

United States Senate

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Committee on Homeland Security and Governmental Affairs

Norm Coleman, Chairman

Carl Levin, Ranking Minority Member

**REPORT CONCERNING
THE TESTIMONY OF GEORGE GALLOWAY
BEFORE THE PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS**

**PREPARED BY THE
MAJORITY STAFF
OF THE
PERMANENT SUBCOMMITTEE
ON INVESTIGATIONS**



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I. EXECUTIVE SUMMARY

On May 17, 2005, British Member of Parliament George Galloway appeared before the U.S. Senate Permanent Subcommittee on Investigations (the “Subcommittee”) and testified under oath regarding evidence obtained by the Subcommittee that he solicited and received financial support from Iraq under the United Nations Oil-for-Food Program (the “Program”). Specifically, Galloway denied that he solicited and was granted lucrative allocations of Iraqi crude oil under the Program and denied that anyone did so on his behalf. He also denied that he or anyone else solicited oil allocations as a means of raising funds for the Mariam Appeal – Galloway’s political campaign opposing the U.N. sanctions imposed upon Iraq.

Because Galloway’s testimony and sweeping denials conflicted with the Subcommittee’s evidence and May 12, 2005 Report, the Subcommittee continued its inquiry into the matter to test the veracity of Galloway’s claims. Since the May hearing, the Subcommittee has obtained additional evidence establishing that the Hussein regime granted oil allocations to Galloway and the Mariam Appeal. This Report, prepared by the Majority staff of the Subcommittee,¹ presents evidence establishing that:

1. Galloway personally solicited and was granted oil allocations from the Government of Iraq during the reign of Saddam Hussein. The Hussein regime granted Galloway and the Mariam Appeal eight allocations totaling 23 million barrels from 1999 through 2003;
2. Galloway’s wife, Dr. Aminah Abu-Zayyad, received approximately \$150,000 in connection with one of those oil allocations;
3. Galloway’s political campaign, the Mariam Appeal, received at least \$446,000 in connection with the oil allocations granted to Galloway and the Mariam Appeal under the Oil-for-Food Program;
4. The Hussein regime received improper “surcharge” payments amounting to \$1,642,000.65 in connection with the oil allocations granted to Galloway and the Mariam Appeal; and
5. Galloway knowingly made false or misleading statements under oath before the Subcommittee at its hearing on May 17, 2005;

Evidence supporting each of the preceding findings is presented in detail below. That evidence includes: (1) Documents, including bank account information and wire transfers, establishing that Fawaz Zureikat, a Jordanian businessman and close friend of Galloway, received money in connection with an oil allocation under the Oil-for-Food Program and transferred a significant portion of that money to Galloway’s wife and Galloway’s political campaign, the Mariam Appeal; (2) Testimony from Tariq Aziz in which Aziz describes in detail his discussions with Galloway concerning oil allocations, including Galloway’s request for allocations and his subsequent request to increase the amount of oil allocated to him and his political organization,

¹ The information in this Majority Staff Report is based upon a joint investigation by the Subcommittee’s Republican and Democratic staff.

the Mariam Appeal; (3) Documents created by the Iraqi Ministry of Oil, including records created during the Hussein regime that were authenticated by the Minister of Oil; (4) Documents created by senior Hussein officials detailing Galloway's efforts to obtain financial support from the Hussein regime for his political campaign, including documents that were authenticated by Tariq Aziz and Ali Hasan al-Majid; (5) Interviews with an oil trader stating that he discussed the oil allocation process with Galloway, and that "[Galloway] told me that, if he were to obtain an oil allocation, he would contact us directly or indirectly" and that "[Galloway] said he or his representative in Iraq would contact [me] in connection with the sale of an allocation;" and (6) Written affirmation from a second oil trader who negotiated with Galloway's agent for the purchase of Galloway's oil allocation.

II. INTRODUCTION

In April 2004, Subcommittee Chairman Norm Coleman directed the Subcommittee to initiate an investigation into allegations of abuse and misconduct related to the Oil-for-Food Program. Over the course of its inquiry, the Subcommittee has issued numerous subpoenas and document requests to individuals and entities, obtained and reviewed hundreds of thousands of documents from at least seven countries, and interviewed scores of witnesses. To date, the Subcommittee has held three hearings and issued four staff reports chronicling numerous abuses related to the Program.²

Three of those reports introduced evidence obtained by the Subcommittee concerning the Hussein regime's abuse of the Program through the awarding of lucrative "oil allocations" to foreign officials.³ In particular, these bi-partisan reports presented evidence establishing that the Hussein regime granted such allocations to Russian official Vladimir Zhirinovskiy, the Russian Presidential Council, former French Minister of the Interior Charles Pasqua, and British Member of Parliament George Galloway. These reports were issued in conjunction with the Subcommittee's hearing on May 17, 2005, entitled "Oil for Influence: How Saddam Used Oil to Reward Politicians under the United Nations Oil-for-Food Program."

At that hearing, the Subcommittee presented evidence indicating that Galloway had been granted oil allocations from the Hussein regime. That evidence included documents created by the Iraqi Ministry of Oil during the reign of Saddam Hussein, documents created by the Iraqi Ministry of Oil after the fall of Saddam Hussein, testimony of senior officials of the Hussein regime who were interviewed by the Subcommittee, and interviews of Hussein regime officials conducted by the U.S. Treasury Iraqi Financial Asset Team. Among the senior regime officials that provided evidence against Galloway were Taha Yasin Ramadan, the Vice President of Iraq under Saddam Hussein, Tariq Aziz, Hussein's Deputy Prime Minister, and Amer Rashid, the Minister of Oil.

On May 17, 2005, Galloway testified at the Subcommittee's hearing, appearing voluntarily and under oath. In his opening statement and in response to questioning from

² For general information regarding the operation and abuses of Oil-for-Food Program, see S. Hrg. 108-761 "How Saddam Hussein Abused the United Nations Oil-for-Food Program" (Nov. 15, 2004) and S. Hrg. 109-43 "The United Nations' Management and Oversight of the Oil-for-Food Program" (Feb. 15, 2005).

³ See Appendix A for a description of the process utilized by the Hussein regime to allocate oil under the Program.

Members of the Subcommittee, Galloway made both general and specific denials of the findings contained in the Subcommittee's report. For example, Galloway denied that he had been enriched by the Iraqi government or had taken any money from his friend, Jordanian businessman Fawaz Zureikat, in connection with any Oil-for-Food transaction. Specifically, Galloway testified that:

I can assure you, Mr. Zureikat never gave me a penny from an oil deal, from a cake deal, from a bread deal, or from any deal.

* * *

My point is, you have accused me personally of enriching myself, of taking money from Iraq, and that is false and unjust.

Galloway recently reiterated the substance of his hearing testimony in response to interrogatories sent to him by the Subcommittee.⁴ Specifically, Galloway denied having received any funds from Zureikat in connection with any deal under the Oil-for-Food Program.⁵ When asked whether Zureikat had transferred any funds to his bank account in connection with any oil transaction, oil allocation, or any other Oil-for-Food related deal, Galloway responded "no."⁶ When asked whether Zureikat made any such transfer to his wife, Dr. Amineh Abu-Zayyad, Galloway responded, "I have no knowledge of Mr Zureikat's business affairs."⁷

At the May 17 hearing, Galloway testified that he had never been directly or indirectly involved in oil trading, and had never discussed oil allocations at any time with Deputy Prime Minister Tariq Aziz. Specifically, Galloway testified as follows:

Senator, I am not now, nor have I ever been, an oil trader, and neither has anyone on my behalf. I have never seen a barrel of oil, owned one, bought one, sold one, and neither has anybody on my behalf.

* * *

Senator Levin. ... Did you have conversations with Tariq Aziz about the award of oil allocations? That is my question.

Mr. Galloway. No.

Since the May 17 hearing, Galloway has made statements confirming his denials under oath before the Subcommittee. In light of his comments at a recent debate with columnist Christopher Hitchens, for instance, there should be no ambiguity about the certainty of Galloway's denial at the May 17 hearing. At the debate, Galloway again denied having had any conversation regarding oil allocations with Aziz. In response to a challenge by Hitchens to sign an affidavit to that effect, Galloway stated "It's a complete lie. ... It's a lie. ... I've already dealt with this, it's a

⁴ Galloway's response to Subcommittee's interrogatories. (Ex. 1). Mr. Galloway declined to be interviewed by the Subcommittee, but did agree to answer written questions. In submitting the interrogatories to Mr. Galloway, the Subcommittee informed him that the questions and his answers would be considered a continuation of his sworn testimony before the Subcommittee.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

lie. Nobody ever discussed oil allocations with me, not Tariq Aziz, not anybody. I've already said it under oath, never mind an affidavit, under oath on pain of imprisonment in front of the U.S. Senate."⁸

Moreover, Galloway reiterated his position regarding this issue in his responses to interrogatories issued by the Subcommittee earlier this month. Specifically, Galloway stated that neither Aziz nor any other Iraqi official ever offered him an oil allocation.⁹ According to Galloway, he never discussed nor was offered any financial support from Aziz to fund the Mariam Appeal or any other of Galloway's political activities.¹⁰ Additionally, Galloway has also denied ever having spoken to Aziz about the possibility of Iraq providing financial support for the Mariam Appeal.¹¹

In addition to testifying that he was not an oil trader and did not discuss oil allocations with Tariq Aziz, Galloway also testified that he had no knowledge that Fawaz Zureikat was transacting oil deals with Iraq, much less oil deals on his behalf or on behalf of the Mariam Appeal. Specifically, Galloway answered questions put to him by Senator Coleman as follows:

Senator Coleman. I am asking you specifically, in 2001 were you aware that he [Fawaz Zureikat] was doing deals with Iraq?

Mr. Galloway. I was aware that he was doing extensive business with Iraq. I did not know the details of it. It was not my business.

* * *

Senator Coleman. ... So in 2003, you are saying you do not know the answer to whether he was involved in oil deals?

Mr. Galloway. I told you in my previous two answers, I knew that Mr. Zureikat was heavily involved in business in Iraq and elsewhere but that it was none of my business what particular transactions or business he was involved in ...

* * *

Senator Coleman. ... you never had a conversation with him in 2001 of whether he was ever doing oil business with Iraq?

Mr. Galloway. ... I never asked him if he was trading in oil.

* * *

Senator Coleman. So in 2003 when you said you did not know whether he was doing oil deals, were you telling the truth at that time?

⁸ Excerpt from transcript of debate between Galloway and Hitchens at Baruch College (Sept. 14, 2005).

⁹ Galloway's response to Subcommittee's interrogatories. (Ex. 1).

¹⁰ *Id.*

¹¹ *Id.*

Mr. Galloway. Yes, I was. I have never known until the Telegraph story appeared that he was alleged to be doing oil deals.¹²

Since the May 17 hearing, Galloway has repeated to the Subcommittee that Zureikat performed no commercial activities on his behalf.¹³ Moreover, Galloway maintains that he had no knowledge of Zureikat's business affairs.¹⁴ Consistent with his testimony provided under oath at the Subcommittee's hearing, Galloway continues to assert that he had no knowledge regarding Zureikat's oil dealings until certain articles were published in *The Daily Telegraph*.¹⁵

A review of the evidence submitted in this Report demonstrates that each of Galloway's statements quoted above, including his statements made under oath to the Subcommittee, is false or misleading. The evidence obtained by the Subcommittee includes, but is not limited to:

1. Documents, including bank account information and wire transfers, establishing that Fawaz Zureikat, a Jordanian businessman and close friend of Galloway, received money in connection with an oil purchase under the Oil-for-Food Program, and transferred a significant portion of that money to Galloway's wife and Galloway's political campaign, the Mariam Appeal;
2. Tariq Aziz's detailed description of his discussions with Galloway concerning oil allocations, including Galloway's request for allocations and his subsequent request to increase the amount of oil allocated to him and his political organization, the Mariam Appeal;
3. Documents created by the Iraqi Ministry of Oil, including records created during the Hussein regime that were authenticated by the Minister of Oil;
4. Documents created by senior Hussein officials detailing Galloway's efforts to obtain financial support from the Hussein regime for his political campaign, including documents that were authenticated by Tariq Aziz and Ali Hasan al-Majid;
5. Interviews with an oil trader describing his discussion with Galloway about the oil allocation process, and stating that "[Galloway] told me that, if he were to obtain an oil allocation, he would contact us directly or indirectly" and that "[Galloway] said he or his representative in Iraq would contact [me] in connection with the sale of an allocation;" and
6. Written affirmation from a second oil trader who negotiated with Galloway's agent for the purchase of Galloway's oil allocation.

This evidence and additional evidence gathered by the Subcommittee is discussed in Section IV and Section V of this Report. Findings relating to both Galloway and Zureikat are made in Section VI.

¹² In referring to "the Telegraph story," Galloway was referring to articles published by *The Daily Telegraph* in April 2003 indicating that Galloway solicited financial support from the Hussein regime.

¹³ Galloway's response to Subcommittee's interrogatories. (Ex. 1).

¹⁴ *Id.* (Ex. 1).

¹⁵ *Id.* (Ex. 1).

III. BACKGROUND

A. George Galloway MP

George Galloway¹⁶ is currently a member of the British Parliament and has served there almost continuously since 1987 as the Member for Glasgow Hillhead, the Member for Glasgow Kelvin, and most recently, the Member for Bethnal Green and Bow.

Galloway has consistently denied allegations relating to receiving money or rights to oil allocations from the Hussein regime. In a statement issued in 2003, Galloway declared: “I have never solicited nor received money from Iraq for our campaign against war and sanctions. I have never seen a barrel of oil, never owned one, never bought one, never sold one.” In a 2004 witness statement entered into evidence at the trial for a lawsuit brought by Galloway against the British newspaper *The Daily Telegraph*, he stated that “The allegations made by the *Telegraph* are very serious and extremely damaging. They are all false.” In sworn testimony in 2005 before the Subcommittee, Galloway stated “I have never seen a barrel of oil, owned one, bought one, sold one, and neither has anybody on my behalf.” Galloway’s denials in the press are too numerous to list.

B. The Mariam Appeal

In 1998, Galloway established and served as the first chairman of the “Mariam Appeal,” an organization named for Mariam Hamza, a 4-year old Iraqi girl suffering from leukemia. Galloway founded the Mariam Appeal at approximately the same time as he brought the girl from Iraq to the U.K. for medical treatment.¹⁷ Initially, Galloway declared that funds raised by the Mariam Appeal would be used to pay for the girl’s treatment in the U.K. and “to demand the lifting of the sanctions on Iraq.”¹⁸ Galloway also indicated that, once Mariam’s treatment was funded, excess donations would be directed to medical aid for Iraqi children.¹⁹ Subsequently, however, Galloway stated that the Mariam Appeal was “a political campaign that was involved in a life-or-death struggle against the might of the British and American State[s].”²⁰

Two bank accounts were established for the Mariam Appeal. The first account, opened in April 1998, was established at the Westminster House branch of Lloyds TSB Bank plc. Galloway was one of the signatories on the account.²¹ As detailed below, the Mariam Appeal account at Lloyds was used as the primary, if not sole, depository for Fawaz Zureikat. In total, Zureikat deposited approximately £448,248 (\$668,617) into the Mariam Appeal account at Lloyds during the course of the Oil-for-Food Program. As will be demonstrated in this Report, all of Zureikat’s deposits into the Lloyds account were made *after* oil allocations were granted to

¹⁶ *Id.* (Ex. 1).

¹⁷ Witness Statement of George Galloway in Case No. HQ03X02026, *George Galloway v. Telegraph Group Ltd.*, In the High Court of Justice, Queen’s Bench Division (“Telegraph Lawsuit”), at ¶ 38. (Ex. 2).

¹⁸ *Galloway Iraq appeal cleared of impropriety over funds*, *The Scotsman*, June 29, 2004.

¹⁹ *Globetrotter’s 14 trips paid for by appeal*, *The Times*, Apr. 23, 2003.

²⁰ *Id.*

²¹ Lloyds Bank Authority for Societies, Clubs and Associations. (Ex. 3). A review of the canceled checks from the account at Lloyds indicates that other persons, including R. Gordon West, Sabah Al-Mukhtar, and James McGowan, were authorized signatories at other points in time.

Galloway by the Hussein regime. Moreover, the evidence obtained by the Subcommittee indicates that many of Zureikat's deposits into the Mariam Appeal account at Lloyds TSB were derived from oil allocations that were granted to Galloway. The circumstances surrounding each of Zureikat's known deposits into the Lloyds TSB account are detailed in Section IV, below.

Approximately one year after the Mariam Appeal opened its account at Lloyds, an account was opened in the name of the Mariam Appeal at the Trafalgar Square branch of the National Bank of Abu Dhabi ("NABD"). The Mariam Appeal account at NBAD received its initial deposit of £509,721.57 (\$823,710) on April 13, 1999, by wire transfer from the "government of Abu Dhabi."²² The minutes of a meeting of the Mariam Appeal state that the Appeal had authorized the opening of the account at NABD "to reflect our gratitude to His Excellency the Deputy Prime Minister Sheikh Sultan Bin Zayed Al-Nahyan." The authorized signatories of the account at NABD were Dr. Abu-Zayyad, Sabah Al-Mukhtar, and Stuart Halford.²³

Over the life of the Mariam Appeal, approximately £756,116 was deposited into the Mariam Appeal account at Lloyds, and approximately £622,693 was deposited into the Mariam Appeal account at NBAD, amounting to a total of £1,378,810 (over \$2.4 million) in deposits. The deposits made by the government of Abu Dhabi accounted for approximately 37% of all deposits made to Mariam Appeal accounts, making it the largest "donor" to the Mariam Appeal. Zureikat's total deposits account for approximately 33% of all deposits into the Mariam Appeal accounts, making Zureikat the second largest "donor" to the Mariam Appeal. Other major deposits into the two Mariam Appeal bank accounts include those made by the Royal Embassy of Saudi Arabia (£20,000), Wajed Hakem Sultan (approximately £50,000), and an anonymous deposit from "one of our clients" (£33,475.21).²⁴ Galloway identified the Saudi Arabian donor as Crown Prince Abdullah bin Abdulaziz al-Saud.²⁵

Both Galloway's wife, Dr. Aminah Abu-Zayyad, and his friend, Fawaz Zureikat, were active in the Mariam Appeal. Dr. Abu-Zayyad served as an officer of the Mariam Appeal and was an active participant in Mariam Hamza's medical care.²⁶ Dr. Abu-Zayyad was compensated by the Appeal with an annual salary of £25,000 and had expenses reimbursed from the Appeal's

²² NBAD bank statements and wire transfer record for Mariam Appeal account.

²³ Minutes of the Mariam Appeal (Apr. 14, 1999) (Ex. 4); Resolution of the committee of the Mariam Appeal (Apr. 14, 1999). (Ex. 5). A review of the canceled checks from the account at NBAD indicates that at least one other person, James McGowan, was an authorized signatory at one point in time.

²⁴ Lloyds TSB bank statements for Mariam Appeal account; NBAD bank statements for Mariam Appeal account.

²⁵ Witness Statement of George Galloway in Telegraph Lawsuit, at ¶ 14. (Ex. 2).

²⁶ The Subcommittee contacted Dr. Abu-Zayyad through her representative Sabah Al-Mukhtar. Dr. Abu-Zayyad declined a request to be interviewed, but expressed a willingness to respond to written questions. Interrogatories were sent to Dr. Abu-Zayyad on October 18, 2005. On Monday, October 24, 2005, the Subcommittee received an email response from Dr. Abu Zayyad, through her representative Mr. Al-Mukhtar. In that message, Dr. Abu Zayyad stated: "I have never solicited or received from Iraq or anyone else any proceeds of any oil deals, either for myself or for my former husband." See Appendix B.

bank accounts.²⁷ Zureikat was involved in organizing certain activities for the Mariam Appeal and, as detailed above, was one of its largest “donors.”

C. Fawaz Zureikat and Middle East Advanced Semiconductor, Inc.

Fawaz Zureikat is a Jordanian businessman and long-time confidante of Galloway. In fact, Galloway confirmed at the Subcommittee’s hearing that he was the best man at Zureikat’s wedding. Zureikat is the President of Middle East Advanced Semiconductors Inc. (“MEASI”). As presented below, Zureikat was a central figure in the acquisition and sale of oil that was allocated to Galloway and the Mariam Appeal. In particular, Zureikat’s company MEASI signed the contracts related to five allocations that this Report links to Galloway. In connection with one of those oil transactions, Zureikat transferred \$150,000 to Galloway’s wife. Zureikat also transferred at least \$446,000 of Oil-for-Food-related funds to Galloway’s political campaign, the Mariam Appeal. Zureikat also paid to the Hussein regime more than \$1.6 million in under-the-table surcharge payments in direct violation of U.N. sanctions.²⁸

D. Deputy Prime Minister Tariq Aziz

Tariq Aziz, the former Deputy Prime Minister of Iraq, was at the center of Galloway’s efforts to raise funds for the Mariam Appeal. In his interviews with the Subcommittee, Aziz recalled that he first met Galloway when he traveled to Iraq with a Greek delegation after having attended a conference in Athens in 1992 or 1993.²⁹ Aziz stated that matters regarding Galloway fell within his “area of responsibility” since Galloway was a foreign politician friendly to Iraq. Aziz recalled that Galloway began to travel regularly to Iraq starting in May 1999 when Aziz formed the “Baghdad Conference,” an organization that met twice a year in Baghdad to show solidarity with Iraq.³⁰ Aziz could not recall the total number of visits that Galloway made, but stated that he would meet with Galloway whenever he was in Iraq. Aziz stated that Galloway would sometimes visit by himself and sometimes he would be accompanied by his wife. Aziz indicated that he would invite Galloway and his wife to dinner when they were in Iraq. He stated that Galloway would sometimes be accompanied by Fawaz Zureikat, who was a “good friend” of Galloway’s. Aziz described Galloway as a “personal friend” and a friend of Iraq. Aziz stated that, during their meetings, Aziz and Galloway would discuss politics, the “mood and climate” of the British government, and what Galloway “ha[d] done for Iraq.” Aziz stated that Galloway “sometimes ask[ed] for funding for his causes” during these meetings.³¹

Aziz was interviewed by the Subcommittee concerning the Hussein regime’s interactions with Galloway. His interview provided a detailed account of the allocations granted to Galloway

²⁷ Letter from Charity Commission for England and Wales to firm of Davenport Lyons (Feb. 18, 2004); Lloyds TSB bank statements for Mariam Appeal account; NBAD bank statements for Mariam Appeal account.

²⁸ The Subcommittee made repeated attempts to contact Mr. Zureikat to conduct an interview regarding the findings made in this Report. In particular, the Subcommittee transmitted its request for an interview through U.S. mail, facsimile, electronic mail, FedEx and telephone. Mr. Zureikat responded to none of these requests. *See* Appendix B.

²⁹ Galloway has stated that his first visit to Iraq was in 1993. Witness Statement of George Galloway in Telegraph Lawsuit, at ¶ 32. (Ex. 2).

