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

SECOND INTERIM REPORT

The 1998 Procurement of the Humanitarian Goods Inspection Contract
Other Conduct of United Nations Officials

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I. INTRODUCTION

In December 1998, the United Nations selected a Swiss company, Cotecna Inspection S.A. ("Cotecna"), to conduct inspections of humanitarian goods entering Iraq under the Oil-for-Food Programme ("the Programme"). Cotecna replaced the former inspection company, Lloyd's Register Inspection Ltd. ("Lloyd's") of the United Kingdom.[1] Cotecna's initial service contract ran for six months, from February 1 to July 31, 1999, and its contract was extended several times through the termination of the Programme's activities in November 2003.

In this Second Interim Report, the Independent Inquiry Committee ("the Committee") addresses the propriety of Cotecna's receipt and retention of the humanitarian goods inspection contract.[2] The Report addresses the following three questions:

1. Was the selection of Cotecna Inspection S.A. in 1998 free of improper or illicit influence and conducted in accordance with the United Nations' financial and procurement regulations, including the competitive bidding rules?

2. Was the conduct of the Secretary-General with respect to the selection and retention of Cotecna Inspection S.A. adequate, especially relating to a possible conflict of interest or the appearance of a conflict of interest?

3. Were the actions of persons other than the Secretary-General free from impropriety or misrepresentation?

Part II of this Report summarizes the relevant factual background in regard to the selection of Cotecna. At the end of this Report, the Committee includes a chart illustrating the chronology of key events.

Part III of the Report is a detailed review of the Committee's evidence. Section A discusses the background rules of procurement and ethical standards of conduct governing conflicts of interest at the United Nations at the time that Cotecna was selected. Section B reviews the background of Cotecna, its prior efforts in 1992 and 1996 to win the Iraq inspection contract, and its bid for and award of the contract in 1998. Section C reviews Kojo Annan's employment history with Cotecna leading up to Cotecna's award of the contract in 1998, and it reviews evidence of

[1] The initial 1996 selection of Lloyd's to inspect the humanitarian goods was a subject of the first Interim Report. See Independent Inquiry Committee, "Interim Report" (Feb. 3, 2005) (hereinafter "First Interim Report"), pp. 97-108.

[2] This Report does not address issues concerning Cotecna's performance of its duties. The Internal Audit Division ("IAD") of the United Nations Office of Internal Oversight Services ("OIOS") previously addressed this issue in an audit report, which is now posted on the Committee's website. See OIOS Audit Report, No. AF2002/23/1 (Apr. 8, 2003), http://www.iic-offp.org/documents/OIOS/OIP%20Report%2019%20-%20OIP%20UNOHCI.pdf. Although the Committee has not commented on the substance of IAD's findings, it will do so in its future report on the Programme's administration.

meetings between Cotecna's chairman and the Secretary-General in 1997 and 1998. Section D discusses whether the evidence indicates that the Secretary-General exercised influence on the contract bidding or award process. Section E discusses the concerns raised in January 1999 after the contract was awarded to Cotecna about Cotecna's relationship with Kojo Annan and about the investigation of Cotecna in Switzerland involving allegations of illicit payments made for the benefit of former Pakistani Prime Minister Benazir Bhutto. It discusses the United Nations' response to these public concerns and the efforts of Cotecna and Kojo Annan to conceal their continuing financial relationship. Section F reviews the multiple extensions of Cotecna's contract through 2003. Section G addresses the responses of parties against whom the Committee has made adverse findings in connection with the selection of Cotecna.

Part IV of this Report presents the Committee's findings and conclusions concerning the selection of Cotecna.

With respect to two separate matters of the Committee's investigation, Part V of this Report presents the Committee's evidence and its findings and conclusions concerning: (A) the conduct of S. Iqbal Riza, the former Chef de Cabinet to the Secretary-General, in connection with his authorizing staff members to shred his "chron" documents during the pendency of the Committee's investigation; and (B) the conduct of Dileep Nair, the Under-Secretary-General for Internal Oversight Services, in connection with his use of Programme funds to hire a special assistant for work in his office.

