevan responded that the Secretary-General's recommendation was based on "technical grounds, taking into full account the assessment of independent oil experts." In addition, Mr. Sevan underscored that the fact that "Iraq was slow in contracting for parts and equipment did not and should not . . . minimize the additional funds required."[98]

Shell lifted the second half of its purchase from AMEP on November 21, 1999.[99] The following day, two calls were placed from Emanuel Nadler's residence, one to Mr. Abdelnour's cell phone and one to Mr. Sevan's office. On November 25, Mr. Abdelnour wired an additional $100,000 from the AMEP account to Genevalor as payee for deposit to Mr. Nadler's Caisor Services account. As was the case with the transfer after the first lifting, this was the equivalent of about ten cents per barrel for the second lifting.[100] Mr. Nadler was present in Geneva at the time, and three cash withdrawals, totaling $21,000, were made from his Caisor Services account from November 25 to November 29. Mr. Nadler returned to New York the next day.[101]

Approximately two weeks later, on December 17, Mr. Sevan deposited $6,600 into his UNFCU account. Because the deposit slip is not available, it cannot be determined whether this deposit was made in cash. Four days later, on December 21, Mr. Sevan made a $5,000 cash deposit (fifty $100 bills) into his Chase account. On January 5 and 17, 2000, Mrs. Sevan deposited, respectively, an additional $6,100 and $2,470 in cash into her Chase account. In total, Mr. and

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[97] Fred Nadler travel records; UBP record, Caisor Services account, teller withdrawal receipt (Nov. 2, 1999); Nadler family telephone records, Verizon (Nov. 3-5, 1999); UNFCU record, Benon Sevan personal account, deposit receipt (Nov. 5, 1999); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (Nov. 10, 1999).

[98] Benon Sevan note to Louise Fréchette (Nov. 18, 1999) (regarding informal Security Council consultations held on November 17, 1999).

[99] Shell record, AMEP invoice to STASCO (Nov. 30, 1999). Shell lifted 1,009,578 barrels of oil. Ibid.

[100] Nadler family telephone records, Verizon (Nov. 22, 1999); UBP record, Caisor Services account, credit advice (Nov. 30, 1999). The payment instructions and debit advice for this wire transfer list the beneficiary as "Genevalor" and reference "Client Pet." UEB record, AMEP account, payment instructions (Nov. 24, 1999); UEB record, AMEP account, debit advice (Nov. 25, 1999). All subsequent wires from AMEP to Caisor Services were made payable to Genevalor.

[101] Fred Nadler travel records; Nadler family telephone records, Verizon (Nov. 22, 1999); UBP record, Caisor Services account, teller withdrawal receipts (Nov. 25-26 and 29, 1999).

Mrs. Sevan made deposits of $20,170 ($13,570 of which has been confirmed as cash deposits) over the six-week period.[102]

D. THE FOURTH ALLOCATION

As noted in the First Interim Report, Iraq allocated 1.5 million barrels of crude oil for Mr. Sevan during the next Programme phase (Phase VII). AMEP's contract with SOMO for 1.5 million barrels was signed in January 2000. AMEP in turn sold the oil to Shell at a premium of approximately twenty-five cents per barrel, resulting in net revenue for AMEP of approximately $306,218.[103]

The Committee's investigation has confirmed that AMEP used its sales proceeds to pay the equivalent of ten cents per barrel from these transactions to Mr. Nadler's Caisor Services account in Geneva. Shortly after both liftings by Shell on April 5 and June 2, 2000, AMEP wired funds to the Caisor Services account in the amounts of $95,000 on April 7, 2000 and $50,000 on June 5, 2000, respectively.[104]

The Committee's investigation also has disclosed evidence of close coordination among Mr. Abdelnour, Mr. Sevan, and Mr. Nadler during the course of this Programme phase through the first half of 2000. In the five days immediately preceding January 12, the day when SOMO faxed the executed contract to AMEP, there were concurrent phone calls between the numbers for Mr. Nadler, Mr. Sevan, and Mr. Abdelnour:[105]

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[102] UNFCU record, Benon Sevan personal account, bank statement (Dec. 31, 1999); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (Dec. 21, 1999); Chase record, Micheline Sevan personal account, deposit receipts (Jan. 5 and 17, 2000).

[103] "First Interim Report," pp. 142-43, 152; Fakhry Abdelnour interviews (Jan. 17-19, 2005) (noting trip to Baghdad on January 25, 2000).

[104] *Front Archer* bill of lading, shipment no. ck/4727 (Apr. 5, 2000) (relating to Programme contract between SOMO and AMEP, M/07/88); *Princess Nadia* bill of lading, shipment no. ck/4787 (Part 1) (June 2, 2000) (relating to Programme contract between SOMO and AMEP, M/07/88); UEB record, AMEP account, payment instructions (Apr. 6, 2000); UEB record, AMEP account, debit advice (Apr. 7, 2000); UBP record, Caisor Services account, credit advice (Apr. 12, 2000); UEB record, AMEP account, payment instructions (June 5, 2000); UEB record, AMEP account, debit advice (June 5, 2000); UBP record, Caisor Services account, credit advice (June 14, 2000). The payment instructions for these transactions reference the bills of lading dates and the names "Front Archer" and "Nadia"—the tankers that lifted AMEP's oil. UEB record, AMEP account, payment instructions (Apr. 6, 2000); UEB record, AMEP account, payment instructions (June 5, 2000); *Front Archer* bill of lading, shipment no. ck/4727 (Apr. 5, 2000); *Princess Nadia* bill of lading, shipment no. ck/4787 (Part 1) (June 2, 2000).

[105] Nadler family telephone records, Verizon (Jan. 7-11, 2000); Benon Sevan telephone records, Verizon (Jan. 9, 2000).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

January 7

3:38 p.m.	Pauline Nadler's residence to Mr. Sevan's office
4:00 p.m.	Pauline Nadler's residence to Mr. Abdelnour's cell phone

January 8

10:51 a.m.	Pauline Nadler's residence to Mr. Sevan's residence
9:38 p.m.	Fred Nadler's residence to Mr. Sevan's residence
9:42 p.m.	Fred Nadler's residence to Mr. Sevan's residence

January 9

10:26 a.m.	Fred Nadler's residence to Mr. Sevan's residence
10:30 a.m.	Mr. Sevan's residence to Fred Nadler's residence
10:51 a.m.	Pauline Nadler's residence to Mr. Sevan's residence
10:58 a.m.	Pauline Nadler's residence to Mr. Sevan's residence
12:08 p.m.	Fred Nadler's residence to Mr. Abdelnour's cell phone

January 10

7:49 a.m.	Fred Nadler's residence to Mr. Abdelnour's cell phone
3:46 p.m.	Fred Nadler's residence to Mr. Abdelnour's cell phone

January 11

10:04 a.m.	Pauline Nadler's residence to Mr. Abdelnour's cell phone

For the period of January 12 to February 29, phone records show forty-two calls between Mr. Sevan's telephone numbers and the numbers for the residences of Fred, Emanuel, and Pauline Nadler and thirty-two calls between Mr. Abdelnour's numbers and the Nadler numbers. In late January, Mr. Abdelnour traveled to Baghdad for discussions with SOMO officials regarding AMEP's oil contract.[106]

[106] Nadler family telephone records, Verizon (Jan. 12 to Feb. 29, 2000); Benon Sevan telephone records, Verizon (Jan. 12 to Feb. 29, 2000); Fakhry Abdelnour interviews (Jan. 17-19, 2005).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

On February 28, 2000, $14,000 in cash was withdrawn from Mr. Nadler's Caisor Services account in Geneva. Four days later, on March 3, Mr. Nadler arrived in New York from Geneva, and over the next week, several more phone calls were placed from Mr. Nadler's and Pauline Nadler's phone numbers to Mr. Sevan's apartment and office. On March 10, Mr. Sevan deposited $5,000 into his UNFCU account; because UNFCU has not been able to locate the deposit receipt for this transactions, it cannot be determined if this deposit was made in cash.[107]

Ten days later, Mr. Sevan sought permission to travel "to meet with Iraq's Minister of Oil, H.E. Mr. Amer Rashid, who will be attending the OPEC meeting in Vienna, on 27 March." He advised in a note to Deputy Secretary-General Louise Fréchette that "[w]ith the expected increase in the funding level of oil spare parts and equipment, we need to work out further details for the monitoring mechanism in order to ensure the approval of contracts in a more expeditious manner and lifting of the holds placed on applications for contracts for the oil industry." Mr. Sevan added that, after his meeting with the Oil Minister he planned to go to Geneva to meet with personnel from UN-related humanitarian agencies and the United Nations Compensation Commission before returning to New York on March 31 or April 1. The request was approved.[108]

In the days leading up to Mr. Sevan's trip to see the Oil Minister, phone records show several calls between telephones used by Mr. Sevan, Mr. Nadler, and Mr. Abdelnour. On the morning of March 22, 2000, calls were placed from Pauline Nadler's residence to Mr. Abdelnour's cell phone (9:56 a.m.), from Mr. Nadler's residence to AMEP's Geneva office (10:47 a.m.), and, about an hour later, twice more to Mr. Sevan's office (11:30 a.m. and 11:50 a.m.). On March 23, calls were placed in the afternoon from Mr. Nadler's residence to Mr. Sevan's office (5:02 p.m.) and, nine minutes later, to Mr. Abdelnour's cell phone (5:11 p.m.).[109]

On March 24, 2000, Mr. Sevan deposited another $5,000 in cash (fifty $100 bills) into his UNFCU account. Earlier that morning, a call was placed from Mr. Sevan's apartment to Mr. Nadler's residence (7:54 a.m.), and, less than an hour later, from Mr. Nadler's residence to Mr. Abdelnour's cell phone (8:48 a.m.). On the next day, before Mr. Sevan's departure for Vienna, a phone call was placed from Mr. Nadler's residence to Mr. Abdelnour at 10:54 a.m. and from Mr. Sevan's apartment to Mr. Nadler's residence at 4:29 p.m., shortly before Mr. Sevan's flight left for Europe at 8:30 p.m.[110]

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[107] UBP record, Caisor Services account, teller withdrawal receipt (Feb. 28, 2000); Fred Nadler travel records; Nadler family telephone records, Verizon (Mar. 4-10, 2000); UNFCU record, Benon Sevan personal account, bank statement (Mar. 31, 2000); UNFCU letter to the Committee (Feb. 7, 2005).

[108] Benon Sevan note to Louise Fréchette (Mar. 20, 2000). On March 31, while Mr. Sevan was in Geneva, the Security Council passed Resolution 1293 to authorize increasing the Programme's oil spare parts component to $600 million. S/RES/1293, para. 1 (Mar. 31, 2000).

[109] Nadler family telephone records, Verizon (Mar. 22-23, 2000).

[110] UNFCU record, Benon Sevan personal account, bank statement (Mar. 31, 2000); UNFCU record, Benon Sevan personal account, deposit receipt (Mar. 24, 2000); Nadler family telephone records, Verizon (Mar.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Mr. Sevan attended the OPEC conference and then left for Geneva on the morning of March 29. On the same day, $18,000 in cash was withdrawn from Mr. Nadler's Caisor Services account in Geneva. The following day, March 30, a call was placed from Emanuel Nadler's residence in New York to the Beau Rivage Hotel in Geneva, where Mr. Sevan was staying.[111]

On April 1, Mr. Sevan returned to New York. Five days later, Mr. Sevan placed an order to buy stock which, as discussed in Section III.B above, he financed with two more cash deposits to his Chase account of $9,000 on April 7 and $8,000 on April 11.[112]

Chart F – Events of March 22 to April 11, 2000

24-25, 2000); Benon Sevan telephone records, Verizon (Mar. 24, 2000); Benon Sevan voucher for reimbursement of expenses (Apr. 3, 2000) (including Mr. Sevan's flight itinerary and signature).

[111] UBP record, Caisor Services account, teller withdrawal receipt (Mar. 29, 2000); Nadler family telephone records, Verizon (Mar. 30, 2000); Benon Sevan voucher for reimbursement of expenses (Apr. 3, 2000) (including Mr. Sevan's flight itinerary and signature).

[112] Geneva Capital record, Benon Sevan monthly account statement (Apr. 2000); Chase record, Benon Sevan personal account, deposit receipts (Apr. 7 and 11, 2000).

Mr. Sevan made another short visit to Geneva the following month. On May 2, 2000, he left New York for a trip to London and Beirut as Special Envoy for the Secretary-General on missing persons in Lebanon. His request for travel authorization stated: "Also, on my way back to New York, I should like to seek authorization to stop over for a day at a mutually convenient location for further consultations." He arrived in Geneva on May 15. Five days before his arrival (May 10, 2000), $20,000 in cash was withdrawn from Mr. Nadler's Caisor Services account. During his stay in Geneva, Mr. Sevan received phone calls from Mr. Nadler's residence on May 15 and May 16. He departed for New York on May 17. In the morning of the following day (May 18, 2000), Mr. Sevan again had a phone conversation with Mr. Nadler and subsequently deposited $4,000 in cash (forty $100 bills) into his UNFCU account. Four days later (May 22, 2000), Mr. Sevan deposited an additional $5,000 in cash (fifty $100 bills) into his Chase account.[113]

As noted in the First Interim Report, throughout this phase of the Programme for which he received an oil allocation, Mr. Sevan—along with many other United Nations officials and many members of the Security Council—supported efforts to persuade the United States and United Kingdom to release the large number of "holds" that had been placed on approvals for goods and spare parts contracts. In addition, Mr. Sevan met with Iraq's ambassador to the United Nations concerning expansion of the oil spare parts component of the Programme. He consistently supported proposals to double funding for the oil spare parts to $600 million, and he appeared before the Security Council in early June 2000 to address the issue of contract holds and advocate an increase in the oil spare parts funding.[114]

E. THE FIFTH ALLOCATION

For the next phase of the Programme (Phase VIII), in mid-June 2000, Iraq allocated to Mr. Sevan another 1.5 million barrels of crude oil. As noted in the First Interim Report, in response to a complaint lodged by Oil Minister Rashid, Mr. Sevan met with Iraq's United Nations ambassador in early July 2000 to discuss his efforts to release contract holds on oil spare parts. On July 20, Mr. Sevan called Oil Minister Rashid to describe the work of a group of experts toward expediting the process for approving oil spare parts and equipment.[115]

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[113] United Nations Quarterly Report on Absences from Duty Station (Apr. to June 2000); Benon Sevan travel claim (May 26, 2000); Benon Sevan request for travel authorization (Apr. 27, 2000); UBP record, Caisor Services account, teller withdrawal receipt (May 10, 2000); Nadler family telephone records, Verizon (May 15-16 and 18, 2000); UNFCU record, Benon Sevan personal account, deposit receipt (May 18, 2000); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (May 22, 2000).

[114] "First Interim Report," p. 144 (describing Mr. Sevan's efforts to promote oil spare parts funding and lifting of contract holds); S/RES/1302 para. 9 (June 8, 2000); see also Benon Sevan note to Louise Fréchette (June 16, 2000) (discussing Security Council Resolution 1302).

[115] "First Interim Report," pp. 145-46.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

As also noted in the First Interim Report, United Nations telephone records show that on July 19—the day *before* Mr. Sevan called the Oil Minister—a six-minute call was made from Mr. Sevan's office phone to Mr. Abdelnour's cell phone. Mr. Sevan then traveled to Iraq for the first half of August 2000, and he met with Oil Minister Rashid on August 12, 2000. During Mr. Sevan's time in Iraq, Mr. Abdelnour also traveled to Baghdad in mid-August 2000 to sign the AMEP contract with SOMO for the 1.5 million barrels of oil allocated for Mr. Sevan. AMEP soon sold the 1.5 million barrels of oil to Shell at a price premium of twenty-three cents per barrel.[116]

The Committee's further investigation has disclosed that following his departure from Iraq, a two-week home leave in Cyprus, and a short trip to Beirut, Mr. Sevan stopped over again in Geneva for consultations with United Nations agencies, arriving on September 5, 2000. That same day, there was a large cash withdrawal of $30,000 from the Caisor Services account, and two days later another withdrawal of $10,000. Mr. Sevan returned to New York later that day (September 8). Over the next four weeks, Mr. and Mrs. Sevan made cash deposits into their New York bank accounts totaling $19,614.[117]

By the middle of November 2000, both Mr. Sevan and Mr. Abdelnour had learned that Iraq had instituted a new policy that required oil buyers to pay an illegal oil surcharge outside the United Nations escrow account for the Programme. The new policy was reported in a newswire media report on November 16, and Mr. Sevan also was personally alerted to the policy by an e-mail on the same date from Saybolt. Separately, AMEP and Shell exchanged correspondence about SOMO's surcharge demand, which was made by SOMO to AMEP on November 17, 2000.[118]

The same day that SOMO communicated to AMEP its oral surcharge demand of fifty cents per barrel, several phone calls were placed between numbers used by Mr. Nadler and Mr. Abdelnour and between Mr. Nadler and Mr. Sevan. At 8:19 a.m., there was a one-minute call from Mr. Sevan's cell phone to Mr. Nadler's residence. The next series of calls began at 11:06 a.m., at the

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[116] Benon Sevan telephone records, Verizon (July 19, 2000); "First Interim Report," pp. 146-47, 152.

[117] United Nations Quarterly Report on Absences from Duty Station (July to Sept. 2000); UBP record, Caisor Services account, teller withdrawal receipts (Sept. 6 and 8, 2000); Benon Sevan voucher for reimbursement of expenses (Sept. 15, 2000); Chase record, Micheline Sevan personal account, deposit receipts (Sept. 11 and Oct. 3, 2000); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (Sept. 22, 2000); UNFCU record, Benon Sevan personal account, deposit receipt (Sept. 27, 2000). There were four cash deposits: $1,500 into Mrs. Sevan's Chase account on September 11; $4,000 (forty $100 bills) into Mr. Sevan's Chase account on September 22; $4,614 (forty-six $100 bills, one $10 bill, and four $1 bills) into Mr. Sevan's UNFCU account on September 27; and $9,500 into Mrs. Sevan's Chase account on October 3.

[118] "Iraqi Oil Premium Could Lead to Sanctions Busting, UN Official Says," *Agence France Presse*, Nov. 16, 2000; Graham Brett e-mail to Benon Sevan (Nov. 16, 2000); AMEP record, AMEP telex to Shell (Nov. 22, 2000). For a fuller description of the correspondence between AMEP and Shell about the Iraqi surcharge, see "First Interim Report," p. 148.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

end of AMEP's business day in Geneva and after SOMO's offices in Baghdad had closed and the demand would have been communicated:[119]

8:19 a.m.	Mr. Sevan's cell phone to Mr. Nadler's residence
11:06 a.m.	Emanuel Nadler's residence to Mr. Abdelnour's cell phone
11:10 a.m.	Emanuel Nadler's residence to Mr. Sevan's cell phone
11:44 a.m.	Emanuel Nadler's residence to Mr. Sevan's cell phone
12:10 p.m.	Emanuel Nadler's residence to Mr. Abdelnour's cell phone

In addition, on November 17, a spokesman for the United Nations Secretariat suggested to the press that the Iraqi regime was imposing a fifty-cent surcharge. Mr. Sevan expressed his displeasure with the statement in an e-mail to the spokesman. While acknowledging that such surcharges would violate sanctions, Mr. Sevan contended that the statement's suggestion of "sanctions-busting activity" by the Iraqi regime threatened to chill efforts by the Secretary-General to "entice" the regime to "cooperate." Over the next several months, the Iraqi surcharge policy, as well as reports that Iraq had opened up a new pipeline for smuggling large amounts of oil through Syria, occupied a significant period of Mr. Sevan's official time.[120]

In the meantime, as detailed in the First Interim Report, at the end of November 2000, Shell lifted 951,655 barrels of the 1.5 million barrels of oil for which it contracted without having to pay a surcharge. However, before Shell could lift the remaining half million barrels of oil, there was a shutdown in Iraqi oil exports (during the first part of December 2000) because of controversy about the pricing of Iraq's oil and Iraq's decision to make the surcharge mandatory.[121]

One week after Shell lifted the first installment of oil, AMEP wired $96,002—approximately ten cents per barrel—to the Caisor Services account in Geneva.[122] On the same day that AMEP

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[119] Nadler family telephone records, Verizon (Nov. 17, 2000).

[120] Fred Eckhard e-mail to Benon Sevan (Nov. 17, 2000); Benon Sevan e-mail to Fred Eckhard (Nov. 17, 2000). The First Interim Report described Mr. Sevan's further involvement with the surcharge issue in late 2000 and early 2001. "First Interim Report," pp. 148-49. The adequacy of Mr. Sevan's response to reports of an oil surcharge policy and smuggling of oil by Iraq through a pipeline to Syria will be the subject of the Committee's upcoming report on the United Nations' administration of the Programme.

[121] "First Interim Report," pp. 147, 152; Provisional record of 661 Committee meeting, S/AC.25/SR.209, pp. 1-5 (Dec. 13, 2000); Iraq official interviews.

[122] UEB record, AMEP account, payment instructions (Dec. 6, 2000); UEB record, AMEP account, debit advice (Dec. 6, 2000); UBP record, Caisor Services account, credit advice (Dec. 8, 2000). The payment instructions from Mr. Abdelnour reference "Eclipse," the tanker that lifted AMEP's oil, as well as "Kirkuk loading November 2000." The payment instructions contain a note at the bottom of the page: "P.S. Please do not mention any reference in your transfer." Consequently, the debit advice for this transaction contains

wired the funds, $10,000 in cash was withdrawn from the Caisor Services account. Mr. Nadler was likely in Geneva during this time, as travel records show that he later arrived to New York on a flight from Zurich on December 10, 2000. Over the next five days, several calls were placed from the residences of Mr. Nadler and Emanuel Nadler to phones used by Mr. Sevan and Mr. Abdelnour. On December 15, Mr. Sevan deposited $5,000 into his UNFCU account. Approximately three weeks later, on January 3, 2001, Mrs. Sevan deposited $7,000 in cash into her Chase account.[123]

On March 7, 2001, Mr. Sevan wrote a note to S. Iqbal Riza, the Chef de Cabinet of the Secretary-General, as a follow-up to their telephone conversation about a *New York Times* article reporting on oil surcharges and humanitarian kickbacks in Iraq. In his note, Mr. Sevan acknowledged that Iraq was imposing surcharges but claimed that he could "neither deny nor confirm" the allegations of kickbacks. Mr. Sevan mentioned that, when asked by the 661 Committee to comment on allegations of surcharges or kickbacks, he stated that OIP had "no hard proof to corroborate" these allegations and that it was up to the permanent missions to address these allegations with the Security Council.[124]

The next month, from April 2 to April 6, 2001, Mr. Sevan was in Geneva on official business. On April 2, $30,000 in cash was withdrawn from Mr. Nadler's Caisor Services account. Mr. Sevan's cell phone records show that he again contacted Mr. Abdelnour. At least two calls were placed on April 3, 2001 from Mr. Sevan's cell phone to the cell phone listed for Mr. Abdelnour on Mr. Sevan's contact list. Then, on April 6, 2001, Mr. Sevan departed Geneva and traveled to Paris for five days, returning to New York on April 11, 2001. On April 12, Mr. Sevan deposited $8,000 into his UNFCU account.[125] Over the next two weeks, Mr. and Mrs. Sevan deposited an additional $8,900 in cash into their accounts.[126]

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only the account name "Genevalor" and a reference of "Client Pet." UEB record, AMEP account, debit advice (Dec. 6, 2000).

[123] UBP record, Caisor Services account, teller withdrawal receipt (Dec. 6, 2000); Fred Nadler travel records; Nadler family telephone records, Verizon (Dec. 11-15, 2000); UNFCU record, Benon Sevan personal account, bank statement (Dec. 31, 2000); Chase record, Micheline Sevan personal account, deposit receipt (Jan. 3, 2001). The deposit receipt for the $5,000 deposit on December 15 could not be located by UNFCU. UNFCU letter to the Committee (Feb. 7, 2005). Therefore, the Committee is unable to determine whether this deposit was in fact a cash deposit.

[124] Benon Sevan note to S. Iqbal Riza, "Today's article in the New York Times" (Mar. 7, 2001); Barbara Crossette, "Iraq is Running Payoff Racket, U.N. Aides Say," *New York Times*, Mar. 7, 2001, p. A1.

[125] Benon Sevan voucher for reimbursement of expenses (Apr. 26, 2001); UBP record, Caisor Services account, teller withdrawal receipt (Apr. 2, 2001); Benon Sevan telephone records, Verizon (Apr. 3, 2001); UNFCU record, Benon Sevan personal account, bank statement (Apr. 30, 2001). The deposit receipt for this $8,000 deposit on April 12 could not be located by UNFCU. Therefore, the Committee is unable to determine whether this in fact was a cash deposit.

[126] Chase record, Micheline Sevan personal account, deposit receipt (Apr. 16, 2001); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (Apr. 19, 2001); UNFCU record, Benon Sevan

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

F. THE SIXTH ALLOCATION

As noted in the First Interim Report, Mr. Sevan received another allocation for AMEP in the next phase of the Programme (Phase IX), but AMEP did not purchase this oil because of disruption in the market due to Iraq's new oil surcharge policy. In the following phase (Phase X), Mr. Sevan received an allocation for AMEP of one million barrels. Mr. Abdelnour executed the contract in Baghdad on August 13, 2001. He also agreed to pay an illegal surcharge, signing a contract to pay the unpaid surcharge of $95,165 (ten cents per barrel) from AMEP's last contract with SOMO in 2000 (Phase VIII) and to pay a further surcharge of between twenty-five and thirty cents per barrel for the pending contract of one million barrels.[127]

Meanwhile, Mr. Sevan traveled on official business to Pristina and Skopje and then to Geneva, arriving on August 18, 2001. Two days later, on August 20, $40,000 in cash was withdrawn from Mr. Nadler's Caisor Services account. Mr. Sevan returned to New York on August 21 and the following day deposited $5,000 in cash (fifty $100 bills) and $1,400 in traveler's checks into his UNFCU account.[128] In addition, over the next three months, Mr. and Mrs. Sevan deposited $5,200 more in cash into their accounts.[129]

On August 28, 2001, Shell again agreed to purchase the oil from AMEP—at a premium of thirty-eight cents over what AMEP paid Iraq. On October 12, 2001, three days after AMEP received its payment from Shell, $50,000 was wired from the AMEP account to Mr. Nadler's Caisor Services account—a margin of only five cents per barrel rather than the usual ten cents per barrel.[130]

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personal account, deposit receipt (Apr. 27, 2001). There were three cash deposits: $500 into Mrs. Sevan's Chase account on April 16; $6,000 (sixty $100 bills) into Mr. Sevan's Chase account on April 19; and $2,400 (twenty-four $100 bills) into Mr. Sevan's UNFCU account on April 27.