³⁰ *Russian Delegation Arrives in Baghdad*, RIA Novosti, Oct. 14, 2004.

³¹ Tariq Aziz interview (July 7, 2005); Taha Yasin Ramadan interview (Sept. 27, 2005).

and the Mariam Appeal. In short, Aziz described how Galloway solicited financial support from the Hussein regime for the Mariam Appeal, and how the regime provided the requested support by granting lucrative oil allocations to Galloway to be executed by Zureikat.

IV. EVIDENCE OF THE SOLICITATION AND EXECUTION OF OIL ALLOCATIONS GRANTED TO GALLOWAY AND THE RESULTING PAYMENTS

A. Summary of Evidence

The Subcommittee has obtained extensive evidence establishing that Galloway personally solicited and received lucrative oil allocations from the Hussein regime under the Oil-for-Food Program. That evidence includes (1) banking records obtained from at least five international financial institutions, (2) documents created by senior Iraqi officials and the Iraqi Ministry of Oil during the reign of Saddam Hussein, (3) documents created by the Iraqi Ministry of Oil after the fall of Saddam Hussein, (4) interviews with senior officials of the Hussein regime that were conducted by the Subcommittee, (5) interviews of Hussein regime officials conducted by the U.S. Treasury Iraqi Financial Asset Team, and (6) interviews of experienced oil traders who were heavily involved in the purchase of Iraqi crude oil under the Program.

As presented below, the evidence obtained by the Subcommittee establishes that Galloway solicited financial assistance from Iraq to fund his political campaign, the Mariam Appeal. The evidence will show, however, that Galloway was concerned about the appearance of Iraq giving him money. Aziz confirmed that the Hussein regime supported Galloway's efforts "indirectly" – *i.e.*, through oil allocations and through Oil-for-Food contracts for humanitarian goods.³²

Senior members of the Hussein regime confirmed to the Subcommittee that Galloway and his political campaign were granted oil allocations under the Program. For instance, the Vice President of Iraq, Taha Yasin Ramadan, told the Subcommittee that Galloway had been granted oil allocations "because of his opinions about Iraq" and because Galloway "want[ed] to lift the embargo against Iraq."³³ Ramadan, who was in charge of the committee that distributed oil allocations, also stated that Galloway "always spoke out against the sanctions" and Iraq wanted to give him money so that he would continue to do so. According to Ramadan, Galloway was a "friend of Iraq" and "needed to be compensated for his support." In short, "Galloway needed money to pay for his actions" and "we gave him oil to sell to make the money."³⁴ Iraqi Minister of Oil Amer Rashid also confirmed that Galloway had been granted oil allocations:

Q: Did the Iraqis grant any oil allocations to George Galloway, the member of the British Parliament?"

A: Yes.³⁵

³² Tariq Aziz interview (July 7, 2005).

³³ Taha Yasin Ramadan interview (Apr. 18, 2005).

³⁴ Taha Yasin Ramadan interview (Sept. 27, 2005).

³⁵ Amer Rashid interview. (Apr. 14, 2005).

The evidence will show that allocations to Galloway were made in the names of others in accordance with Galloway's request that neither he nor his wife's name be mentioned in connection with any commercial transaction.³⁶ Senior Hussein regime officials made clear that Galloway's allocations appeared under the names of Burhan Al-Chalabi and Fawaz Zureikat, two of Galloway's agents. For instance, Aziz stated:

The oil allocations we gave to George Galloway were in the name of either Chalabi, maybe one or two allocations, or to Zureikat.³⁷

At another point in the interview, Aziz reiterated that the Hussein regime had granted allocations in the name of Chalabi and Zureikat for the benefit of Galloway and his political campaign:

Q: Was oil ever allocated to another person or entity for the benefit of Mr. Galloway?

A: The oil was allocated in the name of Zureikat and Chalabi, once or twice. These oil allocations were for the benefit of George Galloway and for Miriam's Appeal. The proceeds from the sale benefited the cause and Mr. Galloway.³⁸

Similarly, Vice President Ramadan also confirmed that Galloway's allocations were granted in the name of Zureikat's company.³⁹ The Iraqi Minister of Oil identified Zureikat as "the oil lifter" for Galloway.⁴⁰

In total, the Hussein regime granted Galloway and the Mariam Appeal eight allocations totaling 23 million barrels of oil from 1999 through 2003.⁴¹ The monetization of these oil allocations followed a basic pattern:

1. The Hussein regime would award an allocation of oil in the name of Fawaz Zureikat or Burhan Al-Chalabi⁴² for the benefit of Galloway and/or the Mariam Appeal;

³⁶ Tariq Aziz interview (July 7, 2005); IIS Letter. (Ex. 6).

³⁷ Tariq Aziz interview (July 7, 2005).

³⁸ Tariq Aziz interview (July 7, 2005).

³⁹ Taha Yasin Ramadan interview (Sept. 27, 2005).

⁴⁰ Amer Rashid interview. (May 16, 2005).

⁴¹ In the Subcommittee's previous report concerning oil allocations granted to Galloway, the Subcommittee presented evidence that Galloway received oil allocations for 20 million barrels of oil. Since the publication of that report, the Subcommittee has obtained additional evidence concerning the allocations granted to Galloway, including evidence that the Phase VII allocation in the name of Burhan Al-Chalabi was for the benefit of Galloway.

⁴² The Subcommittee made repeated attempts to contact Dr. Chalabi to conduct an interview regarding the findings made in this Report. In particular, the Subcommittee transmitted its request for an interview to Dr. Chalabi through U.S. mail, Federal Express and multiple telephone messages. Dr. Chalabi responded to none of these requests. *See* Appendix B.

2. A company (typically Zureikat's company, Middle East Advanced Semiconductors, Inc.) would execute an oil purchase contract with the Iraqi State Oil Marketing Organization (SOMO) in an amount equal to the amount of oil allocated to Galloway and the Mariam Appeal;
3. Swiss oil trading company Taurus Petroleum Ltd. would purchase the oil under the pertinent contract, and in connection with that purchase, Taurus would transfer a sizeable commission payment to Zureikat;
4. Zureikat would forward a substantial portion of the commission to the Mariam Appeal and, in one transaction, approximately \$150,000 to Galloway's wife, Dr. Amineh Abu-Zayyad; and
5. Zureikat would also pay improper under-the-table surcharges to the Hussein regime.

The following table summarizes the eight allocations granted to Galloway and the Mariam Appeal, as well as the oil purchase transactions that resulted from those allocations:

**TABLE OF ALLOCATIONS GRANTED FOR THE BENEFIT OF
GALLOWAY AND THE MARIAM APPEAL UNDER THE OIL-FOR-FOOD PROGRAM**

PHASE	CONTRACT NUMBER	ALLOCATION VOLUME (MILLION BARRELS)	NOMINAL ALLOCATION RECIPIENT	CONTRACTING ENTITY	PAYMENT TO GALLOWAY'S WIFE AND/OR MARIAM APPEAL	SURCHARGES PAID
VII	M/07/83	4	Burhan Al-Chalabi	Fortum Oil & Gas – OY	Unknown	(Before Surcharge Period)
VIII	M/08/35	4	Fawaz Zureikat	Aredio Petroleum	\$150,000 to Galloway's Wife \$340,000 to Mariam Appeal	\$264,505.00
IX	M/09/23	1	Fawaz Zureikat	Aredio Petroleum	Unknown	\$304,320.90
IX	M/09/118	2	Fawaz Zureikat	MEASI	\$30,000 to Mariam Appeal	\$247,352.50
X	M/10/38	3	Fawaz Zureikat	MEASI	£38,325.87 (approximately \$56,000) to Mariam Appeal	\$825,822.25
XI	M/11/04	3	Fawaz Zureikat	MEASI	\$20,000 to Mariam Appeal	Unknown
XII	M/12/14	3	Fawaz Zureikat	MEASI	Unknown	Unknown
XIII	M/13/48	3	Fawaz Zureikat	MEASI	Unknown	(After Surcharge Period)
Totals	23 Million Barrels			At least \$150,000 to Galloway's Wife At least \$446,000 to Mariam Appeal		\$1,642,000.65

B. September 1999: The “Big Ben to Baghdad” Bus Tour

The starting point concerning Galloway's allocations is September 1999. On September 6, 1999, Galloway and a delegation left London in a red double-decker bus on the “Big Ben to Baghdad” tour, which would ultimately travel through France, Spain, Morocco, Algeria, Tunisia, Libya, Egypt, and Jordan before reaching Iraq two months later. According to Galloway, the delegation consisted of “an eclectic bunch of labour activists, ex-student radicals, musicians, bus-drivers, vegetarians – and a professional pall-bearer.” The bus tour was funded by “the ruler of the UAE, Sheikh Zayed.”⁴³ On October 12, 1999, the Iraqi Presidential Council tasked Tariq Aziz to greet the “solidarity bus” upon its arrival in Baghdad. Aziz was directed to organize a greeting party composed of the Office of Foreign Relations, the Organization of Friendship,

⁴³ Witness Statement of George Galloway in Telegraph Lawsuit, at ¶ 55. (Ex. 2).

Peace, and Solidarity, the Iraq Red Crescent Society, and several other organizations.⁴⁴ The bus tour reached Iraq on November 6, 1999, and Galloway met with Tariq Aziz the following day. On November 8-9, Galloway addressed the National Assembly of Iraq, as well as a rally in Baghdad, and took a bus tour of the Karkh area of Baghdad. Two days later, on November 11, Galloway met with Tariq Aziz for a second time and met with Minister of Foreign Affairs Muhammed Saeed al-Sahaf.⁴⁵ Galloway's meetings with Aziz during this particular visit to Iraq are significant because, as explained below, it was likely during those meetings that Galloway first solicited financial assistance from Iraq to fund his political activities.

C. November 1999: Galloway Personally Solicits Oil Allocations from the Hussein Regime

Tariq Aziz could not recall the exact date on which Galloway first requested financial support for his activities. Aziz did recall that the request occurred during one of Galloway's trips to Iraq for which Aziz had arranged a large gathering to greet him upon his arrival. As detailed above, Aziz had indeed organized a large gathering of officials to greet Galloway upon the arrival of the "Big Ben to Baghdad" bus tour, which arrived in Iraq on November 6, 1999 after having traveled through several countries in Europe and the Middle East. Aziz recalled that Galloway requested the Iraqi government to provide financial support for the Mariam Appeal in order to defray the expenses associated with conducting the campaign. Aziz recalls that Galloway informed him that he had also requested financial support from the governments of the other countries through which his procession had passed on the way to Iraq.⁴⁶ Aziz's recollection that Galloway had mentioned efforts to raise funds from other countries through which his "procession" traveled suggests that Aziz was referring to the bus tour.

Aziz explained that Iraq granted Galloway oil allocations for the purpose of funding his activities with the Mariam Appeal. Aziz's recollection was that Galloway was allocated about three million barrels of oil for each phase of the Program. The allocations were granted in the name of either Fawaz Zureikat or, on one or two occasions, to Burhan Chalabi, a second person who acted on Galloway's behalf. According to Aziz, Zureikat (or Chalabi) would sign the necessary contracts to complete the transaction, and the profits would be sent to the Mariam's Appeal. Aziz estimated that the profit margin was between 10-15¢ per barrel. At some later point, Galloway asked Aziz to raise his oil allocation because he needed to raise more money for his activities. Aziz recalled that Galloway's oil allocation may have been raised, but not by very much.⁴⁷

⁴⁴ Letter from Presidential Council to Tariq Aziz (Oct. 12, 1999). It appears as though the idea of a large gathering to greet the bus upon its arrival originated with Galloway. Telegram from London office of Ministry of Foreign Affairs (Oct. 11, 1999).

⁴⁵ BBC Summary of World Broadcasts, Nov. 15, 1999; BBC Worldwide Monitoring, Nov. 6, 1999; BBC Summary of World Broadcasts, Nov. 9, 1999; BBC Summary of World Broadcasts, Nov. 10, 1999; BBC Summary of World Broadcasts, Nov. 11, 1999; BBC Summary of World Broadcasts, Nov. 13, 1999.

⁴⁶ Tariq Aziz interview (July 7, 2005).

⁴⁷ Tariq Aziz interview (July 7, 2005); Taha Yasin Ramadan interview (Sept. 27, 2005).

D. Late November 1999: Galloway Has Detailed Discussion with an Oil Trader in Baghdad

As noted above, the discussions between Tariq Aziz and Galloway concerning Iraqi financial support for the Mariam Appeal occurred in November 1999, after Galloway's arrival in Iraq on the Big Ben to Baghdad bus tour. Around the same time that Galloway had a discussion with Aziz, he also engaged in a detailed conversation with an oil trader about oil allocations. The oil trader in question, who will be called "Oil Trader #1" throughout this Report, was interviewed at length by the Subcommittee about his conversation with Galloway.⁴⁸

Oil Trader #1 informed the Subcommittee that, at the time of their conversation in late 1999, it was clear that Galloway either had already been awarded an allocation of oil, or was going to receive one in the immediate future, saying: "[Galloway] had something in hand – he was going to have or already had it."⁴⁹ Oil Trader #1 also stated that he and Galloway engaged in an in-depth discussion about the "modus operandi" of how oil allocations were turned into money. Oil Trader #1 emphasized to the Subcommittee that, toward the end of their conversation, "[Galloway] told me that, if he were to obtain an oil allocation, he would contact us directly or indirectly." Oil Trader #1 also advised Galloway to request from Aziz "the highest amount of allocation." A complete account of the conversation between Oil Trader #1 and Galloway is presented in Appendix D to this Report.

E. December 1999–June 2000: Galloway is Awarded an Oil Allocation and Requests More Assistance

According to documents obtained by the Subcommittee, on December 26, 1999, a meeting took place between Galloway, Zureikat, and an unnamed officer of the Iraqi Intelligence Service (IIS).⁵⁰ The details of the meeting were documented in a letter dated January 3, 2000, written by the head of the IIS and addressed to the Iraqi President's Office ("IIS Letter").⁵¹ The IIS Letter and a series of documents attached to it were discovered in the abandoned Iraqi Ministry of Foreign Affairs shortly after the commencement of Operation Iraqi Freedom.⁵² According to the IIS Letter, Galloway explained at that meeting that his campaign against U.N.

⁴⁸ Oil Trader #1 requested confidential treatment of his identity because he feared retaliation, including serious bodily harm, for his cooperation with the Subcommittee's investigation. In light of the genuine and reasonable concern for his safety, the Subcommittee staff has elected to honor his request and keep his identity confidential. In doing so, it should be noted that the use of confidential sources and informants is well-rooted in the Subcommittee's history. *See, e.g.*, S. Hrg. "Medicare Fraud Prevention: Improving the Medicare Enrollment Process" (Jan. 29, 1998); S. Hrg. "The Safety of Food Imports (Part 3): Fraud & Deception in the Food Import Process" (Sept. 10, 1998); S. Hrg. "Federal Government Security Clearance Programs" (April 16-25, 1985).

⁴⁹ When asked what he meant by the word "it," Oil Trader #1 confirmed that he was referring to an allocation of Iraqi crude oil.

⁵⁰ It is unclear whether either Galloway or Zureikat knew at the time that the person they were meeting with was an IIS officer.

⁵¹ Letter from Chief of the Iraqi Intelligence Service to the President's Office (Jan. 3, 2000) (Ex. 6); The head of the IIS in January 2000 was Tahir Jalil Habbush al-Tikriti. Tariq Aziz interview (July 7, 2005); Taha Yasin Ramadan interview (Sept. 27, 2005).

⁵² First Witness Statement of David Joseph Blair from the Telegraph Lawsuit for a full description of the circumstances surrounding the discovery of the documents. (Ex. 7). *See* Appendix C for an explanation of the differences between the documents discovered in the Ministry of Foreign Affairs and the documents published by *The Christian Science Monitor* on April 25, 2003, which proved to be forgeries.

sanctions required funding and that special arrangements should be made on his behalf under the auspices of the Oil-for-Food Program. Specifically, Galloway requested an increase in the volume of his oil allocation and special access rights to contracts for humanitarian goods.

1. Tariq Aziz Authenticates the IIS Letter

Tariq Aziz was shown the IIS Letter during his interview. Aziz stated that he recognized the IIS Letter and recalled seeing it in the past.⁵³ Aziz stated that he was familiar with the IIS Letter because he had been responsible for supervising Galloway's affairs. Aziz also confirmed that the format of the IIS Letter was the same format that had been used by the IIS. The IIS Letter describes Galloway's intention to organize a series of events to support the "Iraqi position." It stated that Galloway planned to arrange visits for Iraqi sports and arts delegations to Britain, to "start broadcasting programs for the benefit of Iraq," to "locate Iraq On Line for the benefit of Iraq on the internet," and to "mobilize British personalities to support the Iraqi position." These plans, however, needed "great" and "continuous" financial support from Iraq. The IIS Letter states that Galloway explained that the financial support given by Sheikh Zayid "is limited and volatile because it depends on his personal temper and the economic and political changes."⁵⁴ Aziz confirmed to the Subcommittee that Sheikh Zayid was a supporter of many Arab and humanitarian causes, and that he had supported the Mariam Appeal through Galloway.⁵⁵

THE DISCOVERY OF THE IIS LETTER AND OTHER DOCUMENTS AT THE MINISTRY OF FOREIGN AFFAIRS:

On Saturday, April 19, 2003, David Blair, a foreign correspondent for *The Daily Telegraph*, was in Baghdad reporting on the post-war situation. Blair, accompanied by an interpreter, entered the abandoned Ministry of Foreign Affairs with the hope of finding documents relating to British Prime Minister Tony Blair. After some initial exploration, Blair discovered a room filled with filing boxes stacked on the floor and on metal shelves. Blair estimated that there were over 200 such boxes in the room. Each box was marked with a small label written in Arabic. Blair's translator went through the boxes and read the labels aloud. Many of the boxes were labeled by country, and eventually the translator came across two boxes labeled "Britain" and one box labeled "Britain and France." Blair and his translator took the three boxes and a few loose binders and returned to Blair's hotel room. In those boxes Blair and his translator eventually discovered the IIS Letter and several other key documents that are discussed in this Report.

The IIS Letter notes that Galloway had already obtained an allocation of three million barrels per phase through Tariq Aziz. According to the IIS Letter, Galloway had also obtained "a limited number of food contracts with the Ministry of Trade," but that the percentage of profit on those contracts was only one percent. For those reasons, according to the IIS Letter, Galloway requested that his "share of oil" be increased.

The IIS Letter also indicates that Galloway requested to be granted "exceptional and contractual facilities ... with the Ministry of Trade, the Ministry of Transport and Communications, the Ministry of Industry and the Electricity Commission." The effort to solicit contracts for humanitarian goods, as detailed in the IIS Letter, appears to have been successful. Indeed, Zureikat's company, Middle East Advanced Semiconductors, Inc. was awarded at least 7 contracts for humanitarian goods worth over \$22 million. The contracts were for goods such as

⁵³ Tariq Aziz interview (July 7, 2005).

⁵⁴ IIS letter. (Ex. 6).

⁵⁵ Tariq Aziz interview (July 7, 2005).

milk, detergent, toilet soap, and vegetable ghee.⁵⁶ This evidence is corroborative of Aziz's recollection that Zureikat received contracts under the Program to import certain humanitarian goods, such as milk.⁵⁷ Most importantly, all of the contracts executed by Zureikat's company were awarded after the requests by Galloway were made to the IIS officer (as detailed in the IIS Letter) and after the Committee of Four recommended that the requests be granted.⁵⁸ Notably, prior to Phase IX, Zureikat's company had been awarded no contracts by Iraq under the Oil-for-Food Program.

The IIS Letter recommends that Galloway's requests be granted, but notes that all such efforts should be coordinated with Tariq Aziz.⁵⁹

2. Galloway Names Zureikat as His "Representative in Baghdad"

The IIS Letter had three attachments, one of which was a letter written on Galloway's House of Commons letterhead. The letter, addressed "To Whom It May Concern," named Zureikat as Galloway's "representative in Baghdad on all matters concerning my work with the 'Mariam Appeal' or the Emergency Committee in Iraq." Galloway further stated in that letter that "it would be appreciated if all co-operation could be extended to him [Zureikat] in his dealings on my behalf" and that "Save for any written permissions from me, no other person should be entertained as acting on my behalf in any circumstances." Galloway signed the letter as the chairman of the Mariam Appeal and as the Organizer of the Emergency Committee on Iraq.⁶⁰ Galloway has confirmed the authenticity of the "To Whom It May Concern" letter and that he had appointed Zureikat as his representative in Baghdad on all matters related to the Mariam Appeal.⁶¹

Aziz was not sure whether or not he had received or reviewed the "To Whom It May Concern" letter, but was "well aware" that Zureikat was Galloway's representative in Iraq. Aziz knew that Galloway and Zureikat were good friends, and stated that it was natural that Galloway would choose a good businessman to represent him in Iraq. Aziz stated that Galloway, because he was a well-known political figure in Britain, could not run a business in Iraq. Vice President Ramadan also stated that Zureikat was "the person who handled Galloway's business for him here in Iraq."⁶²

The other two attachments to the IIS Letter were two "information cards" identifying Zureikat and Chalabi. The first "information card" described Zureikat, his background, and his commercial interests in Iraq and Jordan. The card identified Zureikat as being from a Ba'athist

⁵⁶ Table 6 "Humanitarian Goods and Oil Spares Purchases By Vendor and Goods Category For Central & Southern Regions of Iraq," published by the IIC (Oct. 21, 2004), p. 92.

⁵⁷ Tariq Aziz interview (July 7, 2005).

⁵⁸ Table 4 "Humanitarian Goods and Oil Spares Purchases by Vendor & Vendor Country per Phase for Central & Southern Regions of Iraq (Sorted by Vendor)," published by the IIC (Oct. 21, 2004), p. 32.

⁵⁹ IIS letter. (Ex. 6).

⁶⁰ Letter from Galloway to "To Whom It May Concern" (undated). (Ex. 8).

⁶¹ Galloway's response to Subcommittee's interrogatories. (Ex. 1).

⁶² Tariq Aziz interview (July 7, 2005); Taha Yasin Ramadan interview (Sept. 27, 2005).

family in Jordan and as the proprietor of the “Middle East for Semi Conductors Company.”⁶³ The second “information card” related to Dr. Burhan Mahmoud Chalabi, who was identified by Galloway in the IIS Letter as being involved in Galloway’s activities. Specifically, Galloway indicated that he had entered into a partnership with Chalabi to sign for his oil contracts, and noted that Chalabi had experience in oil trading and had made “financial contribution to campaigns that were organized in Britain for the benefit of the country ...” The information card identifies Chalabi as a British businessman of Iraqi origin.⁶⁴ Chalabi plays a significant role in Galloway’s allocation in Phase VII, which is discussed in detail below.