Attached in the Appendix to this Report are submissions received from parties against whom the Committee has made adverse findings, where the party has requested that the submission be made a part of this Report. The Committee invites such submissions in response to letters it sends advising parties of its proposed adverse findings; parties may elect also to meet with the Committee. All written and oral submissions are considered by the Committee before making its final findings. Accordingly, the findings in this Report may differ from a proposed finding discussed in a party's response.

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II. SUMMARY OF COTECNA FACTUAL BACKGROUND

A. COTECNA INSPECTION S.A.

In 1998, Cotecna was in the business of commercial trade inspections. It operated under contracts with governments and private companies to authenticate and certify the shipment, arrival, quantity, and quality of goods and commodities during the course of international trade. Based in Switzerland, Cotecna was a family-owned business founded, owned, and controlled by its chairman, Elie Georges Massey. Cotecna's Chief Executive Officer was Robert Massey, the son of Elie Massey.

Cotecna had long been interested in the United Nations inspection contract for Iraq. In 1992, it prevailed over other bidders for the contract, but the Government of Iraq declined at that time to proceed with the Security Council's initial resolutions that would have authorized Iraq to sell oil to generate proceeds for purchasing and importing humanitarian goods. In 1995, the Security Council tried again, and this time Iraq agreed in May 1996 to participate in what became known as the "Oil-for-Food Programme."

The United Nations again initiated a competitive bidding process for the inspection contract in 1996, and Cotecna submitted a proposal. This proposal was not competitive with those of the other bidders. In any event, the United Nations deviated from the bidding process for political reasons and selected Lloyd's, a British company, to perform goods inspection services under the Programme.

B. EVENTS LEADING UP TO COTECNA'S BID FOR THE INSPECTION CONTRACT IN 1998

Despite having lost to Lloyd's in 1996, Cotecna remained interested in any future opportunity to obtain the Iraq inspection contract. As early as March 1998, it directly expressed an interest to Benon Sevan, then in charge of the Office of the Iraq Programme ("OIP"). Elie Massey ultimately met with Mr. Sevan's chief assistant to discuss his company's interest.

At this time, Cotecna's business was not doing well because of its recent loss of major inspection contracts in Pakistan and Nigeria. In addition, with respect to the loss of its Pakistan contract, Cotecna was embroiled in a criminal investigation involving allegations that it had made illegal payments for the benefit of former Pakistani Prime Minister Benazir Bhutto. Media reports in the fall of 1997 described a letter purportedly written by Robert Massey agreeing to make these payments. In early June 1998, a Swiss magistrate placed Robert Massey under formal investigation with respect to these allegations.

In June 1998, the United Nations' procurement department and OIP decided that the United Nations should competitively re-bid the contract because of the high rates charged by Lloyd's. In August 1998, the procurement department requested from OIP the specifications for a request for

proposal ("RFP") to issue to potential bidders. On October 9, 1998, the procurement department issued the RFP to thirteen companies, including Cotecna.

C. COTECNA'S BID AND AWARD OF THE CONTRACT

In early November 1998, Cotecna submitted a bid in response to the RFP, offering to provide six months of inspection service for a price that was one million dollars less expensive than any other company. At an inspector "man-day" rate of only $499, Cotecna's price was approximately thirty-five percent less expensive than the man-day rate of $770 then being charged by Lloyd's. The prospects of Lloyd's for winning the contract were further dimmed when, in mid-November 1998 (as reported in the media), it decided—without prior notice to or approval from OIP—to remove its inspectors from Iraq for a short time, amidst rising tensions and concerns about security.

On December 1, 1998, OIP met with representatives from the three least expensive companies responding to the RFP. Following these meetings, both OIP and the procurement department recommended to the United Nations Headquarters Committee on Contracts ("HCC") that the contract be awarded to Cotecna on the ground that Cotecna had submitted the lowest bid and was technically qualified to perform the contract. At that time, subject to certain defined exceptions, the United Nations financial rules required that contracts be awarded to the lowest acceptable bidder. Cotecna therefore was advised on December 11, 1998 that it had won the contract, and subsequent negotiations led to the signing of a contract on December 31, 1998.