[127] "First Interim Report," p. 150; Ministry of Oil record, Table of Allocations for Phase Ten of the Memorandum of Understanding (Aug. 4, 2001) (translated from Arabic); AMEP and SOMO surcharge agreement (Aug. 13, 2001); Saddam Z. Hassan letter to the Minister of Oil (Aug. 14, 2001) (translated from Arabic) (seeking approval of the oil contract); Allegra Heifetz fax to the Oil Overseers (Aug. 15, 2001) (attaching contract M/10/48, which was executed on August 13, 2001).

[128] United Nations Quarterly Report on Absences from Duty Station (July to Sept. 2001); Benon Sevan voucher for reimbursement of expenses (Aug. 30, 2001); UBP record, Caisor Services account, teller withdrawal receipt (Aug. 20, 2001); UNFCU record, Benon Sevan personal account, deposit receipt (Aug. 22, 2001); Benon Sevan travel claim (Aug. 30, 2001). Mr. Sevan received the $1,400 in traveler's checks from the United Nations as a travel advance on August 10, 2001. Ibid.

[129] Chase record, Micheline Sevan personal account, deposit receipts (Oct. 2 and 31, 2001); Chase record, Benon Sevan personal account, deposit receipt, and teller log tape (Nov. 14, 2001). There were three cash deposits over a two-month period: $2,500 into Mrs. Sevan's Chase account on October 2; $1,700 into Mrs. Sevan's Chase account on October 31; and $1,000 (eight $100 bills and four $50 bills) into Mr. Sevan's Chase account on November 14.

[130] "First Interim Report," p. 150; UBS Monaco record, AMEP account, payment instructions (Oct. 11, 2001); UBP record, Caisor Services account, credit advice (Oct. 23, 2001). This payment was made from a

The reduction in margin for Caisor Services corresponded to AMEP's initiation of an illegal surcharge payment on the same day in a manner designed to conceal the true source of the payment. On October 12, 2001, a transfer of €247,000 ($222,974) was executed from AMEP's account to another bank account under the name of Ben Hur Commercial Corporation ("Ben Hur"), which Mr. Abdelnour also controlled. Then, on October 17, after receiving the bank account information from SOMO for a SOMO account at Jordan National Bank that was used to collect surcharge payments, Mr. Abdelnour transferred €177,978 ($160,088) from the Ben Hur account to the SOMO account. This represented approximately half of the premium from AMEP's sale of the oil to Shell. Accordingly, AMEP's net revenue totaled approximately $220,635.[131]

G. THE FINAL ALLOCATIONS

As noted in the First Interim Report, SOMO continued to allocate oil to Mr. Sevan in later phases of the Programme. AMEP did not follow through on transactions for these allocations in light of factors that cumulatively made these allocations less valuable, including Iraq's surcharge policy and the advent of retroactive pricing as a condition for approval of contracts by certain members of the 661 Committee.[132]

H. SUMMARY OF PROCEEDS

In summary, for the entire period from 1998 to 2001, approximately 7.3 million barrels of the oil allocated for the benefit of Mr. Sevan and in the name of AMEP was lifted, resulting in net revenue for AMEP of approximately $1.5 million.[133] As shown in this Third Interim Report, and in the light of all available evidence, more than a third of this amount—approximately $580,000—was transferred from AMEP to Mr. Nadler's account under the name of Caisor Services, and then nearly $150,000 of this amount was deposited by means of known and confirmed cash deposits to the New York bank accounts of Mr. and Mrs. Sevan.

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euro account, amounting to €55,500 (equivalent to $50,000). The payment instructions for this transaction list only the account of "Genevalor" and a reference "Client Pet." UBS Monaco record, AMEP account, payment instructions (Oct. 11, 2001).

[131] Fakhry Abdelnour interviews (Jan. 17-19, 2005); UBS Monaco record, AMEP account, payment instructions (Oct. 11, 2001); UEB record, Ben Hur Commercial Corporation account, credit advice (Oct. 15, 2001); UEB record, Ben Hur Commercial Corporation account, debit advice (Oct. 17, 2001); "First Interim Report," p. 150; FXConverter, "Exchange rate for October 12, 2001," http://www.oanda.com/convert/classic; FXConverter, "Exchange rate for October 17, 2001," http://www.oanda.com/convert/classic. Although Mr. Abdelnour paid the surcharge on October 17, 2001, it was not deposited in SOMO's account until October 22, 2001. UEB record, Ben Hur Commercial Corporation account, debit advice (Oct. 17, 2001); Jordan National Bank record, SOMO account, credit advice (Oct. 22, 2001).

[132] "First Interim Report," p. 151.

[133] Ibid., pp. 151-52.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

Table 3 – Summary of Caisor Services Account Withdrawals and Sevan Cash Deposits

AMEP Payment to Caisor	Amount	Cash Withdrawal from Caisor	Amount	Sevan Trip to Geneva	Nadler Return from Geneva	Sevan Confirmed Cash Deposits	Amount	Sevan Round-Number Deposits	Amount
11/23/1998	$ 47,000	11/23/1998	$ 3,000		12/6/1998	12/7/1998	$ 5,000		
11/30/1998	41,667					12/18/1998	2,000		
						12/18/1998	2,800		
							9,800		
		2/8/1999	2,000		2/17/1999	2/19/1999	1,800		
		2/16/1999	7,500			2/19/1999	6,000		
			9,500			3/5/1999	1,700		
							9,500		
		3/25/1999	5,000	3/24/1999 to	3/28/1999	3/30/1999	2,400		
		3/25/1999	1,000	3/28/1999		4/30/1999	3,000		
			6,000				5,400		
		7/9/1999	11,000	7/9/1999 to	7/16/1999	7/16/1999	6,200	7/19/1999	$ 1,100
		7/12/1999	4,000	7/14/1999		7/19/1999	3,000		
		7/15/1999	1,000			8/16/1999	1,600		
			16,000			10/12/1999	600		
							11,400		
10/27/1999	100,000	11/2/1999	9,000		11/3/1999	11/5/1999	6,000		
						11/10/1999	2,500		
							8,500		
11/25/1999	100,000	11/25/1999	10,000		11/30/1999	12/21/1999	5,000	12/17/1999	6,600
		11/26/1999	2,000			1/5/2000	6,100		
		11/29/1999	9,000			1/17/2000	2,470		
			21,000				13,570		
		2/28/2000	14,000		3/3/2000	3/24/2000	5,000	3/10/2000	5,000
		3/29/2000	18,000	3/29/2000 to	4/8/2000	4/7/2000	9,000		
		4/7/2000	5,500	4/1/2000		4/11/2000	8,000		
			23,500				17,000		
4/7/2000	95,000	5/10/2000	20,000	5/15/2000 to		5/18/2000	4,000	6/19/2000	5,500
				5/17/2000		5/22/2000	5,000	7/28/2000	3,000
							9,000		8,500
6/5/2000	50,000	9/6/2000	30,000	9/5/2000 to		9/11/2000	1,500		
		9/8/2000	10,000	9/8/2000		9/22/2000	4,000		
			40,000			9/27/2000	4,614		
						10/3/2000	9,500		
							19,614		
		12/5/2000	6,000		12/10/2000	1/3/2001	7,000	12/15/2000	5,000
		12/6/2000	10,000						
			16,000						
12/6/2000	96,002	4/2/2001	30,000	4/2/2001 to		4/16/2001	500	4/12/2001	8,000
10/12/2001	50,000			4/6/2001		4/19/2001	6,000		
						4/27/2001	2,400		
						6/6/2001	100		
						7/10/2001	2,000		
						8/10/2001	600		
						8/14/2001	900		
							12,500		
		8/20/2001	40,000	8/18/2001 to	9/15/2001	8/22/2001	5,000	1/25/2002	1,200
		9/11/2001	9,500	8/21/2001		9/6/2001	500		
			49,500			10/2/2001	2,500		
						10/31/2001	1,700		
						11/14/2001	1,000		
						12/31/2001	1,000		
						1/2/2002	5,000		
						1/3/2002	400		
						1/3/2002	600		
						1/11/2002	1,200		
							18,900		
TOTALS	**$ 579,669**		**$ 257,500**				**$ 147,184**		**$ 35,400**

Note: With respect to the column "Nadler Return from Geneva," the Committee obtained travel records confirming Fred Nadler's dates and cities of entry into the United States, but his precise dates of departure from the United States are unavailable. "AMEP Payment to Caisor" signifies the date of payments from AMEP to Genevalor for subsequent transaction to Caisor. With respect to the column "Cash Withdrawal from Caisor," only USD cash withdrawals ($257,500) corresponding to dates when Mr. Sevan and/or Mr. Nadler were in Switzerland and soon returned to New York are listed on this table; as noted in the Report, a total of $432,983 in USD and other currencies was withdrawn from the account during the same time period. With respect to the column for "Sevan Confirmed Cash Deposits," this includes cash deposits to the UNFCU and Chase accounts of Mr. and Mrs. Sevan; it includes only deposits for which the Committee obtained deposit slips reflecting cash deposits. With respect to the column for "Sevan Round-Number Deposits," this includes deposits in amounts of $1,000 or more in $100 increments; for these transactions, the Committee was able to confirm from bank statements that there were deposits, but was unable to obtain copies of deposit slips to confirm that the deposits were in the form of cash.

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

VI. RESPONSES TO ADVERSE FINDINGS

1. Benon Sevan

On July 27, 2005, the Committee advised Mr. Sevan through his counsel of its intent to enter an adverse finding against him, arising from his receipt of financial benefits from the oil allocations that he obtained from Iraq for AMEP. Rather than respond to the Committee's finding, Mr. Sevan requested an opportunity to review the evidence upon which it was based. The Committee declined this request because of Mr. Sevan's refusal to be interviewed by the Committee about this new evidence. Mr. Sevan stated a willingness only to answer written questions, but not to answer questions in an interview.[134] This is inconsistent with the obligation of Mr. Sevan and all United Nations staff to "cooperate fully" with the Committee's investigation. No other United Nations official employee—including the Secretary-General, who has been interviewed seven times—has been afforded the option of answering questions in writing rather than by interview. In the Committee's view, Mr. Sevan does not warrant a special exception. Mr. Sevan has otherwise failed to submit a substantive response to the Committee's notice of adverse finding. The exchange of letters between the Committee and Mr. Sevan concerning the Committee's adverse finding are included in Appendix B of this Report.[135]

2. Efraim (Fred) Nadler

Since February 2005, the Committee has made numerous attempts to locate and interview Mr. Nadler, leaving messages at known family telephone numbers and with relatives that are in contact with him. Mr. Nadler has never returned any of the investigators' calls nor responded to written requests for an interview. On July 27, 2005, Mr. Nadler was provided with written notice

[134] When interviewed by the Committee on January 21, Mr. Sevan only provided investigators with two-and-one-half hours of his time for questioning and only then on a limited range of subjects that did not include his management of OIP. Since that interview, Mr. Sevan has declined the Committee's numerous requests for a further interview, despite the fact that he could have counsel present and that the interview could be recorded to ensure accuracy of transcription. The Committee has not had the opportunity fully to question Mr. Sevan about his financial records and dealings with Mr. Nadler and Mr. Abdelnour in light of new evidence acquired.

[135] Committee letters to Eric Lewis (July 27 and 30, 2005; Aug. 2, 2005); Eric Lewis letters to the Committee (July 29 and Aug. 1, 2005); see also Secretary-General's Bulletin, "Independent inquiry into the oil-for-food programme," SG/SGB/2004/9 (June 1, 2004) (requiring that "all United Nations staff members are instructed to cooperate fully with the inquiry"). Following the Committee's letter of August 2, Mr. Lewis issued a press release and an eleven-page "Statement on behalf of Benon V. Sevan on the Third Interim Report of the IIC," in which Mr. Lewis asserted various baseless criticisms of the Committee's work and procedures. Unfortunately, Mr. Lewis's statement does not add any information of significance to the Committee's findings in this Report, and the manner in which Mr. Sevan has chosen to proceed confirms the Committee's view that allowing Mr. Sevan to submit responses tailored by his counsel to written questions would scarcely serve the truth-seeking function of the Committee's inquiry.

from the Committee of its proposed adverse findings against him. Because of the difficulty with contacting him, the letter was mailed to his known address and hand-delivered to a close relative. The Committee has received no response from Mr. Nadler.[136]

3. Fakhry Abdelnour

Prior to its First Interim Report on January 26, 2005, Mr. Abdelnour and his counsel received notice from the Committee of its proposed adverse findings against him, with an invitation to respond to the Committee. His counsel provided a written response on January 31, 2005. Mr. Abdelnour's response was provided on a confidential basis and is therefore not contained in this Report; the Committee will publish the response on its website upon Mr. Abdelnour's written request. Mr. Abdelnour's counsel has advised the Committee that Mr. Abdelnour will not engage in further discussions with the Committee.[137]

[136] Committee note-to-file (July 28, 2005) (documenting attempts to contact Fred Nadler, including letters, phone messages, and requests to family members on February 1, February 2, March 15, March 18, May 11, June 29, July 20, and July 28, 2005).

[137] "First Interim Report," p. 162; Luc Argand letter to the Committee (Feb. 11, 2005).

THIRD INTERIM REPORT
CHAPTER ONE
THE CONDUCT OF BENON SEVAN

VII. FINDINGS AND CONCLUSIONS

The Committee reaffirms its findings and conclusions as set forth in the First Interim Report. In addition, based on the evidence set forth in this Third Interim Report, the Committee finds:

Benon Sevan

Benon Sevan corruptly and in concert with Fred Nadler and Fakhry Abdelnour derived personal pecuniary benefit from the Oil-for-Food Programme through the receipt of cash proceeds from sales of oil allocated by Iraq in the name of Mr. Sevan and sold by AMEP from 1998 to 2001. The Committee further concludes that Mr. Sevan derived pecuniary benefit with knowledge that some of the oil from which he benefited was purchased by means of AMEP's payment to Iraq of an illegal oil surcharge in violation of United Nations sanctions and the rules governing the Oil-for-Food Programme.

Efraim (Fred) Nadler

Fred Nadler assisted Mr. Sevan in deriving personal pecuniary benefit from the Oil-for-Food Programme through the receipt of cash proceeds from sales of oil allocated by Iraq at the request of Mr. Sevan and sold by AMEP from 1998 to 2001. The Committee further concludes that Mr. Nadler financially benefited from his assistance to Mr. Sevan and acted with knowledge that some of the oil from which he and Mr. Sevan benefited was purchased by means of AMEP's payment to Iraq of an illegal oil surcharge in violation of United Nations sanctions and the rules governing the Oil-for-Food Programme.

Fakhry Abdelnour

Fakhry Abdelnour assisted Mr. Sevan in deriving personal pecuniary benefit from the Oil-for-Food Programme through the disbursement of cash proceeds from sales of oil allocated by Iraq at the request of Mr. Sevan and sold by AMEP from 1998 to 2001. The Committee further concludes that Mr. Abdelnour knowingly paid an illegal surcharge to Iraq in violation of United Nations sanctions and the rules governing the Oil-for-Food Programme.

The Committee recommends that the Secretary-General accede to any properly supported request from an appropriate law enforcement authority for a waiver of Mr. Sevan's immunity and for access to the necessary information of the United Nations to assist law enforcement authorities in the possible investigation and prosecution of Mr. Sevan, Mr. Nadler, or Mr. Abdelnour. In evaluating such requests, the Committee recommends that the Secretary-General give due consideration to the status of the Committee's ongoing investigation and the degree to which the requesting authority is committed to reciprocal cooperation. The Committee's investigation of the sale and distribution of proceeds from oil allocated by Iraq at Mr. Sevan's request is ongoing.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

I. INTRODUCTION

The Committee's First Interim Report addressed, among other things, the selection in 1996 of an inspection company to conduct on-site inspection and monitoring of the oil that Iraq exported under the Programme. It described how the United Nations selected Saybolt Eastern Hemisphere BV ("Saybolt") over another company, Société Générale de Surveillance S.A. ("SGS"). The Committee determined that the selection of Saybolt was made in violation of United Nations procurement rules, because the procurement department improperly accepted an amended bid from Saybolt that lowered its proposed contract bid barely below SGS's. The Committee concluded that Allan B. Robertson, who was the officer-in-charge of the procurement department, improperly accepted the amended bid from Saybolt and described how he did so over the protest of his subordinate, Alexander Yakovlev, who was the line procurement officer assigned to this contract.[138]

At the time of the First Interim Report, the Committee possessed information suggesting that confidential bid information had been disclosed improperly, by someone within the United Nations to SGS, in connection with a scheme to solicit a payment from SGS in return for assisting it in obtaining the contract. The Committee, however, had not yet identified the persons involved in this scheme and therefore did not include this information in its First Interim Report. The Committee's further investigation has revealed that Mr. Yakovlev was the source of the improperly disclosed information and that he was working in concert with a French citizen named Yves Pintore in a corrupt attempt to obtain a bribery payment from SGS. Most recently, Mr. Pintore has advised the Committee that he will not contest the phrasing of its finding that he participated in this scheme.

Part II of this Chapter summarizes the relevant rules and procedures governing Mr. Yakovlev's conduct and the selection of oil inspectors for the Programme. Part III details the attempts made to solicit a bribe from SGS and reviews the evidence establishing that Mr. Yakovlev and Mr. Pintore were involved in this attempt. The Committee does not have evidence that SGS paid a bribe. Part IV summarizes additional evidence obtained by the Committee regarding illicit payments that Mr. Yakovlev has received from several United Nations contractors; this is further evidence of Mr. Yakovlev's culpability in connection with the scheme to solicit a bribe from SGS. Part V reviews the limited explanations that Mr. Yakovlev and Mr. Pintore have provided regarding their involvement in the scheme to extract a kickback from SGS. In view of the Committee's prior reliance in part on evidence provided by Mr. Yakovlev in its First Interim Report, Part VI evaluates the relevance of the new adverse evidence against Mr. Yakovlev to the Committee's prior adverse findings against Mr. Robertson and Joseph Stephanides. Last, in Part VII, the Committee presents its findings and conclusions in regard to the actions of Mr. Yakovlev and Mr. Pintore.

[138] "First Interim Report," pp. 85-95.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

The Committee is continuing its investigation of Mr. Yakovlev and others in connection with other Programme procurement decisions, including the selection and retention of Cotecna Inspection S.A. ("Cotecna").

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

II. RELEVANT RULES AND PROCEDURES

The award of the oil inspection contract was governed by the Financial Regulations and Rules of the United Nations ("Financial Rules") as well as the rules set forth in the procurement department's then-existing procurement manual ("Procurement Manual"). The Financial Rules required that the contract "be awarded to the lowest acceptable bidder," except if the "interests" of the United Nations dictated otherwise.[139]

The Procurement Manual imposed additional constraints on United Nations staff members, such as Mr. Yakovlev, involved in the procurement process. Such staff must demonstrate "[a]bsolute impartiality . . . to all bidders." Furthermore, "prior to making an award, no information with respect to probable acceptance or rejection of any offer may be made available to any person other than an official of the [United Nations] organization."[140]

As required in the United Nations Charter, staff members also must "refrain from any action which might reflect on their position as international officials responsible only to the Organization." In addition, staff must comply with the United Nations Staff Regulations and Rules, several of which have particular relevance to the conduct discussed below. First, staff members "pledge themselves to discharge their functions and to regulate their conduct with the interests of the United Nations only in view." Second, staff members "shall not engage in any activity that is incompatible with the proper discharge of their duties" and "shall avoid any action . . . that may adversely reflect on their status, or on the integrity, independence and impartiality that are required by that status." Last, except as authorized, staff members "shall not communicate to any person any information known to them by reason of their official position that has not been made public" or "use such information to private advantage."[141]

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[139] Ibid., pp. 65-68; "Financial Regulations and Rules of the United Nations (Series 100)," ST/SGB/Financial Rules/1/Rev.3 (1985) (hereinafter "Financial Rules"); "Purchase and Transportation Service Procurement Manual" (Apr. 13, 1988) (hereinafter "Procurement Manual"); Financial Rule 110.21 (Awarding of Contracts).

[140] Procurement Manual 9.002 (Basic Considerations), 9.0016 (Request for Information Prior to Award).

[141] United Nations Charter, art. 100(1); ST/SGB/Staff Regulations/Rev.23/Amend.1 (hereinafter "UN Staff Regulations") (May 23, 1995), Regulations 1.1, 1.4-.5.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

III. SOLICITATION OF A BRIBE AND THE PROGRAMME'S OIL INSPECTION CONTRACT

A. INITIAL EVALUATION OF THE PROPOSALS

On June 11, 1996, the United Nations procurement department issued a Request for Proposal ("RFP") to eight companies for the oil inspection contract under the Programme. The RFP explained the requirements for the contract, requested a bid price with technical specifications, and imposed an expedited, one-week response deadline of June 18, 1996.[142]

The line officer in charge of this procurement action was Mr. Yakovlev, who began his employment with the United Nations procurement department in 1985. During this time, Mr. Yakovlev had responsibility for numerous high value contracts, and he occupied various positions, including procurement officer, team leader, and unit chief. During the early years of the Programme's implementation, he was the Unit Chief of the Headquarters and Regional Commissions Procurement Section. In this capacity, he served as the case officer in charge of contractual arrangements for the Programme's independent oil and humanitarian goods inspectors. He was supervised by Sanjay Bahel, Chief of the Commodity Procurement Section/PTD, who in turn reported to Mr. Robertson, Officer-in-Charge of the Procurement and Transportation Division.[143]

Six companies—including SGS—submitted bids in response to the RFP for oil inspectors. On June 20, 1996, within two days of the bid response date, Mr. Yakovlev drafted a memorandum for approval of his supervisors recommending to Mr. Stephanides of the Department of Political Affairs ("DPA") that the contract be awarded to SGS on the ground that it was the only company to submit a "fully acceptable" proposal. As previously detailed in the Committee's First Interim Report, this memorandum initiated a lengthy interchange within the United Nations between members of the procurement department and Mr. Stephanides of DPA, who believed that the contract should be awarded to Saybolt rather than SGS.[144]

B. ATTEMPTS TO SOLICIT A BRIBE FROM SGS

SGS viewed the Programme's oil inspection contract as a "high profile" opportunity to enhance SGS's international credibility. The company designated one of its vice-presidents, Jeffrey

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[142] Request for Proposal for the Provision of "Independent Experts in International Oil Trade" (June 11, 1996). This Chapter refers interchangeably to "bids" and "proposals." However, the Committee recognizes that the oil inspection RFP expressly stated that it was "not an invitation to bid." See ibid.

[143] Alexander Yakovlev personnel file, United Nations Office of Human Resources Management.

[144] Sanjay Bahel memorandum to Joseph Stephanides (June 20, 1996); Alexander Yakovlev interview (May 25, 2005); "First Interim Report," pp. 87-94.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

Newell, with preparing and submitting its bid, and Mr. Newell was identified in SGS's bidding papers submitted to the United Nations as the company's point of contact.[145]

On June 20, 1996—the same day that Mr. Yakovlev drafted the internal memorandum recommending award of the contract to SGS—Mr. Newell recalled, and his contemporaneous notes confirm, that he received a telephone call from an unknown male who identified himself as Mr. "Pintora." The caller said he "represented some influential people in the UN in New York" and asked Mr. Newell if he would be prepared to "work with" those people to win the oil inspection contract. Mr. Newell understood the caller to be requesting that SGS pay a bribe.[146]

The caller gave Mr. Newell additional information about the bidding process to suggest that he had access to inside information. For example, he stated that the United Kingdom supported two other companies and that the Netherlands supported Saybolt. He also explained that the "Board" was expected to meet the next day to make a final decision, and Mr. Newell understood this as a reference to the entity at the United Nations that would award the contract.[147]

The caller told Mr. Newell that he could prove his bona fides and strong connection to the United Nations by faxing some documents to Mr. Newell. The caller added that he would contact Mr. Newell after faxing the documents, by which time Mr. Newell "would be happy," and "perhaps [they] could work together."[148]

The following day, on June 21, 1996, Mr. Newell received a fax of four pages. The fax included Mr. Yakovlev's uninitialed recommendation memorandum of June 20 and also two tables summarizing and assessing the competing company proposals, which had been appended to Mr. Yakovlev's final memorandum. SGS has disclosed to the Committee the memorandum and two summary tables that it received. The Committee has confirmed from its review of the procurement department file that these documents were confidential internal documents generated

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[145] Jeffrey Newell interview (Sept. 24, 2004); SGS Proposal for the Provision of Independent Experts in International Oil Trade (June 18, 1996).

[146] Jeffrey Newell interviews (Sept. 24, 2004 and July 26, 2005); Jeffrey Newell notes (June 20, 1996).

[147] Ibid.