3. Galloway Asks that Neither His Nor His Wife’s Name Be Mentioned in Connection with the Oil Allocations or Other Commercial Transactions

According to Tariq Aziz, Galloway was concerned about the appearance of taking money directly from the Iraqi government.⁶⁵ Galloway specifically expressed that concern to Aziz. When asked why Galloway was concerned about receiving money directly from Iraq, Aziz answered that it was because Galloway was a “well-known politician” and therefore did not want either his or his wife’s name mentioned. If Galloway’s name was made public for taking money from Iraq, then there would have been problems for him politically.⁶⁶

Galloway’s concern regarding his or his wife’s name being connected to money received directly from Iraq is reflected in the IIS Letter. The IIS Letter states that “... because of the sensitivity of getting money directly from Iraq it is necessary to grant him oil contracts and special and exceptional commercial opportunities to provide him with a financial income under commercial cover without being connected to him directly.”⁶⁷ The IIS Letter also notes that Galloway, in his “To Whom It May Concern” letter, specifically omits any reference to the “commercial side of the authorization” granted to Zureikat “for reasons concerning his personal security and political future and not to give an opportunity to enemies of Iraq to obstruct the future projects he intended to carry out.”⁶⁸

According to Aziz, the solution to the problem of funding Galloway’s efforts without evidence of direct transfers of money was to support Galloway “indirectly” by giving him oil. Aziz noted that others, such as Sheikh Zayid, were able to finance Galloway directly with money, while the Iraqi government could finance him only indirectly with oil.⁶⁹

Despite Galloway’s efforts to keep his and his wife’s name from appearing in the transactions involving oil allocations, Galloway’s name, as described below, appears on several Hussein regime documents recovered from the Iraqi State Oil Marketing Organization (SOMO).

⁶³ “Appendix No. 1” to IIS letter, entitled “Information Card of the Jordanian Fawaz Abdullah Zureikat.” (Ex. 9).

⁶⁴ IIS letter. (Ex. 6); “Appendix No. 2” to IIS letter, entitled “Information Card of Dr. Burhan Mahmoud Al-Chalabi, the British Citizen of Iraqi Origin.” (Ex. 10).

⁶⁵ Tariq Aziz interview (July 5, 2005).

⁶⁶ *Id.*

⁶⁷ IIS letter, ¶ 1(b). (Ex. 6).

⁶⁸ IIS letter, ¶ 2(a). (Ex. 6).

⁶⁹ Tariq Aziz interview (July 7, 2005).

As noted later in this Report, those documents have been authenticated by the Hussein-era Minister of Oil, Amer Rashid.⁷⁰

4. May 2000: The “Committee of Four” Reviews the IIS Letter and Recommends to Saddam Hussein that Galloway’s Requests be Approved

Separate and apart from the regular Oil-for-Food committee that managed the operations of the Oil-for-Food Program was a special committee formed by Hussein. The special committee, known as the “Committee of Four,” was composed of four senior Iraqi officials – Izzat Ibrahim, the Vice Chairman of the Revolutionary Command Council; Taha Yasin Ramadan, Vice President; Tariq Aziz, Deputy Prime Minister; and Ali Hasan al-Majid, Presidential Advisor. According to Ramadan, the Committee of Four was formed by Hussein to act as a “skeleton government” in the event of an emergency or when the entire cabinet could not be formed. Regular meetings of the Committee were held at Izzat Ibrahim’s office at the Adnan Palace in Baghdad. The Committee expressed its opinions on matters referred to it by Hussein through his secretary, Dr. Abdid Hamid.⁷¹

By letter dated May 2, 2000 the Abdid Hamid forwarded the IIS Letter to the Committee of Four to be studied.⁷² According to Aziz, the Committee met and discussed the IIS Letter as instructed.⁷³ The result of the meeting of the Committee of Four was a two-page reply letter to the President’s Office from the Committee under Izzat Ibrahim’s signature.⁷⁴ The letter, dated May 6, 2000 under the subject heading “Mariam Campaign,” informed Saddam Hussein that the Committee had studied the IIS Letter and (1) recommended continued cooperation with Galloway in connection with oil contracts and other commercial contracts, (2) advised against engaging the IIS (the “Mukhabarat”) in the relationship with Galloway since he is a “well known politician” and the discovery of a relationship with the IIS “would damage him very much,” and (3) stated that the Ministry of Foreign Affairs must in the future cooperate with Aziz on matters relating to people and organizations that request financial support from Iraq in return for initiatives to support the Iraqi position. Aziz confirmed that the three recommendations in the Ibrahim letter accurately reflect the conclusions of the Committee. When asked whether he personally agreed with the recommendations, Aziz responded that he was the person who had made the recommendations, so “of course” he agreed with them.⁷⁵

⁷⁰ For instance, Rashid authenticated a letter from SOMO to him indicating that allocation for Contract M/09/23 had been granted to Galloway and the Mariam Appeal. *See* Letter from Saddam Zeben Hassan to H.E. the Oil Minister (January 15, 2001). Rashid also authenticated a SOMO letter to him indicating that the allocation for Contract M/11/04 had been granted to Galloway. *See* Letter from Ali Rajab Hassan to H.E. Oil Minister (Dec. 19, 2001). In addition, Rashid authenticated a SOMO letter to him indicating that the allocation for Contract M/12/14 had been awarded to Galloway. *See* Letter from Ali Rajab Hassan to the Oil Minister (June 4, 2002). Each of these letters is analyzed in detail in Section IV below.

⁷¹ Tariq Aziz interview (July 7, 2005); Taha Yasin Ramadan interview (Sept. 27, 2005); Ali Hasan al-Majid referred to the committee as the “Group of Four.” Ali Hasan interview (Oct. 6, 2005).

⁷² Letter from the President’s Office to Ibrahim, Ramadan, Aziz, and Al-Majid (May 2, 2000). (Ex. 11).

⁷³ Tariq Aziz interview (July 7, 2005).

⁷⁴ Letter from Izzat Ibrahim to the President’s Office (May 6, 2000). (Ex. 12).

⁷⁵ Tariq Aziz interview (July 7, 2005).

Although Vice President Ramadan could not recall whether he had seen this two-page letter, he confirmed that the facts stated in the document were indeed true. For instance, he recalled that the Committee recommended that the IIS stay out of Galloway's business. Ramadan also confirmed that Aziz nominated Galloway to receive oil allocations and that Galloway was allocated three million barrels for each phase of the Program. Since the U.N. did not allow oil to be allocated to an individual, according to Ramadan, Iraq allocated the oil to Zureikat's company. Although Ramadan had never met or spoken to Galloway, he knew of him because of Galloway's trips to Iraq. Ramadan stated that Galloway "always spoke out against the sanctions" and Iraq wanted to give him money so that he would continue to do so. According to Ramadan, Galloway was a "friend of Iraq" and "needed to be compensated for his support." In short, "Galloway needed money to pay for his actions" and "we gave him oil to sell to make the money."⁷⁶

Ali Hasan al-Majid stated that the two-page letter from Izzat Ibrahim listing the Committee's recommendations about Galloway was "genuine without a doubt." Although Hasan did not attend that particular meeting of the Committee, his recollection is that the Minister of the Exterior attended that meeting and briefed Ibrahim about the issues relating to Galloway. Hasan's understanding is that the Committee discussed Galloway's request for funds as well as the obstacles that the Iraqi leadership had in meeting Galloway's request.⁷⁷

F. SOMO Documents Corroborate Phase VII Allocation to Galloway

The documents presented above – along with the testimony of Tariq Aziz, Taha Yasin Ramadan, and Ali Hasan al-Majid – indicate that (i) Galloway sought and was awarded an allocation of three million barrels of oil in December 1999 for Phase VII of the Program, (ii) that allocation was granted in the name of either Chalabi or Zureikat, (iii) that, in early 2000, Galloway requested an increase in his allocation, and (iv) that the Hussein regime granted Galloway's request and increased his allocation by a small amount. Those facts are thoroughly corroborated by a series of SOMO documents that were obtained by the Subcommittee. The SOMO documents, which include internal charts and correspondence, are examined below.

1. Galloway Awarded Allocation of Three Million Barrels in the Name of Chalabi

On December 13, 1999, SOMO prepared a table reflecting the allocations that had been granted in the previous two phases of the Program and the anticipated allocations for the upcoming period, Phase VII.⁷⁸ That chart was initially presented in the IIC Report as part of the IIC's evidence that U.N. senior official Benon Sevan had been granted oil allocations.⁷⁹ Like the entry for Benon Sevan, the chart includes an allocation of three million barrels of oil granted in the name of Burhan Al-Chalabi.

This allocation ultimately resulted in an oil contract. On December 29, 1999, SOMO executed Contract M/07/83 with a Finnish company called Fortum Oil and Gas-OY for three

⁷⁶ Taha Yasin Ramadan interview (Sept. 27, 2005).

⁷⁷ Ali Hasan interview (Oct. 6, 2005).

⁷⁸ Statement of Allocations in the Phase Subsequent to Phase Six (Special Requests) (Dec. 13, 1999) (excerpt). (Ex. 13).

⁷⁹ IIC Report at 142–143 (presenting and analyzing Ministry of Oil table dated December 13, 1999).

million barrels of oil in Phase VII of the Program.⁸⁰ In keeping with its procedures, SOMO Executive Director Saddam Zebe Hassan wrote to the Minister of Oil requesting his approval of Contract M/07/83.⁸¹ SOMO's letter indicates that the oil for this contract had been allocated in Chalabi's name, by describing the "Name of Company Buyer" as "Fortum Oil and Gas-OY (Burhan Al-Chalabi)." Subsequent SOMO documents make clear that this allocation, while nominally awarded to Chalabi, was actually granted to Galloway.

2. Galloway Asks for and Receives an Increase in His Oil Allocation

The evidence obtained by the Subcommittee indicates that Galloway asked for an increase in the volume of his oil allocations in December 1999.⁸² That request was granted, and as recalled by Tariq Aziz, Galloway's allocation was increased slightly, "but not very much."⁸³ In fact, the evidence obtained by the Subcommittee indicates that Galloway's allocation was raised by only one million barrels. This increase – and the connection of this allocation to Galloway – is reflected in a table compiled by SOMO in June 2000.

To assist in the planning of allocations for Phase VIII, SOMO prepared a table summarizing all allocations granted in Phase VI and Phase VII.⁸⁴ The chart, which was created on June 1, 2000 and was entitled "Statement of Allocations for the Phase Subsequent to Phase Seven," also includes proposed allocations for Phase VIII. The chart includes an entry for "Burhan Al-Chalabi + (Galloway + Fawaz Zureikat)." In addition, the table indicates that the allocation had recently been increased to 4 million barrels. A comment in the "Remarks" column of the table indicates that the allocation "has been increased by (1) million recently." The relevant part of this SOMO table is reproduced below, as Figure 1.

⁸⁰ SOMO Crude Oil Sales Contract No. M/07/83. (Ex. 14). Because oil contracts under the Oil-for-Food Program contain standard language, the Subcommittee has included the entire contract for M/07/83, but will include only the cover and signature pages of subsequent contracts.

⁸¹ Letter from Saddam Zebe Hassan to The Minister of Oil (Dec. 31, 1999). (Ex. 15).

⁸² IIS Letter. (Ex. 6); Tariq Aziz interview (July 7, 2005).

⁸³ Tariq Aziz interview (July 7, 2005).

⁸⁴ SOMO Table (June 1, 2000). (Ex. 16).

Figure 1. Excerpt of SOMO Table reflecting a 4 million-barrel allocation for Phase VII to Galloway in the name of Burhan Al-Chalabi (English translation and Arabic original)

Statement of Allocations for the Phase Subsequent to Phase Seven (Million Barrels)							
06/01/2000							
No.	Country	Allocations in Phase Six		Allocations in Phase Seven		Allocations for the Phase Subsequent to Phase Seven	Remarks
54	Britain	2	0.5%	10	2.8%		
	A- Regular requests	-		-			
	*B- Special requests		0.5%		2.8%		
	*Mr. Burhan Al-Chalabi + (Galloway + Fawaz Zureikat)			4			It has been increased by (1) million recently

الملاحظات	التخصيص للفترة ما بعد السابعة	التخصيص المرحلة السابعة	التخصيص المرحلة السادسة	الدولة	ت
		٢,٨%	١٠	بريطانيا	٤
				أ. الطلبات الاعتيادية	
		٢,٨%		ب. الطلبات الخاصة	
			١٠	* السيد برهان الجلابي + (كلوي + فواز زوريكات)	
تم زيادتها ب (١) مليون مؤخرًا			٤		
تم زيادتها ب (٢) مليون مؤخرًا			٦	* مجاهدي خان	
					٢

This SOMO chart reflects that this allocation was increased by one million barrels in early summer 2000. This is entirely consistent with the evidence – such as Aziz’s statements and the IIS Letter – that the Committee of Four granted Galloway’s request for an increase of his allocation in early 2000. Moreover, this evidence is also consistent with the documents reflecting that Contract M/07/83 – the contract to purchase the Chalabi-Galloway-Zureikat

allocation – was amended in early 2000 to increase the volume of oil by one million barrels.⁸⁵ All told, these documents provide substantial evidence that Galloway was granted an allocation of 4 million barrels of oil in Phase VII of the Program.

3. Zureikat Receives \$70,000 in Connection with M/07/83

Pursuant to Contract M/07/83, nearly 3.9 million barrels of Iraqi crude oil were lifted over five shipments from February 2000 through June 2000.⁸⁶ In connection with its purchase of Iraqi crude oil under the Oil for Food Program, Fortum Oil and Gas Oy (currently Neste Oil Oyj following its de-merger from Fortum Oyj) retained Dr. Burhan Al-Chalabi to act as its agent, and executed a formal, binding agency agreement with Chalabi.⁸⁷ After Fortum Oil and Gas acquired Iraqi crude oil pursuant to Contract M/07/83, which was approved by the U.N., Chalabi issued a formal invoice to Fortum Oil and Gas for an agreed-upon commission of 12 cents per barrel of oil. Fortum Oil and Gas paid the outstanding balance reflected in the invoice of more than \$119,000 in June 2000. That payment, pursuant to the terms of the agency agreement, was made to an account in the name of Delta Services Ltd. at Lloyds TSB Bank Plc.⁸⁸

Soon after Fortum’s payment to Delta Services Ltd., on July 3, 2000, Delta Services Ltd. forwarded \$70,000 to Fawaz Zureikat’s account at Citibank.⁸⁹ This wire transfer, which incurred fees of \$25, is reflected on Zureikat’s Citibank Statement of Account as an incoming transfer of \$69,975.⁹⁰

G. The Phase VIII Allocation

As presented above, SOMO created a chart on June 1, 2000, indicating that Galloway received an allocation of four million barrels in Phase VII. SOMO updated that chart two weeks later, on June 14, 2000, and the entry for the Chalabi-Galloway-Zureikat allocation was listed under the single name of “Fawaz Zureikat.”⁹¹ Notably, this updated chart indicated for the first time that Galloway had been granted an allocation in Phase VIII of the Program. Galloway,

⁸⁵ Letter from Rodney A. Gavshon to Dr. Alexander V. Kramer, Oil Overseer (Apr. 20, 2000); Letter from SOMO to The U.N. Oil Overseers (Apr. 20, 2000); Letter from The Oil Overseers to Fortum Oil & Gas OY (Apr. 26, 2000) (Ex. 17) (composite).

⁸⁶ SOMO Commercial Invoice Nos. C/34/2000, B/58/2000, B/81/2000, C/79/2000, C/146/2000 (Ex. 18) (composite).

⁸⁷ Neste Oil Oyj Interview (Oct. 21, 2005).

⁸⁸ *Id.*

⁸⁹ Citibank wire transfer confirmation (July 3, 2000) (reflecting wire transfer of \$69,975 from Lloyds TSB Bank Plc account in the name of Delta Services Ltd. to Citibank account of Mr. Fawaz Zureikat). (Ex. 19). The Subcommittee has attempted to redact all individual account information from banking records that are included in this report as exhibits.

⁹⁰ Citibank Statement of Account, January 1, 2000 – September 5, 2005 (the “Citibank Statement”), page 1, Citibank OFF – 000001 (reflecting “Incoming Telex Transfe” [*sic*] of \$69,975 on July 4, 2000). (Ex. 20).

⁹¹ SOMO Chart entitled “Statement of Allocations for the Phase Subsequent to Phase Seven” (June 14, 2000). (Ex. 21). This SOMO table was initially introduced in the IIC Report as part of the IIC’s evidence that U.N. senior official Benon Sevan received oil allocations. *See* IIC Report at 145 (presenting and analyzing Ministry of Oil table dated June 14, 2000).

according to the June 14 table, had been granted an allotment of four million barrels under the name of Fawaz Zureikat.

The timing of this allocation – at the beginning of Phase VIII, which fell in the summer of 2000 – is critical, because it is entirely consistent with statements of two oil traders who negotiated for Galloway’s Phase VIII allocation in the summer of 2000. Both of these oil dealers informed the Subcommittee that they negotiated with Zureikat for an allocation in Phase VIII, and in doing so, they understood that they were in fact negotiating for an allocation that had been granted to Galloway. One of the oil traders is Oil Trader #1, the individual that discussed oil allocations with Galloway in late 1999. The other witness is Oil Trader #1’s consultant, who provided a written statement to the Subcommittee and, per his request, will be called Oil Trader #2 to protect his identity.⁹²

Oil Trader #1 and Oil Trader #2 provided detailed accounts of their negotiation with Zureikat.⁹³ Oil Trader #1 recalled that, at the outset of the meeting, it was declared openly that the allocation under negotiation had been granted to Galloway and that Zureikat was representing Galloway.⁹⁴ Oil Trader #2 indicated on at least four different occasions that he knew that Zureikat represented Galloway in the negotiation over the allocation.⁹⁵

Both Oil Trader #1 and Oil Trader #2 recalled that the negotiation focused on the amount of the commission that Zureikat would receive.⁹⁶ Zureikat told Oil Trader #1 and Oil Trader #2 that he needed to communicate with his client to get approval.⁹⁷ Oil Trader #2 stated that: “I

⁹² Oil Trader #2 requested confidential treatment of his identity because he feared retaliation, including serious bodily harm. Despite his legitimate concerns for his personal safety, Oil Trader #2 agreed to cooperate with the Subcommittee’s investigation, and provided a signed Witness Statement that detailed his testimony. Oil Trader #2 stated the following in his Witness Statement:

In submitting this statement, I affirm that (i) I am making this statement voluntarily, (ii) I have never been and am not currently confined by or in the custody of any government, including the United States of America or Iraq, (iii) I was not promised anything in exchange for this testimony, and I have not received anything of value in exchange for this testimony, (iv) I have not been coerced or otherwise threatened and am not making this statement under duress, and (v) everything stated herein is true and accurate and presented to the best of my knowledge. I have requested confidential treatment of my identity – including the redaction of my name from this witness statement – because I fear that the disclosure of my identity will expose me to serious bodily harm.

In light of the genuine and reasonable concern for his safety, the Subcommittee staff has elected to honor his request and keep his identity confidential by redacting his name, initials and other identifying information from his Witness Statement. A redacted version of Oil Trader #2’s Witness Statement is attached to this Report, and will be cited as “Oil Trader #2 Witness Statement.” (Ex. 22).

⁹³ For a complete description of the negotiation between Zureikat and Oil Trader #1 and Oil Trader #2, see Appendix E.

⁹⁴ Oil Trader #1 interview (Aug. 31, 2005).

⁹⁵ Oil Trader #2 Witness Statement at ¶ 4 (stating “I knew that the individual that Mr. Zureikat represented was a British official named George Galloway”), ¶ 7 (stating “I understood that, in referring to his client, Mr. Zureikat meant Mr. Galloway”), ¶ 8 (stating “Once again, I understood that, in referring to his client, Mr. Zureikat meant Mr. Galloway”), ¶ 9 (referring to “Mr. Zureikat and his client, Mr. Galloway”). (Ex. 22).

⁹⁶ Oil Trader #1 interview (Aug. 31, 2005); Oil Trader #2 Witness Statement at ¶ 7. (Ex. 22).

⁹⁷ Oil Trader #2 Witness Statement at ¶ 7. (Ex. 22).

understood that, in referring to his client, Mr. Zureikat meant Mr. Galloway.”⁹⁸ Similarly, Oil Trader #1 explained that he understood he was “negotiating with Galloway, not Fawaz Zureikat.”⁹⁹ Ultimately, however, the negotiations failed, and no deal between Oil Trader #1 and Zureikat was ever completed.¹⁰⁰

1. Taurus Petroleum Lifts the Oil Allocated to Galloway

Although Oil Trader #1’s company failed to purchase Galloway’s allocation, its competitor Taurus Petroleum ultimately purchased that oil. In connection with those purchases, Taurus made substantial payments to Zureikat, and Zureikat in turn forwarded significant portions of those payments to Galloway’s wife and to the Mariam Appeal. Zureikat also paid significant surcharges in connection with this allocation. Those transactions are examined in detail below.

On July 10, 2000, SOMO executed a contract with Aredio Petroleum for the sale of four million barrels of oil.¹⁰¹ This contract with Aredio was numbered M/08/35. Shortly thereafter, SOMO wrote its customary letter to the Minister of Oil, requesting his approval of the contract.¹⁰² SOMO described Contract M/8/35 to the Oil Minister as “the contract signed with Aredio Petroleum Company (Fawaz Zureikat).” Another SOMO document links the Phase VIII Aredio contract with Zureikat. That document, a chart created in September 2000 and entitled “Table of Proposed Quantities for September 2000,” lists Phase VIII oil contracts to be lifted in September 2000. One entry on the chart states “Aredio (Zureikat),” and indicates an allocation of four million barrels.

As noted above, the name in parentheses next to the purchasing company on SOMO documents typically indicates the recipient of the allocation. With respect to Galloway, however, Tariq Aziz confirmed that allocations would be granted for the benefit of Galloway, but in the name of Chalabi (as in Phase VII) or Zureikat:

The oil allocations we gave to George Galloway were in the name of either Chalabi, maybe one or two allocations, or to Zureikat. These allocations were about three million barrels each phase.¹⁰³

In his interview, Aziz reaffirmed his statement that Galloway’s allocations would appear “in the name of Zureikat.” For example, in response to the question “Was oil ever allocated to another person or entity for the benefit of Mr. Galloway?” Aziz responded:

The oil was allocated in the name of Zureikat and Chalabi, once or twice. These oil allocations were for the benefit of George Galloway and for Miriam’s Appeal.¹⁰⁴

⁹⁸ *Id.*

⁹⁹ Oil Trader #1 interview (Aug. 31, 2005).

¹⁰⁰ Oil Trader #1 interview (Aug. 31, 2005); Oil Trader #2 Witness Statement at ¶ 9.

¹⁰¹ SOMO Crude Oil Sales Contract No. M/08/35. (Ex. 23).

¹⁰² Letter from Saddam Zebe Hassan to H.E. the Oil Minister (July 15, 2000). (Ex. 24).

¹⁰³ Tariq Aziz interview (July 7, 2005).