At no time during the bid process were relevant decision-making personnel of the procurement department, OIP, or the HCC advised or aware of Cotecna's employment of Kojo Annan. Moreover, consistent with the Secretary-General's denial that he ever participated or intervened in the bidding or negotiation process, there is no evidence that the Secretary-General participated or intervened in the bidding or negotiation process. In accordance with the United Nations financial rules and procurement regulations, there was no requirement that the Secretary-General approve or receive notification of the award of the inspection contract.

D. KOJO ANNAN

Cotecna hired Kojo Annan in September 1995. He had recently graduated from university in England and had applied for a position with Cotecna through Michael Wilson, a Cotecna Vice President for Marketing in Africa, whose father was a family friend of the Annans from Ghana.

Kofi Annan knew that his son was working for Cotecna. Although the parents of Kojo Annan divorced when he was young, Kojo Annan remained close to his father and spoke to him as often as once per week by telephone. When Cotecna previously had sought the United Nations inspection contract in 1992, Kofi Annan was Controller of the United Nations, and Cotecna had contacted his office about its interest in the contract.

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Kojo Annan worked for Cotecna through 1996 and 1997 as a liaison officer and marketing manager in Cotecna's office in Lagos, Nigeria. During 1998, Kojo Annan resigned his position as a regular employee and became a consultant for Cotecna.

Kofi Annan became Secretary-General of the United Nations on January 1, 1997. One month later, the Secretary-General met with Elie Massey for cocktails while the Secretary-General was at a conference in Switzerland. The Secretary-General has stated that he did not discuss with Elie Massey Cotecna's interest in a future United Nations contract.

Throughout the second half of September and in early October 1998, including on the day that the the procurement department issued an RFP for the Iraq inspection contract, Kojo Annan was in New York and stayed at the Secretary-General's residence. He came to New York because of the United Nations General Assembly meetings, so he could advance Cotecna's business by meeting with various politicians and senior officials of African countries. However, in anticipation of this trip, Kojo Annan wrote memoranda to Cotecna that suggest a broader purpose. Although Kojo Annan and the Masseys have denied that those memoranda were referring to doing business with the United Nations, it remains unclear exactly what Kojo Annan was referring to in these memoranda.

In the same timeframe, Elie Massey met again with the Secretary-General for a short "private meeting" arranged by Kojo Annan. There are no notes or written record of what they discussed. According to both the Secretary-General and Elie Massey, the two briefly discussed an idea of Elie Massey to raise funds for the United Nations through the sale of lottery tickets. The Secretary-General referred Mr. Massey to Joseph Connor, the Under-Secretary-General for Management, who was in charge also of the procurement department. Both the Secretary-General and Mr. Massey deny that they spoke about Cotecna's interest in the Iraq inspection contract. Subsequent correspondence and Mr. Connor's appointment calendar indicate that Mr. Massey met with Mr. Connor twelve days later to discuss his lottery idea.

E. QUESTIONS RAISED ABOUT COTECNA

In mid-January 1999, shortly after the United Nations selected Cotecna, the media raised questions about the award of the contract to Cotecna in the face of the controversial allegations about payments by Cotecna for the benefit of Benazir Bhutto. Then, in the later part of January 1999, the *Sunday Telegraph* in London raised concerns with the United Nations about the selection of Cotecna despite its employment of Kojo Annan. The Secretary-General learned of the article shortly before it went to press. Concerned about any allegation that there might be a conflict of interest, he called his son who told him that he had nothing to do with the contract and assured him that he had left Cotecna as of the end of December 1998. The Secretary-General spoke also with Michael Wilson of Cotecna to confirm that Kojo Annan was not involved in the contract and no longer worked for Cotecna. In fact, as described below, Kojo Annan continued to work for and receive money from Cotecna.

The Secretary-General asked S. Iqbal Riza, his Chef de Cabinet, to look into the matter. Mr. Riza in turn asked Under-Secretary-General Connor to provide him with information on the issues. A short reply was produced on the same day, concluding that Cotecna had been awarded the

contract on the basis of its low bid and that the relevant decision makers had not been aware of Kojo Annan's relationship to Cotecna. Mr. Connor's inquiry resulted in two versions of a report—signed and unsigned. The unsigned version stated incorrectly that—in order to avoid any conflict of interest in connection with Cotecna's bid for the contract—Kojo Annan had resigned from Cotecna on October 9, 1998, which was the day that the United Nations had issued the inspection contract RFP. Beyond initiating Mr. Connor's very brief inquiry, the Secretary-General did not formally refer or ensure that the matter was investigated by the United Nations Office of Internal Oversight Services ("OIOS") or the United Nations Office of Legal Affairs ("OLA"), and the United Nations conducted no further inquiry.