[148] Ibid.; Jeffrey Newell interview (Sept. 24, 2004). When interviewed by the Committee, Mr. Newell stated that he always spoke alone to Mr. "Pintora," but that he kept his supervisor, Senior Executive Vice President Michel Gisiger, informed about the calls. Mr. Newell did not believe that Mr. Gisiger ever had spoken to Mr. "Pintora." However, Mr. Gisiger told the Committee that once, after Mr. Newell had spoken to Mr. "Pintora," he and Mr. Newell called Mr. "Pintora" together at the return number that Mr. "Pintora" had provided. They conversed in French, and Mr. Gisiger asserted that Mr. "Pintora" definitely was French and from eastern France. In this telephone conversation, Mr. Gisiger stated that Mr. "Pintora" clearly solicited a kickback for assisting SGS in obtaining the contract. Furthermore, similar to Mr. Newell's recollections, Mr. Gisiger recalled that Mr. "Pintora" emphasized his very close contact with the United Nations and his ability to steer the contract toward SGS, and that Mr. "Pintora" indicated that he would send documents to prove his bona fides. Jeffrey Newell interview (July 26, 2005); Michel Gisiger interview (July 27, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

by the procurement department in connection with its evaluation of the competing bid proposals. Mr. Newell told the Committee that, upon receiving these documents, he realized that Mr. "Pintora" indeed was privy to important, significant, inside information within the United Nations.[149]

Mr. Newell's personal notes reflect that he spoke with Mr. Yakovlev on June 24, 1996, and his notes suggest that Mr. Yakovlev advised him that the United Nations was considering two or three of the proposals for award of the oil inspection contract. In addition, Mr. Newell recalled that Mr. Yakovlev spoke with him about the daily cost of oil inspectors. However, Mr. Newell did not believe that he told Mr. Yakovlev about the caller's solicitation of a bribe, and his notes do not mention this.[150]

As detailed in the First Interim Report, the procurement department notified Saybolt and SGS on June 25, 1996 that they were finalists for award of the contract. The procurement department circulated to each company a request that it submit supplemental proposals to include the cost of conducting oil quantity and oil quality verifications and to exclude the cost of providing independent oil overseers (who would be hired separately).[151]

By June 25, 1996, Mr. "Pintora" sent Mr. Newell a fax containing additional confidential information about the oil inspection contract. It was an unsigned, handwritten note addressed to someone named "Danielle." The note instructed Danielle to contact "Yves before he goes to NY" and that this was "very urgent." It advised that "we are going to send a request to SGS to quote [an] additional price for quality testing" and that "Yves must contact SGS" to explain how this cost should be added as a "lump sum" that "should not exceed $150,000-$200,000." The author of the note requested a call at home advising of the "action taken" and noted that the matter was so "urgent that I am sending [this] from the Office."[152]

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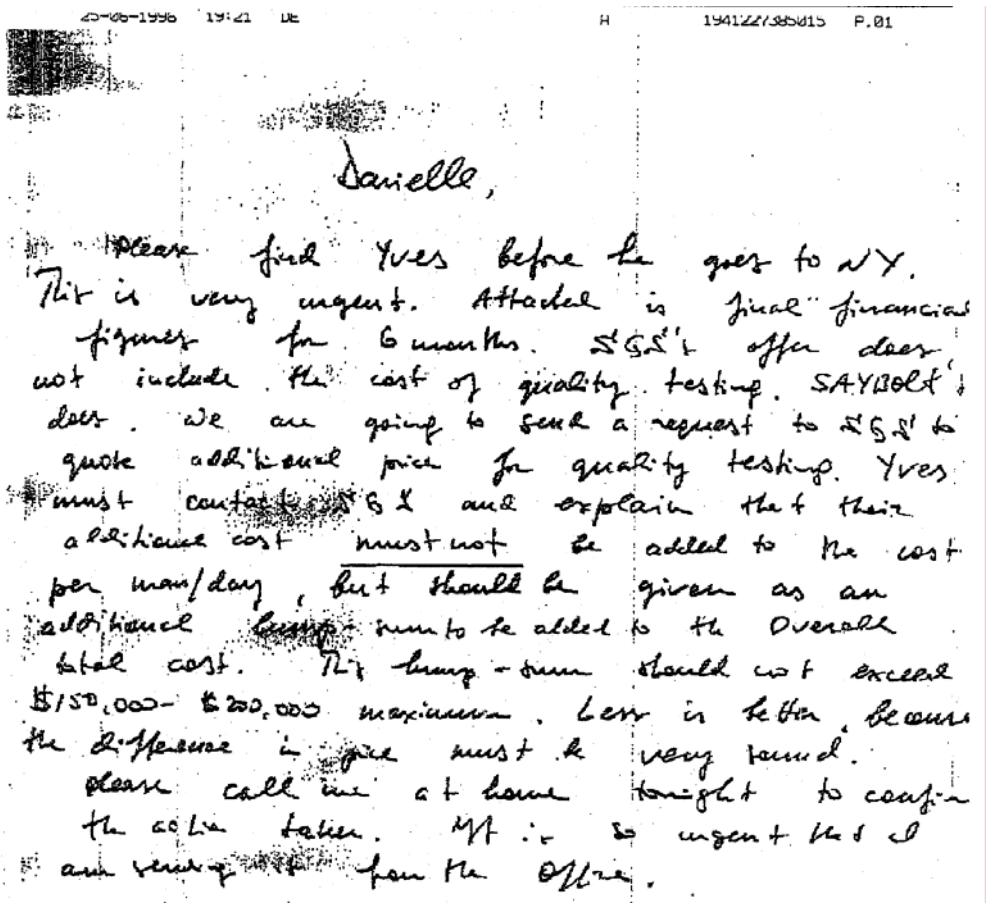
[149] Jeffrey Newell interviews (Sept. 24, 2004 and July 26, 2005). The fax-ribbon markings that indicate the source telephone do not appear on the document produced by SGS to the Committee, but one page of the document includes the fax-ribbon markings that indicate the recipient's telephone number. In addition, at the bottom of the first page of the document provided by SGS is a date-stamp of SGS, indicating receipt of the document by SGS on June 21, 1996. There are also handwritten notations: "Mr. Pintubo" and "spoke to Yakovlev." It is unclear from the interviews of Mr. Newell and Mr. Gisiger whose handwriting this is. SGS record, Sanjay Bahel memorandum to Joseph Stephanides (June 20, 1996); Jeffrey Newell interviews (Sept. 24 and Oct. 27, 2004; July 26, 2005); Michel Gisiger interview (May 12, 2005).

[150] Jeffrey Newell interviews (Sept. 24, 2004 and July 26, 2005); Jeffrey Newell notes (June 24, 1996).

[151] "First Interim Report," p. 89; Commodity Procurement Section fax to Saybolt Eastern Hemisphere BV (June 25, 1996); Commodity Procurement Section fax to SGS Redwood Services (June 25, 1996).

[152] SGS record, Unsigned fax to Danielle (June 1996); Jeffrey Newell interviews (Sept. 24 and Oct. 27, 2004; July 26, 2005). The document produced by SGS to the Committee includes fax-ribbon markings that indicate the recipient's telephone number, but the sender's telephone number does not appear on the fax. Ibid.; see also Olivier Merkt e-mail to the Committee (Aug. 3, 2005) (noting that the fax number appearing on the "Danielle" fax belonged, at the time, to Mr. Newell). Mr. Newell told the Committee that he had thought—because of the "19" at the start of the telephone number on the original fax transmission—that

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



25-06-1996 19:21 DE H 19412277385015 P.01

Danielle,

Please find Yves before he goes to NY.
It is very urgent. Attached is final financial figures for 6 months. SGS's offer does not include the cost of quality testing. SAYBOLT's does. We are going to send a request to SGS to quote additional price for quality testing. Yves must contact SGS and explain that their additional cost must not be added to the cost per man/day, but should be given as an additional lump sum to be added to the Overall total cost. This lump-sum should not exceed $150,000 - $200,000 maximum. Less is better, because the difference in price must be very round.
Please call me at home tonight to confirm the action taken. It is so urgent that I am waiting for the Offer.

Figure: SGS record, Unsigned fax to Danielle (June 1996).

On June 26, 1996, Mr. "Pintora" called Mr. Newell again. Consistent with the information contained in the "Danielle" fax, Mr. "Pintora" advised that SGS would have to amend its bid to account for the cost of oil quality testing. He emphasized that attention to this issue was desperately urgent. In addition, as recorded in Mr. Newell's contemporaneous notes, Mr. "Pintora" provided a telephone number in France at which he could be reached.[153]

According to SGS, it ultimately refused to pay Mr. "Pintora" any money. On June 28, 1996, Mr. Newell called Mr. "Pintora" at the return telephone number he had provided on June 26. Mr. Newell spoke with a woman who did not identify herself. He identified himself and left a

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the fax likely came from France. Jeffrey Newell interview (Sept. 24, 2004). Similarly, Olivier Merkt—Senior Legal Counsel at SGS—asserted that the prefix of "1941" on the fax transmission indicates that it was sent from France to Switzerland. Olivier Merkt business card (indicating Mr. Merkt's official title); Olivier Merkt e-mail to the Committee (Aug. 3, 2005).

[153] Jeffrey Newell interviews (Sept. 24, 2004 and July 26, 2005); Jeffrey Newell notes (June 26, 1996).

message, and the woman did not question him. Mr. "Pintora" later returned Mr. Newell's call, at which point Mr. Newell recalled stating that SGS was not interested in his assistance.[154]

As described in the First Interim Report, SGS submitted an amended proposal on June 28, 1996. Consistent with the updated RFP, SGS's new proposal included the cost of oil quality testing and omitted the cost of oil overseers. In total, SGS's revised bid of $1.9 million remained significantly lower than Saybolt's revised bid of $2.4 million.[155]

A series of events unfolded, as detailed in the First Interim Report, that resulted in SGS losing out on the contract to Saybolt, after Mr. Robertson—as officer-in-charge of the procurement department—improperly permitted Saybolt to amend its bid one more time to lower its contract price just below the bid of SGS. Mr. Yakovlev objected to Mr. Robertson's action and documented his objections in formal notes that he saved to the official procurement file.[156]

C. EVIDENCE OF ALEXANDER YAKOVLEV'S AND YVES PINTORE'S INVOLVEMENT IN THE BRIBERY SCHEME

The Committee's further investigation has established that Mr. Yakovlev and Mr. "Pintora"—who the Committee now knows is Yves Pintore—participated in the foregoing scheme to solicit a bribery payment from SGS.[157] The French telephone number furnished by Mr. Pintore to Mr. Newell, and recorded in Mr. Newell's contemporaneous notes, was determined to be the residence of a woman named "Danielle"—Danielle Paganelli. When recently interviewed by the Committee, Ms. Paganelli confirmed that this was her home telephone number in 1996, when working as Mr. Pintore's secretary at the Hikory France Company ("Hikory") in Chambery, France.[158]

According to Ms. Paganelli, she first became acquainted with Mr. Yakovlev and his relationship with Mr. Pintore in the early to mid-1990s, relating to Hikory's involvement with certain United Nations contracts. In this context, she stated that she often would speak with Mr. Yakovlev,

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[154] Jeffrey Newell interview (July 26, 2005); Olivier Merkt e-mail to the Committee (Aug. 3, 2005).

[155] Jeffrey Newell fax to Commodity Procurement Section (June 28, 1996) (updating SGS's bid to address the new RFP); "First Interim Report," p. 89.

[156] Ibid., pp. 89-94; UN Contract, PTD/127/0065-96 (Aug. 16, 1996); Alexander Yakovlev notes-to-file (July 15 and 22, 1996).

[157] References to "Mr. 'Pintora'" and "Mr. Pintore" therefore are interchangeable.

[158] Jeffrey Newell notes (June 26, 1996); Jeffrey Newell interview (July 26, 2005); Danielle Paganelli interview (July 12, 2005). The Committee's considerable efforts to locate Ms. Paganelli, to whom the telephone number in Mr. Newell's notes belonged, were ongoing for some time and were complicated by several factors, including that: (1) the French telephone system and its numbering conventions changed in 1996; (2) the relevant telephone number was subscribed to Ms. Paganelli in her maiden name (Newham); and (3) Ms. Paganelli, in August 1996, moved from the location associated with this telephone number.

albeit briefly, when he would call for Mr. Pintore. In addition, she recalled being asked by Mr. Pintore to accompany him along with Mr. Yakovlev and Mr. Yakovlev's spouse on a holiday to Marseille and Cannes. Ms. Paganelli could not recall the exact date of this trip, but she thought it was during the summer of 1994 or 1995. Her impression was that she had been invited to help entertain Mr. Yakovlev's spouse while he and Mr. Pintore conducted their business affairs.[159]

Ms. Paganelli told the Committee that she was unfamiliar with SGS. When asked how her telephone number ended up with SGS, Ms. Paganelli expressed surprise and offered two explanations. Initially, she stated that Mr. Pintore sometimes would offer her telephone number to deflect attention away from himself. In a later interview, Ms. Paganelli recalled that Hikory was without formal business premises for about a month (during this time period) and that, at Mr. Pintore's request, her home telephone number was provided for Hikory's business calls and faxes.[160]

Ms. Paganelli's assertion that Mr. Pintore and Mr. Yakovlev knew each other is corroborated both by the Committee's interview of Mr. Pintore and by an e-mail found in Mr. Yakovlev's e-mail account at the United Nations. The message was sent in the name of Yves Pintore, on October 20, 2004, and states: "Dear Alex, I would like to come and see you in New York. Is this possible at all? Regards Yves." According to Mr. Pintore, he met Mr. Yakovlev in the early 1990s; this was in connection with Mr. Pintore's efforts to market prefabricated bungalows.[161]

When shown and asked about the "Danielle" handwritten fax received by SGS, Ms. Paganelli denied ever having seen the document before and said that she could not identify its author. Mr. Pintore also said he did not recognize the "Danielle" fax, but claimed that he recognized the handwriting based on his prior business dealings with Mr. Yakovlev and believed that it was probably written by Mr. Yakovlev.[162]

However, the Committee need not rely on Mr. Pintore's assessment. A comparison of the "Danielle" fax to known samples of handwriting by Mr. Yakovlev from United Nations files independently compels a conclusion that Mr. Yakovlev wrote the "Danielle" fax. In the figures below, the top row represents individual words or letters excerpted from the "Danielle" fax. The bottom row represents the same words or letters that have been excerpted from known writing samples of Mr. Yakovlev in the United Nations procurement department files:

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[159] Ibid.

[160] Danielle Paganelli interviews (July 12 and Aug. 1, 2005).

[161] Danielle Paganelli interview (July 12, 2005); Yves Pintore interview (July 13, 2005); Yves Pintore e-mail to Alexander Yakovlev (Oct. 20, 2004). The Committee's discovery of this short and somewhat cryptic e-mail within Mr. Yakovlev's e-mail account at the United Nations, along with other investigative efforts, enabled the Committee to identify Mr. Pintore as the individual who introduced himself to SGS as Mr. "Pintora." The Committee ultimately located Mr. Pintore in Chambery, France.

[162] Danielle Paganelli interviews (July 12 and Aug. 1, 2005); Yves Pintore interview (July 13, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

Figure: SGS record, Unsigned fax to Danielle (June 1996) (excerpts).

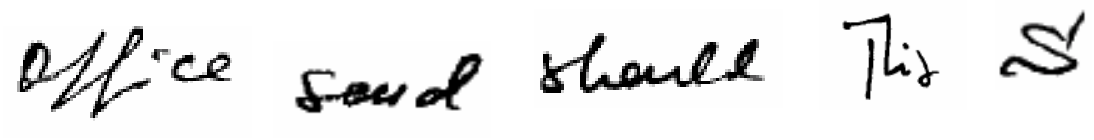

Figure: Alexander Yakovlev assorted handwritten notes (excerpts).

For further comparisons, attached in the Annex to this Chapter are full-size copies of the "Danielle" fax and of each of the known samples of Mr. Yakovlev's handwriting that was used in the above figures as well as other relevant samples.[163]

The Committee also submitted the "Danielle" fax and ten known samples of Mr. Yakovlev's handwriting to a handwriting expert, Alan T. Robillard, who previously occupied significant positions within the United States Federal Bureau of Investigation in Washington, D.C. Before retiring, Mr. Robillard served as the Chief of the Questioned Documents Unit and the Assistant Chief of the Scientific Analysis Section. According to Mr. Robillard, the evidence of Mr. Yakovlev's known handwriting samples suggests that Mr. Yakovlev similarly wrote the "Danielle" fax. A copy of the expert's report is attached at the end of the Annex to this Chapter.[164]

In addition, apart from the striking similarity of the handwriting, the content of the "Danielle" fax strongly suggests that its author had unique access to sensitive and confidential information. The "Danielle" fax reflects intimate knowledge of the current stage of the bidding process and the information to be sought by the procurement department in evaluating the bids from Saybolt and SGS.[165]

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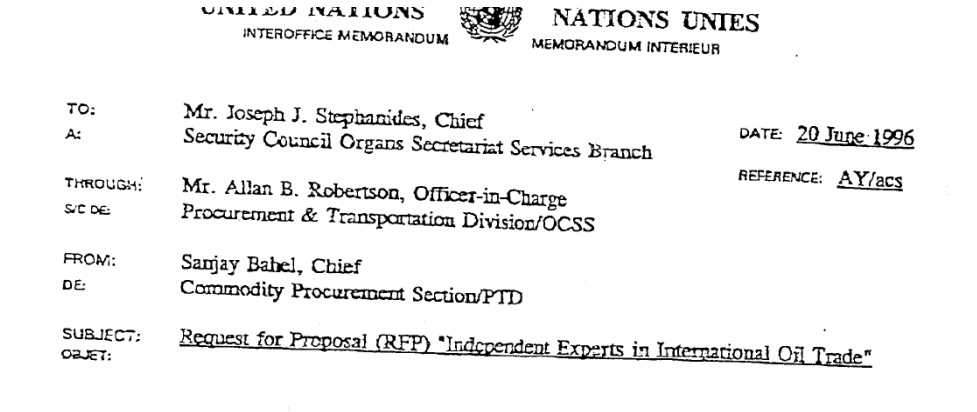
[163] See SGS record, Unsigned fax to Danielle (June 1996); Alexander Yakovlev assorted handwritten notes (excerpts).

[164] Alan T. Robillard report to the Committee (July 30, 2005). The Committee provided Mr. Robillard with ten of the eleven copies of handwriting samples that appear in the Annex to this Chapter. As indicated in his report, Mr. Robillard was unable to reach a definitive conclusion concerning the identification of Mr. Yakovlev's handwriting because of the absence of the original handwritten version (rather than the faxed version) and because of the absence of formal handwriting exemplars by Mr. Yakovlev for the purposes of such an examination. Ibid. Given Mr. Yakovlev's failure to respond to the Committee's recent inquiries, it has been impossible to obtain these formal exemplars from him.

[165] See SGS record, Unsigned fax to Danielle (June 1996).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

Moreover, the identity of Mr. Yakovlev as the source of information furnished to SGS is also made clear from the nature of the document first sent to SGS—the June 20 memorandum. Consistent with the "AY" initials in the heading and Mr. Yakovlev's own statement, he authored this document. Significantly, the copy sent to SGS was the *draft* form of the memorandum, as indicated by the absence of Mr. Yakovlev's initials and the signatures of the reviewing officials:[166]



UNITED NATIONS NATIONS UNIES
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

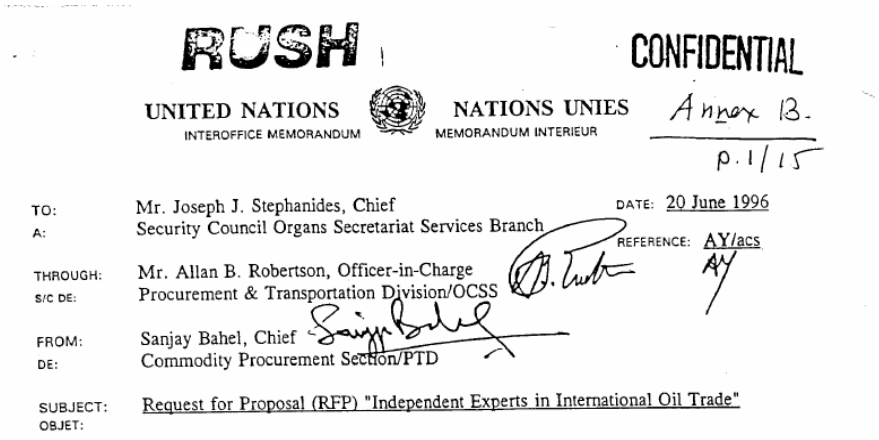
TO: Mr. Joseph J. Stephanides, Chief
A: Security Council Organs Secretariat Services Branch
DATE: 20 June 1996
REFERENCE: AY/acs

THROUGH: Mr. Allan B. Robertson, Officer-in-Charge
S/C DE: Procurement & Transportation Division/OCSS

FROM: Sanjay Bahel, Chief
DE: Commodity Procurement Section/PTD

SUBJECT: Request for Proposal (RFP) "Independent Experts in International Oil Trade"
OBJET:

Figure: SGS record, Sanjay Bahel memorandum to Joseph Stephanides (June 20, 1996) (drafted by Alexander Yakovlev) (heading excerpt).



RUSH CONFIDENTIAL

UNITED NATIONS NATIONS UNIES
INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

Annex 13.
p. 1/15

TO: Mr. Joseph J. Stephanides, Chief
A: Security Council Organs Secretariat Services Branch
DATE: 20 June 1996
REFERENCE: AY/acs

THROUGH: Mr. Allan B. Robertson, Officer-in-Charge
S/C DE: Procurement & Transportation Division/OCSS

FROM: Sanjay Bahel, Chief
DE: Commodity Procurement Section/PTD

SUBJECT: Request for Proposal (RFP) "Independent Experts in International Oil Trade"
OBJET:

Figure: Sanjay Bahel memorandum to Joseph Stephanides (June 20, 1996) (drafted by Alexander Yakovlev) (heading excerpt taken from the United Nations' files).

[166] Alexander Yakovlev interview (May 25, 2005); Angela Sinon interview (June 21, 2005). Consistent with the lowercase initials on the header ("acs"), Ms. Sinon was the clerk within the procurement department who typed Mr. Yakovlev's memorandum of June 20. Ibid. Unlike with Mr. Yakovlev, for whom the Committee possesses persuasive evidence connecting him to Mr. Pintore, the Committee has none connecting Ms. Sinon to Mr. Pintore.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

In addition, despite Danielle Paganelli's denial that she saw the "Danielle" fax, it is understandable that Mr. Yakovlev, who had vacationed with both Mr. Pintore and Ms. Paganelli and spoke with them often, would direct her, in familiar terms, to forward a message to "Yves" (i.e., Mr. Pintore, her boss). Moreover, Mr. Pintore has acknowledged that he actually traveled to the United Nations in New York, around the time of the "Danielle" fax, regarding a contract under the Programme—though he asserted that it was to lobby on behalf of another company for the humanitarian inspection contract and had nothing to do with SGS or the oil inspection contract.[167]

* * *

The Committee notes that its interview of SGS employees disclosed another attempt by unknown persons, in 1996, to solicit bribe payments in connection with a United Nations inspection contract under the Programme. Philippe Bes, Vice President of SGS's Economic Affairs Division, stated that, at some point in July 1996, he received a telephone call similar to the ones received by Mr. Newell. A caller, speaking in French, claimed to be able to help SGS obtain an inspection contract under the Programme. Mr. Bes could not recall the caller's name, and he stated that he was unfamiliar with the name Mr. Pintore. In addition, Mr. Bes did not remember whether the caller mentioned the oil or humanitarian inspection contract, but Mr. Bes asserted that the caller clearly was seeking a commission in return for steering a Programme inspection contract to SGS. Although Mr. Bes did not recall flatly rejecting the caller's proposal, Mr. Bes told the Committee that—after consulting with other SGS executives—it was clear that SGS was not interested in paying money to obtain the contract.[168]

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[167] Danielle Paganelli interview (July 12, 2005); Yves Pintore interview (July 13, 2005).

[168] Philippe Bes interview (Nov. 18, 2004). In October 1997, Yves Dusonchet, Vice President of SGS's Africa and Middle East Division, received a telephone call from an individual indicating that he wished to discuss the Programme's oil inspection contract. On October 27, 1997, Mr. Dusonchet and Mr. Gisiger met with the man in Geneva. The man possessed several documents that Mr. Gisiger believed to be the same as the documents faxed to SGS in June 1996. The individual stated that the United Nations was dissatisfied with Saybolt's performance and wanted to make a change; furthermore, for a certain sum of money, he could guarantee SGS the contract. According to Mr. Gisiger and Mr. Dusonchet, they promptly left the meeting. Mr. Gisiger could not recall the individual's name—though he remembered it having been provided. Ultimately, nothing further developed as a result of this meeting. Yves Dusonchet interview (May 12, 2005); Michel Gisiger interviews (Oct. 26, 2004 and May 12, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

IV. ILLICIT PAYMENTS TO ALEXANDER YAKOVLEV BY OTHER CONTRACTORS

The Committee does not have any evidence that SGS paid Mr. Yakovlev or Mr. Pintore. However, the Committee has obtained persuasive evidence indicating that Mr. Yakovlev has engaged in a continuous course of conduct of accepting payments from United Nations contractors in other United Nations programs. Records indicate that, since 2000, almost $1.3 million has been wired into an account, controlled by Mr. Yakovlev, in the name of "Moxyco Ltd." at the Antigua Overseas Bank, Antigua, West Indies. To date, the Committee has determined that more than $950,000 of these payments came from various companies—or persons affiliated with such companies—that collectively won more than $79 million in United Nations contracts and purchase orders. The records also show transfers out of the Moxyco account to Mr. Yakovlev's United Nations Federal Credit Union account and also to an account in the name of Mr. Yakovlev's spouse at a bank in Switzerland.[169]

These additional apparent acts of corruption further support the Committee's conclusion that Mr. Yakovlev corruptly participated in a scheme to solicit a bribe from SGS in connection with its bid for a contract under the Programme. The Committee's investigation of Mr. Yakovlev is continuing with respect to his Programme-related activities, including his role in the 1998 selection of Cotecna.

[169] Bank records relating to Moxyco Ltd. account (2000-2004); Alexander Yakovlev e-mail to Representative of Maritime International Ltd. (Jan. 10, 2005) (recovered from Mr. Yakovlev's office computer at the United Nations) (regarding the renewal of Mr. Yakovlev's Moxyco account at the Antigua Overseas Bank); United Nations procurement department files (2000-2004).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

V. EXPLANATIONS PROVIDED TO THE COMMITTEE

Both Mr. Yakovlev and Mr. Pintore were interviewed by the Committee and denied their involvement in the scheme to solicit a bribe from SGS. The Committee reviews these explanations below.

A. ALEXANDER YAKOVLEV

On May 25, 2005, the Committee interviewed Mr. Yakovlev about the evidence concerning his dealings with SGS. Mr. Yakovlev offered a series of denials, underscoring that he had no role in any effort to steer the oil inspection contract to SGS in return for anything of value.

First, he denied ever speaking to Jeffrey Newell or any other SGS representative during the 1996 bidding process. He stated further that he was unfamiliar with any of the following names: Philippe Bes, Yves Dusonchet, Michel Gisiger, or Jeffrey Newell. Mr. Yakovlev indicated that most, if not all, of his communications with SGS have been in writing. However, Mr. Newell told the Committee, and his contemporaneous notes support, that he discussed the oil inspection contract with Mr. Yakovlev on June 24, 1996. SGS's copy of the procurement department memorandum of June 20, 1996 included the handwritten notation "spoke to Yakovlev." Mr. Yakovlev's failure to acknowledge even this seemingly benign contact with SGS is troubling, particularly given that no rule prohibited a line procurement officer from speaking with a bidder to resolve a technical matter.[170]

Second, Mr. Yakovlev denied circulating the procurement memorandum of June 20, 1996, which he drafted, to anyone outside of the United Nations. Mr. Yakovlev stated that he maintained control over unsigned drafts of such memoranda and that he would have initialed the final version shortly after receiving it from the typist and promptly forwarded it to Mr. Bahel. In addition, Mr. Yakovlev commented that he never left documents on his desk overnight. Although Mr. Yakovlev initially told the Committee that he was uncertain whether distribution of this memorandum outside of the United Nations violated the procurement rules, he eventually conceded that the information contained in the memorandum was "not for public knowledge."[171]

Third, Mr. Yakovlev denied being the author of the "Danielle" fax and stated that he was unable to suggest who might be. In this regard, he asserted also that he could not provide any

[170] Alexander Yakovlev interview (May 25, 2005); Jeffrey Newell interviews (Sept. 24, 2004 and July 26, 2005); Jeffrey Newell notes (June 24, 1996); Michel Gisiger interview (Oct. 26, 2004); Kiyohiro Mitsui interview (Aug. 2, 2005) (noting that telephonic contact between a procurement officer and a bidder was not prohibited and might be warranted on minor issues). Mr. Mitsui is Chief of the Support Services Section within the procurement department. Ibid.