Therefore, although the SOMO letter and chart suggest that Fawaz Zureikat was the allocation recipient, Aziz's testimony confirms that the allocation was in fact for the benefit of Galloway.

2. Taurus Pays Zureikat and Zureikat Forwards Money to Galloway's Wife

From August 31, 2000 through October 21, 2000, there were five different shipments of Iraqi crude oil pursuant to M/08/35.¹⁰⁵ The total oil lifted pursuant to M/08/35 was 2,645,068 barrels. Taurus Petroleum purchased from Aredio the oil lifted pursuant to M/08/35.¹⁰⁶

As a commission in connection with the purchase of oil for contract M/08/35, Taurus transferred \$740,000 to Zureikat's account at Citibank on or about July 27, 2000.¹⁰⁷ The Subcommittee has obtained banking records reflecting Taurus's payment to Zureikat. For instance, Citibank's confirmation of this wire transfer is reproduced as Figure 1, below.¹⁰⁸ In addition, Zureikat's Citibank account statement reflects an incoming transfer crediting \$740,000 to the account on July 27, 2000.¹⁰⁹ The account statement also indicates that \$740,000 would not be credited to the account for four days, meaning that Zureikat could first use those funds on July 31, 2000.¹¹⁰

On August 3, 2000, just days after the \$740,000 was credited to his account, Zureikat transferred roughly \$150,000 to Galloway's wife. In addition, on the same day, Zureikat transferred \$340,000 to the Mariam Appeal. Aside from the payments to Galloway's wife and the Mariam Appeal, Zureikat also made sizeable payments totaling \$250,000 to other individuals and entities. Those payments are examined below.

¹⁰⁴ *Id.*

¹⁰⁵ SOMO Commercial Invoice Nos. C/224/2000, C/225/2000, B/284/2000, B/305/2000, and C/273/2000. (Ex. 25); Letter of John Kotelly, legal counsel for Taurus Petroleum (Oct. 20, 2005) ("Kotelly Letter").

¹⁰⁶ Kotelly Letter.

¹⁰⁷ *Id.*

¹⁰⁸ Citibank wire transfer confirmation (July 27, 2000) (reflecting wire transfer of \$740,000 from Taurus Petroleum Ltd. to Fawaz A. Zureikat on July 27, 2000). (Ex. 26).

¹⁰⁹ Citibank Statement, Citibank OFF – 000001 (reflecting "Incoming Telex Transfe" [*sic*] of \$740,000 on July 27, 2000). (Ex. 20).

¹¹⁰ Citibank Statement, Citibank OFF – 000001. (Ex. 20). Citibank officials confirmed that the date listed under the column "Value" reflected the date on which the funds would be available to the account. In this case, the value date for the \$740,000 Taurus payment was July 31, 2000.

Figure 1. Citibank Confirmation of Transfer of \$740,000 from Taurus Petroleum to Fawaz Zureikat

COMMING MESSAGE
 DCN: 6002087126 26 JUL 2000

RECEIVER: AMMSI
 SENDER: LONXP BASE NO: 400047 REC.TIME: 27-115705
 SEND.NAME: CITIBANK N.A.LONDON PRIORITY: 02
 PLACE: LONDON WC2R 1HB-ENGLAND MESS.TYPE: 100
 TEST RESULT: NR SEND.TRN: TR170077641C0000
 OUTP.REF: AMR1391
 CCY: USD
 DEL.TIME: 27-131800

USER CODE: FT9/5796 DEL.STATUS: F1

* TRAILER: MESSAGE TAKEN UP FOR AUTOFT PROCESSING

AMR1391 AFL9042

AMMSI
 LONXP08 270855 270855 United European bank
 TEST NR Geneva
 0955 27CITIBANK00XXXX48735
 1055 27UEBGGCHGAXXX79694
 00 02
 30:TR170077641C0000
 32A:00072/USD/400000
 50:TAURUS PETROLEUM LTD
 53A:BNPAUSGXXXX
 54A:CI:US33XXX

AWAZ A. ZUREIKAT
 (1) SERVICE FEES SF258 261 263 263
 71A78EN

MAC/6266771E
 JHK/62A2C/8BCSD0
 MAC
 00/270855 LN AP99439
 *** UNTESTED/OUTBOUND/RESULT NOT KNOWN ***

27.JUL 00 TIME 14:04:36 PAGE 001 LAST PAGE

3160
 R
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OFF - 000009
 STRICTLY CONFIDENTIAL - NOT FOR CIRCULATION /
 SUBCOMMITTEE MEMBERS AND STAFF ONLY

Permanent Subcommittee on Investigations
 EXHIBIT #26

Redacted by the
 Permanent Subcommittee
 on Investigations

(a) Zureikat's Payment of \$150,000 to Galloway's Wife

One of Zureikat's payments on August 3, 2000 was a \$150,000 wire transfer to "Amina Naji Abu Zayyad," Galloway's wife. This transfer is captured in several documents obtained by the Subcommittee. First, Zureikat's Citibank monthly statement reflects an "Outgoing Customer Wire" of \$150,000 on August 3, 2000.¹¹¹ That transfer was numbered 3002161738. Citibank's records for wire transfer 3002161738 indicate that "Mr. Fawaz Abdallah Zureikat" wired

¹¹¹ Citibank Statement, page 2, Citibank OFF - 00002. (Ex. 20). The Citibank Statement indicates that the amount debited from Zureikat's account was \$150,038.03. Citibank officials confirmed that the transferred amount was \$150,000 and that it charged fees for this transaction totaling \$38.03. As a result, the amount deducted from his account (\$150,038.03) reflects the transferred amount of \$150,000 and \$38.03 in Citibank fees.

\$150,000 to an account at Arab Bank Plc in Amman, Jordan in the name of “Amina Naji Abu Zayyad.”¹¹² That Citibank wire confirmation is reproduced as Figure 2, below.

The Subcommittee also obtained a confirmation of this wire transfer from Abu-Zayyad’s bank, Arab Bank Plc.¹¹³ This document confirms that \$149,980 (\$150,000 less minor transaction fees) was transferred from a Citibank account in the name of “Mr. Fawaz Abdullah Zureikat” and was credited to the account of “Amina Naji Abu Zayyad” at the Arab Bank Plc in Amman, Jordan on August 4, 2000.¹¹⁴ The Arab Bank transfer record is reproduced as Figure 3, below.

Figure 2. Citibank Confirmation of Transfer of \$150,000 from Zureikat to Abu-Zayyad

```

AMM0000
NYEAP
. AMMSTCB
TEST Y AMT 150000
TESTED WITH CB LONDON
1700 03CITIUS33AXXX00000
1700 03CITIJQAXAXXX00000
100 02
:20:3002161738
:32A:000804USD150000,
:50:MR. FAWAZ ABDALLAH ZUREIKAT
P.O.BOX 7373
AMMAN, JORDAN
:53B:/
CITIBANK N.A. AMMAN
:56D://CP0572
ARAB BANK PLC
:57D://CH015519
ARAB BANK PLC
AMMAN JORDAN
:59:/
AMINA NAJI ABU ZAYYAD
:71A:BEN
:72:/ACC/PAY THRU FIFTH CIRCLE
// BRANCH
=08031700CITIBANK N.A. AMMAN ** END OF MESSAGE **

AMM0000
NYEAP
    
```

B-6

Figure 3. Arab Bank Confirmation of Transfer of \$150,000 from Zureikat to Abu-Zayyad

Payment					
Type: RC	Status: Fixed	Value: 080400	TCN:	BAN:	
Amount: \$149,980.00	Commission: \$16.00 (C)	Charge: \$0.00 (I)	Cost Center:		
Credit Account:	[REDACTED]				
ABA: 0008 (CITIBANK N.A.)					
Swift 20: G0002102239901	Swift 21:				
Input: 08:38:53 (VIR)					
OFAC: (I)					
Auth. Ref: (I)					
Released: 02:12:09					
Verified: 10:46:13 (HAR)					
Credit Party:	UID:	Swift: ARABJOAX100	Fedid:		
Old IBK Party:	ARAB BANK, JBC, AMMAN	UID:	Swift:	Fedid:	
BGK Party:	UID:	Swift: ARABJOAX100	Fedid:		
BNF Party:	ARAB BANK, JBC, AMMAN	UID:	Swift:	Fedid:	
Debit/NS Party:	AMINA NAJI ABU ZAYYAD	UID:	Swift: CITIJOAX	Fedid:	
OCB Party:	CITIBANK, N.A.	UID:	Swift: CITIJOAX	Fedid:	
ORG Party:	AMMAN BRANCH	UID:	Swift:	Fedid:	
ISN:	PSN:	RSN:	000125	SSN:	0038526
Line 48	Ref:	RRSN:		Store Date:	060400
Ref Date:	Ref PPSN:	Ref FSN:			
OBI:	LESS CHARGES				
BBI:	630 PAY THRU FIFTH CIRCLE BRANCH				

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08-04-00

Permanent Subcommittee on Investigations
EXHIBIT #28

ABUSS008

¹¹² Citibank wire transfer confirmation, Citibank OFF – 000025 (Aug. 4, 2000). (Ex. 27).

¹¹³ Arab Bank wire confirmation record, ABUSS008 (Aug. 4, 2000). (Ex. 28).

¹¹⁴ Arab Bank confirmed that the commission charged for this transaction was \$16. Days after Zureikat transferred the \$150,000 payment to Abu-Zayyad’s Arab Bank account, Abu-Zayyad transferred \$24,950 from that Arab Bank account to an account in her name at the Co-operative Bank Plc in London. Arab Bank Wire Transfer Confirmation, ABUSS009 (Aug. 11, 2000) (reflecting a transfer of \$24,945 less a commission of \$16 on August 11, 2000 from Arab Bank account in the name of “Amineh Abu Zayyad” to Co-operative Bank Plc account in the name of “Amineh Anu Zayyad” [sic]). (Ex. 29).

Zureikat's transfer to Galloway's wife must have contained Oil-for-Food-related money. At the time of the transfer to Galloway's wife, Zureikat's Citibank account carried a balance of \$848,683.11. The relevant portions of the Statement of Account for Zureikat's Citibank account are reproduced as Figure 4, below. The overwhelming majority of that balance was directly related to oil transactions under the Oil-for-Food Program – \$70,000 had been deposited by Delta Services Ltd. in connection with the Phase VII contract, M/07/83, and \$740,000 had come from the Taurus payment related to M/08/35. Therefore, Zureikat's account contained only \$38,000 that was potentially unrelated to the Oil-for-Food Program. In response to the Subcommittee's interrogatories, Dr. Abu Zayyad stated: "I have never solicited or received from Iraq or anyone else any proceeds of any oil deals, either for myself or for my former husband."¹¹⁵

Figure 4. Zureikat Citibank Account Statement Reflecting M/08/35 Commission Payment and Outgoing Transfers to Galloway's Wife and Mariam Appeal

STATEMENT OF ACCOUNT 5 500190 207 ACCOUNT CLO SED 01.JAN 00 -05.SEP 05 PAGE 1			
500190			
COPY AS O F 05.SEP 05 11:50:58			
MR. FAW P.O.BOX AMMAN, JORDAN	AZ ABDALLAH ZUREIKAT 7373		
SAVING AC COUNT/FCY			
DATE	DESCRIPTION	VALUE	AMOUNT
01.01.00	BALANCE BROUGHT FORWARD CREDIT	USD ***2,038.97	
02.01.00	INTEREST/CHARGES	01.01.00	13.35
	BALANCE CREDIT	USD ***2,052.33	
25.03.00	S/A FCY CASH WITHDRAWA	26.03.00	1,000.00-
	BALANCE CREDIT	USD ***1,052.33	
29.06.00	INTEREST	01.07.00	8.85
	BALANCE CREDIT	USD ***1,061.28	
04.07.00	INTERNAL TRANSFER	3001862211 04.07.00	1.41-
	INTERNAL TRANSFER	3001862210 04.07.00	535.42-
	INCOMING TELEX TRANSFE	3001868007 04.07.00	69,975.00
	BALANCE CREDIT	USD ***70,499.45	
13.07.00	C/A FCY CASH DEPOSIT	13.07.00	47,491.00
	BALANCE CREDIT	USD ***117,990.45	
27.07.00	INCOMING TELEX TRANSFE	3002098160 31.07.00	740,000.00
	BALANCE CREDIT	USD ***857,990.45	
30.07.00	INTERNAL DEBIT	30.07.00	27,200.00-
	BALANCE CREDIT	USD ***830,790.45	
31.07.00	C/A FCY CASH WITHDRAWA	31.07.00	2,000.00-
	INTERNAL DEBIT	31.07.00	19,000.00-
- 2 -			
STATEMENT OF ACCOUNT 5 500190 207 01.JAN 00 -05.SEP 05 PAGE 2			
DATE	DESCRIPTION	VALUE	AMOUNT
02.08.00	BALANCE CREDIT	USD ***809,790.45	
	INTERNAL TRANSFER	3002151735 02.08.00	1,107.34-
	S/A FCY CASH DEPOSIT	02.08.00	40,000.00
	BALANCE CREDIT	USD ***848,683.11	
03.08.00	INTERNAL TRANSFER	3002161727 03.08.00	0.85-
	INTERNAL TRANSFER	3002161935 03.08.00	6,159.60-
	OUTGOING CUSTOMER WIRE	3002161758 03.08.00	15,698.55-
	OUTGOING CUSTOMER WIRE	3002161754 03.08.00	20,036.87-
	OUTGOING CUSTOMER WIRE	3002161758 03.08.00	40,038.03-
	OUTGOING CUSTOMER WIRE	3002161759 03.08.00	50,038.03-
	OUTGOING CUSTOMER WIRE	3002161738 03.08.00	150,038.03-
	OUTGOING CUSTOMER WIRE	3002161760 03.08.00	340,038.03-
	BALANCE CREDIT	USD ***226,635.12	
06.08.00	INTERNAL TRANSFER	3002192508 06.08.00	1.41-
	INTERNAL TRANSFER	3002192507 06.08.00	587.57-
	BALANCE CREDIT	USD ***226,048.14	
15.08.00	ACCOUNT DEBITED	15.08.00	3,000.00-
	INTERNAL DEBIT	15.08.00	100,000.00-
	BALANCE CREDIT	USD ***123,046.14	
17.08.00	INTERNAL DEBIT	17.08.00	25,000.00-
	BALANCE CREDIT	USD ***98,046.14	
23.08.00	INTERNAL TRANSFER	3002362504 23.08.00	1.41-
	INTERNAL TRANSFER	3002362503 23.08.00	2,827.82-
	BALANCE CREDIT	USD ***95,216.91	
24.08.00	ACCOUNT DEBITED	24.08.00	2,059.06-
	BALANCE CREDIT	USD ***93,157.85	
27.08.00	INTERNAL TRANSFER	3002406114 27.08.00	1.41-
	INTERNAL TRANSFER	3002406113 27.08.00	988.70-
	INTERNAL TRANSFER	3002401935 27.08.00	12,148.30-
	BALANCE CREDIT	USD ***80,019.44	
28.08.00	INTERNAL TRANSFER	3002411935 28.08.00	2,543.78-
	BALANCE CREDIT	USD ***77,475.66	
30.08.00	INTERNAL TRANSFER	3002431735 30.08.00	12,289.55-
	BALANCE CREDIT	USD ***65,186.11	
04.09.00	INTERNAL TRANSFER	3002482501 04.09.00	1.41-
- 3 -			
STATEMENT OF ACCOUNT 5 500190 207 01.JAN 00 -05.SEP 05 PAGE 3			
DATE	DESCRIPTION	VALUE	AMOUNT
07.09.00	INTERNAL TRANSFER	3002482500 04.09.00	1,769.77-
	BALANCE CREDIT	USD ***63,414.93	
	INTERNAL TRANSFER	3002511725 07.09.00	1.41-
	INTERNAL TRANSFER	3002511735 07.09.00	30,000.00-
	BALANCE CREDIT	USD ***33,413.52	
10.09.00	INTERNAL TRANSFER	3002541725 10.09.00	1.41-
	INTERNAL TRANSFER	3002541735 10.09.00	4,237.29-

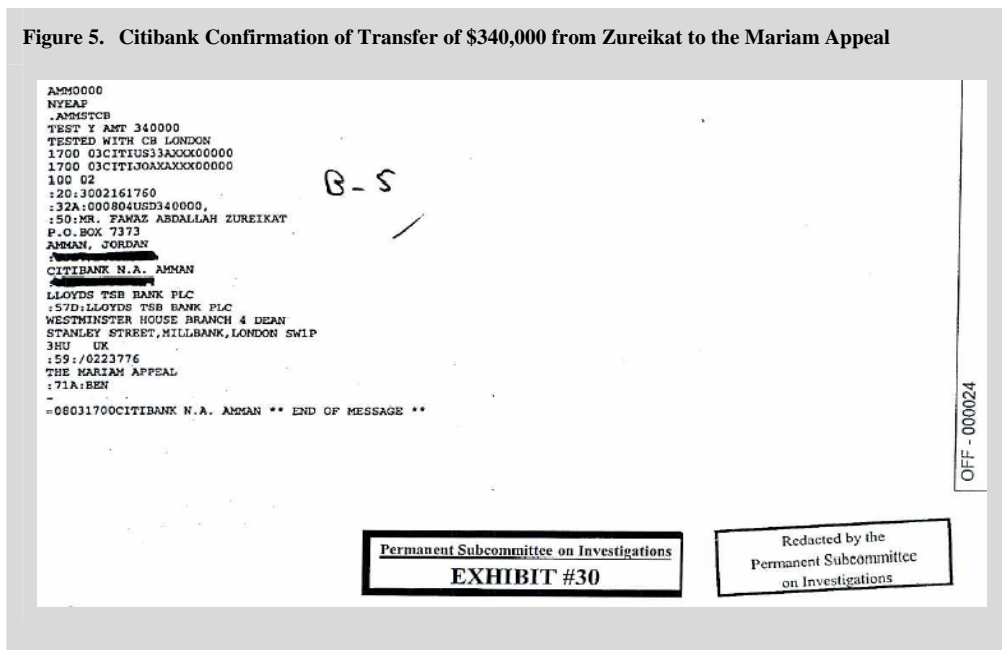
In addition, it is significant that this \$150,000 payment could not represent Abu-Zayyad's compensation for her employment with Mariam Appeal. First, Abu-Zayyad's salary with the

¹¹⁵ Electronic message from Dr. Amineh Abu-Zayyad to the Subcommittee (Oct. 24, 2005).

Mariam Appeal was £25,000 per year.¹¹⁶ Therefore, this \$150,000 payment was several multiples of her annual salary. Moreover, her salary was sent in regular payments directly from the Mariam Appeal accounts at either Lloyds TSB Bank or the NBAD, and all of her salary payments are accounted for from those accounts.¹¹⁷ In contrast, the \$150,000 payment was sent directly from Fawaz Zureikat's personal account, and not from an account of the Mariam Appeal.

(b) Zureikat's \$340,000 Transfer to the Mariam Appeal

On the same day that Zureikat transferred \$150,000 to Galloway's wife, he also wired \$340,000 to the Mariam Appeal. This transfer is reflected in the Citibank account statement, which indicates an "Outgoing Wire Transfer" from Zureikat's account of \$340,000 on August 3, 2000.¹¹⁸ This wire transfer was numbered 3002161760. Citibank's records for transaction 3002161760 indicate a transfer from "Mr. Fawaz Abdallah Zureikat" of \$340,000 to account number 0223776 in the name of "The Mariam Appeal" at Lloyds TSB Bank Plc.¹¹⁹ Similarly, the records of the Mariam Appeal account at Lloyds TSB also confirm that Fawaz Zureikat made a deposit of that size at that time.¹²⁰



¹¹⁶ Letter from Charity Commission for England and Wales to firm of Davenport Lyons (Feb. 18, 2004).

¹¹⁷ Mariam Appeal bank statements for accounts at Lloyds TSB and NBAD.

¹¹⁸ Citibank Statement, page 2, Citibank OFF – 00002. (Ex. 20). Citibank officials confirmed that the transferred amount was \$340,000 and that it charged fees for this transaction totaling \$38.03. As a result, the amount debited from Zureikat's account was \$340,038.03, reflecting the transferred amount of \$340,000 and the Citibank fees of \$38.03.

¹¹⁹ Citibank wire transfer confirmation, Citibank OFF – 000024. (Ex.30).

¹²⁰ Lloyds TSB Monthly Statement for Mariam Appeal account (excerpt reflecting a deposit of £224,996.31 by Zureikat on August 4, 2000). (Ex. 31). U.S. dollars traded for 0.668 British pounds on August 4, 2000. See Interbank rate for August 4, 2000.

This transfer to the Mariam Appeal must have consisted of Oil-for-Food-related money. As noted above, at the time of the transfer to the Mariam Appeal account, Zureikat's Citibank account carried a balance of \$848,683.11. Of that balance, \$810,000 had come from commissions for oil contracts M/07/83 and M/08/35. Therefore, the vast majority, if not all, of Zureikat's \$340,000 payment to Mariam Appeal must have resulted from Galloway's oil allocation.

(c) Zureikat's Other Payments Following Contract M/08/35

Aside from the payments to Galloway's wife and the Mariam Appeal, Zureikat made four additional payments on August 3, 2000. One payment was \$15,666 to Galloway's spokesman, Ron McKay.¹²¹ Another transfer was a payment of \$20,000 to a Turkish bank account for the benefit of an individual named "Mr. Ali Ozer Balikei."¹²² Zureikat's final two payments on August 3, 2000 were a \$40,000 payment to a company called "Petrocorp A.V.V.," and a \$50,000 payment to his own company, Middle East Advanced Semiconductors, Inc.¹²³

3. Zureikat Owes Surcharges for Contract M/08/35

In addition to transferring money to Galloway's wife, the Mariam Appeal and others, Zureikat paid massive, under-the-table surcharges to SOMO in connection with Contract M/08/35. While Zureikat's payments to Abu-Zayyad and the Mariam Appeal occurred immediately after he received the funds from Taurus Petroleum, the surcharge payments for M/08/35 were delayed for more than a year. In fact, Zureikat paid the owed surcharge – which amounted to more than \$264,000 – only after the Minister of Oil threatened to blacklist him in December 2001.¹²⁴ Zureikat's outstanding surcharges for Contract M/08/35 are a recurring theme in the Galloway-Zureikat oil transactions, and the evidence related to those payments is examined in Section V below.

H. The First Phase IX Allocation (Contract M/09/23)

On January 13, 2001, Aredio Petroleum executed an oil purchase contract with SOMO.¹²⁵ That contract was numbered M/09/23. Evidence obtained by the Subcommittee establishes that

¹²¹ Citibank Statement, page 2, Citibank OFF – 00002 (reflecting "Outgoing Customer Wire" numbered 3002161756) (Ex. 20); Citibank wire transfer record, Citibank OFF – 0000023 (indicating that wire transfer 3002161756 consisted of a \$15,666 wire to an account at the Bank of Scotland held in the name of "Mr. Ron McKay"). (Ex. 32). Citibank confirmed that it assessed a fee of \$32.55 in connection with that transfer, and therefore, the Citibank statement indicates a debit associated with 3002161756 of \$15,698.55.