At the beginning of 1999, following the award of the contract, Cotecna and Kojo Annan took steps to conceal the fact of their continuing relationship. Kojo Annan continued to perform consulting services for Cotecna during 1999 and 2000, and he also had a non-competition agreement with Cotecna that resulted in monthly payments from January 1999 until February 2004 of $2,500 (including for health insurance). Contrary to statements made by Kojo Annan and Cotecna, these payments were hidden by channeling them through two other companies controlled by the Massey family, Meteor SA and Cofinter SA, and subsequently by Cotecna depositing the monies into a Swiss bank account in the name of Westexim Ltd., a company that a friend of Kojo Annan controlled.

F. CONTINUATION OF COTECNA'S CONTRACT

Despite its continuing and undisclosed relationship with Kojo Annan and a pending Swiss investigation of Robert Massey for the payment of millions of dollars for the benefit of Benazir Bhutto to secure an inspection contract with the government of Pakistan, Cotecna retained the contract to conduct inspection services until the Programme concluded in November 2003. Its contract was renewed repeatedly without consideration or inquiry by the relevant decision makers concerning these issues, including the ongoing status of the investigation into payments allegedly made for Benazir Bhutto.

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III. DETAILED REVIEW OF COTECNA'S SELECTION

A. THE UNITED NATIONS PROCUREMENT AND ETHICS RULES

Various rules and regulations governed the manner in which the United Nations could select and retain contractors from 1998, when Cotecna was first awarded the Iraq inspection contract, through later years, when Cotecna's contract was periodically extended and renewed until the Programme's end in November 2003. Three sets of rules are most relevant to this Interim Report: (1) *supplier registration rules* – the rules determining whether, in light of adverse background information, a contractor may qualify for the "supplier roster" to allow it to bid on or retain a United Nations contract; (2) *competitive bidding rules* – the rules requiring solicitation of competitive bids and award of a contract to the lowest qualified bidder; and (3) *ethical conflict-of-interest rules* – the rules requiring United Nations officials to disclose or avoid circumstances in which they or members of their family might benefit from their official activities on behalf of the United Nations. Each of these sets of rules is described below.

1. Supplier Pre-Qualification Procedures

In early 1998, the United Nations substantially revised its rules governing procurement procedures. One of the major changes concerned the manner in which prospective suppliers were registered and pre-screened for determining their fitness to bid on United Nations contracts. Prior to March 31, 1998, a prospective services contractor ordinarily submitted a standardized registration questionnaire. This form solicited information concerning only a company's identity and relevant work experience; it did not request financial information or other potentially adverse background information—for example about litigation or criminal charges pending against it or its senior management. Although the form did not require a company to disclose adverse information about itself, the procurement manual noted that the department may seek additional information from the company, and "it may be considered advisable to obtain a report on a vendor or service contractor from a rating organization such as Dun and Bradstreet." Similarly, once the contract had been awarded, the procurement manual identified procedures for monitoring a contractor's performance, but it did not provide for any procedure to consider additional adverse information about a contractor, such as allegations of financial impropriety or criminal wrongdoing.[3]

Beginning March 31, 1998, the United Nations issued a revised procurement manual establishing a far more comprehensive and elaborate process for evaluating the qualifications of companies that were permitted to bid on and perform United Nations contracts. The revised manual required the appointment of a "Supplier Roster Officer" within the procurement department, who was charged with maintaining a supplier roster and with advising a "Supplier Review Committee"

[3] United Nations Purchase and Transportation Service Manual of Procedures, Rules 5.02.002-.009 and Form PT.139 (Jan. 10, 1985); Alexander Yakovlev interview (Mar. 4, 2005). Mr. Yakovlev was the "line" procurement officer in charge of the 1998 procurement for the goods inspection contract.