[171] Alexander Yakovlev interview (May 25, 2005).

information about the "Danielle" or "Yves" referenced in the fax.[172] However, Mr. Yakovlev's statements are belied by the overwhelming evidence discussed above.

Fourth, more broadly, Mr. Yakovlev claimed that he does not know anyone by the name "Yves" or "Danielle." However, both Mr. Pintore (i.e., "Yves") and Ms. Paganelli (i.e., "Danielle") have confirmed their relationships with Mr. Yakovlev. Ms. Paganelli recalled that she answered Hikory's telephone, on numerous occasions when Mr. Yakovlev called to speak with Mr. Pintore. In addition, Ms. Paganelli stated that, while employed by Hikory, she accompanied Mr. Pintore on a vacation with Mr. Yakovlev and his spouse. Mr. Pintore denied that this trip occurred, but he admitted to having first met Mr. Yakovlev in the early 1990s (in relation to United Nations tenders) and added that he had met Mr. Yakovlev's spouse. Eventually, Mr. Pintore acknowledged sending an e-mail to Mr. Yakovlev within the last year, a copy of which the Committee already had obtained from Mr. Yakovlev's e-mail account at the United Nations.[173]

On June 20, 2005, approximately four weeks after the Committee interviewed Mr. Yakovlev, a media report alleged that Mr. Yakovlev had a conflict of interest arising from his son's employment with a United Nations contractor and that Mr. Yakovlev's spouse maintained an offshore bank account in Antigua. That day, the Committee attempted unsuccessfully to interview Mr. Yakovlev at the procurement department. The following day, June 21, 2005, the Committee telephoned Mr. Yakovlev at home and requested access to his financial records, reminding him of his obligation—as a United Nations employee—to cooperate with the Committee's inquiry. Mr. Yakovlev indicated that he would not agree, but stated also that he probably would return to work on Monday. Later that day, however, Mr. Yakovlev submitted his resignation, which the United Nations accepted on June 22, 2005. Since then, Mr. Yakovlev has refused the Committee's repeated requests to meet for an interview or to explain the recently discovered bank account activity, including the transfer of a substantial sum of funds from the Moxyco account upon his resigning from the United Nations.[174]

B. YVES PINTORE

When interviewed by the Committee, Mr. Pintore unequivocally denied any involvement in the scheme to solicit a bribe from SGS in connection with the 1996 award of the Programme's oil

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[172] Ibid.

[173] Ibid.; Danielle Paganelli interview (July 12, 2005); Yves Pintore interview (July 13, 2005). At the time that the Committee questioned Mr. Yakovlev about "Yves" and "Danielle," it did not yet know their last names and therefore could not ask Mr. Yakovlev specifically about Mr. Pintore and Ms. Paganelli.

[174] Claudia Rosett and George Russell, "U.N. Family Ties: Is There a Replay of the Kofi and Kojo Annan Scandal?," http://www.foxnews.com/story/0,2933,160081,00.html (June 20, 2005); Alexander Yakovlev interview (June 21, 2005); Committee letter to Alexander Yakovlev (June 28, 2005) (sent by the Committee via certified mail and return receipt received with Mr. Yakovlev's signature); Committee note-to-file (Aug. 1, 2005) (documenting that, on July 23, 2005, a Committee investigator called Mr. Yakovlev at home and, when no one answered, left a message requesting Mr. Yakovlev to return the call); Bank records relating to Moxyco Ltd. account (2005).

inspection contract—though he admitted contacting SGS about its possible interest in obtaining the humanitarian contract. Mr. Pintore conceded that the evidence suggests that someone from his company solicited a bribe from SGS, but he asserted that he never contacted SGS about this contract, and he did not receive or forward to SGS—and had not previously seen—the June 20 memorandum from the procurement department or the "Danielle" fax. In addition, Mr. Pintore stated that he was unfamiliar with the names Philippe Bes, Jeffrey Newell, and Michel Gisiger.[175] Several difficulties are apparent with Mr. Pintore's account.

First, Mr. Pintore has a longstanding relationship with Mr. Yakovlev, whom he admitted having met in connection with United Nations contracts in the early 1990s. Ms. Paganelli, his secretary, explained that during the time she was employed by Mr. Pintore (1992-1996), Mr. Yakovlev often called to speak with him. In addition, she stated that, prior to the Programme's launch, she and Mr. Pintore vacationed with Mr. Yakovlev and his spouse. Mr. Pintore had worked so closely with Mr. Yakovlev over the years as a consultant in relation to various companies' United Nations contracts that—when showed the "Danielle" fax—Mr. Pintore felt confident enough to identify Mr. Yakovlev as the probable author, noting his familiarity with Mr. Yakovlev's handwriting. Furthermore, although Mr. Pintore initially denied having any contact with Mr. Yakovlev in the last nine years, this clearly is not the case. When it became apparent from the Committee's questioning that it had evidence to refute Mr. Pintore's claim, he acknowledged recently e-mailing Mr. Yakovlev in relation to a United Nations contract and Mr. Pintore's current employer.[176]

Second, Mr. Newell's notes reflect that the man contacting SGS consistently identified himself as Mr. "Pintora." Even more significantly, the caller provided the home telephone number of Mr. Pintore's secretary as a way to contact him.[177]

Third, as discussed above, the "Danielle" fax—which the Committee has concluded that Mr. Yakovlev authored—clearly directed "Danielle" to forward certain important information to "Yves" for SGS's attention. Mr. Pintore suggested that the only possible explanation is that Ms. Paganelli was somehow involved, and someone else was using his name in discussions with the SGS executives. However, the specific information contained in the "Danielle" fax as well as the longstanding relationship between Mr. Pintore and Mr. Yakovlev undercut Mr. Pintore's explanation. The evidence instead suggests that Mr. Yakovlev's instructions for "Yves" were based on his prior conversations with Mr. Pintore about the scheme. In addition, at the time that Mr. Yakovlev sent this fax, Mr. Pintore in fact was about to travel to New York on business relating to a United Nations contract—though Mr. Pintore told the Committee that it was for a

[175] Yves Pintore interviews (July 13 and 25, 2005).

[176] Yves Pintore interview (July 13, 2005); Danielle Paganelli interview (July 12, 2005); Yves Pintore e-mail to Alexander Yakovlev (Oct. 20, 2004).

[177] Jeffrey Newell notes (June 20 and 26, 1996); Danielle Paganelli interview (July 12, 2005).

company other than SGS in relation to the Programme's humanitarian inspection contract (rather than the oil inspection contract).[178]

Fourth, in an effort to exculpate himself, Mr. Pintore asserted that, if he had desired to contact SGS about the oil inspection contract, he would have traveled by car to its headquarters (a mere forty-five minutes from his residence) rather than telephone. This assertion is belied by his earlier admission that he had contacted SGS by telephone to offer his services for the Programme's humanitarian inspection contract.[179]

More recently, however, Mr. Pintore has relented in his denials of wrongdoing. On July 27, 2005, the Committee advised Mr. Pintore in writing of the adverse finding that it proposed to make against him and invited a response. Specifically, Mr. Pintore was advised that the Committee intended to find "[t]hat Yves Pintore, acting in concert with Alexander Yakovlev, the procurement officer for the oil inspection contract, knowingly participated in a scheme to solicit a payment from bidder SGS, one of the six companies that submitted a bid for the contract." On August 1, 2005, Mr. Pintore sent an e-mail to the Committee stating in relevant part: "Further to your letter advising me about findings related to my conduct with respect to the 1996 Selection process of the Oil inspection, I wish to confirm that I will not contest the phrasing expressed in the letter."[180]

[178] SGS record, Unsigned fax to Danielle (June 1996); Yves Pintore interviews (July 13 and 25, 2005).

[179] Ibid.

[180] Committee letter to Yves Pintore (July 27, 2005); Yves Pintore e-mail to the Committee (Aug. 1, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

VI. RELEVANCE OF NEW EVIDENCE TO PREVIOUS FINDINGS

The Committee's First Interim Report relied in part on statements and documents of Mr. Yakovlev in connection with his activities as the procurement officer assigned to work on the selection of the Programme's oil and humanitarian inspection contracts. At the time that the Committee cited this information from Mr. Yakovlev, it had not identified him as responsible for the corrupt conduct that is set forth in this Chapter of the Report. The Committee has considered carefully whether this new information should alter its adverse findings against Mr. Robertson with respect to the selection of Saybolt and against Mr. Stephanides with respect to the selection of Lloyd's Register Inspection Ltd. ("Lloyd's"). For the reasons set forth below, the Committee concludes that the new information does not warrant modifying its prior findings.

Allan B. Robertson

The crux of the Committee's earlier finding against Mr. Robertson was that, as officer-in-charge, he bore ultimate responsibility for approving Saybolt's invalidly amended bid, which enabled it to secure the oil inspection contract—over SGS—as the lowest bidder. Specifically, Mr. Robertson allowed Saybolt unilaterally to lower its price for performing quality oil testing in response to a request that Saybolt provide additional information about the nature of its inspectors, and he allowed the procurement to go forward even when advised that the basis for Saybolt's testing-price reduction—its newly stated intent to sell the oil test results to private parties—contravened United Nations contracting rules. At the time, the Committee found persuasive statements by Mr. Yakovlev that he had opposed Mr. Robertson's actions. In one note-to-file, Mr. Yakovlev wrote that he had told Mr. Robertson that Saybolt's price reduction for quality testing was "a serious violation by Saybolt of bidding procedures in the attempt to get an award of this contract." Mr. Yakovlev also noted that he recommended that Mr. Robertson seek advice from the Office of Legal Affairs, but Mr. Robertson viewed this as "a confidential procurement issue." Based on what the Committee now knows of Mr. Yakovlev, there are strong grounds to question his motives in objecting to the award of the contract to Saybolt. However, the points made by Mr. Yakovlev at the time were consistent with other uncontested evidence obtained by the Committee that indicates Mr. Robertson's awareness that Saybolt's uninvited price reduction should not have been accepted, such as Mr. Robertson's own signed fax to Saybolt of July 23, 1996, in which he stated that "quality testing has nothing to do with the additional inspectors," and asked Saybolt to "please explain the reason for this reduction." Accordingly, even excluding Mr. Yakovlev's claim that he warned Mr. Robertson, the Committee remains of the view that with the acquiescence of the Iraq Steering Committee, and the ultimate approval of Mr. Robertson, Saybolt prevailed because the procurement department accepted an invalidly amended bid to lower Saybolt's contract price.[181]

[181] "First Interim Report," pp. 91-95, 109-10; Alexander Yakovlev notes-to-file (July 15 and 22, 1996); Alexander Yakovlev interviews (Aug. 26, 2004 and Jan. 24, 2005); Allan B. Robertson memorandum to Committee on Contracts (July 19, 1996). Although Mr. Robertson's memorandum was dated July 19,

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

Joseph Stephanides

Although Mr. Stephanides was a central figure in the selection of oil inspectors for the Programme, with his persistent advocacy for Saybolt, the Committee did not enter an adverse finding against him in relation to this selection. Rather, the Committee's finding against Mr. Stephanides related only to the selection of Lloyd's as the humanitarian goods inspectors for the Programme and, specifically, Mr. Stephanides's improper sharing of bid information with the United Kingdom Mission in violation of United Nations procurement rules. In an interview with the Committee, even Mr. Stephanides's counsel acknowledged that Mr. Stephanides's conduct technically violated the procurement rules. Mr. Yakovlev objected to selecting Lloyd's, absent a recording of reasons under the Financial Rules why its selection rather than the lowest bidder's was in the "interests of the Organization." That objection—whatever Mr. Yakovlev's motives for making it—was correct and, in any event, was not related to and does not undermine the basis for the Committee's adverse finding against Mr. Stephanides.[182]

Mr. Stephanides separately has presented information to the Committee in support of a request for reconsideration of the adverse finding against him. The Committee is evaluating this additional information, which does not relate to Mr. Yakovlev, and anticipates that it will address the information in a future report.

1996, it refers to correspondence from July 23 and bears fax marks indicating that it was sent on July 24, 1996. See ibid.

[182] "First Interim Report," pp. 85-94, 97-100, 107-10; Joseph Stephanides meeting with the Committee (Feb. 2, 2005); United Kingdom official #2 interview (Dec. 6, 2004); United Kingdom Ambassador letter to Chinmaya Gharekhan (Aug. 8, 1996); Iraq Steering Committee notes (Aug. 9, 1996).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

VII. FINDINGS AND CONCLUSIONS

The Committee makes the following findings on the basis of the evidence set forth in this Report:

Alexander Yakovlev

In 1996, while responsible for the procurement of an independent oil inspection company for the Programme, Alexander Yakovlev purposefully participated in a corrupt scheme to solicit a bribe from SGS, one of the six companies that submitted a bid for the United Nations contract. While engaging in this conduct, Mr. Yakovlev provided confidential bid information, internal assessments, and selection considerations to SGS. Mr. Yakovlev's conduct violated the Charter of the United Nations as well as provisions of the United Nations Procurement Manual and the United Nations Staff Regulations and Rules.

Yves Pintore

Yves Pintore, acting in concert with Mr. Yakovlev, purposefully participated in a corrupt scheme to solicit a bribe from SGS, one of the six companies that submitted a bid for the Programme's oil inspection contract. While engaging in this conduct, Mr. Pintore facilitated Mr. Yakovlev's improper sharing of confidential bid information, internal assessments, and selection considerations with SGS.

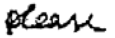
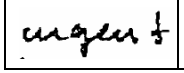
* * *

The Committee recommends that the Secretary-General accede to any properly supported request from an appropriate law enforcement authority for a waiver of Mr. Yakovlev's immunity and for access to the necessary information of the United Nations to assist law enforcement authorities in the possible investigation and prosecution of Mr. Yakovlev, Mr. Pintore, or others who acted in concert with them. In evaluating such requests, the Committee recommends that the Secretary-General give due consideration to the status of the Committee's ongoing investigation and the degree to which the requesting authority is committed to reciprocal cooperation. The Committee's investigation of Mr. Yakovlev and his conduct with respect to Programme-related procurement actions is ongoing.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

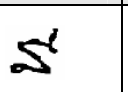
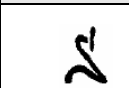
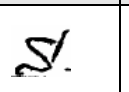
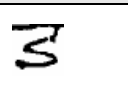
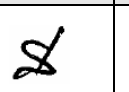
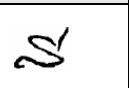
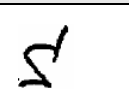
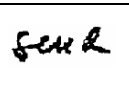
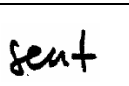
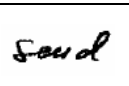
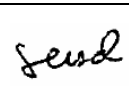
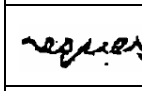
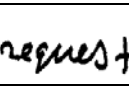
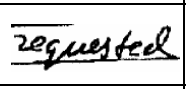
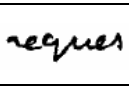
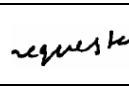
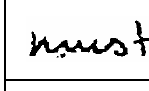
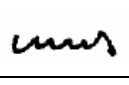
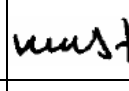
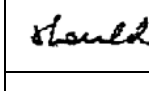
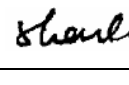
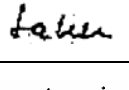
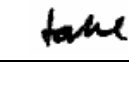
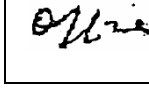
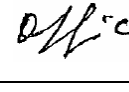
VIII. ANNEX: HANDWRITING SAMPLES AND EXPERT OPINION

Table – Comparison of Unsigned "Danielle" Fax to Known Handwriting Samples of Mr. Yakovlev[183]

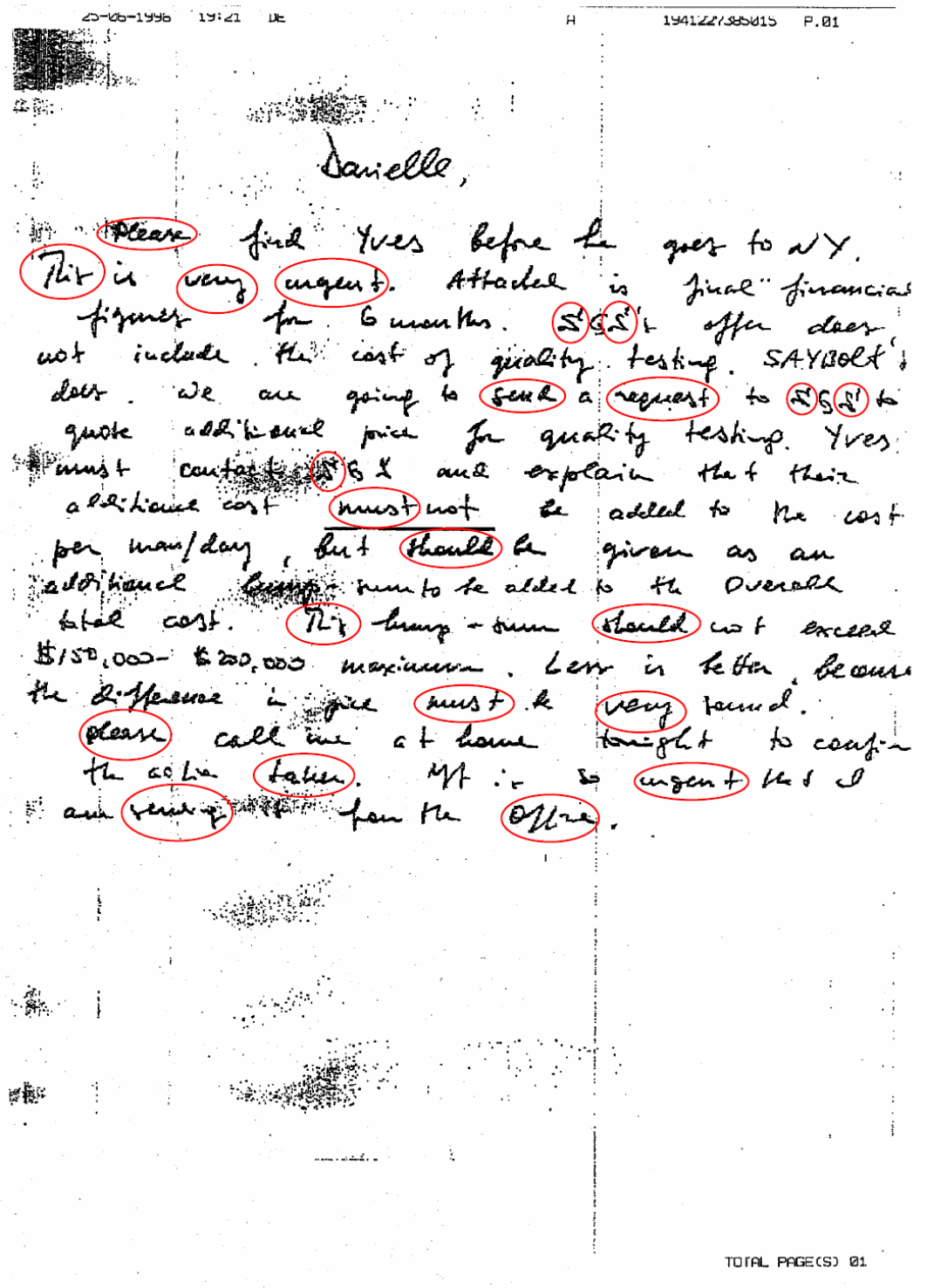
Unsigned "Danielle" fax	Sample 1	Sample 2	Sample 3	Sample 4	Sample 5	Sample 6	Sample 7	Sample 8	Sample 9
									
									
									
									

[183] The Committee provided ten handwriting samples along with the "Danielle" fax to a forensic expert for examination. The expert's report is attached at the end of this Annex. Full copies of the materials provided to the expert—as well as an additional sample (Sample 9)—are included in this Annex after the summary table, and relevant points of comparison are circled. Samples 10 and 11 were not included in this summary table because they do not contain any of the words in the selection. A note on Sample 6, handwritten by someone other than Mr. Yakovlev, has been redacted. In addition, the underlying documents for Samples 9, 10, and 11 involve relatively recent procurement matters that are unrelated to the Programme; because of confidentiality concerns, the Committee has redacted limited portions of these samples.

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

Unsigned "Danielle" fax	Sample 1	Sample 2	Sample 3	Sample 4	Sample 5	Sample 6	Sample 7	Sample 8	Sample 9
									
									
									
									
									
									
									

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



25-06-1996 19:21 DE H 19412279850015 P.01

Danielle,

Please find Yves before he goes to NY. This is very urgent. Attached is final financial figures for 6 months. SGS's offer does not include the cost of quality testing. SAYBOLT's does. We are going to send a request to SGS to quote additional price for quality testing. Yves must contact SGS and explain that their additional cost must not be added to the cost per man/day, but should be given as an additional lump-sum to be added to the Overall total cost. This lump-sum should not exceed $150,000- $200,000 maximum. Less is better, because the difference in price must be very found. Please call me at home tonight to confirm the action taken. As it is so urgent that I am waiting for the Office.

TOTAL PAGE(S) 01

Figure: SGS record, Unsigned fax to Danielle (June 1996) (copy faxed June 25, 1996).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

UNITED NATIONS — NATIONS UNIES

INTEROFFICE MEMORANDUM — MEMORANDUM INTERIEUR

OFFICE OF THE IRAQ PROGRAMME

TO: Mr. Alexander Yakovlev, Officer-in-Charge
A: Missions and Projects Procurement Section
Procurement Division, OCSS

DATE: 19 May 1999
REFERENCE:

THROUGH:
S/C DE:

FROM: Stephani L. Scheer
DE: Chief of Office/Special Assistant
to the Executive Director

SUBJECT: **Request for extension of the contract no. PTD/CON/127/065/96**
OBJET: **oil inspectors for Iraq - Saybolt**

1. I refer to your memorandum of 18 May 1999 on the above mentioned subject.

2. I have noted that there will be a meeting of the HCC next Tuesday, 25 May 1999, and I will be available to attend. As I understand, the cut-off date for submission of the presentation to the Committee is tomorrow. I, therefore, expect to receive a copy for comments today.

3. Your assistance in this matter is greatly appreciated.

Copy to:

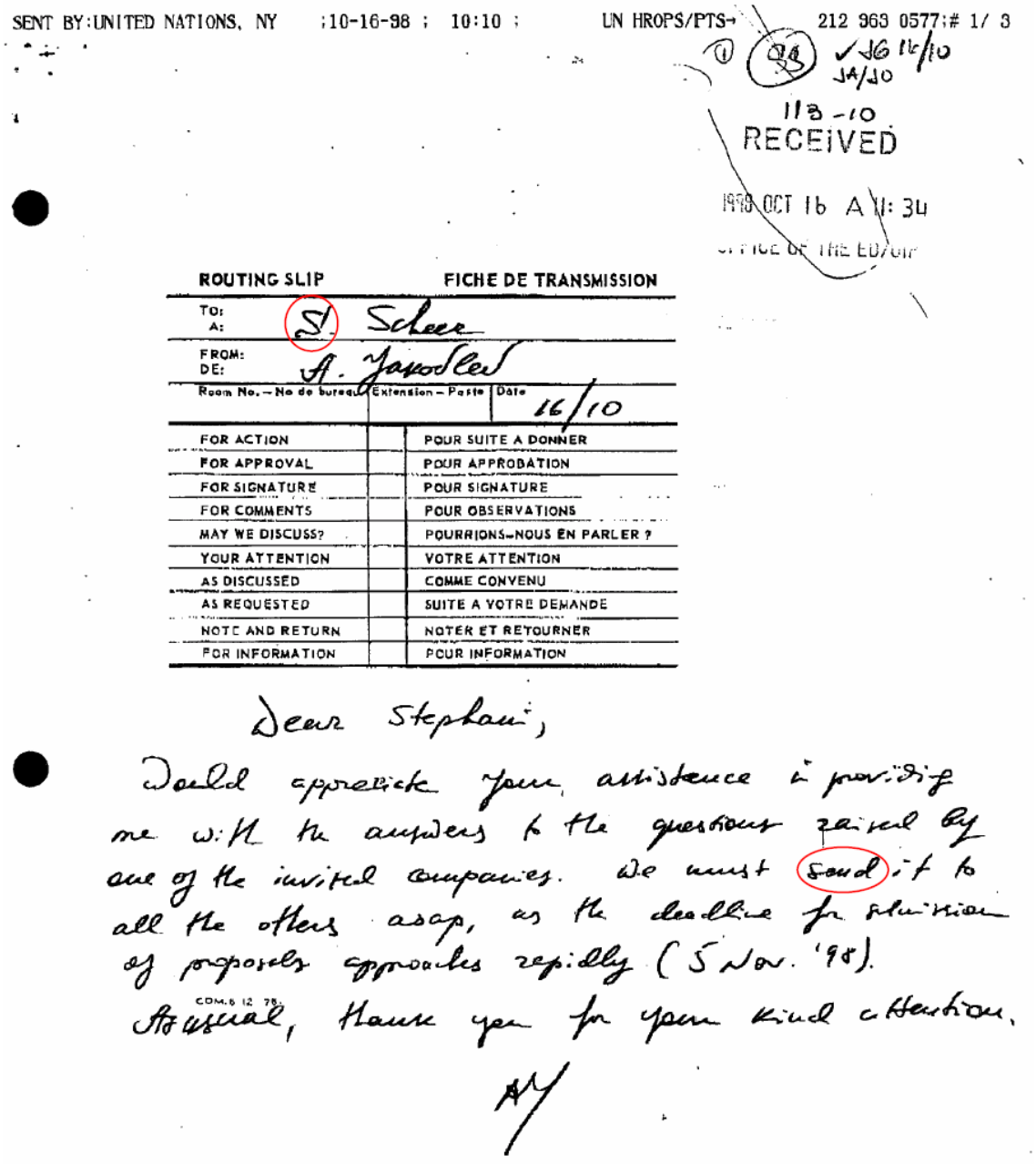
Mr. Sevan
Mr. Toh
Ms. Tolani

As per verbal request from Ms. S. Scheer's office received on 11:00am over the phone, presentation to the HCC was sent due to 11. very poor reflection of AY! 20/05/99

Room S-2112B, New York, NY 10017 • Tel:+1 212 963 6550 • Fax: +1 212 963 1984 • www.un.org/Depts/oip

Sample 1: Alexander Yakovlev handwritten note (May 20, 1999) (underlying letter dated May 19, 1999).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



SENT BY:UNITED NATIONS, NY ;10-16-98 ; 10:10 ; UN HROPS/PTS→ 212 963 0577:# 1/ 3

RECEIVED
1998 OCT 16 A 11:34

ROUTING SLIP / FICHE DE TRANSMISSION

TO: A: S. Scheer
FROM: DE: A. Yakovlev
Room No. – No de bureau | Extension – Poste | Date 16/10

FOR ACTION		POUR SUITE A DONNER
FOR APPROVAL		POUR APPROBATION
FOR SIGNATURE		POUR SIGNATURE
FOR COMMENTS		POUR OBSERVATIONS
MAY WE DISCUSS?		POURRIONS-NOUS EN PARLER ?
YOUR ATTENTION		VOTRE ATTENTION
AS DISCUSSED		COMME CONVENU
AS REQUESTED		SUITE A VOTRE DEMANDE
NOTE AND RETURN		NOTER ET RETOURNER
FOR INFORMATION		POUR INFORMATION

Dear Stephani,

Would appreciate your assistance in providing me with the answers to the questions raised by one of the invited companies. We must send it to all the others asap, as the deadline for submission of proposals approaches rapidly (5 Nov. '98).