¹²² Citibank Statement, page 2, Citibank OFF – 00002 (reflecting "Outgoing Customer Wire" numbered 3002161754) (Ex. 20); Citibank wire transfer record, Citibank OFF – 0000023 (indicating that wire transfer 3002161754 consisted of a \$20,000 wire to an account at the Bank of Scotland held in the name of "Mr. Ali Ozer Balikei"). (Ex. 32). The Subcommittee was unable to determine why Zureikat forwarded \$20,000 to Mr. Balikei.

¹²³ Citibank wire transfer record, Citibank OFF – 0000024 (reflecting wire transfer no. 3002161758 of \$40,000 from Fawaz Zureikat to Petrocorp A.V.V. on August 4, 2000 and wire transfer no. 3002161759 of \$50,000 from Fawaz Zureikat to Cybertech Consultancy Services for the benefit of MEASI on August 4, 2000). (Ex. 30).

¹²⁴ In a letter to the Oil Minister dated December 19, 2001, SOMO confirmed that the Oil Minister instructed to reject further "proposals" from Zureikat until he satisfied his surcharge obligations. Letter of Ali Rajab Hassan to the Oil Minister (Dec. 19, 2001). That letter is analyzed below in Section V(E).

¹²⁵ SOMO Crude Oil Sales Contract No. M/09/23. (Ex. 33).

the oil for Contract M/09/23 had been allocated to Galloway and the Mariam Appeal. That evidence is presented below.

The day after M/09/23 was signed, SOMO requested approval of Contract M/09/23 from the Oil Minister. In describing the contract, SOMO stated that the contract was signed with “Aredio Petroleum Company (Fawaz Zuraiqat – Mariam’s Appeal).”¹²⁶ This letter, according to Amer Rashid, the Hussein-era Oil Minister, followed the traditional form used to request approval from the Oil Minister.¹²⁷ The Oil Minister also confirmed to the Subcommittee that this letter was authentic, and stated that he did indeed approve that contract and his signature was valid.

Another SOMO document makes a more direct link between Contract M/09/23 and Galloway. That document is a chart created after the fall of the Hussein regime entitled, “Crude Oil Allocations during Phase 9 of the Memorandum of Understanding.” It lists every oil contract in Phase IX of the Program and indicates the person or entity that had been allocated that oil.¹²⁸ The entry for Contract M/09/23 indicates that the contract was executed with “Mr. Fawaz Zuraiqat/George Galloway/Aredio Petroleum – French.” This SOMO document therefore demonstrates that the allocation for Contract M/09/23 was not just for Mariam’s Appeal, but also for Galloway.

Aside from the evidence establishing that the allocation for Contract M/09/23 had been awarded to Galloway and the Mariam Appeal, the Subcommittee was unable to obtain any credible evidence of payments resulting from this transaction.

I. The Second Phase IX Allocation (Contract M/09/118)

Galloway and the Mariam Appeal were granted a second allocation in Phase IX. Evidence obtained by the Subcommittee indicates that the oil for Contract M/09/118 appears to have been allocated for the benefit of Galloway and his political campaign. This evidence indicates that Zureikat was paid a large commission for this contract and forwarded roughly \$30,000 of that amount to the Mariam Appeal. In addition, the Subcommittee has obtained significant evidence establishing that Zureikat paid more than \$247,000 in surcharges related to this contract.

1. Taurus Lifts the Oil for Contract M/09/118

On June 6, 2001, roughly one month after M/09/118 was signed, an oil tanker loaded 990,610 barrels of Basrah light crude oil from the Mina Al-Bakr oil terminal.¹²⁹ One week later, on June 14, 2001, SOMO sent a chart to the Oil Minister detailing all Phase IX oil liftings.¹³⁰

¹²⁶ Letter from Saddam Zeben Hassan to H.E. the Oil Minister (Jan. 14, 2001). (Ex. 34).

¹²⁷ Amer Rashid interview (Apr. 14, 2005).

¹²⁸ SOMO Chart, “Crude Oil Allocations during Phase (9) of the Memorandum of Understanding” (undated). (Ex. 35).

¹²⁹ SOMO Commercial Invoice No. B/104/2001 (June 6, 2001); SOMO Crude Oil Sales Contract M/09/118. (Ex. 36) (composite).

¹³⁰ SOMO Chart entitled, “Exports of Iraqi Crude Oil as per the Memorandum of Understanding/Phase Nine from 12/07/2000 – 06/03/2001” (June 14, 2001). (Ex. 37).

The chart contains an entry for MEASI's Phase IX contract, showing contractual volume of two million barrels and the lifting of 991,000 barrels from Mina Al-Bakr terminal. Significantly, the chart identifies the purchaser as "Middle East (Galloway)." As noted above, SOMO would customarily confirm the identity of the relevant allocation holder by placing his name in parenthesis next to the name of the purchaser.¹³¹ Therefore, this SOMO chart indicates that the allocation for Contract M/09/118 was in fact granted to Galloway. As further evidence that this allocation had been granted to Galloway, Zureikat forwarded a substantial portion of the commission for this contract to the Mariam Appeal.

2. In Connection with M/09/118, Zureikat Makes a Payment to the Mariam Appeal

Taurus Petroleum purchased the cargo of 990,610 barrels.¹³² In connection with that purchase, Taurus wired a commission payment of \$297,183 to Zureikat's account at Citibank on July 5, 2001.¹³³ It should be noted that \$297,183 equals exactly 30 cents per barrel for each of the 990,610 barrels lifted in connection with M/09/118. Therefore, it appears that Taurus paid Zureikat a commission of exactly 30 cents per barrel.

The \$297,183 transfer from Taurus was captured in the Citibank Statement, which indicates that the tracking number of that transaction was 3011864066.¹³⁴ The wire records for 3011864066 confirm the transfer of \$297,183 on July 5, 2001 from "Taurus Petroleum Limited" to the beneficiary, "Fawaz A. Zureikat."¹³⁵ The Citibank Statement indicates that the funds were posted to Zureikat's account after a four-day clearance period, meaning Zureikat would have had access to those funds on July 9, 2001.¹³⁶

On the very day that the funds were posted to his account, July 9, 2001, Zureikat wired \$30,000 to the Mariam Appeal.¹³⁷ The Citibank Statement reflects an outgoing wire transfer on July 9, 2001 of \$30,000.¹³⁸ That transaction was numbered 3011900211, and the record for that transaction confirms that the funds were wired to an account in the name of the Mariam Appeal.¹³⁹ The record states that "Mr. Fawaz Abdallah Zureikat" forwarded \$30,000 from his Citibank account to an account at Lloyds TSB Bank Plc in the name of "The Mariam Appeal." The confirmation sheet indicates that the wire transfer was a "Donation."

¹³¹ Amer Rashid interview (Apr. 14, 2005).

¹³² Kotelly letter.

¹³³ *Id.*

¹³⁴ Citibank Statement at 5, Citibank OFF – 00005 (reflecting "Incoming Telex Transfe" [*sic*] numbered 3011864066). (Ex. 20).

¹³⁵ Citibank Wire Transfer Record, Citibank OFF – 0000013. (Ex. 38).

¹³⁶ Citibank Statement at 5, Citibank OFF – 00005 (reflecting a "Value" date of July 9, 2001 for transaction numbered 3011864066). (Ex. 20).

¹³⁷ Citibank Statement at 5, Citibank Oil for Food – 00005. (Ex. 20).

¹³⁸ Citibank confirmed to the Subcommittee that it charged a fee of \$38.09 for this transaction, and therefore, the funds actually transferred amounted to \$30,000.

¹³⁹ Citibank Wire Transfer Record, Citibank OFF – 0000028. (Ex. 39)

Notably, before Taurus's transfer of \$287,183, Zureikat's account had a meager balance of only \$10.66. As a result, Zureikat's \$30,000 payment from that account to Mariam Appeal must have come from the Oil for Food commission. In total, that \$30,000 payment represents approximately 27% of the commission that Zureikat received in connection with M/09/118.¹⁴⁰

J. The Phase X Allocation

As in the previous three phases, Galloway received another allocation in Phase X of the Program. This allocation appears to follow the basic pattern of the previous transactions (Contracts M/08/35 and M/09/118) – namely Taurus Petroleum purchased the allocation, paid Zureikat a sizeable commission, and then Zureikat forwarded a portion of the commission to the Mariam Appeal. In addition, Zureikat paid massive improper surcharges to the Hussein regime.

On August 6, 2001, Fawaz Zureikat, as President of MEASI, executed Contract M/10/38 with SOMO for the purchase of three million barrels of oil.¹⁴¹ Roughly one week later, SOMO notified the Oil Minister of the contract, and requested his approval.¹⁴² In describing the contract, SOMO indicated that the purchasing company was MEASI and placed "(Fawaz Zureikat)" next to MEASI's name. The Oil Minister later approved the contract, and in the next two months, two shipments of roughly three million barrels of oil were lifted pursuant to the contract.¹⁴³

On September 9, 2001, an oil tanker lifted 1,002,767 barrels from the Ceyhan terminal pursuant to M/10/38. This shipment was purchased by Taurus Petroleum.¹⁴⁴ Roughly one month later, on October 17, 2001, Taurus wired a payment of \$336,009.96 as a commission for Contract M/10/38 to Zureikat's account at Arab Bank.¹⁴⁵ On October 25, 2001, just days after Zureikat received the \$336,009.96 transfer from Taurus, he transferred £20,852.49 (approximately \$30,000) to the Mariam Appeal account at Lloyds TSB.¹⁴⁶

The second shipment for M/10/38 followed the same pattern. On October 16, 2001, a tanker lifted 1,917,528 barrels in connection with M/10/38 and Taurus purchased the oil.¹⁴⁷ Roughly one month later, on November 19, 2001, Taurus Petroleum transferred a payment of \$698,640.14 as a commission for Contract M/10/38 to Zureikat's Arab Bank account.¹⁴⁸ On November 28, 2001, days after he received the \$698,640.14 commission payment from Taurus,

¹⁴⁰ As noted below, Zureikat paid \$187,183 in improper surcharges in connection with this contract. Removing that sum from Zureikat's commission leaves a pool of \$110,000. The \$30,000 payment represents roughly 27% of those remaining funds.

¹⁴¹ SOMO Crude Oil Sales Contract M/10/38 (Aug. 6, 2001). (Ex. 40).

¹⁴² Letter of Saddam Zeben Hassan to the Oil Minister (Aug. 14, 2001). (Ex. 41).

¹⁴³ SOMO Commercial Invoice No. C/124/2001 (Sept. 9, 2001). (Ex. 42).

¹⁴⁴ Kotelly Letter.

¹⁴⁵ Kotelly Letter; Arab Bank wire transfer confirmation (Oct. 17, 2001). (Ex. 43).

¹⁴⁶ Lloyds TSB Statement of Account (reflecting deposit of £20,852.49 from Fawaz Zureikat on October 25, 2001). (Ex. 44).

¹⁴⁷ SOMO Commercial Invoice No. B/183/2001 (Oct. 16, 2001). (Ex. 45); Kotelly letter.

¹⁴⁸ Arab Bank Wire Transfer Confirmation (Nov. 19, 2001). (Ex. 46).

Zureikat forwarded £17,473.38 (approximately \$26,000) to the Mariam Appeal account at Lloyds TSB.¹⁴⁹

In total, Taurus paid commissions of \$1,034,650.10 in connection with Contract M/10/38. Taking into account the fact that Zureikat paid surcharges of \$825,822.25 in connection with this contract (which will be analyzed in detail below), Zureikat's transfers of approximately \$56,000 to the Mariam Appeal accounted for roughly 27% of the commission arising from this contract.

K. The Phase XI Allocation

On December 12, 2001, SOMO signed a contract with Zureikat's company MEASI for three million barrels of oil in Phase XI of the Program.¹⁵⁰ That contract, numbered M/11/04, was signed for the purchaser by Fawaz Zureikat. A few days later, the Acting Executive Director of SOMO wrote to the Oil Minister, requesting approval of Contract M/11/04.¹⁵¹ In describing the contract, SOMO confirmed to the Oil Minister that the oil had been allocated to Galloway:

Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company (Mr. George Galloway)/Fawaz Zuraiqat.

As noted above, SOMO identified allocation recipients by placing their names in parenthesis next to the name of the purchasing company. In this case, this letter expressly indicates that the allocation had been granted to Galloway. Upon reviewing this document in an interview, Minister of Oil Amer Rashid confirmed that Galloway's name on the document indicated that he was awarded the allocation related to this contract:

Q: Does the phrase "(Mr. George Galloway)" mean that the allocation for this oil was granted to George Galloway?

A: Yes.¹⁵²

Several weeks later, on December 29, 2001, an oil tanker lifted 2,360,860 barrels of Iraqi crude oil pursuant to M/11/04. Taurus Petroleum purchased that shipment of oil.¹⁵³ On January 31, 2002, roughly one month after the M/11/04 lifting, Taurus Petroleum wired a commission payment of \$835,932.10 to Zureikat's account at the Jordan National Bank.¹⁵⁴

Several days later, Zureikat forwarded \$20,000 from his JNB account to the Mariam Appeal.¹⁵⁵ That transfer is reflected in the records of J.P. Morgan Chase, which acted as the correspondent bank for the transaction.¹⁵⁶

¹⁴⁹ Lloyds TSB Statement of Account (reflecting deposit of £17,473.38 from Fawaz Zureikat on November 28, 2001). (Ex. 47).

¹⁵⁰ SOMO Crude Oil Sales Contract No. M/11/04. (Ex. 48).

¹⁵¹ Letter from Ali Rajab Hassan to the Oil Minister (Dec. 19, 2001). (Ex. 49).

¹⁵² Amer Rashid interview (May 16, 2005).

¹⁵³ Kotelly Letter.

¹⁵⁴ Kotelly Letter.; J.P. Morgan Chase Wire Transfer Confirmation (Jan. 31, 2002). (Ex. 50). J.P. Morgan Chase acted as the correspondent bank for this wire transfer.

¹⁵⁵ J.P. Morgan Chase Wire Transfer Confirmation (Feb. 11, 2002). (Ex. 51).

L. The Phase XII Allocation

On June 3, 2002, SOMO executed a contract with MEASI for three million barrels of oil in Phase XII of the Oil-for-Food Program.¹⁵⁷ That contract, numbered M/12/14, was again signed by Fawaz Zureikat for the purchaser. The next day, SOMO informed the Iraqi Financial Department of Contract M/12/14.¹⁵⁸ Tellingly, the Acting Executive Director of SOMO indicated that the oil for this contract had been allocated to Galloway, referring to the contract as “Contract No. M/12/14 with Middle East ASI (Mr. Galloway).”¹⁵⁹

Another SOMO document also indicates that the oil underlying Contract M/12/14 had been allocated to Galloway. That document, a letter from SOMO requesting approval of M/12/14 from the Oil Minister, states as follows:

Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway).¹⁶⁰

Oil Minister Amer Rashid recognized this letter and authenticated that SOMO had indeed sent it to him.¹⁶¹ He also confirmed that he approved the contract, noting that his signature was authentic. In addition, the Oil Minister confirmed that this document indicated that Galloway received the allocation for the oil addressed by the contract:

Q: Does the phrase "(on behalf of Mr. George Galloway)" mean that the allocation for this oil was granted to George Galloway?

A: Yes.

On November 18, 2002, the oil tanker *Berg Borg* lifted precisely one million barrels of oil pursuant to Contract M/12/14.¹⁶² Several days later, on November 25, 2002, another tanker lifted 400,000 barrels in connection with M/12/14.¹⁶³ The Subcommittee was unable to gather evidence reflecting Zureikat’s distribution of that commission payment.

M. The Phase XIII Allocation

In the final phase of the Oil-for-Food Program, Middle East ASI signed contract M/13/48 for the purchase of two million barrels of oil.¹⁶⁴ Soon after Contract M/13/48 was signed, a senior SOMO official informed the Financial Department of the contract.¹⁶⁵ SOMO identified the contract as “Contract No. M/13/48 with Middle East ASI (Mr. Galloway).”

¹⁵⁶ A “correspondent bank” is a bank that serves as a depository and provides banking services for another bank.

¹⁵⁷ SOMO Crude Oil Sales Contract No. M/12/14. (Ex. 52).

¹⁵⁸ Letter of Ali Rajab Hassan to “The Financial Department” (June 4, 2002). (Ex. 53).

¹⁵⁹ *Id.*

¹⁶⁰ Letter from Ali Rajab Hassan to the Oil Minister (June 4, 2002). (Ex. 54).

¹⁶¹ Amer Rashid interview (May 16, 2005).

¹⁶² SOMO Commercial Invoice No. B/196/2002. (Ex. 55).

¹⁶³ SOMO Commercial Invoice No. B/208/2002. (Ex. 56).

¹⁶⁴ SOMO Crude Oil Sales Contract No. M/13/48. (Ex. 57).

¹⁶⁵ Letter of Ali Rajab Hassan to “The Financial Department,” (Jan. 25, 2003). (Ex. 58).

Aside from the SOMO evidence indicating that this allocation had been granted to Galloway, the Subcommittee was unable to obtain evidence reflecting the oil transaction resulting from this allocation.

N. Additional Transfers of Funds to the Mariam Appeal Amount to \$230,000

1. Zureikat's \$40,000 Transfer to the Mariam Appeal in March 2001

In addition to the transactions detailed above, the Subcommittee has obtained evidence of an additional transaction in which Zureikat transferred funds to the Mariam Appeal that may be related to the Oil-for-Food Program. On February 28, 2001, Taurus Petroleum loaned \$50,000 to Zureikat.¹⁶⁶ In connection with that loan, Taurus wired \$50,000 to Zureikat's account at Citibank.¹⁶⁷ The Citibank Statement indicates that the transferred funds would not be posted to the account until March 11, 2001, meaning that Zureikat would not have access to that money until March 11.¹⁶⁸

On the very day that those funds became available, March 11, Zureikat transferred \$40,000 from his Citibank account to the Mariam Appeal account at Lloyds TSB.¹⁶⁹ That transfer is reflected in a wire transfer confirmation, which states that "Mr. Fawaz Abdallah Zureikat" transferred \$40,000 to Lloyds TSB Bank Plc for the benefit of the Mariam Appeal.¹⁷⁰ The transfer was identified as a "Donation."¹⁷¹

2. Other Transfers from Zureikat to the Mariam Appeal Amount to \$190,000

As detailed above, approximately \$446,000 was transferred by Zureikat into the Mariam Appeal bank account at Lloyds TSB in connection with oil transactions between August 2000 and February 2002. Between June 2002 and December 2002, Zureikat made an additional five deposits totaling \$190,000 into the same account:

¹⁶⁶ Kotelly Letter.

¹⁶⁷ Kotelly Letter; Citibank wire transfer confirmation, Citibank OFF – 000030 (Feb. 27, 2001) (reflecting \$50,000 transfer from Taurus to Fawaz Zureikat's account at Citibank). (Ex. 59). Zureikat's Citibank Statement lists that incoming transfer of \$50,000 on March 1, 2001. Citibank Statement at 5, Citibank – OFF 00005 (reflecting "Incoming Telex Transfe[r]" of \$50,000 on March 1, 2001). (Ex. 20).

¹⁶⁸ Citibank confirmed that the 11-day holding period, which is abnormally long for such a transfer, included several days in which the Citibank offices were closed due to a weekend and a Muslim holiday.

¹⁶⁹ Citibank Statement at 5, Citibank – OFF 00005 (reflecting "Outgoing Customer Wire" of \$40,000 on March 11, 2001). (Ex. 20). Citibank confirmed that, in connection with this wire transfer, it charged a fee of \$38.09. Therefore, as with previous wires from the Citibank account, the Statement reflects a total debit of \$40,038.09, reflecting the \$40,000 transferred to the Mariam Appeal and Citibank's \$38.09 fee.

¹⁷⁰ Citibank wire transfer confirmation, Citibank – OFF 000027. (Ex. 60).

¹⁷¹ Significantly, at the time of Taurus's \$50,000 payment to Zureikat, his Citibank account had a balance of only \$3,000. Therefore, at least \$37,000 of the \$40,000 that Zureikat transferred to the Mariam Appeal must have been Oil-for-Food-related funds.

**PAYMENTS MADE BY ZUREIKAT TO THE MARIAM APPEAL ACCOUNT
AT LLOYDS TSB POSSIBLY RELATED TO OIL-FOR-FOOD CONTRACTS**

DATE OF PAYMENT	AMOUNT OF PAYMENT
June 13, 2002	\$20,000
July 17, 2002	\$10,000
Aug. 8, 2002	\$20,000
Aug. 26, 2002	\$100,000
Dec. 6, 2002	\$40,000
TOTAL:	\$190,000¹⁷²

The Subcommittee has not directly traced those deposits to any particular commercial transaction. The Subcommittee cannot rule out the possibility, however, that some of these funds may have resulted from other Oil-for-Food deals between the Hussein regime and Zureikat’s company, Middle East Advanced Semiconductors, Inc. (“MEASI”). Specifically, between Phase IX and XII, the Hussein regime awarded at least seven contracts to MEASI for humanitarian goods worth over \$22 million.¹⁷³ In Phase IX, for example, MEASI was awarded a contract to import over \$9 million in milk powder. Subsequently, MEASI was awarded contracts worth over \$4.5 million in Phase X, over \$2 million in Phase XI, and over \$6 million in Phase XII).¹⁷⁴

According to the IIS Letter, Galloway had obtained “a limited number of food contracts with the Ministry of Trade” and the percentage of profit on those contracts was one percent. The possibility that Zureikat may have used profits from his contracts for humanitarian goods is supported by Aziz, who stated that Galloway received contracts through Zureikat for the purpose of raising money for the Mariam Appeal.¹⁷⁵ Specifically, Aziz recalls recommending that Galloway be granted commercial contracts with the Ministry of Trade through the Oil-for-Food Program. Aziz stated that the Iraqi committee in charge of the Program took his recommendations as they related to Galloway. According to Aziz, the purpose of granting the rights to commercial contracts to Galloway, like the oil allocations, was to raise money to fund the Mariam Appeal. Aziz’s recollection is that Zureikat served as Galloway’s business agent and intermediary for these commercial contracts. According to Aziz, Galloway worked through

¹⁷² Chase wire transfer records for TRN 2736000162js, 1717700196fs, 8098200218js, and 7985700237fs. (Ex. 61) (composite exhibit).

¹⁷³ Table 6 “Humanitarian Goods and Oil Spares Purchases By Vendor and Goods Category For Central & Southern Regions of Iraq,” published by the IIC (Oct. 21, 2004), p. 92.

¹⁷⁴ *Id.*; BNP records (Phase IX letter of credit records).

¹⁷⁵ Tariq Aziz interview (July 7, 2005).