concerning the fitness of particular contractors to remain on the supplier roster. The Supplier Review Committee consisted of the procurement department chief or a representative (as chairperson), the two chiefs of the four major procurement department sections for commodities and support services contracts, and the Supplier Roster Officer (as secretary).[4]

In order to be considered for a United Nations contract under the new procurement manual, a potential supplier had to file a formal application questionnaire and submit financial statements. The Supplier Roster Officer evaluated these materials to determine whether the supplier was qualified to be listed on the supplier roster. The procurement manual further provided that a supplier failing to submit "financial data capable of being adequately evaluated should normally not be considered, but the application should be put up to the Supplier Review Committee."[5]

Although a contractor could be awarded a United Nations contract without first having been qualified for the supplier roster, such a contractor was required to register within 180 days in order to remain on the qualified supplier roster. In addition, before awarding any contract to a company not on the supplier roster, the procurement department was obligated to "take appropriate measures to ensure that the Supplier [was] qualified." The procurement department was required to maintain in its files copies of all original applications and the supporting documentation as well as the Supplier Review Officer's evaluation form.[6]

The revised procurement manual also required regular reviews "[t]o ensure the integrity of the Supplier Roster" for companies that passed the initial registration process. One factor was the evaluation of whether a contractor met its contractual obligations. In addition, based on numerous factors, the Supplier Review Officer could recommend a supplier's suspension or removal from the list. One such factor involved "[n]otification by a Member State or other authoritative source that a Supplier has been charged with having committed a fraud or criminal offense in its country of registration." If such concerns were raised, the Supplier Review Officer was required to raise the matter before the Supplier Review Committee for potential suspension or removal.[7]

To make sure that procurement decisions about supplier qualifications were based on all relevant information, the procurement manual further required all procurement personnel to report to the Supplier Review Officer any information concerning certain types of adverse information about a supplier, including information indicating a supplier's "financial impropriety or other unethical or unprofessional conduct." This information was to be placed "in the Supplier's file, whether or not the failure [was] considered serious enough to warrant action at the time of receipt." For

[4] United Nations Procurement Manual, Version 01 (Mar. 31, 1998) (hereinafter "Procurement Manual"), secs. 5.02-.03; Alexander Yakovlev interview (Mar. 4, 2005) (discussing changes to the vendor registration and review procedures, beginning in 1998).

[5] Procurement Manual, secs. 5.04-.09.

[6] Ibid., secs. 5.05.01(b), 5.09.01.

[7] Ibid., secs. 5.10, 5.12.01, 5.12.02(b).

cases involving serious issues, the Supplier Review Officer was "to gather all available facts" and then "to present any evidence indicating that a Supplier should be removed from the Roster at a regularly scheduled meeting" of the Supplier Review Committee.[8]

2. Competitive Bidding Requirements

At the time that Cotecna was selected for the United Nations contract in 1998, the Financial Regulations and Rules of the United Nations and the relevant procurement rules imposed a baseline requirement that contracts be awarded by means of a competitive bidding process. The Financial Rules required specifically that contracts for services "shall be let after competitive bidding or calling for proposals" and that the award generally must be made to the "lowest acceptable bidder."[9]

In coordination with the substantive United Nations department requesting the procurement action, the procurement department was tasked with administering the competitive bidding process. For Cotecna's contract, the relevant department was OIP, which acted as the "requisitioning" client and developed a procurement plan in cooperation with the procurement department. This plan became the basis for a formal request for proposal ("RFP") issued by the procurement department to firms that had been determined to be qualified to bid on the contract; the RFP invited firms to respond by a particular date and time. An RFP was required to contain "[c]omprehensive and unambiguous technical specifications/description of [the] scope of work" that was "clear and sufficient to enable suppliers to compete fairly."[10]

Responses to RFPs were required to be time/date stamped upon receipt by the procurement department and then placed in a locked cabinet or safe until the date and time for public opening of all responses. A proposal could be recommended for an award only if the RFP "criteria" were

[8] Ibid., secs. 5.14.03-.06.