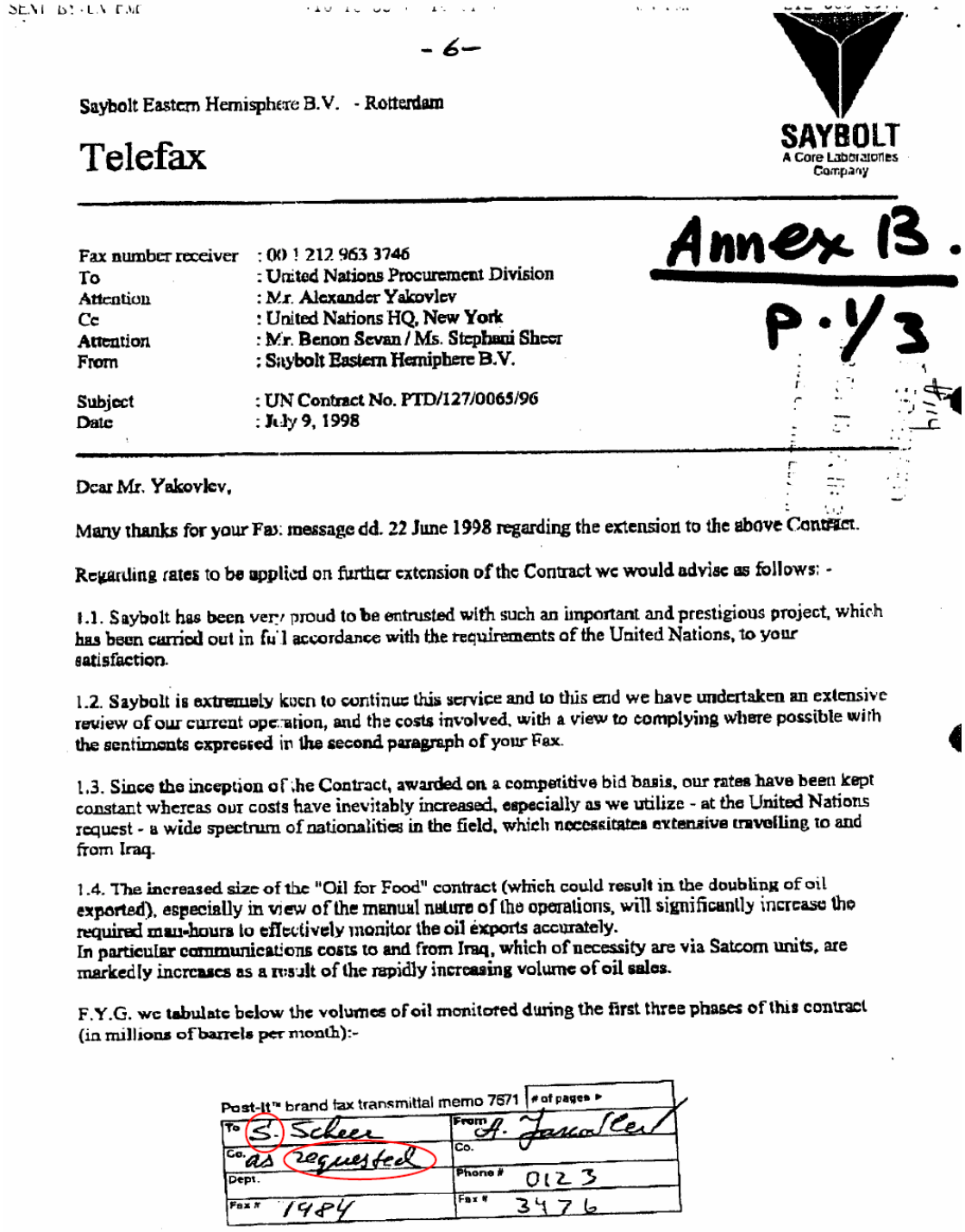
As usual, thanks you for your kind attention.

COM.6 12 78

AY

Sample 2: Alexander Yakovlev handwritten note to Stephani Scheer (Oct. 16, 1998).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



SENT BY: LA FAX

- 6 -

Saybolt Eastern Hemisphere B.V. - Rotterdam

SAYBOLT
A Core Laboratories Company

Telefax

Annex 13.

P. 1/3

Fax number receiver	: 00 1 212 963 3746
To	: United Nations Procurement Division
Attention	: Mr. Alexander Yakovlev
Cc	: United Nations HQ, New York
Attention	: Mr. Benon Sevan / Ms. Stephani Sheer
From	: Saybolt Eastern Hemisphere B.V.
Subject	: UN Contract No. PTD/127/0065/96
Date	: July 9, 1998

Dear Mr. Yakovlev,

Many thanks for your Fax message dd. 22 June 1998 regarding the extension to the above Contract.

Regarding rates to be applied on further extension of the Contract we would advise as follows: -

1.1. Saybolt has been very proud to be entrusted with such an important and prestigious project, which has been carried out in full accordance with the requirements of the United Nations, to your satisfaction.

1.2. Saybolt is extremely keen to continue this service and to this end we have undertaken an extensive review of our current operation, and the costs involved, with a view to complying where possible with the sentiments expressed in the second paragraph of your Fax.

1.3. Since the inception of the Contract, awarded on a competitive bid basis, our rates have been kept constant whereas our costs have inevitably increased, especially as we utilize - at the United Nations request - a wide spectrum of nationalities in the field, which necessitates extensive travelling to and from Iraq.

1.4. The increased size of the "Oil for Food" contract (which could result in the doubling of oil exported), especially in view of the manual nature of the operations, will significantly increase the required man-hours to effectively monitor the oil exports accurately.
In particular communications costs to and from Iraq, which of necessity are via Satcom units, are markedly increases as a result of the rapidly increasing volume of oil sales.

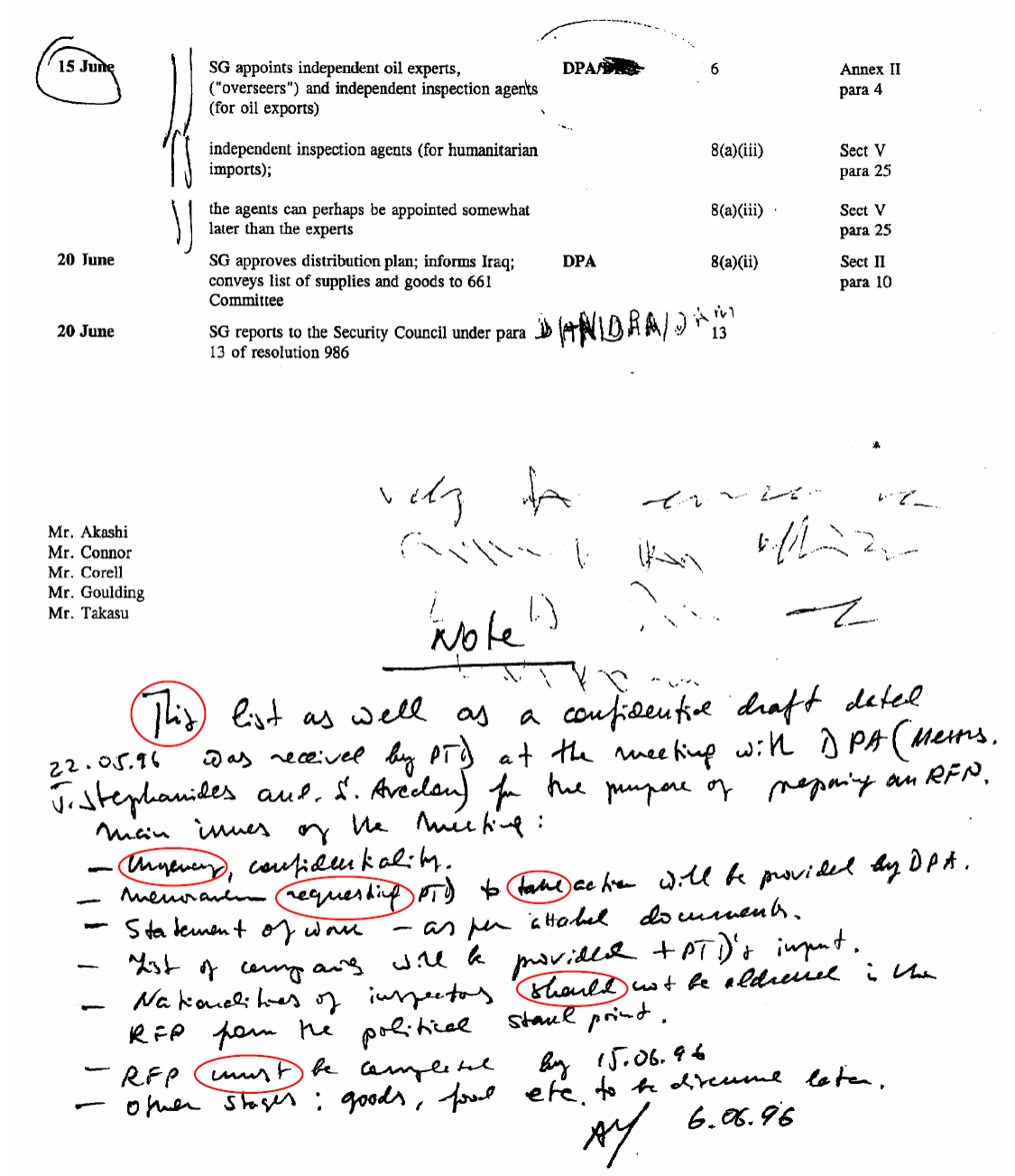
F.Y.G. we tabulate below the volumes of oil monitored during the first three phases of this contract (in millions of barrels per month):-

Post-it™ brand fax transmittal memo 7671 | # of pages ▸

To S. Scheer	From A. Yakovlev
Co. as requested	Co.
Dept.	Phone # 0123
Fax # 1984	Fax # 3476

Sample 3: Alexander Yakovlev handwritten note to Stephani Scheer (undated) (underlying letter dated July 9, 1998).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



15 June	SG appoints independent oil experts, ("overseers") and independent inspection agents (for oil exports)	DPA/[redacted]	6	Annex II para 4
	independent inspection agents (for humanitarian imports);		8(a)(iii)	Sect V para 25
	the agents can perhaps be appointed somewhat later than the experts		8(a)(iii)	Sect V para 25
20 June	SG approves distribution plan; informs Iraq; conveys list of supplies and goods to 661 Committee	DPA	8(a)(ii)	Sect II para 10
20 June	SG reports to the Security Council under para 13 of resolution 986	DPA/OLA/OIP	13	

Mr. Akashi
Mr. Connor
Mr. Corell
Mr. Goulding
Mr. Takasu

Note

This list as well as a confidential draft dated 22.05.96 was received by PTD at the meeting with DPA (Messrs. J. Stephanides and S. Avedon) for the purpose of preparing an RFP.

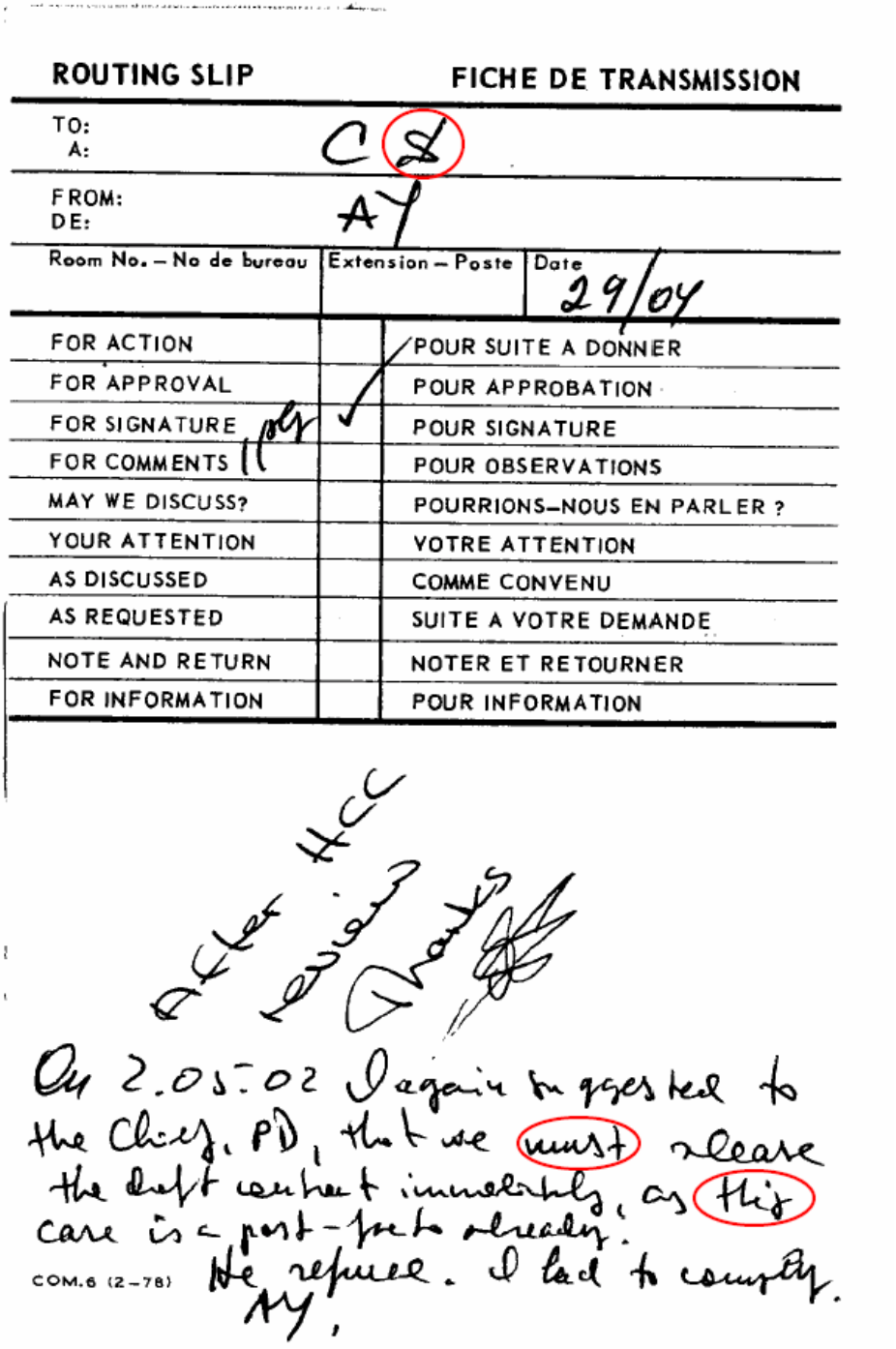
Main issues of the meeting:

- Urgency, confidentiality.
- Memorandum requesting PTD to take action will be provided by DPA.
- Statement of work – as per attached documents.
- List of companies will be provided + PTD's input.
- Nationalities of inspectors should not be addressed in the RFP from the political stand point.
- RFP must be complete by 15.06.96
- Other stages: goods, fuel etc. to be discussed later.

6.06.96

Sample 4: Alexander Yakovlev handwritten note (June 6, 1996) (underlying document dated May 30, 1996).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



ROUTING SLIP — FICHE DE TRANSMISSION

TO: / A: CS

FROM: / DE: AY

Room No. – No de bureau	Extension – Poste	Date 29/04

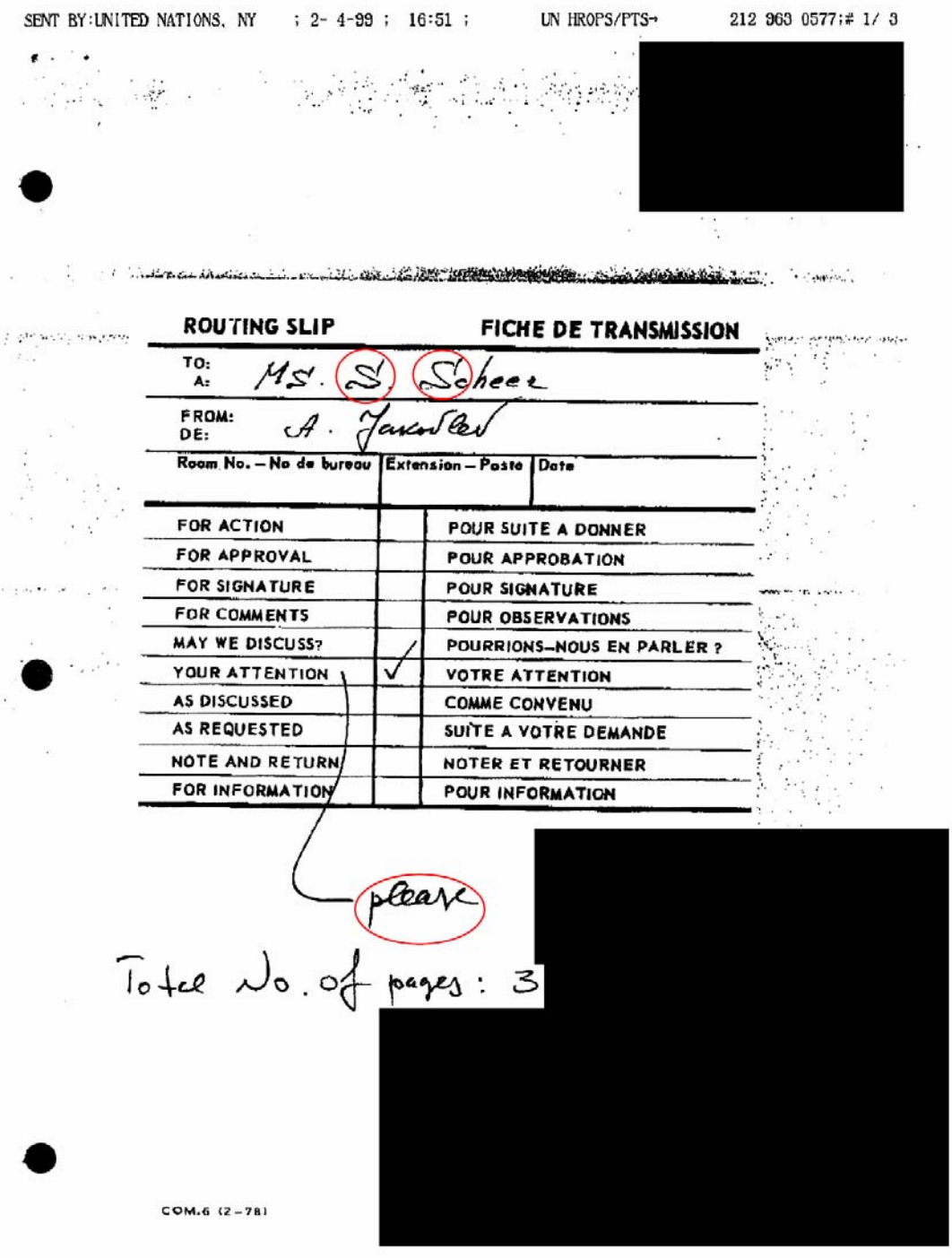
FOR ACTION		POUR SUITE A DONNER
FOR APPROVAL		POUR APPROBATION
FOR SIGNATURE	✓	POUR SIGNATURE
FOR COMMENTS		POUR OBSERVATIONS
MAY WE DISCUSS?		POURRIONS-NOUS EN PARLER ?
YOUR ATTENTION		VOTRE ATTENTION
AS DISCUSSED		COMME CONVENU
AS REQUESTED		SUITE A VOTRE DEMANDE
NOTE AND RETURN		NOTER ET RETOURNER
FOR INFORMATION		POUR INFORMATION

COM.6 (2-78)

On 2.05.02 I again suggested to the Chief, PD, that we must release the draft contract immediately, as this case is a post-facto already. He refused. I had to comply. AY,

Sample 5: Alexander Yakovlev handwritten note (undated) (referencing a suggestion presented by Mr. Yakovlev on May 2, 2002).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



SENT BY:UNITED NATIONS, NY ; 2- 4-99 ; 16:51 ; UN HROPS/PTS→ 212 963 0577;# 1/ 3

[redacted]

ROUTING SLIP **FICHE DE TRANSMISSION**

TO: / A: Ms. S. Scheer

FROM: / DE: A. Yakovlev

Room No. – No de bureau	Extension – Poste	Date

FOR ACTION		POUR SUITE A DONNER
FOR APPROVAL		POUR APPROBATION
FOR SIGNATURE		POUR SIGNATURE
FOR COMMENTS		POUR OBSERVATIONS
MAY WE DISCUSS?		POURRIONS-NOUS EN PARLER ?
YOUR ATTENTION	✓	VOTRE ATTENTION
AS DISCUSSED		COMME CONVENU
AS REQUESTED		SUITE A VOTRE DEMANDE
NOTE AND RETURN		NOTER ET RETOURNER
FOR INFORMATION		POUR INFORMATION

please

Total No. of pages : 3

[redacted]

COM.6 (2-78)

Sample 6: Alexander Yakovlev handwritten note to Stephani Scheer (undated).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

08-OCT-1999 22:23 TEKFEN DIS TICARET 8760 90 212 2366839 P.01

4340

AY

TEKFEN DIŞ TİCARET ANONİM ŞİRKETİ

HEAD OFFICE
ADRES : Deraboyu Cad. No: 140/2
Toyota Plaza Ortaköy , 80840 - İSTANBUL
FAX : 90-(212)-259 93 27 - 236 88 39
TELEFON : 90-(212)-259 59 44 (Pbx)
TELEX : 26303 HOLT TR - 28159 TNFK TR - 28160 TNEF TR
E-MAIL : tekfendt@superonline.com

TO	:	UN PROCUREMENT DIVISION (ROOM : FF-285)	DATE	:	08.10.1999
ATTN.	:	Mr. ALEXANDER YAKOVLEV fax: 212 963-3746	NO	:	UN0826EQ/ UN1008IHS
FM	:	İhsan SOLAK	PAGE	:	1

REF : Purchase Order no: P – G - 06276 DD. 1/7/99

Dear Mr. YAKOVLEV,

We had sent you several faxes and reminders in 29.09.1999, 04.10.1999 and in 06.10.1999 about the misprinting approval of OC.1297 regarding the items 12 and 15 in your order P – G – 06276. But unfortunately we could not get any information or any action from your side to overcome this problem.

Since our manufacturer can not stock the goods in the factory any longer, we will start shipping them on Monday (11.10.1999), through the destination mentioned in the order.

We hope to receive your reply.

Best Regards,

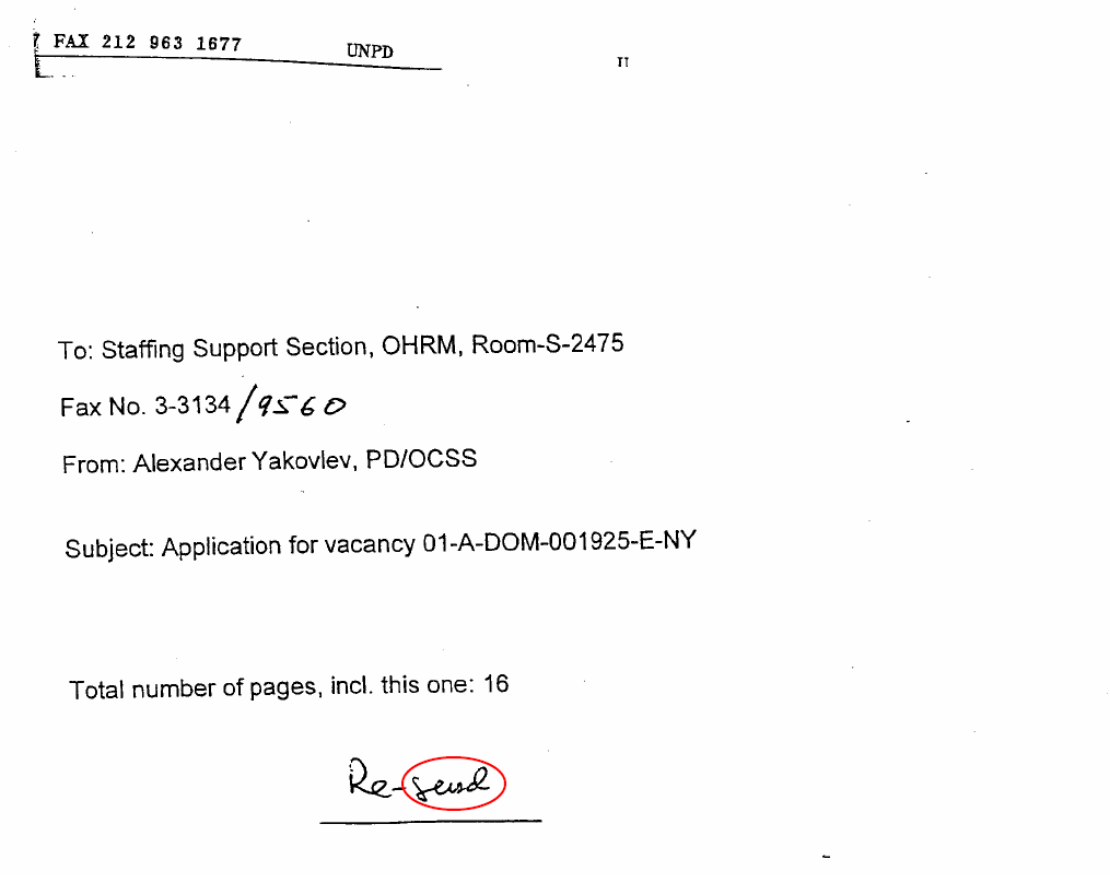
İhsan SOLAK
TEKFEN DIŞ TİCARET A.Ş.