Zureikat with the respective Iraqi ministries to facilitate the commercial contracts. Aziz specifically recalls that Zureikat received some contracts to import goods such as milk and sugar, but that he did not have the capacity to import larger items.¹⁷⁶

V. ZUREIKAT PAYS IMPROPER SURCHARGES OF OVER \$1.6 MILLION TO THE HUSSEIN REGIME IN CONNECTION WITH GALLOWAY'S OIL ALLOCATIONS

In September 2000, the Hussein regime began demanding an improper, under-the-table payment for each oil purchase under the Program. Such payments, commonly called “surcharges,” began on September 1, 2000. According to several Hussein regime officials, Saddam Hussein learned of the substantial profits going to allocation recipients and oil traders who were dealing in Iraqi oil, and sought to capture some of those earnings for himself.¹⁷⁷ One regime official described Hussein’s intent:

Saddam Hussein began to think the amount of the bribery [from the so-called “Saddam Bribery System” of oil allocations] became too great. At that point Saddam Hussein implement[ed] a system to recover some of the bribe money. [The official] explained that this eventually became an objective and the supporters [who received oil allocations] had to give some of their profits to Saddam Hussein.¹⁷⁸

Saddam Hussein’s plan was straightforward: SOMO would lower the price for oil by a small margin and then demand that the purchaser pay a surcharge back to the Hussein regime through a designated secret bank account. At the beginning of the surcharge period, in Phase VIII, the surcharges were 10¢ per barrel, meaning that a purchaser of 1 million barrels would be obligated to pay \$100,000 into a secret regime-controlled account. The amount of the surcharge fluctuated over the next two years, reaching a peak of 30¢ per barrel. Between September 1, 2000 and November 30, 2000, the surcharge was 10¢ per barrel of oil lifted.¹⁷⁹ Starting on December 1, 2000, the surcharge was increased to 25¢ a barrel for shipments destined for European markets and 30¢ a barrel for shipments destined for the North American market.¹⁸⁰ The surcharge amount was dropped to 15¢ a barrel starting on May 30, 2002 and was canceled altogether on September 1, 2002.¹⁸¹ The two-year period beginning on September 1, 2000 and ending September 1, 2002 is referred to as the “surcharge period.”

¹⁷⁶ Tariq Aziz interview (July 7, 2005).

¹⁷⁷ *E.g.*, Amer Rashid interview (Apr. 14, 2005).

¹⁷⁸ Memorandum of Interview (Interview #50) of former regime official by U.S. Treasury Iraqi Financial Asset Team (Mar. 24, 2004).

¹⁷⁹ Memorandum of SOMO official entitled “Allocations and Sales of Crude Oil in the Phases of the Memorandum of Understanding (1996-2003)” (Feb. 19, 2004) (“SOMO Memorandum”), Attachment 4 titled “The Surcharge.”

¹⁸⁰ Memorandum from the Crude Oil Marketing Second Department to the Financial Department (Mar. 24, 2001); SOMO Memorandum (Feb. 19, 2004), Attachment 4.

¹⁸¹ SOMO Memorandum (Feb. 19, 2004), Attachment 4.

These under-the-table surcharge payments were in direct violation of U.N. sanctions and the Oil-for-Food Program because they were not deposited into the U.N.-controlled escrow account held at BNP Paribas. One important aspect of this surcharge scheme was that the Iraqis placed responsibility for the surcharges squarely on the shoulders of the allocation grantee.¹⁸² Therefore, in order to receive an oil allocation after September 1, 2000, the allocation recipient was required to promise to pay the surcharge. There were no exceptions.¹⁸³ Accordingly, any person or entity that received an allocation after September 1, 2000 knew of and agreed to pay the improper, under-the-table payment to the Hussein regime.

According to evidence obtained by the Subcommittee, including banking records and SOMO documents, Fawaz Zureikat paid under-the-table surcharges totaling \$1,642,000.65 to the Hussein regime in connection with the allocations granted to Galloway and the Mariam Appeal. That evidence is presented below. At least one senior Hussein regime official informed the Subcommittee that every single individual who received oil allocations throughout the surcharge period (September 2000 through September 2002) knew of and was responsible for paying the surcharges.¹⁸⁴ This official further stated that, although the allocation recipient knew of the surcharges, the actual oil purchasers may have facilitated or made the improper payments. According to this senior Hussein regime official, therefore, Galloway may have known of the improper, under-the-table payment of over \$1.6 million in surcharges to the Hussein regime.

SOMO'S SURCHARGE RECORDS

In analyzing Zureikat's surcharge transactions, two sets of documents obtained by the Subcommittee warrant special attention. The first is an exhaustive spreadsheet detailing every payment received by SOMO related to oil transactions under the Program. That SOMO spreadsheet lists all surcharge payments ("returns") received by SOMO. The SOMO Spreadsheet appears to have been created and maintained by SOMO during the life of the Oil-for-Food Program (the "SOMO Spreadsheet").

SOMO also compiled a comprehensive review of surcharges after the fall of the Hussein regime. That document, a 41-page chart entitled "List of Surcharges," details the surcharge status of each oil contract during the surcharge period (Phases VIII through XII), listing (i) the pertinent Phase, (ii) the name of the purchasing entity, (iii) the contract number, (iv) the amount of oil lifted, (v) the rate of the surcharge, (vi) the amount of the surcharge owed, (vii) the amount of the surcharge paid by the purchaser, and (viii) any outstanding balance. (the "SOMO Surcharge Chart"). The IIC appears to have relied on the Surcharge Chart in its Interim Report. See IIC Report, footnote 292.

A. Zureikat Delays Payment of Surcharges for Contract M/08/35

Evidence obtained by the Subcommittee indicates that SOMO demanded a 10¢ per barrel surcharge for each of the 2,645,064 barrels lifted pursuant to Contract M/08/35, resulting in a surcharge owed of \$264,505. SOMO records indicate that, after a delay of more than one year, Zureikat eventually paid the owed amount in full. That evidence is intertwined with evidence of subsequent surcharges, and therefore, is presented in chronological order below.

¹⁸² Taha Yasin Ramadan interview (Apr. 18, 2005).

¹⁸³ *Id.*

¹⁸⁴ Amer Rashid interview (Apr. 14, 2005).

B. Surcharges of \$304,320.90 in Connection with M/9/23

The Surcharge Chart indicates that the agreed-upon surcharge for Contract M/09/23 was 30 cents per barrel.¹⁸⁵ The Chart also indicates that the surcharges owed for this contract amounted to \$304,320.90. Finally, the Chart shows that the entire amount was paid in full. The Subcommittee was unable to obtain credible evidence concerning the payment of these surcharges.

C. Zureikat Pays Surcharges of \$247,352.50 for Contract M/9/118

1. Zureikat Makes a “Down Payment” of \$60,000

On April 19, 2001, Taurus Petroleum transferred \$60,000 to Zureikat’s Citibank account. This wire is reflected in a confirmation sheet obtained by the Subcommittee.¹⁸⁶ That wire record indicates that Taurus transferred \$60,000 and that Citibank deducted fees of \$33.50, making a total credit to Zureikat’s account of \$59,966.50. A second document, the Citibank Statement, confirms an incoming transfer to Zureikat’s account of \$59,966.50 on April 19, 2001.¹⁸⁷ The Citibank Statement indicates that those funds were posted to the account after a four-day clearance period, meaning that Zureikat would have access to those funds starting April 23, 2001.

On the first day that those funds were available – April 23, 2001 – Zureikat withdrew \$59,000 in cash.¹⁸⁸ That same day, Zureikat made a surcharge payment of \$60,000 to the Hussein regime.¹⁸⁹ The SOMO Spreadsheet reveals that, on April 23, 2001 – the day that Zureikat withdrew \$59,000 in cash – Zureikat deposited a surcharge of \$60,000.¹⁹⁰

A second SOMO document indicates that the \$60,000 payment was in fact a “down payment” for the future surcharges owed in connection with M/09/118. That document is a letter from SOMO requesting approval from the Oil Minister for Contract M/09/118.¹⁹¹ SOMO described the terms of M/9/118, and in Item 11 of the letter, SOMO discussed the status of Zureikat’s surcharge payments. In that paragraph, SOMO indicated that Zureikat had already made a “down payment” of \$60,000 toward the future surcharges for this contract:

11 – Surcharge: the company made a down payment of 10% of (60) thousand dollars; the remaining sum (90% of it) will be paid within 30 days after loading.

¹⁸⁵ Surcharge Chart (excerpt). (Ex. 62).

¹⁸⁶ Citibank wire transfer confirmation, Citibank OFF – 0000012. (Ex. 70).

¹⁸⁷ Citibank Statement, page 5, Citibank OFF – 00005 (reflecting an “Incoming Telex Transfe[r]” of \$59,966.50 on April 19, 2001). (Ex. 20).

¹⁸⁸ Citibank Statement, page 5, Citibank OFF – 00005 (reflecting an “S/A FCY Cash Withdrawa[l]” of \$59,000 on April 23, 2001). (Ex. 20).

¹⁸⁹ SOMO Spreadsheet (excerpt indicating surcharge payment on April 23, 2001 of \$60,000 deposited by “Middle East Advanced Semi Conductor”). (Ex. 63).

¹⁹⁰ SOMO Spreadsheet (MEASI excerpt). (Ex. 63).

¹⁹¹ Letter of Saddam Zeben Hassan to the Oil Minister (May 8, 2001). (Ex. 64).

After discussing Zureikat’s down payment for his Phase IX surcharge, SOMO also referred to Zureikat’s outstanding surcharge for Phase VIII, related to Contract M/08/35:

The settlement of the sum that Mr. Fawaz Zureikat owes for the contract of Aredio Company, totaling \$264,505... has been postponed as per the verbal instructions of your Excellency [.]”

Therefore, this SOMO letter confirms that Zureikat made a “down payment” of \$60,000 toward the future surcharges for M/9/118, and that the Oil Minister granted Zureikat an extension on the deadline to pay the \$264,505 in surcharges owed for M/08/35.

2. Zureikat Pays Additional Surcharges of \$187,252.50 for Contract M/09/118

On July 15, 2001, Zureikat withdrew \$190,000 from his Citibank account in cash. On that same day – July 15, 2001 – Zureikat made a surcharge payment of \$187,183 to SOMO. That payment was captured in the SOMO Spreadsheet, which indicates that MEASI deposited \$187,183 for SOMO as a surcharge for M/09/118.¹⁹²

DATE	ZUREIKAT WITHDRAWALS (FROM CITIBANK ACCOUNT)	SURCHARGES PAID FOR M/09/118 (FROM SOMO RECORDS)
April 19, 2001	\$59,000	\$60,000
July 15, 2001	\$190,000	\$187,183

The spreadsheet also indicates that, after the \$60,000 advance and the \$187,183 payment, Zureikat carried an outstanding surcharge balance of \$169.50 for M/09/118. That minor balance was satisfied, according to the SOMO spreadsheet, by a payment from MEASI on November 11, 2001. As a result, this spreadsheet indicates that Zureikat made improper surcharge payments of precisely \$247,352.50 in connection with Contract M/09/118.

That figure – \$247,352.50 – is entirely consistent with the information contained in the SOMO Surcharge Chart. The entry on the Surcharge Chart for Contract M/09/118 confirms that the contracting company, MEASI, purchased 990,610 barrels of oil under that contract. The chart also indicates that the “Surcharge As Agreed” was 25 cents per barrel, resulting in a surcharge owed of \$247,652.50. The chart then states, under the heading “Amount Paid,” that Zureikat’s company paid \$247,352.50 in surcharges for M/09/118. That figure matches with the information contained in the SOMO Spreadsheet, which also reflected surcharge payments for M/09/118 totaling \$247,352.50.¹⁹³

D. Zureikat Pays Surcharges of \$825,000 for Contract M/10/38

Evidence obtained by the Subcommittee confirms that Zureikat paid more than \$825,000 in surcharges in connection with M/10/38. Zureikat’s willingness to pay the surcharge is reflected in SOMO’s request to the Oil Minister for approval of the contract. In that letter,

¹⁹² SOMO Spreadsheet (MEASI excerpt). (Ex. 63).

¹⁹³ The SOMO Surcharge Chart also indicates that Zureikat still owed \$300 in surcharges for that contract. (Ex. 65). It is unclear whether that outstanding balance was ever satisfied.

SOMO indicated that Zureikat agreed to pay the surcharge within 30 days of the oil liftings, stating: “Surcharge: payable within (30) days after loading.”¹⁹⁴

As noted above, the Hussein regime raised the surcharge rate in Phase X to 30 cents per barrel of oil shipped to the U.S., and 25 cents per barrel of oil shipped elsewhere in the world. These surcharge rates were paid with respect to the shipments for M/10/38. The first M/10/38 shipment was the export of 1,002,767 barrels for a European destination.¹⁹⁵ Applying the 25¢ per barrel surcharge rate, the surcharge owed for this shipment was \$250,691.75. According to the SOMO Spreadsheet, Zureikat paid almost exactly that amount – \$250,522.25 – to SOMO on November 12, 2001.¹⁹⁶

While Zureikat slightly under-paid the surcharges for the first shipment, he actually overpaid the surcharges owed for the second M/10/38 shipment. That shipment consisted of 1,917,528 barrels exported to the U.S. Because this shipment was destined for U.S. ports, the 30-cent surcharge rate applied, and Zureikat owed surcharges of \$575,258.40. The SOMO Spreadsheet confirms that, on December 4, 2001, Zureikat transferred \$575,300 to SOMO to satisfy his surcharge debt for M/10/38.¹⁹⁷

Therefore, according to the SOMO Spreadsheet, Zureikat paid \$825,822.25 in surcharges to the Hussein regime in connection with M/10/38. Notably, the SOMO Surcharge Chart further confirms that Zureikat paid surcharges of \$825,822.25 in connection with M/10/38.¹⁹⁸

E. Zureikat Pays Overdue Phase VIII Surcharges

As of December 2001, more than one year after the oil for M/08/35 had been lifted, Zureikat still had not paid his outstanding surcharge balance of \$264,505 for that contract. As a result, on December 11, 2001, the Minister of Oil directed SOMO to reject further “proposals” from Zureikat until he satisfied his surcharge obligations. That instruction was captured in a letter from SOMO to the Minister of Oil, in which SOMO directly refers to Zureikat’s outstanding balance for the Phase VIII contract:

11 – Surcharge: As per the telephone instructions of your Excellency on 12/11/2001 of not accepting proposals of the company [referring to Zureikat’s company, MEASI] unless its debt incurred in phase eight is settled.¹⁹⁹

On December 18, 2001, just a few days after the Oil Minister threatened to discontinue Zureikat’s future oil contracts, a wire transfer of \$264,000 went to an account at Jordan National Bank, one of banks at which Zureikat maintained an account.²⁰⁰ Two days later, on December

¹⁹⁴ Letter from Saddam Zeben Hassan to the Oil Minister (Aug. 14, 2001). (Ex. 41).

¹⁹⁵ SOMO Commercial Invoice No. C/124/2001 (Sept. 9, 2001). (Ex. 42).

¹⁹⁶ SOMO Spreadsheet (excerpt). (Ex. 63).

¹⁹⁷ *Id.*

¹⁹⁸ Surcharge Chart (excerpt). (Ex. 66). Notably, the Surcharge Chart also indicates that Zureikat maintained an outstanding surcharge balance of \$127.90 for that contract.

¹⁹⁹ Letter of Ali Rajab Hassan to the Oil Minister (Dec. 19, 2001). (Ex. 49).

²⁰⁰ BNP Paribas wire transfer confirmation, BSPA-015-0001-00002 (Dec. 18, 2001) (reflecting wire transfer of \$264,000 to Jordan National Bank account); American Express wire transfer confirmation (Dec. 18, 2001)

20, 2001, Zureikat transferred that precise amount – \$264,000 – as a surcharge payment to SOMO. That payment was captured in the SOMO Spreadsheet, which indicates that, on December 20, 2001, “Middle Eastern Co. for Semi Conductors” paid \$264,000 to SOMO to cover surcharges owed on M/08/35.²⁰¹ The spreadsheet also indicates that the remaining \$505 was paid by an individual named “Muris Risly” four months later, on March 5, 2002. In total, the SOMO Spreadsheet indicates that Zureikat paid \$264,505 in surcharges for Contract M/08/35.

As further corroboration, the SOMO Surcharge Chart also reflects that surcharges of \$264,505 had been paid in connection with Contract M/08/35.²⁰² The Chart’s entry for Contract M/08/35 confirms that 2,645,068 barrels of oil were lifted in connection with that contract. Next, the chart reveals the “Surcharge per Agreement” was 10¢ per barrel. The amount owed, according to the chart, was \$264,505. Finally, the chart indicates that the surcharge was paid in full.

Surcharges Paid for M/08/35 (SOMO Surcharge Chart)	Surcharges Paid for M/08/35 (SOMO Spreadsheet)
\$264,505	\$264,505

F. Zureikat Agrees to Pay Surcharges in Phases XI and XII

SOMO records reflect that, for the oil contracts in Phases XI and XII, Zureikat agreed to pay surcharges. For instance, the SOMO Surcharge Chart indicates that Zureikat agreed to pay a 30 cent surcharge for Contract M/11/04.²⁰³ Under the column “Surcharge As Agreed,” the Chart reads “0.30,” indicating that Zureikat agreed to pay a surcharge of 30 cents for each barrel of oil lifted. The Chart also indicates that Zureikat did not pay any surcharges in connection with that contract. Likewise, the SOMO Spreadsheet, which lists all payments related to any oil transaction under the Program, does not include any surcharge payments for that contract.

Like the Phase XI contract, Zureikat agreed to pay surcharges for the Phase XII contract, M/12/14. SOMO requested approval of that contract from the Oil Minister in a letter dated June 4, 2002. In that letter, SOMO indicated that Zureikat was obligated to pay the applicable surcharges within 30 days of loading, stating: “Surcharge: payable within (30) days from the date of loading.”²⁰⁴ Despite Zureikat’s apparent agreement to pay surcharges, however, SOMO records do not contain any indication that surcharges were in fact paid in connection with this contract.

(reflecting wire transfer of \$264,000 to Jordan National Bank account). (Ex. 67) (composite). These records indicate that the source of the funds was an account at BNP Paribas and that American Express acted as a correspondent bank for the transfer.

²⁰¹ SOMO Spreadsheet.

²⁰² SOMO Surcharge Chart (excerpt). (Ex. 68).

²⁰³ SOMO Surcharge Chart (excerpt). (Ex. 69).

²⁰⁴ Letter from Ali Rajab Hassan to the Oil Minister (June 4, 2002).

VI. FINDINGS RELATING TO GALLOWAY AND ZUREIKAT

A. Findings Related to George Galloway

Based on the evidence presented in this Report, the Majority staff of the Subcommittee finds that: (1) Galloway knowingly made false or misleading statements under oath to the Subcommittee; and (2) Galloway's political campaign – the Mariam Appeal – received large “donations” from Fawaz Zureikat derived from profits made through oil transactions conducted under the Oil-for-Food Program.²⁰⁵

1. Galloway Knowingly Gave False or Misleading Testimony to the Subcommittee

The Subcommittee has gathered extensive documentary and testimonial evidence demonstrating that several statements made by Galloway under oath at the Subcommittee's hearing on May 17, 2005 were false or misleading. In Galloway's opening statement and in response to questioning from Members of the Subcommittee, Galloway denied the findings contained in the Subcommittee's initial report relating to evidence that he had received oil allocations from the Hussein regime. Specifically, Galloway made the following statements denying that he had personally profited from any Oil-for-Food transaction:

I can assure you, Mr. Zureikat never gave me a penny from an oil deal, from a cake deal, from a bread deal, or from any deal.

* * *

My point is, you have accused me personally of enriching myself, of taking money from Iraq, and that is false and unjust.

The evidence collected by the Subcommittee, however, demonstrates that Galloway, through his wife, was personally enriched by an Oil-for-Food deal. On at least one occasion, money generated by an Oil-for-Food transaction was transferred from Fawaz Zureikat to a bank account in the name of Galloway's wife, Dr. Amineh Abu-Zayyad. Specifically, the Subcommittee obtained documentation confirming that \$149,980 was transferred from a Citibank account in the name of “Mr. Fawaz Abdullah Zureikat” and credited to the account of “Amina Naji Abu Zayyad” at the Arab Bank Plc in Amman, Jordan on August 4, 2000. As such, Galloway's testimony to the Subcommittee that he was never given “a penny” from an oil deal or was not personally enriched from such a deal was misleading, if not knowingly false.

During his opening statement Galloway denied ever having been directly or indirectly involved in the solicitation or trading of oil, and or that any person had done so on his behalf:

Mr. Galloway. Senator, I am not now, nor have I ever been, an oil trader, and neither has anyone on my behalf. I have never seen a barrel of oil, owned one, bought one, sold one, and neither has anybody on my behalf.

Galloway further denied that he had never discussed oil allocations at any time with Deputy Prime Minister Tariq Aziz:

²⁰⁵ This Report does not analyze (a) Galloway's testimony under oath to the British court in his lawsuit against *The Daily Telegraph*, or (b) Galloway's conduct in light of the rules and obligations of a Member of the United Kingdom House of Commons. See Appendix F for a brief review of those subjects.

Senator Levin. ... Did you have conversations with Tariq Aziz about the award of oil allocations? That is my question.

Mr. Galloway. No.

The Subcommittee interviewed Tariq Aziz at length regarding his conversations with Galloway. Aziz stated that he had indeed discussed oil allocations with Galloway. Aziz also confirmed the authenticity of the IIS Letter, which described in great detail Galloway's efforts to secure funding for his political activities with the Mariam Appeal through oil allocations.

The Subcommittee also interviewed several other senior Hussein regime officials, including Vice President Taha Yasin Ramadan, Minister of Oil Amer Rashid, and Presidential Advisor Ali Hasan al-Majid. Ramadan stated that Galloway "always spoke out against the sanctions," "needed to be compensated for his support," and, "we gave him oil to sell to make the money." Hasan authenticated the two-page letter from Izzat Ibrahim to the President's Office that listed the Committee of Four's recommendations to continue its financial support of Galloway. As such, Galloway's testimony to the Subcommittee that he did not discuss oil allocations with Aziz at any time and that no person ever traded oil on his behalf was false or misleading.

Galloway also testified that he had no knowledge that his friend, Fawaz Zureikat, was transacting oil deals on his behalf in Iraq. Specifically, Galloway answered a line of questions put to him by Senator Coleman as follows:

Senator Coleman. I am asking you specifically, in 2001 were you aware that he [Fawaz Zureikat] was doing deals with Iraq?

Mr. Galloway. I was aware that he was doing extensive business with Iraq. I did not know the details of it. It was not my business.

* * *

Senator Coleman. ... So in 2003, you are saying you do not know the answer to whether he was involved in oil deals?

Mr. Galloway. I told you in my previous two answers, I knew that Mr. Zureikat was heavily involved in business in Iraq and elsewhere but that it was none of my business what particular transactions or business he was involved in ...

* * *

Senator Coleman. ... you never had a conversation with him in 2001 of whether he was ever doing oil business with Iraq?