TES
Pualette would like to see the file. Let prepare a short fax to Tekfen saying that we will advise the requested info ASAP. Check with DESA. Thanks
AY 11/10

TOTAL P.01

Sample 7: Alexander Yakovlev handwritten note (Oct. 11, 1999) (underlying letter dated October 8, 1999).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



FAX 212 963 1677 UNPD

To: Staffing Support Section, OHRM, Room-S-2475

Fax No. 3-3134 / 9560

From: Alexander Yakovlev, PD/OCSS

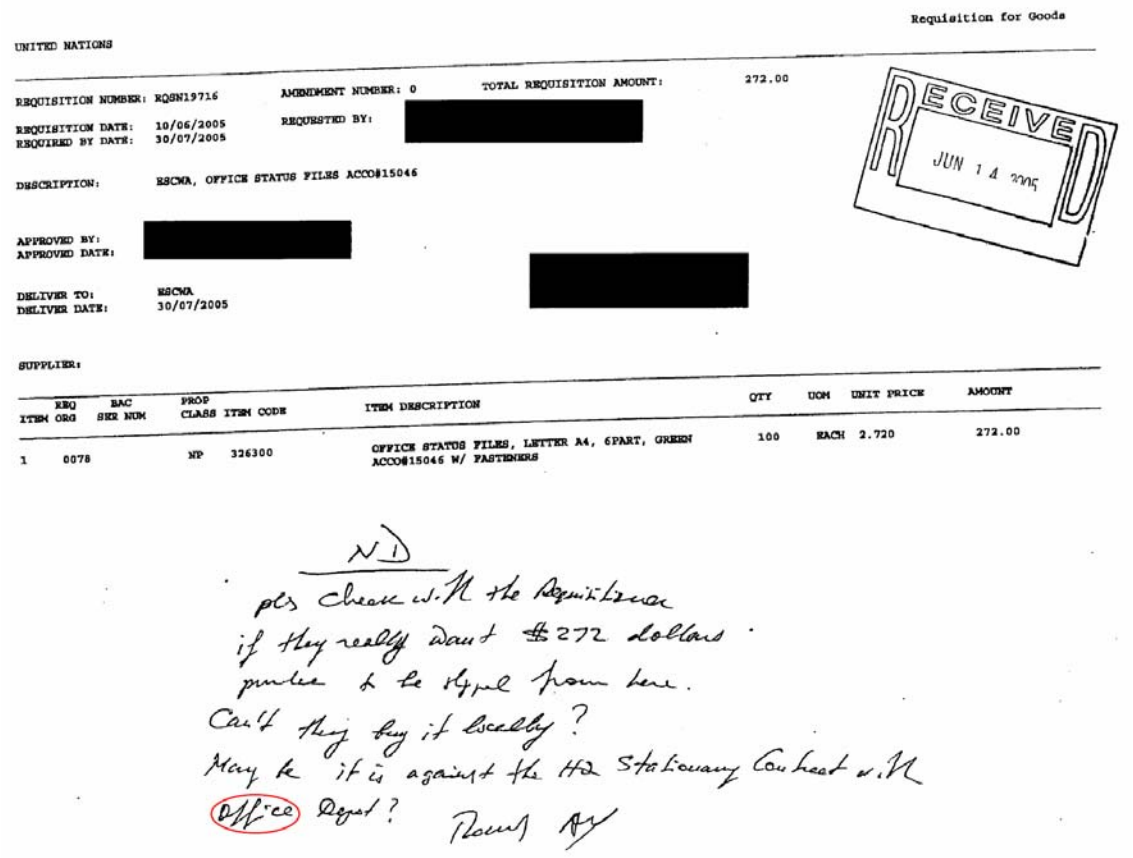
Subject: Application for vacancy 01-A-DOM-001925-E-NY

Total number of pages, incl. this one: 16

Re-send

Sample 8: Alexander Yakovlev handwritten note (undated) (underlying fax also is undated).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



Requisition for Goods

UNITED NATIONS

REQUISITION NUMBER: RQSN19716 AMENDMENT NUMBER: 0 TOTAL REQUISITION AMOUNT: 272.00

REQUISITION DATE: 10/06/2005
REQUIRED BY DATE: 30/07/2005

REQUESTED BY: [redacted]

DESCRIPTION: ESCWA, OFFICE STATUS FILES ACCO#15046

APPROVED BY: [redacted]
APPROVED DATE:

DELIVER TO: ESCWA
DELIVER DATE: 30/07/2005

RECEIVED JUN 14 2005

SUPPLIER:

ITEM	REQ ORG	BAC SER NUM	PROP CLASS	ITEM CODE	ITEM DESCRIPTION	QTY	UOM	UNIT PRICE	AMOUNT
1	0078		NP	326300	OFFICE STATUS FILES, LETTER A4, 6PART, GREEN ACCO#15046 W/ FASTENERS	100	EACH	2.720	272.00

ND
pls check w. M the Requisitioner
if they really want $272 dollars.
purchase & be typed from here.
Can't they buy it locally?
May be it is against the HQ Stationary Contract w. M
Office Depot?

Sample 9: Alexander Yakovlev handwritten note (undated) (underlying requisition form was received on June 14, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

04 May 2005

Mr. A. Yakolev
United Nations Procurement Division
2nd Floor, 304 East 45th Street,
New York, N.Y. 10047

Re: Man-day Delivery Rate for United Nations Missions in Liberia (UNMIL), Eritrea (UNMEE) and Burundi (UNOB)

Dear Alex,

Further to our previous discussions regards developing a single man-day rate for distribution, [redacted] has reviewed and analysed the historical data in each location and is pleased to offer the rates listed below for each Mission. [redacted] is confident that you will find these rates fair and equitable for each location. In each mission, [redacted] has considered the historical data and devised a man-day rate that equates to a similar amount to what has already been invoiced by [redacted] since the start of respective contracts for distribution.

It should be noted that these rates could be implemented from the beginning of the next Period after formal agreement. The new rates do not replace the outstanding bread delivery invoices for each mission. Bread delivery will be included in the rate going forward but the outstanding amounts at the time of implementation need to be settled.

As there are different methods of delivery [redacted] owned transport, sub-contracted transport or combination of both) and different variables relevant to each location, the actual cost applicable to each man-day rate is listed separately.

As you will appreciate, [redacted] has expended capital to buy equipment to support each missions requirements and this has been based on a certain number of troops in order to recover the costs. As a result, [redacted] finds it necessary to include an increase of [redacted] per man per day for each reduction of 500 troops.

[redacted]

Delivery man-day rate

1. United Nations Mission in Liberia (UNMIL)

[redacted] : [redacted]

OK Amendment to be done as per the draft of the AO

This rate includes equipment depreciation for 16 trucks and delivery related equipment over the fixed term of the contract, all related labour costs for directly employed labour, vehicle maintenance and repair charges, current vehicle rental charges, sub-contracted costs, fuel at tax exempt prices and a profit margin.

[redacted]

2. United Nations Mission in Ethiopia and Eritrea (UNMEE)

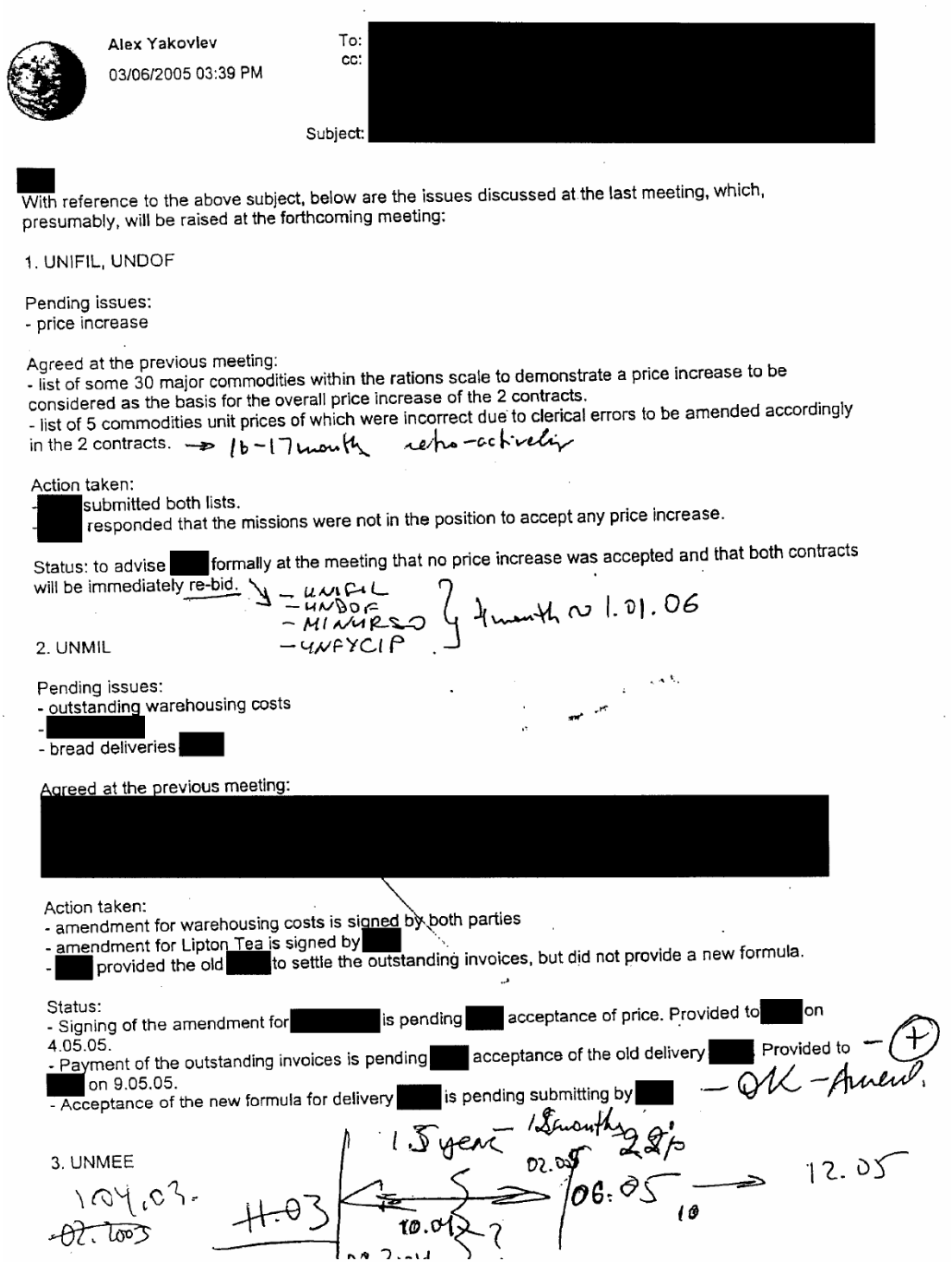
[redacted] : [redacted]

OK Amendment to be prepared.

This rate includes depreciation of delivery related equipment over the fixed term of the contract, all labour charges for employees related to delivery, all sub-contracted costs and a profit margin. This rate is based on a

Sample 10: Alexander Yakovlev handwritten notes (undated) (underlying letter dated May 4, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV



Alex Yakovlev
03/06/2005 03:39 PM

To: [redacted]
cc:
Subject: [redacted]

[redacted]

With reference to the above subject, below are the issues discussed at the last meeting, which, presumably, will be raised at the forthcoming meeting:

1. UNIFIL, UNDOF

Pending issues:
- price increase

Agreed at the previous meeting:
- list of some 30 major commodities within the rations scale to demonstrate a price increase to be considered as the basis for the overall price increase of the 2 contracts.
- list of 5 commodities unit prices of which were incorrect due to clerical errors to be amended accordingly in the 2 contracts. → 16-17 month retro-activity

Action taken:
- [redacted] submitted both lists.
- [redacted] responded that the missions were not in the position to accept any price increase.

Status: to advise [redacted] formally at the meeting that no price increase was accepted and that both contracts will be immediately re-bid. → -UNIFIL -UNDOF -MINURSO -UNFYCIP } 4 month ≈ 1.01.06

2. UNMIL

Pending issues:
- outstanding warehousing costs
- [redacted]
- bread deliveries [redacted]

Agreed at the previous meeting:
[redacted]

Action taken:
- amendment for warehousing costs is signed by both parties
- amendment for Lipton Tea is signed by [redacted]
- [redacted] provided the old [redacted] to settle the outstanding invoices, but did not provide a new formula.

Status:
- Signing of the amendment for [redacted] is pending [redacted] acceptance of price. Provided to [redacted] on 4.05.05.
- Payment of the outstanding invoices is pending [redacted] acceptance of the old delivery [redacted]. Provided to [redacted] on 9.05.05. — (+) — OK - Amend.
- Acceptance of the new formula for delivery [redacted] is pending submitting by [redacted]

3. UNMEE

104.03 - 02.1003 — 11.03 — 1.5 year — 18 months 20% — 02.05 — 10.01 ? — 06.05 — 10 — 12.05

Sample 11: Alexander Yakovlev handwritten notes (undated) (underlying e-mail dated June 3, 2005).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

Forensic Science Applications

Examination of Questioned Documents

REPORT

TO: Mr. Robert M. Appleton
Special Counsel
Independent Inquiry Committee
The United Nations Oil-for-Food Programme
825 Third Avenue, 15th Floor
New York, New York 10022

DATE: July 30, 2005

FSA #542A

Re: Questioned Handwriting

EVIDENCE RECEIVED: On July 30, 2005 via Federal Express under cover of letter, dated July 28, 2005

Specimens:

Qc1	A copy of a one (1) page facsimile machine produced document bearing a handwritten message beginning, "Danielle, Please find Yves ....."
K1-1 to K1-10	Copies of documents bearing the "non-requested" known handwriting of Alexander Yakovlev

RESULTS OF EXAMINATION

The handwriting on specimen Qc1 was examined in an effort to determine whether or not it was prepared by Alexander Yakovlev. In this regard, I cannot reach a definite conclusion due to the limitations created by the facsimile machine reproduction process used to produce specimen Qc1 and also due to the lack of "requested" comparable handwriting exemplars from Yakovlev. However, there are numerous handwriting characteristics present in the submitted specimens that are observable and are suitable for comparison purposes which allow me to reach a qualified conclusion. Based on an intercomparison of the questioned writing and the known writing of Alexander Yakovlev, it is my opinion that the combination of individualizing characteristics present suggests that the Qc1 writing was prepared by Yakovlev, the K1 writer.

Figure: Alan T. Robillard report to the Committee (July 30, 2005) (continued on next page).

THIRD INTERIM REPORT
CHAPTER TWO
THE CONDUCT OF ALEXANDER YAKOVLEV

FSA Report# 542A
Page 2 of 2

In the event that you are able to obtain the original inked questioned document (Qc1) and/or the actual document that was produced by the receiving facsimile machine, as well as "requested" comparable original known writing samples from Yakovlev, a more definitive conclusion may be reached.

ADMINISTRATIVE

The submitted items are being returned as enclosures to this report.

Alan T. Robillard

Figure: Alan T. Robillard report to the Committee (July 30, 2005) (continued from previous page).

APPENDIX A

CONSIDERATION OF RESPONSE FROM S. IQBAL RIZA

THIRD INTERIM REPORT
APPENDIX A

CONSIDERATION OF RESPONSE FROM S. IQBAL RIZA

In its Second Interim Report, the Committee made an adverse finding concerning the conduct of S. Iqbal Riza while he was employed as the Secretary-General's Chef de Cabinet. The Committee concluded that Mr. Riza acted "imprudently and in contravention of his own April 12, 2004 directives regarding the preservation of all documents relating to the Programme," when on April 22, 2004, he authorized his assistant's request to shred three years of his chronological files ("chron files") from 1997 to 1999. Mr. Riza authorized this shredding a short time after the Secretary-General's initiation of the Committee's investigation and after Mr. Riza instructed the UN-related Agencies to take all necessary steps to collect, preserve, and secure all files, records, and documents relating to the Programme. The shredding of Mr. Riza's chron files continued after the Secretary-General's issuance of another directive requiring all United Nations staff members to refrain from destroying or removing any documents related to the Programme that they possessed or controlled.[184]

Mr. Riza has sent several letters to the Committee, questioning the Committee's observations and requesting that it reconsider its finding against him. He has requested also that the Committee include his letters as attachments to its next report. The Committee has responded to Mr. Riza, stating in relevant part: "The finding itself seems to us accurate and a fair conclusion from the evidence available."[185]

Mr. Riza contends that he was "fully compliant with established United Nations procedures" and that the Committee was unaware of the document retention schedule of the United Nations Archives and Records Management Section, which permits the destruction of chron files within one year. In fact, the Committee was aware of this policy at the time of the Second Interim Report, as this policy appears on the United Nations website. However, a general document retention policy does not supervene a specific directive to preserve certain types of documents. The purpose of a specific preservation order is to secure certain documents that otherwise may be subject to destruction under the terms of a standard document retention policy. This is made clear in the retention policy published by the Archives and Records Management Section, which states that retention schedules "are intended to authorized offices to destroy records, *which do not have administrative or informational value after their established retention period*."[186]

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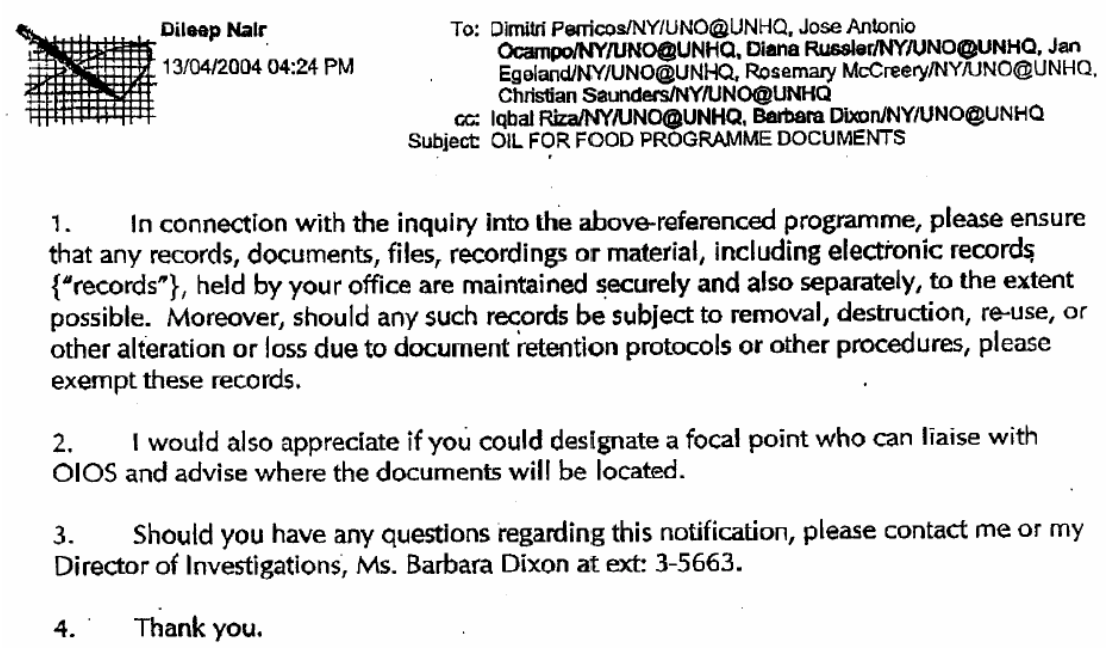
[184] Independent Inquiry Committee, "Second Interim Report" (Mar. 29, 2005) (hereinafter "Second Interim Report"), pp. 81-84.

[185] S. Iqbal Riza letter to the Committee (Apr. 4, 2005) (with attachment); S. Iqbal Riza letter to the Committee (Apr. 25, 2005); S. Iqbal Riza letter to the Committee (June 30, 2005); S. Iqbal Riza e-mail to the Committee (July 14, 2005); Committee letter to Iqbal Riza (May 16, 2005). The exchange of correspondence between Mr. Riza and the Committee—following the publication of the Second Interim Report—is attached to this Report.

[186] S. Iqbal Riza letter to the Committee, pp. 2-4 (Apr. 4, 2005); United Nations Archives and Record Management Section, "About Retention Schedules," http://www.un.org/Depts/archives/un_offices.html (emphasis added); United Nations Archives and Record Management Section, "Retention Schedules

THIRD INTERIM REPORT
APPENDIX A

With regard to Programme-related documents, Mr. Riza himself issued specific document preservation orders on April 12, 2004. Moreover, nine days before Mr. Riza authorized his assistant to shred his chron files, Mr. Riza received by e-mail a copy of another Programme-related document preservation request from Dileep Nair, then Under-Secretary-General for Internal Oversight Services, which cautioned in relevant part that "should any such [Programme] records be subject to removal, destruction, re-use, or other alteration or loss due to document retention protocols or other procedures, please exempt these records."[187]



Dileep Nair
13/04/2004 04:24 PM

To: Dimitri Perricos/NY/UNO@UNHQ, Jose Antonio Ocampo/NY/UNO@UNHQ, Diana Russler/NY/UNO@UNHQ, Jan Egeland/NY/UNO@UNHQ, Rosemary McCreery/NY/UNO@UNHQ, Christian Saunders/NY/UNO@UNHQ
cc: Iqbal Riza/NY/UNO@UNHQ, Barbara Dixon/NY/UNO@UNHQ
Subject: OIL FOR FOOD PROGRAMME DOCUMENTS

1. In connection with the inquiry into the above-referenced programme, please ensure that any records, documents, files, recordings or material, including electronic records {"records"}, held by your office are maintained securely and also separately, to the extent possible. Moreover, should any such records be subject to removal, destruction, re-use, or other alteration or loss due to document retention protocols or other procedures, please exempt these records.

2. I would also appreciate if you could designate a focal point who can liaise with OIOS and advise where the documents will be located.

3. Should you have any questions regarding this notification, please contact me or my Director of Investigations, Ms. Barbara Dixon at ext: 3-5663.

4. Thank you.

Figure: Dileep Nair e-mail to Dimitri Perricos et al. (Apr. 13, 2004) (cc'ed to Mr. Riza).

The Committee has considered carefully the information provided by Mr. Riza and maintains its conclusion that Mr. Riza acted imprudently and in contravention of his own directives by allowing the destruction of his chron files without review of these documents to ensure that all Programme-related documents were preserved.

Mr. Riza further suggests that the Second Interim Report was inaccurate in stating that he failed to "disclose" when first interviewed that he had authorized his assistant to shred his chron files. Mr. Riza was not specifically asked if he had destroyed or authorized the destruction of his files, and the Committee does not suggest that Mr. Riza was untruthful about this issue when first

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Common to Most United Nations Offices," http://www.un.org/Depts/archives/Retention_RCUN.pdf (noting the one-year destruction policy for chron files).

[187] Dileep Nair e-mail to Dimitri Perricos et al. (Apr. 13, 2004) (cc'ed to Mr. Riza).

interviewed. However, the Committee stands by its determination that "Mr. Riza did not mention the destruction of the files" when first interviewed on December 20, 2004.[188]

Last, and in view of media coverage of the Second Interim Report, Mr. Riza states that he did not authorize destruction of his chron files with an intention to impair the Committee's inquiry. The Committee notes that it did not make any finding that Mr. Riza intended to obstruct its inquiry.[189]

[188] S. Iqbal Riza letter to the Committee, p. 3 (Apr. 4, 2005); "Second Interim Report," p. 82.

[189] S. Iqbal Riza letter to the Committee, p. 4 (Apr. 4, 2005); "Second Interim Report," p. 84.

THIRD INTERIM REPORT
APPENDIX A

New York, 4 April 2005

Dear Mr. Volcker,

This letter relates to the second interim report of the Independent Inquiry Committee (IIC) issued on 29 March 2005. The report comments on certain actions of mine and reaches adverse findings.

At the outset, I reiterate my sincere thanks to the Committee for considering the clarifications in my letter of 18 March 2005 to you from Kuala Lumpur and in my telephone conversation with Ms. Ringler late on 28 March in New York. Nonetheless, the findings remain negative and the media reporting has caused severe and unwarranted harm to the United Nations Secretariat and to myself.

However, there is an official United Nations document which is key to the findings, which apparently was not available to the Committee. This document authoritatively clarifies the nature of chronological files and also makes clear that the destruction of such files is a routine procedure that does not even require any formal authorization. I am confident that a review of this document will convince the Committee that a reconsideration of its adverse findings concerning me is fully warranted.

Context

These adverse findings are founded on two central issues (the second linked to the first):

- the nature of "chronological" files; and
- the date of authorization of the shredding of the files for 1997-1999.

Mr. Paul Volcker
Chairman, Independent Inquiry Committee into the
United Nations Oil-for-Food Programme
New York, N.Y.

1

THIRD INTERIM REPORT
APPENDIX A

It is fundamental to the understanding of these issues to note that (i) the official records for each department in the United Nations Secretariat are maintained in a central filing section (or "registry") in that department; and (ii) "chron" files, which are generally kept in individual offices, are not official records.

Chronological (chron) files

In preparing my response dated 18 March 2005, I was severely handicapped since I was traveling and did not have access to relevant documents, and thus my argument may not have been complete and, therefore, "persuasive" (as the report puts it). It was only after my return to New York on 28 March 2005 that I obtained this long-standing official document (attached) which describes the nature of "chron" files and the rules for their disposal.

This document is a guidance note issued in October 1995 by the Archives Records and Management Section. It **lists a variety of types of files and provides an explicit "description" and "disposition instruction" for each one.** It indicates that the period of disposition ranges from one to eight years for different categories of files. **"Chronological files" are described as "copies of outgoing correspondence, memos, cables, faxes, etc., arranged chronologically for quick reference". For their "disposition instruction" it stated "Close 31 December yearly" and "Destroy in Office 1 year after date closed". Hence, it is quite clear that "chron" files are not official records** (which are preserved for longer periods in a central location in each department) and that the "chron" files for 1997-99 in my office should, in fact, have been destroyed three years before they actually were. I trust that the Committee, now made aware of this official guidance, will agree that my authorization was within standing Secretariat rules and practice.

In view of the explanations above, I trust you will understand why I would find it incomprehensible if the Committee still would not find persuasive my statements to its investigators conveying essentially the content of the relevant substance in the Archives guidance note. I trust that the Committee will reconsider its finding in this regard.

Date of authorization

The need to understand the nature of "chron" files is directly related to the date of the authorization for the shredding of the files for 1997-1999. The Archives guidance note is so explicit that **it is clear that "chron" files may be shredded after one year without any formal authorization**. As I informed the IIC investigators in our meeting on 23 December 2004, my secretarial staff had been pressing me for months, due to an increasingly severe shortage in filing space, to authorize the shredding of all "chron" files prior to 2003. I however, asked them to keep files going back for four years. On 22 April 2004 I signed off on the note from my secretary without a second thought, considering this to be a routine administrative request. In view of the Archives guidance,

2

THIRD INTERIM REPORT
APPENDIX A

my office would have been within the rules in shredding last year the files up to 2002 – i.e. three years beyond 1999.

While it is understandable that the date of the (unrequired) authorization may have appeared "striking" (as the report puts it) to the Committee, it is a pure coincidence that my secretary sent me her note on 22 April 2004, a day after the Security Council resolution established the IIC on 21 April 2004. I made no connection whatsoever between the action on 21 April and the request on 22 April relating to "chron" files precisely with the everyday assumption that any official records that might be required by the IIC were available in the Central Filing Unit. I did not believe that the "chron" files, which were only copies of outgoing papers that were available in the central files, had any particular importance and I did not, therefore, consider that this routine administrative request required any further reflection. The same considerations apply to the earlier letter of 12 April 2004 to the Heads of Specialized Agencies. **I cannot but reject any suggestion of any intent to contravene that guidance deliberately**.

For similar reasons, when the Secretary-General's bulletin of 1 June 2004 was issued, I gave no thought whatsoever to the "chron" files for 1997-1999, both because of their nature as extra copies and under the impression that they already had been shredded. There also was the same everyday assumption that the official records would be with the Central Filing Unit, with no anticipation that some documents (the exchange of notes in January 1999) would not be found there.

In sum, I certainly was aware of the materiality of official records to the IIC's work, but in the conviction that these records were in the Central Filing Unit and not in the "chron" files. **Therefore, I trust that the Committee will reconsider the conclusions regarding the date of authorization of the shredding of the "chron" files for 1997-1999, and also the perceived contravention of my own letter of 12 April 2004.**

Inaccuracies in the report

Apart from the two central issues which I request the Committee to review, please allow me to point out certain inaccuracies in the report.

The second paragraph (under "Response") on page 82 states that " in the first meeting "Mr. Riza did not disclose that he had authorized the destruction of three years of his documents (although) questioned about the filing system at the Secretariat". This suggestion that relevant information was concealed is inaccurate and misleading. In fact, a review of the draft transcript of the meeting (provided by the IIC) shows that no "questions" whatsoever were asked about the filing system. There were only sporadic references to "files" and "registry" (pp 44, 46, 74, 78, 79, 80, 86).

Actually, the discussion in the first meeting concentrated on the two versions of the memo of 25 January 1999 from Mr. Connor, and covered other subjects such as the Iraq Steering Committee/Group and the Cotecna company. My phone call to the IIC two

days later, as far as I recall (I do not have a transcript), must have been to inform that we had been unsuccessful in finding copies, and I may well have mentioned that the "chron" files for 1997-1999 had been shredded. I certainly did not, at that time "produce" a copy of the note authorizing the shredding of the "chron" files – this in fact was "produced" by the IIC investigators in the second meeting on 23 December 2004, as corroborated by its transcript. In fact, the issue of the "chron" files, including their shredding, was a major subject of discussion only in this second meeting, as reflected in its transcript.

With the clarifications above I request the Committee to revise the existing unjustified wording in the paragraph indicated.

Connor note and "chron" files

This leads to one point that is puzzling. The dominating topic in all three meetings with the Committee staff was the existence of, and discrepancy between, the signed and unsigned versions of the note from Mr. Connor, and who had seen which and when. There was no clear explanation as to why copies were not in the Central Filing Unit, but it is highly improbable that they would be in the "chron" files, which held only outgoing papers. The priority of the Connor note issue is reflected in my "talking points" ", (copy in your office), for the third meeting (with you present), in which it is shown as the "central issue. Yet the findings focus only on the "chron" file issue, portraying it in the most suspicious – even sinister - light.

I trust that with the new information presented to you, the Committee will revise its view on the shredding which, as now is demonstrably clear, is a routine administrative procedure.

Conclusion

Finally, the Report does not point to any motive which would lead to a deliberate decision by me to shred the files. Indeed, the fact that the "chron" files, which were used primarily by my secretarial staff, were shredded at their initiative rather than mine (although after my authorization) should dispel any implication of any motive on my part.

I understand that I have no legal recourse concerning the report's "findings", but I presume I am entitled to write to the Committee, especially in the light of the authoritative definition of "chron" files and the guidance for their disposal in the recently obtained Archives document.

4

THIRD INTERIM REPORT
APPENDIX A

Mr. Volcker, you have a reputation for fairness, and you must be aware of the unjustified and untold damage caused to my professional and personal reputation by the inclusion in the report of the adverse findings on the shredding issue and the media's reporting of this aspect. Since the authoritative Archives document clarifies this issue, and demonstrates beyond doubt that the disposition of the "chron" files was fully compliant with established United Nations procedures, I hope that you will ensure the adverse findings are against me are reversed and rescinded, and that this corrective action is taken as early as is possible. I would be grateful for an early opportunity to review this matter with the Committee.

Thank you.

Yours sincerely,

S. Iqbal Riza

Copies to:
Judge Richard Goldstone
Mr. Mark Pieth

5

THIRD INTERIM REPORT
APPENDIX A

About Retention Schedules

1. These retention schedules are issued by the Archives and Records Management Section (ARMS), Commercial Activities Service, Office of Support Services. They are intended to authorized offices to destroy records, which do not have administrative or informational value after their established retention period.

2. File breaks enable the offices to terminate the files within a particular series at regular intervals in order to facilitate their continuous disposal or transfer to ARMS. The disposition instructions include file breaks such as "Close 31 December every 2 or 4 years", "Close 31 December yearly", "Close at end of biennium", etc. It should be noted that while in some series a definitive file break - based on the projected active use of the records - has been prescribed, there are others wherein the offices are given the option to close files every two or four years. This affords them flexibility to choose a period that suits their requirements, e.g. if an office generates a great volume of records, it is advisable to have a two-year file break to avoid an accumulation. Whatever file break an office chooses to follow, the ultimate goal should be the timely disposal of records which it no longer needs for its current operation.

3. Unless there are questions regarding application of the instructions, no further authorization from ARMS is required to implement these schedules.

4. For purposes of these schedules, records include material created or received regardless of physical type (paper, photographs, maps, electronic data, optical images, microforms, audiovisual tapes, etc.) and document decisions and transactions conducted in performing official United Nations functions.

5. Attention should be given to electronic records. They include, but are not limited to, records stored online and offline on tapes, disks, optical disks, etc. Electronic records should be stored, retained and scheduled for disposition just as their hard copy or microform counterparts.

6. These retention schedules do not cover all the records of a department. Retention schedules for the substantive records unique to each organizational unit within a department are also being developed.

7. To facilitate application of these retention schedules, offices should separate their administrative records used solely for internal administration or housekeeping functions from substantive records.

For further information, contact the UN Archives and Records Management Section at telephone (212) 963-5912, by e-mail at arms@un.org or by fax at (212) 963-8686.

THIRD INTERIM REPORT
APPENDIX A

03/30/05 WED 17:41 FAX 212 963 3511 EOSG 001

UNITED NATIONS
Effective Date : October 1995
Page 1

Retention Schedule for Administrative Records Common to most United Nations Offices

Schedule No.	Subject	Description and Additional Disposition Instruction	Disposition	Authority
RCUN001	Organization/Functions Unrelated to Work Programme	Local Archive after Closed / Destroy 3 Years after Date Closed	Copies of correspondence, memos, cables, faxes, E-mail and reports in paper form (See also Notes) The records deal with the organization and functions of other offices, including ef-cat-in-charge designation, appointment of key officials and staff assignments outside the official's work programme. Close 31 December every 2 or 4 years. Destroy in office 3 years after close closed.	ARMS
RCUN002	Budget, Financial & Statistical Files	Local Archive after Closed / Destroy 6 Years after Date Closed	Copies of correspondence, memos, cables, faxes, E-mail and reports in paper form. The records deal with planning the substantive and administrative activities of an office; preparing budgetary responses by those activities; budget preparation instructions; tracking administrative and expenditure; performance indicators; medium-term planning; accomplishment; activity and workload reports submitted to higher levels. The records are created and retained by an office as its record of requests for action submitted through departmental Executive Offices to OPPBA. The disposition instruction should not be applied by OPPBA as records maintained by other offices for action. Disposition of these records is dealt with in departmental retention schedules for substantive records. Close at end of biennium. Destroy in office 6 years after close closed.	ARMS
RCUN003	Human Resources Administrative Files	Local Archive after Closed / Destroy 3 Years after Date Closed	Copies of correspondence, memos, cables, faxes, E-mail and reports in paper form (See also Notes) The records deal with staff administration including recruitment, assignment, training, job description, post classification, performance appraisal, promotion, travel plans and requests, leave and attendance, separation, etc. The records are created and retained by an office as th record of requests for action submitted through departmental Executive Offices to OHRM. The disposal action should not be applied by OHRM as records submitted by other offices for action. Disposition of these records is dealt with in departmental retention schedules for substantive records. Close 31 December every 2 or 4 years. Destroy in office 3 years after date closed.	ARMS
RCUN004	Unofficial Personnel Files	Local Archive after Date Closed / Destroy 1 Year after Date Closed	Copies of correspondence, memos and other records dealing with the different aspects of a staff member's employment (See also Notes) The files are maintained by an office for convenience of reference to selected information about staff members under its supervision. The files should not include material as enactured in ST/SGB/371 (8 December 1982), ST/SGB/377/Rev.1 (11 January 1983) and ST/SGB/419 (4 April 1988) which recognize the official status files in Personnel Records Unit, OHRM as the sole official files. Close after date separated. Destroy in office 1 year after date closed.	ARMS
RCUN005	Requisition Files	Local Archive after Date Closed / Destroy 3 Years after Date Closed	Copies of requisitions, purchase orders, invoices, correspondence, memos, faxes, E-mail and reports in paper form (See also Notes) The records deal with requests for supplies and services. The records are created and retained by an office as its record of requests for action submitted to other offices such as Buildings Management Service, Procurement and Transportation Division, etc. The disposition instruction should not be applied by BMS, PTD, etc. on records received from other offices for action. Disposition of these records is dealt with in departmental retention schedules for substantive records Close 31 December every 2 or 4 years. Destroy in office 3 years after date closed	ARMS

P. 2

THIRD INTERIM REPORT
APPENDIX A

03/30/05 WED 17:41 FAX 212 963 3511 EOSG 002

UNITED NATIONS
Retention Schedule for Administrative Records Common to most United Nations Offices
Effective Date : October 1995
Page 2

Series No.	Subject Title	Description and Disposition Instructions	Destruction Authority
RCUN006	Equipment Files	Local Archive after Date Closed / Destroy 8 Years after Date Closed Copies of requisitions, purchase orders, invoices, correspondence, memos, faxes, E-mail and records in paper form (See also Notes) The records deal with the acquisition, replacement and inventory of equipment. Close 31 December every 2 or 4 years. Destroy in office 8 years after date closed	ARMS
RCUN007	Premises Files	Local Archive after Date Closed / Destroy after Date Closed Copies of correspondence, memos, cables, faxes, E-mail, reports, lease, floor plan, etc. (See also Notes) The records deal with requests for, allocation and maintenance of, space and facilities and security measures. Close at end of premises' occupancy. Destroy in office after date closed.	ARMS
RCUN008	Working Files	Local Archive after Date Closed / Destroy 1 Year after Date Closed Drafts, rough notes, copies of correspondence, memos, cables, reports and annotated publications or documents assembled for reference purposes or for use in the analysis or preparation of other material (See also Notes) The files, which contain mostly duplicates of records in organized filing system, are created and used by a staff member to support work in progress. The final version of material produced should be included in the organized filing system. Close at end of reference use. Destroy in office 1 year after date closed.	ARMS
RCUN009	Chronological File	Local Archive after Date Closed / Destroy 1 Year after Date Closed Copies of outgoing correspondence, memos, cables, faxes, etc., arranged chronologically for quick reference Close 31 December yearly. Destroy in office 1 year after date closed.	ARMS
RCUN010	Reading File	Local Archive after Date Closed / Destroy 1 Year after Date Closed Copies of selected incoming and outgoing correspondence, memos, cables, faxes, etc, arranged chronologically. The file is circulated to staff members concerned with providing the necessary action. Close 31 December yearly. Destroy in office 1 year after date closed.	ARMS
RCUN011	Daily Activities Records	Local Archive after Date Closed / Destroy 1 Year after Date Closed Exception: the Secretary-General's records, calendars, appointment books, schedules and logs, created and maintained in paper or electronic form. (See also Notes) The records assist United Nations officials to organize and allocate their time to activities such as meetings, telephone calls, trips and visits. Disposition of the Secretary-General's records is dealt with in the departmental retention schedule. Close 31 December yearly. Destroy in office or delete 1 year after date closed.	ARMS
RCUN013	United Nations Documents	Local Archive after Date Closed / Destroy after Date Copies of administrative instructions, information circulars, Secretary-General's bulletins, documents of United Nations principal organs, press releases and other United Nations publications used only for information or staff. Close 31 December yearly. Destroy in office after date closed.	ARMS

- - - P. 3

THIRD INTERIM REPORT
APPENDIX A

03/30/05 WED 17:41 FAX 212 963 3511 EOSG 003

UNITED NATIONS
Retention Schedule for Administrative Records Common to most United Nations Offices
Effective Date : October 1995
Page 3

Schedule No.	Subject/Type	Disposition	Retention Period	Destruction	Additional Disposition Instructions	Source
RCUN014	Temporary Electronic Administrative Documents	Local Archive Closed	after Date Closed	Destroy after Date Closed	Word processing files and spreadsheets maintained electronically during the preparation of a document and used to produce hard copy for retention in organized filing system. (See also Notes) The documents, which contain administrative information, include correspondence, memos, faxes, reports, handbooks, drafts, notes, mailing lists and tables. Disposition of documents which contain substantive information is dealt with in departmental retention schedules.	ARMS
					Close after the final document is produced. Delete after data closed.	
RCUN015	Electronic Administrative Documents	Local Archive Closed	after Date Closed	Destroy after Date Closed	Word processing files and spreadsheets maintained electronically throughout its life cycle and take the place of the hard copy. (See also Notes in RCUN014)	ARMS
					Close at end of retention period for the RCUN series (i.e. RCUN001 - 013) to which the records belong. Delete after data closed.	
RCUN016	Electronic Mail Administrative Messages	Local Archive Closed	after Date Closed	Destroy after Date Closed	Hard copy of messages and attachments maintained in organized filing system or messages archived in a local hard drive. The messages contain administrative information received and transmitted. (See also Notes) STAFF/1994/28 dated 20 June 1994 contains information regarding automatic message deletion from electronic mail databases. The Electronic Services Division has issued also procedures for archiving messages in a local hard drive. This information is available from the ccMail Bulletin Board. Disposition of messages which contain substantive information is dealt with in departmental retention schedules.	ARMS
					Close at end of retention period for the RCUN series (i.e. RCUN001 - 013) to which the records belong. Destroy in office or delete after data closed.	
RCUN017	Optical Disk Administrative Files	Local Archive Closed	after Date Closed	Destroy after Date Closed	Administrative records stored in optical disks. (See also Notes) Disposition of records which contain substantive information is dealt with in departmental retention schedules.	ARMS
					Close at end of retention period for the RCUN series (i.e. RCUN001 - 013) to which the records belong. Delete after data closed.	
RCUN018	Optical Disk Administrative Files Source Documents	Local Archive Closed	after Date Closed	Destroy after Date Closed	Hard copy of administrative records scanned for storage in optical disk (See also Notes in RCUN017)	ARMS
					Close after electronic files are verified and indexed. Destroy in office after data closed.	

THIRD INTERIM REPORT
APPENDIX A

New York, 25 April 2005

Dear Mr. Volcker,

On Friday (22 April) Ms. Ringler informed me that the Independent Inquiry Committee (IIC) would not receive me to discuss my letter of 4 April to you. This is bewildering. The letter brought to your attention a **document central to the issue of the chronological files which, to the best of my knowledge, the IIC did not know about** until I mentioned it to Ms.Ringler on 28 March. **Had this document been available to me** when I received the proposed "findings" during my travel, **my comments would have been more directly pertinent and, therefore, far more likely to have been found "persuasive" by the Committee in finalizing its report of 29 March. The report makes it evident that the exchange of notes with Mr. Connor in January 1999 was my only substantive action relevant to the IIC's inquiry, yet focuses on the "chron" files issue.**

From the conversation on Friday **it would appear that it is not the policy on the disposal of files but the timing of my authorization for shredding the "chrons" for 1997-99 that remains the Committee's concern.** Without repeating the arguments in my letter of 4 April I must reiterate, with due respect, that **the two are inextricably linked**. **The document makes clear that the policy governing the timing of the disposal of "chron" files is determined by the nature of their contents.** The document also unequivocally confirms my statements to your investigators that the "chron" files were not "records" but rather only extra copies of outgoing papers, to be destroyed annually as a matter of routine not requiring formal authorization. It is obvious that, **had the procedure prescribed in the document been followed, these "chrons" would have been routinely disposed of between January 1999 and January 2001. The IIC would then not have had cause to raise this issue.**

The IIC's Terms of Reference include determining "whether any UN officials engaged in any illicit or corrupt activities" in relation to the Oil-for-Food Programme. **Instead, what has been attributed to me in the IIC report is "imprudence". Yet, from the guidance in the cited document and the points raised in my letter of 4 April, it should be clear that my actions were entirely in accordance with UN administrative practice. Moreover, my actions had no motive and indeed the report points to none. Further, there is no indication in the report that the inquiry was impeded in any way.**

Mr. Paul Volcker
Chairman, Independent Inquiry Committee into the
United Nations Oil-for-Food Programme
New York, N.Y.

THIRD INTERIM REPORT
APPENDIX A

However, the language of the report – and also factual inaccuracies (some indicated in my letter of 4 April) - still insinuate that my actions were suspicious, evasive or motivated, with all the unavoidably negative connotations these suggestions carry. **The report's language has led to widespread aspersions in the global media, directly harming my reputation** and thus certain initiatives in which I am engaged. You also might be aware that an influential body in Washington has called on the US Congress to investigate my putative actions further. **Surely the Committee, expected to be impeccably fair, would not remain oblivious to the undeserved consequences – albeit unintended - of its observations.**

It remains my conviction that **the report has treated me unfairly**. **The consequences are far reaching. Therefore, I am compelled to reiterate my request that the Committee review its findings and rescind the unjustified adverse observations concerning me.** I remain available to the Committee for a hearing.

Thank you.

Yours sincerely,

S. Iqbal Riza

Cc: Judge Richard Goldstone

Mr. Mark Pieth

THIRD INTERIM REPORT
APPENDIX A

INDEPENDENT INQUIRY COMMITTEE
INTO
THE UNITED NATIONS OIL-FOR-FOOD PROGRAMME

825 THIRD AVENUE
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PAUL A. VOLCKER
CHAIRMAN

RICHARD J. GOLDSTONE
MARK PIETH
MEMBERS

May 16, 2005

Iqbal S. Riza
Special Adviser
Under-Secretary-General
Secretariat Building, Room S-3800E
New York, New York 10017

Dear Mr. Riza,

As I promised, I have reviewed with members of the Independent Inquiry Committee your concerns about the manner in which the Second Interim Report dealt with the shredding of your "Chron Files." The Finding itself seems to us accurate and a fair conclusion from the evidence available.

My recollection that I responded to a question about the shredding at the press conference following the release of the Report is correct. For what interest it may be, I enclose the two relevant excerpts from that conference.

Sincerely yours,

Paul A. Volcker

THIRD INTERIM REPORT
APPENDIX A

Excerpts from Press Conference with Paul A. Volcker
Chairman of the Independent Inquiry Committee into the UN Oil-for-Food Programme

March 29, 2005
12:00 Noon

New York Helmsley Hotel
Knickerbocker Suite, Floor 3
212 East 42nd Street
New York, New York 10022

MR. VOLCKER: The shredding [by Iqbal Riza] took place [as] the report explains in response to a written note from his secretary saying, "My files are stuffed" – a rather familiar complaint from secretaries – "Can I go ahead and shred" – whatever years it was, '96 to '99, if I remember. He said, okay sounds like a big job.

It happened to take place just about the time this Committee was formed. Notices were going out about the need for a Committee and for confidentiality. That obviously raises a question which we felt we had to report. Whether that material contained any evidence that we got otherwise [in] files more generally, of course is not known. [Riza's] position is that [the files] were duplicated elsewhere.

We don't know to the extent [to which material] was duplicated elsewhere. There was a coincidence in timing which may be -- the report --

MR. VOLCKER: We reported what we know about the subject. And I just indicated the request apparently came from his secretary. He said okay, and he shredded documents that I'm sure, many of them, have copies in the official files. Whether they all do, I don't know. We have no indication that they were going over one by one deciding what to shred or not to shred.

THIRD INTERIM REPORT
APPENDIX A

UNITED NATIONS NATIONS UNIES

POSTAL ADDRESS—ADDRESSE POSTALE UNITED NATIONS, N.Y. 10017
CABLE ADDRESS—ADDRESSE TELEGRAPHIQUE UNATIONS NEWYORK

REFERENCE:

30 June 2005

Dear Mr. Volcker,

Your letter of 16 May 2005 reached me on 24 May, the day of my departure from New York for a month. I do appreciate your comments on 29 March to the media, which reflect the uncertainties in the "chron" file issue.

Thank you for raising with the other Independent Inquiry Committee (IIC) members my concerns about the undeserved and unfair manner in which its Second Interim Report dealt with this issue. I remain mystified at the reluctance of the Committee to respond to the substantive questions and points raised in my letters of 4 April and 25 April. Even more so since they were based on a directly relevant policy document (attached) which had not been available to the Committee (or to me) until the day before the report was issued.

In our meeting on 2 May you indicated that the report's finding could not be amended. I stressed that my concern remained over the preceding "factual" narrative, which actually had several obvious factual errors, as well as deviations from the transcripts of the meetings with the IIC investigators on 20 and 23 December 2004. Also that its unjustified insinuations and suggestive language and comments, based on presumptions and suspicions rather than on solid evidence and demonstrated motive, was the cause of the very harsh media coverage which had inflicted such grievous harm to my reputation.

I have suggested that the Committee compensate for this unfair treatment by a statement or a reply to my letters, to be annexed to its next report, that there was no intention to imply that the Committee considered my actions to be premeditated or deliberately motivated. I would still hope that the Committee would agree to this.

It also would be only fair if my letters of 4 April and 25 April 2005, and this one, were annexed to the next IIC report, since their contention is based on the only relevant policy document found, in contrast to my comments from Kuala Lumpur when I had access only to irrelevant circulars. This would prove that I was not giving a personal unpersuasive view on the nature of chron files and their disposal. Rather, the letters would show that "chron" files are not official records but extra copies to be destroyed annually. This may assuage even partially the deeply injurious impression resulting from the media coverage of this issue.
I would be grateful for early confirmation that the Committee will accept this request.

Mr. Paul A. Volcker
Chairman
Independent Inquiry Committee into the
United Nations Oil-for-Food Programme
New York

THIRD INTERIM REPORT
APPENDIX A

Meanwhile, I have been contacted by Messrs. Califano and Spears for further interviews regarding, as I understand it, the operations and management of the Iraq Programme, and have agreed to meet their team.

Thank you.

Yours sincerely,

Iqbal Riza

NB. For the record, this letter was prepared on 31 May, while I was on travel. It was delayed pending my return to New York for advice before its dispatch. Only the last paragraph was added today.

Cc: Judge Richard Goldstone
Mr. Mark Pieth

THIRD INTERIM REPORT
APPENDIX A

Susan M. Ringler

From: Iqbal Riza [redacted]
Sent: Thursday, July 14, 2005 4:45 PM
To: Susan M. Ringler
Subject: letter for committee's attention

dear ms ringler,

thank you for your email of 10 july. please allow me to clarify the exact nature of my request of the committee:

my letters of 4 apr & 25 apr 2005 brought to the committee's attention the only official guidance document outlining the nature of "chron" files and the instructions for their diaposal. this document apparently was not known to to the Committee, and certainly not to me, until the day before the committee's last report on 29 march 2005. on the basis of this document and citing other considerations, my two letters presented strong arguments (not repeated here) to support my request that that the unjustified adverse observationsin the report be rescinded since they were the cause of the savaging of my reputation in the global media (still continuing - see the new york sun of 11 july). As of this point, the committee has given no sign of any inclination to give attention to these requests and has given no substantive response, without citing any reasons for its silence.

in this situation, and with no provision for any appeal, my letter of 30 june made two interrelated requests (not either/or as suggested in your email).

the first is that the committee annex to its next report a reply to my letters, or a statement, clarifying that the language in the report is not intended to suggest or imply that my approval (which was not required under the prescribed procedures) for the shredding of the "chron" files was premeditated or deliberately motivated, but rather an imprudent coicidence (which in fact it was). this stands to reason, since the report does not ascribe or demonstrate any motive (indeed none existed). surely such redress by the committeeis is called for. such an action would at least partially counter the shrill and continuing image propagated in the media that the shredding was deliberate and based on dark motives.

the second request is also to annex to the committee's next report copies of my preceding letters (and now to include this one). at the very least, this would be logical to place in context the response from the committe to the first request. more significantly, these letters would show that the "chron" file issue could be judged on an objective criterion, found in the official guidance policy document, rather than on asubjective judgement that my (personal) "suggestion"regarding the "chron" files was not found "persuasive" (language of the report) by the committee.

i trust that you will convey all these concerns to the committee members. i look forward to confirmation from the committee that it will accept these requests. thank you.
yours sincerely,
iqbal riza

APPENDIX B

CORRESPONDENCE RELATING TO BENON SEVAN AND ALLAN B. ROBERTSON

THIRD INTERIM REPORT
APPENDIX B

07-29-05 12:20pm From-BAACH ROBINSON & LEWIS PLLC 202 466 5738 T-164 P.002/002 F-460

BAACH ROBINSON & LEWIS PLLC

July 29, 2005

VIA FACSIMILE

Eric L. Lewis
eric.lewis@baachrobinson.com

Mr. Paul A. Volcker
Independent Inquiry Committee Into the
United Nations Oil-for-Food Programme
825 Third Avenue, 15th Floor
New York, NY 10022

Re: Oil-for-Food Investigation/
Proposed Findings of Fact

Dear Mr. Volcker:

Shortly after you conveyed the IIC's proposed findings to our client Mr. Sevan on January 26, 2005, we informed your Chief Counsel Mr. Mark Califano that the Committee's proposed findings failed to comply with the IIC's own Investigations Guidelines in that they did not disclose both the proposed finding and the "information upon which it is based." See Letter from Eric L. Lewis, Esq. to Mark G. Califano, Esq. (Jan. 27, 2005); IIC Investig. Gdlns. § C.2(g). Rather, the January proposed findings were said to be based on the interview with Mr. Sevan, interviews with "other persons," and AMEP and SOMO "documents." Such vague references to evidence could not possibly satisfy the Guidelines. Yet the Committee made no effort to bring its disclosures into compliance with the rules. Your latest set of proposed findings drops even the pretense of compliance, and makes no reference at all to the information upon which the proposed finding is allegedly based. With due respect, we have never before encountered a public organization so little concerned with adhering to the rules established to govern its conduct. The Committee's approach leaves Mr. Sevan to guess at the alleged "evidence" for the highly defamatory charge to which he has been given three business days to respond.

We insist upon immediate disclosure of the evidence allegedly substantiating the proposed finding, as required by § C.2(g) of the IIC's Investigations Guidelines, and an appropriate interval in which to review and, if necessary, investigate that evidence.