Mr. Galloway. ... I never asked him if he was trading in oil.

* * *

Senator Coleman. So in 2003 when you said you did not know whether he was doing oil deals, were you telling the truth at that time?

Mr. Galloway. Yes, I was. I have never known until the Telegraph story appeared that he was alleged to be doing oil deals.

The evidence gathered by the Subcommittee, however, suggests that Galloway was well aware that Zureikat was conducting oil transactions on his behalf. The IIS Letter, dated January 3, 2000 and authenticated by Tariq Aziz, indicates that Galloway and Zureikat met with an IIS officer on December 26, 1999 to discuss, among other subjects, a request to increase the amount of oil that had been allocated to them by Aziz. Galloway has confirmed that Zureikat acted as his representative in Iraq for all matters relating to the Mariam Appeal. Aziz verified that Zureikat was Galloway's business representative in Iraq and conducted oil transactions for the purpose of raising funds for the Mariam Appeal. Zureikat's commercial activities relating to the oil allocations granted to Galloway stretched from 2000 through 2003. A significant number of Zureikat's commercial activities resulted in large payments to both Galloway's wife (approximately \$150,000) as well as his political campaign, the Mariam Appeal (\$446,000).

As such, Galloway's testimony to the Subcommittee that he was unaware of the details of Zureikat's business dealings in Iraq was misleading or false. Additionally, Galloway's testimony that he did not know until April 2003 (when the articles in *The Daily Telegraph* were published) that Zureikat had been engaged in oil deals in Iraq was also misleading or false.

2. Galloway's Political Campaign – the Mariam Appeal – Received Funding from Oil Deals Made Under the Oil-for-Food Program

Galloway's political campaign, the Mariam Appeal, received at least \$446,000 in connection with the oil allocations granted to Galloway and the Mariam Appeal under the Oil-for-Food Program.²⁰⁶ For example, in connection with Contract M/08/85 – an oil deal made possible by the granting of an oil allocation to Galloway – Zureikat ultimately transferred \$340,000 into the Mariam Appeal account at Lloyds TSB. Zureikat made several additional "donations" to the Mariam Appeal relating to oil deals resulting from the oil allocations granted to Galloway throughout the course of the Oil-for-Food Program:

²⁰⁶ In addition to the approximately \$446,000 in payments to the Mariam Appeal known to be connected to oil transactions, Zureikat made an additional \$230,000 in deposits to the Mariam Appeal over the course of the Oil-for-Food Program. It is possible that those additional funds were made by Zureikat as a result of Oil-for-Food contracts for humanitarian goods.

**PAYMENTS MADE BY ZUREIKAT TO THE MARIAM APPEAL ACCOUNT
AT LLOYDS TSB RELATED TO OIL-FOR-FOOD CONTRACTS**

PHASE	CONTRACT NUMBER	PAYMENT TO MARIAM APPEAL
VIII	M/08/35	\$340,000
IX	M/09/118	\$30,000
X	M/10/38	(approx) \$56,000
XI	M/11/04	\$20,000
TOTAL:		\$446,000

B. Findings Related to Fawaz Zureikat

The evidence gathered by the Subcommittee indicates that Zureikat made improper “surcharge” payments to the Hussein regime amounting to \$1,642,000.65 in connection with the oil deals under the Oil-for-Food Program that resulted from oil allocations granted by the Hussein regime to Galloway and the Mariam Appeal.

TABLE OF SURCHARGES PAID BY FAWAZ ZUREIKAT

PHASE	CONTRACT NUMBER	ALLOCATION VOLUME (MILLION BARRELS)	NOMINAL ALLOCATION RECIPIENT	CONTRACTING ENTITY	SURCHARGES PAID
VIII	M/08/35	4	Fawaz Zureikat	Aredio Petroleum	\$264,505.00
IX	M/09/23	1	Fawaz Zureikat	Aredio Petroleum	\$304,320.90
IX	M/09/118	2	Fawaz Zureikat	MEASI	\$247,352.50
X	M/10/38	3	Fawaz Zureikat	MEASI	\$825,822.25
XI	M/11/04	3	Fawaz Zureikat	MEASI	Unknown
XII	M/12/14	3	Fawaz Zureikat	MEASI	Unknown
TOTAL SURCHARGES PAID:					\$1,642,000.65



APPENDIX A

SUBJECT: THE OIL ALLOCATION PROCESS UNDER THE HUSSEIN REGIME

Under the Oil-for-Food Program, Iraq was permitted to sell its oil and use those proceeds to purchase food, medicines, and other humanitarian goods. Despite the Program's intentions, the Hussein regime quickly exploited the Program for its own political purposes. One of its chief manipulations was the utilization of "oil allocations" to garner political influence around the globe.

To understand how the Hussein regime manipulated these oil transactions, one must begin with how Iraq sold its crude oil under the Program. The arm of the Iraqi government that managed the sale of Iraqi crude oil was the State Oil Marketing Organization ("SOMO"). In order to manage the volume of oil flowing through its pipelines, Iraq divided its oil supply into discrete units, typically ranging from one to 10 million barrels. It then allocated these units to prospective oil purchasers, essentially giving those recipients an option to purchase that allotment of oil. These options were typically called "allocations." Assuming that SOMO and the purchaser could agree on other contractual terms, such as the loading schedule, the purchaser would contract with SOMO and proceed to buy the oil from Iraq. The Iraqis repeated this allocation process for each of the 13 six-month phases of the Program.

The recipients of oil allocations were determined by an Iraqi Oil-for-Food committee composed of senior Iraqi officials, including Deputy Prime Minister Tariq Aziz and Minister of Oil Amer Rashid.¹ The committee was led by the Vice President of Iraq, Taha Yasin Ramadan.² Every six months, the committee would meet to review the allocations and make decisions concerning allocations for the upcoming phase.³ The Hussein regime used these lucrative allocations to further its primary political struggle – ending U.N. sanctions. To that end, the Hussein regime primarily favored those individuals and entities from countries on the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirm that the regime steered a massive portion of its allocations toward Security Council members that were believed by the Hussein regime to support Iraq in its efforts to lift sanctions – namely, Russia, France, and China.⁴

The committee would, however, evaluate "special requests" made by certain individuals around the world who were soliciting allocations.⁵ The principal criterion for granting the "special requests" – *i.e.*, granting an oil allocation – was the individual's support for Iraq.⁶ Generally, these secret oil allocations were awarded to "[d]ifferent personalities and parties" and "were labeled 'special allocations' or 'gifts.'"⁷ According to the Duelfer Report, such "special requests" were granted to international political leaders, U.N. officials, and

¹ Tariq Aziz interview (Apr. 21, 2005); Taha Yasin Ramadan interview (Apr. 18, 2005); Amer Rashid interview (Apr. 14, 2005).

² Taha Yasin Ramadan interview (Apr. 18, 2005); Amer Rashid interview (Apr. 14, 2005).

³ Taha Yasin Ramadan interview (Apr. 18, 2005).

⁴ Tariq Aziz interview (Apr. 21, 2005); Taha Yasin Ramadan interview (Apr. 18, 2005) (describing a "priority list" of countries that were supportive of Iraq and were granted preferential treatment in oil allocations); *Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD* (Sept. 30, 2004), Volume 1 ("Duelfer Report"), p. 31.

⁵ Taha Yasin Ramadan interview (Apr. 18, 2005).

⁶ *Id.*

⁷ Duelfer Report, p. 30.

political parties.⁸ Once the committee determined the allocations for the upcoming phase, Vice President Ramadan would generally discuss the allocations with Saddam Hussein, who had the final approval.⁹

By granting the rights to purchase oil to a limited number of individuals and entities, the regime forced oil purchasers to obtain allocations from those favored few. The allocation holders essentially became gatekeepers to Iraqi oil. As gatekeepers, they demanded a “commission,” which typically ranged from 3 to 30 cents per barrel. In light of the fact that most allocations amounted to millions of barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation. Therefore, these allocations were extremely valuable, and by doling them out to favored individuals and entities, the Hussein regime could direct the payment of millions of dollars to a foreign official, political party, or journalist without incurring any loss.

In order to link the allocation grantees with the resultant oil contracts, SOMO developed a practice of identifying the allocation grantees with the contracting companies on its charts, letters and internal correspondence. The Interim Report of the Independent Inquiry Into the United Nations Oil-for-Food Programme (“IIC”) describes SOMO’s practice:

At first, SOMO’s records primarily reflected only the names of the companies designated to purchase the oil, rather than the names of any individual beneficiaries of allocations. In time, however, this practice caused confusion for the administrators processing the oil contracts, and they requested that the intended beneficiaries of the oil allocations be identified in the paperwork to facilitate the tracking and handling of the allocations and contracts. Consequently, later in the Programme, SOMO increasingly began to include the names of those beneficiaries of allocations in its crude oil contract tables. Just as SOMO’s crude oil allocation tables reflected the names of these intended beneficiaries, related correspondence, memoranda, and records within SOMO’s files identified the names of those beneficiaries.¹⁰

According to the former Minister of Oil, SOMO typically identified the allocation beneficiary in its charts, correspondence, and internal memoranda by stating the name of the purchasing entity and placing the name of the allocation recipient in parentheses.¹¹



⁸ Duelfer Report, p. 30-31; *See also* Interim Report of the IIC (Feb. 3, 2003), at 125 (noting the increase over time in the number of special oil allocations “for the benefit of particular individuals or entities that were perceived to support or be politically favorable to Iraq.”).

⁹ Taha Yasin Ramadan interviews (Apr. 18, 2005, Sept. 27, 2005).

¹⁰ Interim Report of the IIC (Feb. 3, 2003), at 125-6 (citations omitted).

¹¹ Amer Rashid interview (April 14, 2005).

APPENDIX B

SUBJECT: SUBCOMMITTEE ATTEMPTS TO CONTACT AND INTERVIEW CERTAIN WITNESSES

George Galloway

The Subcommittee sent Mr. Galloway a letter on October 3, 2005 requesting an interview. The letter indicated that Subcommittee staff was prepared to fly to London to conduct the interview. On October 13, 2005, Mr. Galloway declined to be interviewed, but expressed a willingness to respond to written questions. The Subcommittee submitted written questions to Mr. Galloway on October 14, and Mr. Galloway supplied responses on October 17.

Dr. Amineh Abu-Zayyad

Subcommittee staff communicated directly with Sabah Al-Mukhtar, a representative of Dr. Abu-Zayyad, by telephone and e-mail. Staff provided questions for Dr. Abu-Zayyad on Tuesday, October 18. Mr. Al-Mukhtar confirmed the receipt of these questions on October 19. On October 24, 2005, the Subcommittee received a blanket denial from Dr. Abu-Zayyad. Dr. Abu-Zayyad declined to answer any of the specific interrogatories sent to her by the Subcommittee.

Dr. Burhan al-Chalabi

On October 3, Subcommittee staff sent a letter via Federal Express to Dr. Chalabi requesting an interview. Federal Express confirmed that the letter was received at Dr. Chalabi's business address and signed for by a "K. Kelly" on October 5. Subcommittee staff attempted to communicate with Dr. Chalabi on several occasions. Subcommittee staff left detailed voice messages for Dr. Chalabi on September 26, October 6, and October 12. To date the Subcommittee has not been contacted by Dr. Chalabi.

Fawaz Zureikat

Subcommittee staff attempted to communicate with Fawaz Zureikat on several occasions. Subcommittee staff sent a letter requesting an interview via Federal Express on October 3 to Fawaz Zureikat at his business address, Middle East Advanced Semiconductor, Inc. Federal Express confirmed that the letter arrived and was signed for by "Mohamad" on October 6. Subcommittee staff also sent this letter to Zureikat via e-mail on September 28. Subcommittee staff attempted to reach Zureikat via phone on four separate occasions to no avail. Staff received either a busy signal or a continual ring. In addition, October 19, Subcommittee staff reached Neal J. Zureikat, a nephew and employee of Fawaz Zureikat, and left a detailed message with him. Neal Zureikat indicated that he would deliver the message to Zureikat. To date the Subcommittee has not been contacted by Fawaz Zureikat.

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APPENDIX C

SUBJECT: DISTINCTION BETWEEN THE DOCUMENTS USED BY THE SUBCOMMITTEE AND THE DOCUMENTS PUBLISHED IN *THE DAILY TELEGRAPH* AND *THE CHRISTIAN SCIENCE MONITOR*

In its investigation into the Oil-for-Food Program, the Subcommittee has relied upon documents from multiple sources, including documents obtained from the Iraqi State Oil Marketing Organization (“SOMO”). The May 12, 2005 Subcommittee report relating to Galloway (“the May 12 Report”) stated that the SOMO documents were different and distinct from those featured in articles published by *The Daily Telegraph* in April 2003. In explaining the differences between the SOMO documents and the documents featured in the *Telegraph*, the May 12 Report stated that the *Telegraph* documents “included correspondence from 1992 and 1993.” The May 12 Report also stated that the documents were “seemingly forged.” Finally, the May 12 Report stated that the *Telegraph* documents “included allegations that Galloway was on the payroll of the Hussein regime, receiving a salary or direct payments.”

The May 12 Report conflated the contents of the *Telegraph* documents with the contents of documents reported on in *The Christian Science Monitor* in April 2003, which indeed “included correspondence from 1992 and 1993,” were “seemingly forged,” and “included allegations that Galloway was on the payroll of the Hussein regime, receiving a salary or direct payments.”

In fact, the documents featured by the *Telegraph* dated from December 1999 through May 2000, and did not contain correspondence from 1992 and 1993. The *Telegraph* documents were not “seemingly forged” (nor is there any evidence to date that the *Telegraph* documents were forged). To the contrary, as presented in the report to which this Appendix is attached, senior Hussein regime officials – including former Deputy Prime Minister Tariq Aziz – have confirmed the authenticity of the *Telegraph* documents as well as the veracity their contents.

The authenticity of the documents published by the *Telegraph* was not at issue in the libel lawsuit brought by Galloway. Instead, Galloway claimed that the *Telegraph* did not provide him with an adequate opportunity to respond to the allegations prior to the publication of their stories. Galloway also claimed that the total effect of the *Telegraph’s* extensive coverage of the issues surrounding the documents had a defamatory effect.

A further explanation of the distinction between the documents published by *The Daily Telegraph* and those published by *The Christian Science Monitor* follows.

Documents Discovered by a Reporter from *The Daily Telegraph*:

On Saturday, April 19, 2003 a foreign correspondent for *The Daily Telegraph* named David Blair was in Baghdad reporting on the post-war situation.¹ Blair, along with a hired interpreter, entered the Ministry of Foreign Affairs with the hope of finding documents relating to British Prime Minister Tony Blair. The Ministry was abandoned and unguarded, and there were looters going in and coming out. After some initial exploration, Blair came across a room that was filled with filing boxes stacked on the floor and on tiers of metal shelves. Blair estimates that there were over 200 such boxes in the room. Each box had a small label in Arabic. Blair had his translator go through the boxes reading off the labels. Many of the boxes were labeled by country, and

¹ The facts surrounding the discovery of the documents are taken from the witness statement of David Blair in the case of *George Galloway v. Telegraph Group Ltd.*, Case No. HQ03X02026 (“Telegraph Lawsuit”).

eventually the translator came across two boxes labeled “Britain” and one box labeled “Britain and France.” Flipping through one of the binders from one of the “Britain” boxes, Blair found one page that was written in English. This turned out to be the “To Whom it May Concern” letter from Galloway naming Zureikat as his representative on all matters relating to the Mariam Appeal. Blair and his translator took the three boxes and a few loose binders and returned to Blair’s hotel room. Once back at the hotel, Blair had his translator go through the binders one by one and translate the gist of each document. Most of the documents were routine correspondence and memoranda that one would expect to cross the desk of the Iraqi foreign minister. Having found nothing more of interest, Blair instructed his translator to go home for the day.

The next day, April 20, Blair and the translator returned to the Ministry of Foreign Affairs and back to the room with the stacks of orange boxes. Blair instructed the translator to look for boxes labeled “France.” The translator found one quickly and they left the ministry. Returning to his hotel, Blair and the translator again leafed through the folders looking for documents of interest. It was during this time when the translator discovered the January 3, 2000 letter written by the head of the Iraqi Intelligence Service (“IIS”). Blair had the IIS letter translated and then had the translator identify a handful of other documents relevant to the IIS letter.

Blair considered the possibility that the IIS letter and other relevant documents had been forged. In the end, however, Blair believed that the circumstances in which he and his translator had discovered the documents favored their authenticity:

... I thought that it would have been an extraordinarily elaborate exercise to forge this intelligence memorandum running to several pages, not to mention Tariq Aziz’s letter and Mr Galloway’s signed letter appointing Mr Zureikat to act for him. Someone would have had to get hold of the right type of paper and forge a signature that matched those that appeared on other documents in that folder. They would have had to take that forged document into the foreign ministry, [and] find this particular folder in this particular filing-box

Then they would have had to take the folder apart and insert the document into the middle of it – in correct chronological sequence with the other documents, re-bind the folder (using an identical single-bowed knot) and then place it back in the filing-box in the room. There was a hand-written index at the start of the folder where the documents I refer to above were located listing all the documents in it. What I did not know at the time but discovered subsequently was that the document initially stapled at the front of the intelligence chief’s memorandum was referred to on this index, so any forger would have had to forge this [the index] too.²

Several articles based on the IIS letter and other relevant documents were published soon afterwards in the *Telegraph*.

Blair and his translator returned to the Ministry of Foreign Affairs on April 22. At that time, the ministry was guarded by armed men who were members of the Free Iraqi Forces, a militia attached to the Iraqi National Congress. The men initially refused to allow Blair entry, but he was allowed in several hours later when he returned with two TV crews and a freelance photographer, Heathcliff O’Malley. O’Malley took photographs tracing Blair’s route to the room that contained the boxes of documents and took photographs of the room itself. Blair did not attempt to remove any documents from the ministry that day. O’Malley took photographs of the key documents back at Blair’s hotel room. Blair took all of the key documents and binders with him when he left Baghdad for London on April 25. The documents remain in the custody of the *Telegraph*.

Documents Reported Upon by *The Christian Science Monitor*:

The documents that *The Christian Science Monitor* reported on in April 2003 differ in many respects from those discovered by David Blair and reported on in *The Daily Telegraph*. *The Christian Science Monitor*

² Witness statement of David Blair from the Telegraph Lawsuit at ¶¶ 49-50.

(“*CSM*”) documents, obtained in Iraq by a reporter named Philip Smucker, indicated direct payments of more than \$10 million to Galloway.³ As reported in the April 25, 2003 edition of the *CSM*, the documents included direct orders from the Hussein regime to issue Galloway six separate payments, starting in July 1992 and ending in January 2003. According to the article, these documents were taken from a Baghdad house purported to have been used by Saddam Hussein’s son Qusay. The documents were provided to Smucker by a purported Iraqi general named Salah Abdel Rasool only after Smucker agreed to pay Rasool’s neighbor \$800 to translate the documents.

The *CSM* articles detailed that the three most recent payment authorizations, beginning on April 4, 2000, and ending on January 14, 2003, were for \$3 million each. For example, the document dated January 14, 2003, was written on Iraqi Republican Guard stationery and indicated that a \$3 million “gratuity” was issued to Galloway in return for Galloway’s “courageous and daring stands against the enemies of Iraq.” This letter was purportedly signed by three Iraqi generals as well as Qusay Hussein himself. Another letter dated July 27, 1999, authorized a \$1 million dollar payment to Galloway as agreed upon by Qusay Hussein. The *CSM* articles also cited two letters detailing earlier payments to Galloway in July 1992 and October 1993. The October letter indicated a \$600,000 payment to Galloway via a representative of the directorate of the Iraqi Special Security Organization.

After the first *CSM* article appeared on April 25, 2003, an extensive investigation ensued stemming from a May 2003 article in *The Mail* newspaper. *The Mail* article disputed the authenticity of certain documents obtained by *The Mail* from Salah Abdel Rasool – the same person who was the source of *CSM*’s documents. The documents purchased by *The Mail* also purportedly showed payoffs to Galloway by the Hussein regime. After an examination by experts, *The Mail* concluded that the documents that it had purchased from Rasool were fake. Rasool also claimed to be in possession of documents “proving” that six of the 19 September 11 hijackers learned to fly in Iraq.

As a result of *CSM*’s investigation, the newspaper reported in June that the six documents detailed in its April 25 article were, in fact, forgeries. This conclusion was based on an examination of the documents using both textual analysis and a chemical analysis of the ink used on the documents. The June article, for example, indicated that Hassan Mneimneh of the Iraq Research and Documentation Project conducted a textual examination and compared the *Telegraph* documents to the *CSM* documents. After examining copies of the *Telegraph*’s documents, Mr. Mneimneh deemed them to be consistent with other authentic Iraqi documents he had seen, but he did not have the same conclusion for the *CSM* documents. Similarly, the article explained that the *CSM* documents simply could not have been prepared when their dates said they were made based on examination by an ink chemist.



³ The facts relating to the documents published by *The Christian Science Monitor* are taken from two articles; Philip Smucker, *Newly found Iraqi files raise heat on British MP*, *Christian Science Monitor*, Apr. 25, 2003, and *Galloway papers deemed forgeries*, *Christian Science Monitor*, June 20, 2003.

APPENDIX D

SUBJECT: CONVERSATION BETWEEN GALLOWAY AND OIL TRADER #1 REGARDING OIL ALLOCATIONS

After the “Big Ben to Baghdad” bus tour arrived in Iraq and soon after Galloway’s initial request to Aziz for oil allocations, Galloway engaged in a detailed conversation with an oil trader concerning oil allocations. That conversation, along with the negotiations that followed, indicates that Galloway understood the oil allocation process and was personally involved in the negotiation and sale of subsequent oil allocations. The oil trader in question, referred to as “Oil Trader #1” throughout this Report, was interviewed at length by the Subcommittee, and the account of his conversation with Galloway is presented below.¹

Background on Oil Trader #1

Oil Trader #1 was an active participant in numerous oil transactions under the Oil-for-Food Program.² He described his role in those transactions as “primarily trying to obtain allocations” and “buying allocations.” In doing so, he had “negotiated many allocations with many different people.” He estimated that he had successfully purchased allocations from 12 to 15 different individuals or entities, and noted that the actual number of allocations purchased was far higher because some of those 12–15 allocation grantees had multiple allocations or “repetitive” allocations that continued from phase to phase. In total, Oil Trader #1 estimated that he had been involved in the purchase of 50–60 million barrels of crude oil under the Program, and he estimated that the value of that oil amounted to \$1–1.5 billion.

In searching for allocation holders, Oil Trader #1 spent a significant amount of time in Baghdad, traveling there every one or two months and staying for three to four weeks at a time. He would stay at the Rashid Hotel, “trying to get allocations.” During one of those stays at the Rashid Hotel, Oil Trader #1 encountered Galloway.