Very truly yours,

Eric L. Lewis /MSC

Eric L. Lewis

1201 F Street, NW | Suite 500 | Washington, DC 20004 | 202.659.7204 | 202.466.5738 fax

THIRD INTERIM REPORT
APPENDIX B

INDEPENDENT INQUIRY COMMITTEE
INTO
THE UNITED NATIONS OIL-FOR-FOOD PROGRAMME

825 THIRD AVENUE
FIFTEENTH FLOOR
NEW YORK, NEW YORK 10022

TELEPHONE: 212.842.2500/4500
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www.iic-offp.org

PAUL A. VOLCKER
CHAIRMAN

RICHARD J. GOLDSTONE
MARK PIETH
MEMBERS

July 30, 2005

Via Facsimile

Eric L. Lewis, Esq.
Baach Robinson & Lewis PLLC
1201 F Street, NW, Suite 500
Washington, D.C. 20004

Dear Mr. Lewis:

The Committee is in receipt of your letter to Paul A. Volcker, Chairman of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme ("Committee") dated July 29, 2005.

At the outset, your criticisms of the Committee's notification to your client prior to the release of its February 3, 2005 report are unfounded and misrepresent what occurred. Prior to the issuance of its February report and in accordance with the Committee's Investigations Guidelines Mr. Sevan, who was cooperating with the Committee's investigation at that time, was provided with a letter advising him of the Committee's proposed findings and the basis for those findings. Mr. Sevan was invited to submit any additional information in writing or in person. In addition to this letter, you and Mr. Sevan were provided access to all of the documentation cited in the Committee's report, including SOMO records, bank records, telephone records and United Nations records, with the exception of privileged witness interviews, which were discussed with you. After reviewing the documentation, your client declined to meet with the Committee.

Since January 21, 2005, Mr. Sevan has refused to cooperate with the Committee's investigation and appear for an interview. Under these circumstances, Mr. Sevan will not be accorded an opportunity to review the documentation that may be relied upon in the Committee's next report. Should Mr. Sevan agree to be interviewed by Tuesday, he will then be afforded the same considerations provided to cooperating individuals and entities.

Despite the fact that Mr. Sevan has not cooperated and has repeatedly refused to be interviewed since January, the Committee has provided Mr. Sevan with notice of its proposed finding and has extended him an opportunity to respond in writing and/or appear before the

THIRD INTERIM REPORT
APPENDIX B

Committee. Those options remain available to him; however, Mr. Sevan is not entitled to, and will not receive, the disclosure of evidence that you have requested.

Sincerely,

Susan M. Ringler
Counsel to the Committee

THIRD INTERIM REPORT
APPENDIX B

08-01-05 04:52pm From-BAACH ROBINSON & LEWIS PLLC 202 466 5738 T-170 P.002/004 F-467

BAACH ROBINSON & LEWIS PLLC

CONFIDENTIAL

August 1, 2005

Eric L. Lewis
eric.lewis@baachrobinson.com

VIA FACSIMILE

Susan M. Ringler, Esq.
Counsel
Independent Inquiry Committee Into
The United Nations Oil-For-Food Programme
825 Third Avenue, Fifteenth Floor
New York, NY 10022

Re: Oil-for-Food Investigation/
Proposed Findings of Fact

Dear Ms. Ringler:

We are in receipt of your letter of Saturday, July 30, 2005. Once again, the IIC simply ignores its own governing rules, rules that were publically promulgated to ensure some semblance of due process in the Committee's activities. Your letter asserts, without basis, that the IIC's Investigations Guidelines permit the Committee to enter adverse findings without providing both the proposed finding and the information upon which it is based to the person affected by the finding. This position is allegedly based on the notion that Mr. Sevan has not cooperated with the Committee (which is an entirely false premise, as discussed below). But there is no such exception in the Committee's rules. According to the IIC's own Guidelines,

> Before the Committee makes an adverse finding against any person or entity in a written report, such person or entity shall be informed of the proposed finding(s) and the information upon which it is based, and may make representations thereon personally, or with a legal representative to place before the Committee relevant additional information or written submissions with regard to such finding(s).

IIC Investig. Gdlns. § C.2(g) (emphasis added). The Guidelines make no exception based on alleged non-cooperation, but instead straightforwardly mandate that the Committee shall disclose the information underlying its charge "[b]efore making an adverse finding

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THIRD INTERIM REPORT
APPENDIX B

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against any person" (emphasis added). Nowhere does the rule contemplate a quid pro quo in which due process is accorded only to those who somehow satisfy the Committee's (untenable) standards of "cooperation." What value could there be for the Committee to provide the charge in advance if there is no disclosure of the alleged factual basis for it? How is the accused supposed to respond? The IIC's methodology provides the illusion of due process without the substance.

It is also categorically false that Mr. Sevan has not cooperated with the Committee. Mr. Sevan has met with the Committee on a number of occasions, once for a formal interview lasting several hours. He has provided all Programme-related, financial, and other relevant documents requested by the Committee. He has executed authorizations in blank permitting the Committee to obtain whatever information it wishes from the banks he uses. He has, in short, made his professional and financial life an open book for the Committee. Indeed, Committee staff were in our offices as recently as May 2005 reviewing Mr. Sevan's original financial documents.

Since April 5, 2005, Mr. Sevan has offered on numerous occasions to respond to any written questions the Committee might wish to propound. The Committee has rejected this offer, insisting on additional live interviews. It is no secret that the IIC has for many months been funneling information from its investigation to criminal prosecutors in Manhattan who are also investigating Mr. Sevan. As you know, Secretary-General Annan has said he will remove the immunity of any UN official charged by U.S. prosecutors. In the circumstances, Mr. Sevan's offer to respond to written questions should be viewed as a highly cooperative, valuable, and reasonable gesture. Written questions would allow the IIC to obtain the information it needs, consistent with protection of Mr. Sevan's interests, and information could be provided in an atmosphere free of concern that any small misstatement or memory lapse would be seized upon as evidence of deception as has unfortunately been our experience with the IIC to date – in notable contrast to the Committee's handling of similar lapses by other witnesses. We remain puzzled that the Committee, which purports to be thoroughly investigating the Oil-for-Food Programme, would not wish to avail itself of this obvious source of information.

Finally, we reject the notion that the IIC satisfied its disclosure obligations in respect of the February 3, 2005 Interim Report. In its initial letter of January 26, 2005, the Committee provided only the bald

THIRD INTERIM REPORT
APPENDIX B

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statement that the charges were based on Mr. Sevan's statements, interviews with "other persons," and AMEP and SOMO "documents." When Mr. Sevan's counsel pointed out the failure to disclose by letter of January 27, 2005, the Committee allowed Mr. Sevan's counsel to fly to New York to review a limited collection of documents (one day before the Committee began leaking its findings to the press), but failed to provide the core evidence underlying its charges, *i.e.*, purported interviews with captive former Saddam Hussein regime members who allegedly implicated Mr. Sevan in wrongdoing. Even at this very late date, this alleged evidence has not been provided, making the IIC the only office affiliated with the United Nations that has indulged in the use of "secret evidence," a practice that no U.S. court or other legitimate adjudicative body would tolerate.

The IIC also failed to provide any evidence underlying its charge that the gifts from Mr. Sevan's late aunt, which he voluntarily reported on UN disclosure forms years ago, were "not supported" by the facts. And since that time, we have discovered that the Committee relied on the most spurious and unreliable evidence in reaching that "finding," namely a family friend who had not lived in Cyprus in 40 years, saw Ms. Zeytountsian only about once per year in passing during a visit, never discussed her finances with her, knew nothing about her assets or savings, and has categorically denied making the statements attributed to him; and two bank employees who told the Committee they knew nothing about Ms. Zeytountsian's finances beyond the bank statements thrust before them by the IIC's investigators. If the IIC had made this information available to Mr. Sevan in advance as required, we might have had a chance to persuade the Committee that it was making a finding based on completely unreliable information. That is the way the process is supposed to work. But we have not been afforded that opportunity, the IIC has consequently made numerous damaging and erroneous "findings" untested by the adversary process, and apparently it will now do so once again, in open contravention of its own rules and any credible notion of due process.

We urge the Committee to reconsider its position and follow its Investigations Guidelines as written.

Very truly yours,

Eric L. Lewis

THIRD INTERIM REPORT
APPENDIX B

INDEPENDENT INQUIRY COMMITTEE
INTO
THE UNITED NATIONS OIL-FOR-FOOD PROGRAMME

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PAUL A. VOLCKER
CHAIRMAN

RICHARD J. GOLDSTONE
MARK PIETH
MEMBERS

August 2, 2005

Via Facsimile

Eric L. Lewis, Esq.
Baach Robinson & Lewis PLLC
1201 F Street, NW, Suite 500
Washington, D.C. 20004

Dear Mr. Lewis:

The Independent Inquiry Committee into the United Nations Oil-for-Food Programme ("Committee") has received and reviewed your most recent letter, dated August 1, 2005.

In addition to the information already provided in the Committee's First Interim Report, the "documents and other information" relied upon by the Committee for its next report includes the same types of records previously identified: financial records of Mr. and Mrs. Sevan, telephone records of Fakhry Abdelnour, Efraim (Fred) Nadler and Benon Sevan; travel records; UN records, financial records, Iraq State Oil Marketing Organization (SOMO) records and the African Middle East Petroleum Co. Ltd. Inc. (AMEP) records.

You continue to express your personal opinion that Mr. Sevan is cooperating with the Committee based upon his offer to provide written answers to written questions. As you have been informed on numerous occasions, the Committee seeks to *interview* Mr. Sevan about events that transpired during the Oil-for-Food Programme, as it has done with every other United Nations employee who has cooperated with the Committee. Mr. Sevan's refusal to meet with Committee investigators since January 21, 2005 runs counter to the Secretary-General's June 1, 2004 Bulletin to all UN staff directing them to cooperate with the Committee's investigation. Written answers have not been accepted in lieu of interviews for other witnesses involved in this investigation, and no special exception is warranted for Mr. Sevan.

The Committee's Investigations Guidelines provide that an individual will be informed of any proposed adverse finding and the information on which it was based. When Mr. Sevan was cooperating with the Committee, the Committee went beyond this requirement and permitted Mr. Sevan and his counsel to review documents and other information at the Committee's offices. Where an individual refuses to cooperate with the Committee and make himself available for an interview, there is no obligation that the Committee provide that person or his counsel with access to the Committee's documents and other information. To do so, would permit a non-cooperating person with the opportunity to review and comment upon the Committee's evidence in writing but

deprive the Committee of the opportunity to question him about the issues and confront him with the evidence and information.

While the Committee has sought to accommodate Mr. Sevan when possible—for example, allowing him legal representation despite the prohibition in the Investigations Guidelines, Section C(2)(f)—no such exception is appropriate in this situation based upon his repeated and continuing refusal to appear for an additional interview.

When Mr. Sevan was cooperating, he received a proposed letter of adverse findings prior to the release of the Committee's February report. The Committee provided both Mr. Sevan and counsel additional access to review the documentation relied upon by the Committee. Despite that access, in a February 2, 2005 letter to the Committee you nevertheless made the same complaints that you make today about the Committee's process.

Based upon your conversations with the Committee's staff and the attributions set forth in the Committee's February report, you are well aware of the witnesses relied upon by the Committee. In fact, it appears from your letter of August 1st that you have interviewed several of those witnesses. I am not aware that you have provided any of the information you have gathered to the Committee for its review and consideration.

Finally, your letter states that the Committee has "made numerous damaging and erroneous 'findings,'" but you have failed to enumerate even one such example. If you believe that you or Mr. Sevan possess any evidence whatsoever showing a past or proposed finding to be in any way erroneous, the Committee would certainly like the opportunity to review and consider such information.

Sincerely,

Susan M. Ringler
Counsel to the Committee

cc: Paul A. Volcker
Richard Goldstone
Mark Pieth

THIRD INTERIM REPORT
APPENDIX B

Allan B. Robertson
[redacted]

8/4/2005

Mr. Volcker
Independent Inquiry Committee
825 Third Ave., 15th Floor
New York, NY 10022

Dear Mr. Volcker:

Saybolt Eastern Hemisphere Bv.

1. I understand that soon you will issue a report on Mr. Alexander Yakovlev, in light of recent findings regarding his honesty and integrity. In view of the fact that your Committee based its adverse comments against me on the Saybolt case on false testimony by Mr. Yakovlev, to wit his "contemporaneous notes," I request you to kindly review your initial report in order to clear my good name.

2. I was extremely disappointed that my written response and answers provided during the meetings were thrown out of hand in a hurry by your Committee. That treatment contrasted greatly with the Committee's heavy reliance on Mr. Yakovlev's secret notes for the files which should have been realized were self-serving and fabrications. It is astonishing and unprecedented in UN history that a case officer who was primarily responsible and therefore deeply involved with the case was not investigated but was instead used as a key witness against his colleagues. I had protested Mr. Yakovlev's secret notes as lies and fraud but your investigators took them to be gospel truth and used them as a linchpin to condemn me. As a result, Mr. Yakovlev who lied in every way he could in order to save his neck, came out smelling like a rose because you believed him.

3. Mr. Yakovlev could have written, the notes at any time before or after your investigation commenced. He could have kept them in his personal life for use later if needed, or inserted a copy in the case file without anyone knowing before or after you began the investigations. The PTS filing system is an open one and accessible to officers like Mr. Yakovlev at any time without question or impediment. The files are not coded to prevent insertion of correspondence at any stage the file is retained in the Division. I am informed that OIOS had audited the contract in question but none of the secret notes were found on file.

1

THIRD INTERIM REPORT
APPENDIX B

4. I had informed the investigators that I was minimally involved in the Saybolt case because I had been absent from PTS for one year and had been back only a few weeks when the case came up. Furthermore, I informed them that as OIC it was not my role to be involved with the working details of the case because that was the function of Mr. Yakovlev as contract officer and Mr. Sanjay Bahel, his immediate supervisor who worked closely with him. However, the investigators based on what I concluded was how Mr. Yakovlev conveyed the scenario, were under the impression that all the correspondence bearing my signature, including the requests for clarifications and the presentation to the HCC, were initiated and prepared by me personally. I informed them that every correspondence on file including those with my signature were prepared by Mr. Yakovlev and/or Mr. Bahel without instructions, advice, comments or wishes from me, directly or indirectly. However, I have signed them when they were presented to me after reading their contents which made sense and appeared to be within the established procedures. Nevertheless, the investigators ignored all that and instead made it look as if the decisions were mine personally, made unilaterally and autocratically even ignoring the advice from my subordinates. I can assure you that it simply wasn't the case.

5. The investigators were unclear on the differences between ITBs and RFPs. I explained to them the differences and why RFPs sometimes require vendors to clarify their proposals. To this end, on January 31, 2005, I submitted a copy of my memorandum to OLA dated June 19, 1991, copy attached, which enumerates the differences and since 1991 formed the basis for treating RFP's differently from ITBs. Unfortunately, I was given an extremely short deadline of only 2 ½ days in which to respond to you without the benefit of copies of all the documents and the assistance of Counsel. Thus, I did not have time to cite similar cases which required clarifications in the course of solicitations for proposals. I am aware that subsequent to my retirement, the U.N. has gone one higher by using BAFO-Best and Final Officer, which can be achieved only after vendors have clarified their offers. Regrettably, your report gives the wrong impression that the clarifications sought were permitted by me as an exception in this case only and was therefore a violation of the rules. I spent my entire U.N. career from 1967-1998 in procurement, the last ten as Chief of the Division. I wrote the current U.N. Procurement Manual, Version 1 and submitted my final draft of version 2 on the day I retired. This may be verified with Messrs. Sevan and to Niwa who were my respective supervisors. The point I wish to make is that if there were persons who know the U.N. procurement rules and procedures well, I certainly was one of them. Despite this, the investigators

were more inclined to believe Mr. Yakovlev than me on the procedure then in vigor.

6. In light of the recent discoveries on Mr. Yakovlev and in particular his fraudulent, secret "contemporaneous notes," and my additional comments in this letter, I appeal to your sense of decency and fairness to review your initial report in order to clear my good name which has been wrongfully sullied by a discredited witness.

Yours truly,

Allan Robertson

THIRD INTERIM REPORT
APPENDIX B

Annex

UNITED NATIONS NATIONS UNIES

INTEROFFICE MEMORANDUM MEMORANDUM INTERIEUR

TO A: Mr. Stephen R. Katz, Senior Legal Officer
General Legal Division
Office of Legal Affairs

DATE: 19 June 1991

REFERENCE: AMH 5

THROUGH S/C DE:

FROM DE: Allan B. Robertson, Chief
Commercial, Purchase and Transportation Service
Office of General Services

SUBJECT OBJET: Case No. 1-91295 - Video Routing System and Associated Control Panels

1. This is with reference to your memorandum dated 12 June 1991 which provides comments and suggestions in respect of the subject draft Request for Proposals.

2. These comments and suggestions are very much appreciated and will be taken into account when preparing the final RFP document. However, there is one point that we would like to raise with you concerning your suggestion that the proposals be opened publicly. In common with many procurement operations in the public sector in the United States, the practice in CPTS has been to publicly open bids but not proposals. This stems from the fact that each method or source of selection differs in the following ways:-

a) Under competitive sealed bidding, judgemental factors may be used only to determine if the supply, service or construction item bid meets the description. Under competitive proposals, judgemental factors may be used to determine not only if the goods or services being offered meet the description and specification but may also be used to evaluate competing proposals. The issue of the different use of judgemental evaluation is that, under competitive sealed bidding, once the judgemental evaluation is completed to the extent of determining that the bids meet the specified requirements of the Organization, then the award is made on a purely objective basis to the lowest responsive and responsible bidder. In the case of proposals solicited on a competitive basis, the quality of competing products and services may be compared and trade-offs made regarding the price, quality, extent and nature of the products or services offered. Consequently, the award is made to the responsible proposer whose proposal is considered most advantageous to the Organization.

b) The Invitation to Bid and RFP process also differ in that, in the case of sealed bids, no change or modification is normally allowed once that they have been opened as explained in the CPTS Procurement Manual, Section 8. The RFP process, on the

other hand, permits discussions after the proposals have been opened to allow clarification and changes in the proposals provided that adequate precautions are taken to treat all concerned fairly and to ensure that information obtained from any of the competing proposers is not disclosed to the other offerers.

3. It follows from the above that in publicly opening bids those present would have every expectation that the award will be made to the lowest bidder, all other things being equal. In the case of proposals, these do not lend themselves to a public opening because of the judgemental considerations which have to be used in determining which proposer has, in the final analysis, submitted the best offer. What this means is that the way proposals are presented and the sometimes complex nature of the projects involved militate against the clerical function involved of opening a proposal and then being able to determine the appropriate cost figures to be announced to the audience of attendees. In fact, it is our opinion that announcing the proposals in this way would give rise to misunderstandings and bid protests since the representatives of the "apparent" lowest offerer would expect to be awarded the contract. This is, however, frequently not the case as the technical evaluation may well result in the contract being awarded to other than the lowest proposer.

4. In the case of this particular project, we had opted for a solicitation by means of an RFP rather than an Invitation to Bid since it is our experience that for technical requirements of this nature, the requisitioner is rarely able to define with absolute precision exactly what is required to perform the functions. Consequently, using the RFP process allows the degree of latitude necessary to enable the requisitioning office to evaluate what may be very different technical approaches in meeting the specified requirements.

5. In reviewing this matter, we would mention that it is our impression from various publications on the subject that in public purchasing activities in the United States that with formal bidding, submitted bids are held unopened in a locked bid box or safe and are opened publicly at a specified time. Most procuring activities follow similar procedures for negotiated procurements. The offers are generaly kept in a locked file cabinet or safe until the date for submission. The proposals are not opened publicly, however, and only those with a need to know may have access to the quotations or proposals. This is essentially the procedure that has been followed by CPTS for many years and, in light of the above information, we would appreciate any supplementary comments which you may wish to make on the issue of having a public opening for these proposals. However, in the absence of any significant advice to the contrary, it would be our intention to delete the requirement for a public opening in this case.

cc.: Mr. S. Basnayake
Mr. A. Mowa
Mr. S. Sellberg

THIRD INTERIM REPORT
GLOSSARY

GLOSSARY

THIRD INTERIM REPORT
GLOSSARY

INDIVIDUALS

Name	Description
Fakhry Abdelnour	President of African Middle East Petroleum Co. Ltd. Inc. (AMEP)
Kofi Annan	Secretary-General of the United Nations, 1997 - present
Kojo Annan	Son of Secretary-General Kofi Annan; employed by Cotecna Inspection S.A., 1995 - 1997; subsequently a consultant to Cotecna
Philippe Bes	Vice President of Economic Affairs Division, Société Générale de Surveillance S.A. (SGS)
Yves Dusonchet	Vice President of Africa and Middle East Division, Société Générale de Surveillance S.A. (SGS)
Louise Fréchette	Deputy Secretary-General of the United Nations, 1998 - present
Michel Gisiger	Senior Executive Vice President of Société Générale de Surveillance S.A. (SGS)
Luis A. Gordillo	Former Officer of African Middle East Petroleum Co. Ltd. Inc. (AMEP)
Saddam Zibn Hassan	Executive Director of Iraq's State Oil Marketing Organization (SOMO)
Efraim (Fred) Nadler	Friend of Benon Sevan and Fakhry Abdelnour; former Corporate Officer (Treasurer) and Director of African Middle East Petroleum Co. Ltd. Inc. (AMEP)
Emanuel Nadler	Brother of Efraim (Fred) Nadler, New York

THIRD INTERIM REPORT
GLOSSARY

INDIVIDUALS

Name	Description
Henri (Enrico) Nadler	Brother of Efraim (Fred) Nadler, Geneva; former Corporate Officer (Secretary), African Middle East Petroleum Co. Ltd. Inc. (AMEP); now deceased
Pauline Nadler	Mother of Efraim (Fred) Nadler, New York; now deceased
Jeffrey Newell	Vice President of Société Générale de Surveillance S.A. (SGS)
Danielle Paganelli	Secretary to Yves Pintore, Hikory France Company
Yves Pintore	Principal of Hikory France Company
Taha Yassin Ramadan	Former Vice President of Iraq
Amer Muhammad Rashid	Former Minister of Oil, Iraq
S. Iqbal Riza	Chef de Cabinet of Secretary-General Kofi Annan, 1997 - 2004
Allan B. Robertson	Officer-in-Charge of United Nations Procurement and Transportation Division, 1996
Alan T. Robillard	Handwriting expert, Forensic Science Applications; formerly Chief, Questioned Documents Unit, and Assistant Chief, Scientific Analysis Section, United States Federal Bureau of Investigation
Luis Rodriguez	Former Officer of African Middle East Petroleum Co. Ltd. Inc. (AMEP)

THIRD INTERIM REPORT
GLOSSARY

INDIVIDUALS

Name	Description
Adolfo Sauri	Former Officer of African Middle East Petroleum Co. Ltd. Inc. (AMEP)
Stephani Scheer	Chief of Office, United Nations Office of the Iraq Programme
Benon Sevan	Under-Secretary-General and Executive Director of the United Nations Office of the Iraq Programme, 1997 - 2004
Micheline Sevan	Spouse of Benon Sevan
Joseph Stephanides	Chief of the Sanctions Branch and Deputy Director of the Security Council Affairs Division, United Nations Department of Political Affairs, 1996
Michael Wilson	Vice President for Marketing Operations in Africa, Cotecna Inspection S.A.
Alexander Yakovlev	Various positions at United Nations Procurement Division, 1985 - 2005, including Procurement Officer, Team Leader, and Unit Chief; Case Officer in charge of contractual arrangements for the Oil-for-Food Programme's independent oil and humanitarian goods inspectors
Berdjouchi Zeytountzian (Zeytountsian)	Aunt of Benon Sevan, Cyprus; now deceased

THIRD INTERIM REPORT
GLOSSARY

ORGANIZATIONS

Term	Description
Addax	Addax BV
AMEP	African Middle East Petroleum Co. Ltd. Inc.; formerly Afro-Arab Petroleum, S.A.
Ben Hur	Ben Hur Commercial Corporation
Caisor Services	Caisor Services Inc.; name of account at Union Bancaire Privée (UBP), Geneva, having Fred Nadler as beneficial owner
Chase	Chase Manhattan Bank
Command Council	Iraqi regime leaders who made decisions on allocations of oil
Cotecna	Cotecna Inspection S.A.
Genevalor	Genevalor, Benbassat & Cie, Geneva; fiduciary agent for Caisor Services Inc. account at Union Bancaire Privée (UBP)
Guirgeh Foundation	Name of a personal account held by Fakhry Abdelnour at United European Bank (UEB)
Hikory	Hikory France Company, Chambery, France
Iraqi Mission	Permanent Mission of Iraq to the United Nations

THIRD INTERIM REPORT
GLOSSARY

ORGANIZATIONS

Term	Description
Lloyd's	Lloyd's Register Inspection Ltd.
Moxyco Ltd.	Name of account controlled by Alexander Yakovlev at the Antigua Overseas Bank
OPEC	Organization of Petroleum Exporting Countries
Saybolt	Saybolt Eastern Hemisphere BV
SGS	Société Générale de Surveillance S.A.
SOMO	Iraq's State Oil Marketing Organization
STASCO, Shell	Shell International Trading and Shipping Company Limited
The Committee	Independent Inquiry Committee into the United Nations Oil-for-Food Programme
UBP	Union Bancaire Privée
UBS	UBS AG; Swiss Bank Corporation and Union Bank of Switzerland merged in 1998 to form UBS AG
UEB	United European Bank
UNFCU	United Nations Federal Credit Union

THIRD INTERIM REPORT
GLOSSARY

UNITED NATIONS ABBREVIATIONS

Term	Description
DPA	United Nations Department of Political Affairs
OIP	United Nations Office of the Iraq Programme, established October 15, 1997 to administer the Oil-for-Food Programme
The Programme	United Nations Oil-for-Food Programme
UN	United Nations

OTHER TERMS

Term	Description
Chron Files	Chronological Files
Financial Rules	Financial Regulations and Rules of the United Nations, in effect from 1985 - 2002
First Interim Report	Report issued by the Independent Inquiry Committee on February 3, 2005
Net Revenue	The margin between what AMEP paid Iraq for oil that it purchased and what AMEP was paid upon resale of the oil, minus known quantifiable costs, such as bank fees, and—for AMEP's last oil transaction—the payment of a surcharge. This does not include other costs incurred by AMEP, such as for Mr. Abdelnour's travel to Iraq, for which the Committee does not have cost data.

THIRD INTERIM REPORT
GLOSSARY

OTHER TERMS

Term	Description
Oil Spare Parts	Parts and equipment for the maintenance and repair of Iraq's oil production infrastructure
Procurement Manual	United Nations Purchase and Transportation Service Procurement Manual
RFP	Request for Proposal
Second Interim Report	Report issued by the Independent Inquiry Committee on March 29, 2005
Third Interim Report; the Report	Report issued by the Independent Inquiry Committee on August 8, 2005
UN Staff Regulations	United Nations Staff Regulations and Rules
USD	United States dollar