Oil Trader #1 Discusses Oil Allocations with Galloway

Oil Trader #1 stated that he first encountered Galloway while both men were eating at the hotel’s buffet. The encounter was not planned – they were simply seated next to each other in the restaurant, and happened to strike up a conversation. Although he cannot recall the precise date of the encounter, Oil Trader #1 remembered that the conversation occurred soon after Galloway arrived in Baghdad on the “Big Ben to Baghdad” bus tour in late 1999 because he recalled seeing Galloway’s highly decorated, London bus near the hotel. Oil Trader #1 had not met Galloway previously, but knew of him from the publicity associated with Galloway’s bus tour.

The oil trader described the ensuing conversation with Galloway as “cordial,” and covering a wide array of topics. At some point in the conversation, Galloway inquired as to what Oil Trader #1 was doing in Baghdad. According to the oil trader, when he informed Galloway that he was in Baghdad to buy oil allocations, Galloway grew quite interested in the conversation. Oil Trader #1 stated that Galloway was “particularly interested” in the

¹ Oil Trader #1 requested confidential treatment of his identity because he feared retaliation, including serious bodily harm, for his cooperation with the Subcommittee’s investigation. In light of the genuine and reasonable concern for his safety, the Subcommittee staff has elected to honor his request and keep his identity confidential. In doing so, it should be noted that the use of confidential sources and informants is well-rooted in the Subcommittee’s history. *See, e.g.*, S. Hrg. “Medicare Fraud Prevention: Improving the Medicare Enrollment Process” (Jan. 29, 1998); S. Hrg. “The Safety of Food Imports (Part 3): Fraud & Deception in the Food Import Process” (Sept. 10, 1998); S. Hrg. “Federal Government Security Clearance Programs” (Apr. 16-25, 1985).

² Oil Trader #1 interview (Aug. 31, 2005).

process of “translating” oil allocations into commissions. Oil Trader #1 was “basically educating [Galloway] on how it worked,” explaining to Galloway the “modus operandi” of how oil allocations were monetized. Oil Trader #1 explained to Galloway that the allocations of oil were a method for the Hussein regime “to pay for lobby[ing] for the Iraqi cause.”

Oil Trader #1 stated that it was clear that either Galloway had already been granted, or he was going to receive an allocation of oil in the immediate future, saying: “He [Galloway] had something in hand – he was going to have or already had it.”³ At some point in the conversation, Galloway posed a hypothetical, inquiring how, if he were granted an allocation, he would translate that into commission payments. Oil Trader #1 “got the impression that [Galloway] had already had a meeting” in which he was offered an allocation, but stated that Galloway “did not share details.” At some point in this conversation, Oil Trader #1 also advised Galloway to request “the highest amount of allocation.” He also advised Galloway, “do not be afraid [of] the allocation because it is a sure way to get paid for lobbying” for the Iraqi cause.

Believing that Galloway either had an allocation or was going to receive one in the immediate future, Oil Trader #1 “expressed serious interest” in buying whatever allocations Galloway had been or would be granted. Oil Trader #1 wanted to put Galloway “at ease” that he was “a serious buyer,” meaning he was an experienced oil trader. As a result, he gave Galloway his “background,” describing to Galloway his long history in the oil business (“since ’85 or ’86”). Oil Trader #1 also informed Galloway that he was affiliated with the “majority” purchaser of a specific grade of Iraqi crude oil, called Basrah Light, and estimated the significant volume of Iraqi oil that his affiliates had purchased. He further burnished his credentials as an oil trader, telling Galloway that he and his partners “had never not performed” their obligations under oil contracts.

Oil Trader #1 told the Subcommittee that, after he and Galloway discussed oil allocations at length and he “expressed serious interest” in Galloway’s allocation, Galloway made several noteworthy statements. In sum, according to Oil Trader #1, Galloway stated that either he would contact Oil Trader #1 directly to negotiate the sale of an oil allocation or Galloway’s “representative in Baghdad” would contact the oil trader’s Baghdad office. Oil Trader #1 emphasized to the Subcommittee that “[Galloway] said he or his representative in Iraq would contact [the oil trader] in connection with the sale of an allocation.” Oil Trader #1 stated that Galloway also told him that he would be “happy to contact you because you are a high volume buyer of allocations.” Oil Trader #1 reiterated that statement once again, stating: “[Galloway] told me that, if he were to obtain an oil allocation, he would contact us directly or indirectly.” To that end, Galloway wanted “all of my points of contact,” so Oil Trader #1 and Galloway exchanged contact information.

After meeting with Galloway, Oil Trader #1 conferred with his partners about buying Galloway’s allocations. Oil Trader #1 believed that establishing a relationship with Galloway would be “attractive.” He argued that Galloway had “a lot of potential” to get large allocations because his bus tour attracted “a large amount of fanfare.”

As detailed in the Report, a few months later, Oil Trader #1 would in fact engage in extended negotiations with Galloway’s agent in Baghdad, Fawaz Zureikat.



³ When asked what he meant by the word “it,” Oil Trader #1 confirmed that he was referring to an allocation of Iraqi crude oil.

APPENDIX E

SUBJECT: NEGOTIATIONS BETWEEN FAWAZ ZUREIKAT, OIL TRADER #1, AND OIL TRADER #2

Oil Traders Learn of Galloway's Allocation

Oil Trader #2 was actively involved in the purchase of oil allocations under the Program. He informed the Subcommittee that, from 1998 through 2001, he was “intimately involved in the negotiation and purchase of approximately eight (8) oil allocations of Iraqi crude oil.”¹ Those transactions resulted in the purchase of roughly 16 million barrels of Iraqi oil, worth an estimated \$240 million.² Oil Trader #2's role in these transactions was to “identify individuals and/or entities that had been granted allocations of crude oil from the Government of Iraq,” and “arrange meetings concerning the sale of such oil allocations” between his principal and the allocation holders.³ According to Oil Trader #1, Oil Trader #2 had “first-class information about allocations” through a variety of sources.⁴ As a result, Oil Trader #1 retained Oil Trader #2 as a consultant to “help [him] get closer to” allocation holders.⁵

In the summer of 2000, Oil Trader #2 learned that the Iraqi government had granted an allocation of oil to an individual represented by Fawaz Zureikat.⁶ Oil Trader #2 understood that the individual represented by Zureikat was in fact Galloway, stating: “At that time, I knew that the individual that Zureikat represented was a British official named George Galloway.”⁷ Oil Trader #2 then explained how he knew that Zureikat represented Galloway:

Officials of the Iraqi State Oil Marketing Organization confirmed to me that Mr. Zureikat represented Mr. Galloway in the sale of Galloway's allocations of Iraqi crude oil. In addition, I personally read SOMO documents that stated that Mr. Zureikat represented Mr. Galloway with respect to Galloway's oil allocations.⁸

Moreover, Oil Trader #2 stated that, among the oil traders in Baghdad, it was “common knowledge” that Zureikat was Galloway's representative in connection with the sale of oil allocations:

Lastly, the fact that Mr. Zureikat represented Mr. Galloway with respect to oil allocations and other business in Iraq was common knowledge, understood by many oil traders with whom I had regular contact.⁹

After learning that Galloway had been granted an allocation, Oil Trader #2 “contacted Mr. Zureikat to inquire about the allocation and whether he was interested in selling it to Italtel,” Oil Trader #1's company.¹⁰ Oil

¹ Oil Trader #2 Witness Statement at ¶¶ 1, 2. (Ex. 22).

² *Id.* at ¶ 2. (Ex. 22).

³ *Id.* at ¶ 1. (Ex. 22).

⁴ Oil Trader #1 interview (Aug. 31, 2005).

⁵ *Id.*

⁶ Oil Trader #2 Witness Statement at ¶ 3. (Ex. 22).

⁷ *Id.* at ¶ 4. (Ex. 22).

⁸ *Id.*

⁹ *Id.*

Trader #2 stated that he “informed Mr. Zureikat that Italttech would be interested in purchasing the allocation of oil.”¹¹ He then “proceeded to arrange a face-to-face meeting between Mr. Zureikat and [Oil Trader #1].”¹² That meeting between Oil Trader #1 and Zureikat is described in detail below.

The Oil Traders Negotiate with Zureikat to Buy Galloway’s Allocation

The first encounter with Zureikat took place in Oil Trader #1’s office in Baghdad, and both Oil Trader #1 and Oil Trader #2 participated in the negotiations.¹³ Oil Trader #2 recalled that the meeting occurred during Phase VIII of the Program, “approximately in the summer of 2000.”¹⁴

Although Oil Trader #2 knew that Zureikat represented Galloway, Oil Trader #1 was unfamiliar with Zureikat and sought to verify the identity of the actual allocation holder. Oil Trader #1 stated that, when negotiating the purchase of an allocation, he had a “regular business practice” of knowing the identity of the allocation grantee. He stated that he always knew “exactly who the allocation had been granted to,” and “wouldn’t have negotiated [to buy the allocation] unless I knew whose allocations were involved.” The negotiations with Zureikat were no different, and he sought to learn the identity of the allocation holder that Zureikat represented. In fact, according to Oil Trader #1, his desire to know Zureikat’s principal was especially acute because he did not know Zureikat personally.¹⁵

Therefore, according to Oil Trader #1, “the first thing I did was make extra sure who Zureikat was and who he was representing.”¹⁶ Oil Trader #1 recalled that, at the outset of the meeting, it was declared openly that the allocation under negotiation had been granted to Galloway and that Zureikat was representing Galloway.¹⁷ Oil Trader #1 did not recall whether that declaration was made by his consultant (Oil Trader #2) or by Zureikat, and confirmed in his testimony that “it was clearly stated at the meeting by either [Oil Trader #2] or Fawaz Zureikat that the allocation had been granted to George Galloway and that Fawaz Zureikat was acting as the representative of George Galloway in the sale of the allocation.”¹⁸ Oil Trader #1 stated that, from the conversation at this meeting, he was “100% sure” that Zureikat was representing Galloway in the negotiations to sell the oil allocation.¹⁹ He later stated that he was “certain” that the allocation was indeed Galloway’s.²⁰

¹⁰ *Id.* at ¶ 3. (Ex. 22). The name of Oil Trader #1’s company has been redacted from Oil Trader #2’s Witness Statement to protect the identity of both Oil Trader #1 and Oil Trader #2.

¹¹ *Id.*

¹² *Id.*

¹³ Oil Trader #2 Witness Statement at ¶ 6 (stating that he “attended and participated in that meeting with [Oil Trader #1]”). (Ex. 22). Oil Trader #1 interview (Aug. 31, 2005).

¹⁴ *Id.* at ¶ 6. (Ex. 22). Oil Trader #2 explained why he remembered that the negotiation with Zureikat occurred in the summer of 2000, stating: “To the best of my recollection, this meeting took place during phase 8 of the Program. I recall that [Oil Trader #1’s company] received its own oil allocation in approximately December 2000, at the beginning of phase 9. The meeting with Mr. Zureikat occurred a few months before that, approximately in the summer of 2000.” *Id.*

¹⁵ Oil Trader #1 interview (Aug. 31, 2005).

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Oil Trader #1 interview (Aug. 31, 2005). Although Oil Trader #2’s Witness Statement does not indicate that Galloway’s name was mentioned during the negotiation, he stated on at least four different occasions that he understood that Zureikat represented Galloway in the sale of the allocation. *See, e.g.*, Oil Trader #2 Witness Statement at ¶ 4 (stating “I knew that the individual that Mr. Zureikat represented was a British official named George Galloway”), ¶ 7 (stating “I understood that, in referring to his client, Mr. Zureikat meant Mr. Galloway”), ¶ 8 (stating “Once again, I understood that, in referring to his client, Mr. Zureikat meant Mr. Galloway”), ¶ 9 (referring to “Mr. Zureikat and his client, Mr. Galloway”). (Ex. 22).

¹⁹ Oil Trader #1 interview (Aug. 31, 2005).

After verifying the identity of the allocation holder, Oil Trader #1 proceeded to negotiate the terms of the transaction with Zureikat. Oil Trader #1 stated that it was “a straightforward negotiation.” The negotiation focused on several different terms, including the volume of oil that Oil Trader #1 could buy and the date of the lifting of the oil. The “main issue” of the negotiation, however, was the rate of commission that Oil Trader #1 would pay Zureikat and Galloway for the allocation and the date of payment of such a commission.²¹

Oil Trader #2 told the Subcommittee that Oil Trader #1 “negotiated with Mr. Zureikat the rate of commission that Italtch would pay in exchange for the oil allocation.”²² He described the negotiation as follows:

[Oil Trader #1] offered to pay a commission of 8 cents per barrel for Kirkuk and 12 cents per barrel of Basra. Initially, Mr. Zureikat agreed to this commission structure and a hand written draft of a contract was prepared between Italtch and Mr. Zureikat.²³

Before the written agreement could be finalized, however, Zureikat told Oil Trader #1 and Oil Trader #2 that he needed to communicate with his client to get approval.²⁴ Oil Trader #2 stated that: “I understood that, in referring to his client, Mr. Zureikat meant Mr. Galloway.”²⁵ Similarly, Oil Trader #1 explained that he understood he was “negotiating with Galloway, not Fawaz Zureikat.”²⁶

The following day, Zureikat contacted Oil Trader #2 to continue the negotiation over Galloway’s allocation.²⁷ Oil Trader #2 stated: “Mr. Zureikat contacted me and stated that his client wanted 20 cents a barrel and that he would not accept a lower commission for Kirkuk oil.”²⁸ Oil Trader #2 reiterated that, “in referring to his client, Mr. Zureikat meant Mr. Galloway.”²⁹

After Zureikat’s counter-proposal, the negotiations between Oil Trader #1 and Fawaz Zureikat failed. Oil Trader #1 explained that he had agreed to Zureikat’s demand for a 20-cent commission, but nonetheless, the contract was never executed.³⁰ According to both Oil Trader #1 and Oil Trader #2, no contract was signed between Oil Trader #1’s company and Zureikat: “Although the preliminary offer between [Oil Trader #1’s company] and Mr. Zureikat had been drafted, the deal ultimately fell through and [Oil Trader #1’s company] did not purchase the oil allocation from Mr. Zureikat and his client, Mr. Galloway.”³¹



²⁰ Oil Trader #1 interview (Aug. 31, 2005).

²¹ Oil Trader #1 interview (Aug. 31, 2005).

²² Oil Trader #2 Witness Statement at ¶ 7. (Ex. 22).

²³ Oil Trader #2 Witness Statement at ¶ 7. (Ex. 22). The terms “Kirkuk” and “Basra” refer to the two grades of crude oil authorized for export from Iraq under the Program. “Kirkuk” refers to oil exported the Kirkuk-Yumurtalik pipeline through Turkey, and “Basra” refers to the oil exported from the Mina al-Bakr oil terminal, near Basra. *See, e.g.*, Memorandum Of Understanding Between The Secretariat Of The United Nations And The Government Of Iraq On The Implementation Of Security Council Resolution 986 (1995), Section IV, ¶ 16.

²⁴ Oil Trader #2 Witness Statement at ¶ 7. (Ex. 22).

²⁵ *Id.*

²⁶ Oil Trader #1 interview (Aug. 31, 2005).

²⁷ Oil Trader #2 Witness Statement at ¶ 8. (Ex. 22).

²⁸ *Id.*

²⁹ *Id.*

³⁰ Oil Trader #1 interview (Aug. 31, 2005).

³¹ *Id.*; Oil Trader #2 Witness Statement at ¶ 9. (Ex. 22).

APPENDIX F

SUBJECT: GALLOWAY'S STATEMENTS IN A BRITISH COURT AND FAILURE TO REGISTER INTERESTS RELATED TO THE OIL-FOR-FOOD TRANSACTIONS

The Subcommittee has uncovered evidence that during Galloway's libel suit against *The Daily Telegraph*, Galloway made false statements under oath before a British court. In addition, Galloway appears to have violated the Code of Conduct for Members of Parliament by failing to disclose the payments from Zureikat to Galloway's wife and the Mariam Appeal arising from oil transactions. These matters are discussed in detail below.

1. Galloway Knowingly Made False or Misleading Statements Under Oath Before a British Court

The Subcommittee's evidence demonstrates that, in addition to false or misleading statements made before the Subcommittee, Galloway knowingly made false or misleading statements under oath before a British tribunal holding a trial in connection with the lawsuit brought by Galloway against *The Daily Telegraph*. Galloway made several general and specific denials regarding the allegations made the articles published by the *Telegraph*. One such specific denial was that the Mariam Appeal had received funds from Zureikat that he had in turn received from the Iraqi government:

Q. [Mr. Price]: And they [the documents published by *The Daily Telegraph*] show large amounts of money being paid out of the Iraqi regime into the Mariam Appeal?

A. [Mr. Galloway]: Are you now saying that is true?

Q. [Mr. Price]: Well, that is what they show, is it not?

A. [Mr. Galloway]: That is what the documents appear to show.

Q. [Mr. Price]: Yes. And so the question is, is it not, what does Mr. Zureikat say about this, because the overwhelming likelihood is that the money would have gone to Mr. Zureikat as your representative in Baghdad, and from him into the Mariam Appeal; is that not right?

A. [Mr. Galloway]: If it were true, but it is not.¹

As indicated in the findings relating to Galloway's statements before the Subcommittee, the evidence gathered by the Subcommittee indicates that the Mariam Appeal received at least \$446,000 in transfers from Zureikat in connection with the oil allocations granted under the Oil-for-Food Program.

Additionally, Galloway denied that he met with an officer of the Iraqi Intelligence Service on December 26 ("Boxing Day"), 1999. That denial came when Galloway was asked what he would have done differently had he been given sufficient time to review and respond to the allegations contained in the articles published by the *Telegraph*. When asked what he would have done differently, Galloway responded:

¹ Trial transcript from the Telegraph Lawsuit (Nov. 15, 2004) (Day 1).

... I would, for example, have spoken to the person named in the documents, Zureikat, to ask how they could conceivably have thought that he and I had a meeting with an Iraqi intelligence officer. I would have elicited from him the answer that this allegation is completely false. I know now from my discussions with him what I was doing on Boxing Day when I was not meeting an Iraqi intelligence officer.²

As indicated in the findings relating to Galloway's statements before the Subcommittee, the IIS Letter, which was authenticated by Tariq Aziz, indicates that Galloway had indeed met with an IIS officer on December 26, 1999.³

2. Galloway Failed to Register Interests Related to the Oil-for-Food Transactions

Pursuant to the Code of Conduct for Members of Parliament, Members of the House of Commons are required to disclose financial interests.⁴ George Galloway did not disclose any of the transfers from Zureikat to his wife or the Mariam Appeal that resulted from the Oil for Food transactions.⁵ The figure below is a reproduction of the Register of Interests published in January 2001, reflecting activities in 2000.

Several provisions of the Register of Interests might have required Galloway to disclose the transactions related to the Oil for Food Program. For instance, the Register requires the disclosure of gifts or "material advantage" received by a Member's spouse greater than £550. Section 5 of the Register of Interests requires disclosure of "Gifts, benefits and hospitality" from sources in the U.K., requiring registration of:

any gift or material advantage received by the Member or the Member's spouse or partner from a United Kingdom source, which in any way relates to membership of the House. Tangible gifts and other benefits over £550 (1% of a Member's salary) in value must be registered.

Section 7 of the Register applies the requirements of Section 5 to benefits and gifts from overseas sources:

This section is subject to the same rules as section 5, but covers gifts and benefits from overseas rather than UK sources.

Therefore, Section 7 of the Register of Interests might apply to the \$150,000 payment to Galloway's wife and required disclosure. In addition to Section 7 of the Register of Interests, other provisions, such as Section 4 ("Sponsorship or financial or material support") and Section 10 ("Miscellaneous and unremunerated interests"), might have required that Galloway register the payments from Zureikat to his wife and the Mariam Appeal.



² Trial transcript from the Telegraph Lawsuit (Nov. 15, 2004) (Day 1).

³ N.B. When recently asked by the Subcommittee whether he had met with any Iraqi government official on December 26, 1999, Galloway's answer was non-responsive: "On Christmas Day 1999 I attended a lunch with Mr Tariq Aziz. There were others present including I think one minister, the minister for culture." See Galloway's response to Subcommittee's interrogatories. (Ex. 1).

⁴ Rule 16, Code of Conduct for Members of Parliament (requiring disclosure of pecuniary interests in Register of Members' Interests).

⁵ Excerpts of Register of Members' Interests (1999 through 2002).

Excerpt of Register of Interests for George Galloway, Published January 2001

GALLOWAY, George (Glasgow Kelvin)

2. Remunerated employment, office, profession etc.

Regular column in the Mail on Sunday. (£60,001-£65,000)

Freelance writing and broadcasting.

Weekly column in Al Watan, Arabic daily newspaper.

6. Overseas visits

19-22 February 2000, to Lebanon to discuss the cancer epidemic in Iraq for the Mariam Appeal which met my flight and travel and costs. (Registered 2 March 2000)

12-17 March 2000, from London to Jordan on a flight paid for by the Mariam Appeal. I travelled from Amman to the Iraq border in a car paid for by the Mariam Appeal. I travelled from the Iraq border to Baghdad in a car paid for by the Ministry of Health. My three nights in Baghdad were as a guest of the Iraq-Britain Friendship Society. (Registered 6 April 2000)

31 March-3 April 2000, to the United Arab Emirates, as a guest of the Government of the UAE. (Registered 6 April 2000)

7-11 May 2000, from London to Amman by plane and from Amman to Baghdad by road, travel paid by the Mariam Appeal. Accommodation in Baghdad paid for by the Baghdad Conference, a collection of NGOs working on the sanctions issue. (Registered 17 May 2000)

June 2000, flight to Budapest and two nights in hotel paid for by the Mariam Appeal. (Registered 4 December 2000)

July/August 2000, flight to US and two nights in hotel paid for by Texas-based campaign against sanctions on Iraq. (Registered 4 December 2000)

October 2000, flight to Brussels and three nights in hotel paid for by the Mariam Appeal. (Registered 4 December 2000)

November 2000, flight to Madrid-Gijon and three nights in hotel paid by Spanish campaign for lifting of sanctions on Iraq. (Registered 4 December 2000)

November 2000, flight London to Baghdad and three nights in hotel there paid by the Mariam Appeal. (Registered 4 December 2000)

8 December 2000, flight to Jordan, paid for by Great Britain-Iraq Society of which I am Chairman. (Registered 9 December 2000)

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11-16 January 2001, I flew to Amman and thence by car to Baghdad, paid by the Great Britain-Iraq Society, and spent two nights in Iraq in a hotel paid by the Iraq-Great Britain Friendship Society. I returned to London by air on 16 January. (Registered 19 January 2001)

23-27 January 2001, to New York, flight paid for by the Mariam Appeal. (Registered 1 February 2001)

7. Overseas benefits and gifts

April 2000, gift of a watch from the Government of the United Arab Emirates. (Registered 6 April 2000)

9. Registrable shareholdings

(a) AVL Media Ltd; publication and media company.

10. Miscellaneous and unremunerated interests

Regular column in Orient magazine; internet daily (unpaid).