[9] "Financial Regulations and Rules of the United Nations (Series 100)," ST/SGB/Financial Rules/1/Rev.3 (1985) (hereinafter "Financial Rules"), Rules 110.18 (Calling for Bids or Proposals), 110.21 (Awarding of Contracts); see also Procurement Manual, sec. 8.04.01 ("The contract will be awarded to the lowest acceptable bidder or proposer complying with the conditions . . . , provided the bid or proposal is reasonable and it is in the interest of the United Nations to accept it."). A new version of the Financial Regulations and Rules became effective in 2003. See "Financial Regulations and Rules of the United Nations," ST/SGB/2003/7 (May 9, 2003) (hereinafter "2003 Financial Rules"). The current version of the Financial Rules departs from the "lowest acceptable bidder" requirement to allow "due consideration" of multiple factors, including the "[b]est value for money," "[f]airness, integrity and transparency," "[e]ffective international competition," and "[t]he interest of the United Nations." 2003 Financial Rules, Regulation 5.12 (General Principles). Unless otherwise noted, all references to "Financial Rules" are to the version applicable from 1998 through 2002.

[10] Procurement Manual, secs. 4.02, 6.17.01(d)-(e), 4.04.03(b); Stephani Scheer interview (Feb. 9, 2005).

"substantially met" and if the procurement department determined that the proposer "possesses sufficient facilities, personnel and managerial capabilities to perform the contract satisfactorily."[11]

After considering the bidding information, the procurement department formulated a recommendation for which company should receive the contract award. For a contract greater than $200,000, the procurement department's recommendation was subject to review by the Headquarters Committee on Contracts ("HCC"), and the ultimate approval of the Assistant Secretary-General for the Office of Central Support Services. The procurement rules did not prescribe any role for the Secretary-General in the contract award process.[12]

The HCC consisted of four members, including staff members from the: (1) Office of Central Support Services; (2) Office of Programme Planning, Budget and Accounts; (3) Office of Legal Affairs; and (4) Department for Economic and Social Affairs. The purpose of HCC's review was to verify that the proposed procurement action was "in accordance with the United Nations Financial Regulations and Rules" and that the recommendation for an award was "based on fairness, integrity and transparency."[13]

3. Ethical Rules Relevant to the Award of Contracts

A party contracting with the United Nations must warrant that no United Nations official "has received or will be offered . . . any direct or indirect benefit" as a result of the contract. Moreover, the contractor must acknowledge that a breach of this warranty would constitute "a breach of an essential term of [the] [c]ontract."[14]

Apart from this contractual condition, the United Nations has promulgated ethical standards that govern the manner in which staff members must discharge their duties. These standards are contained in the Charter of the United Nations ("Charter"), the Staff Regulations of the United Nations ("Staff Regulations"), and the Staff Rules of the United Nations ("Staff Rules")—all of which are definite and binding on the Organization. In addition, the Report on Standards of Conduct in the International Civil Service (1954) ("1954 Standards") guided United Nations staff members in executing their duties and was replaced in 2001 by the Standards of Conduct for the International Civil Service (2001) ("2001 Standards"), which the General Assembly has "[w]elcome[d]."[15]

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[11] Procurement Manual, secs. 7.02-.03, 8.17.01.

[12] Ibid., sec. 8.17.01.

[13] Ibid., secs. 10.03.02, 10.04.01.

[14] Ibid., sec. 14.0, annex I, "United Nations General Conditions of Contract," para. 6.0.

[15] Georgette Miller interview (Feb. 23, 2005); ST/SGB/1998/19 (Dec. 10, 1998); ST/SGB/2002/13 (Nov. 1, 2002); A/RES/56/244, para I(A) (Dec. 24, 2001). For the last three years, Ms. Miller has served at the United Nations as Chief of the Human Resources Policy Division, Office of Human Resources Management ("OHRM").

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During the relevant time period (and even now), no Staff Regulation or Staff Rule has required United Nations personnel to disclose that a family member works for a company doing business with the United Nations—except in relation to certain financial disclosure obligations imposed on senior officials in regard to spouses and dependent children. Below is a summary of the most relevant obligations of the Secretary-General and United Nations staff from the period when Cotecna was awarded the contract in 1998 through the contract's termination in 2003.

a. General Obligations

The Charter underscores the necessity of staff members executing their duties in a manner reflecting "the highest standards of efficiency, competence, and integrity"; the Staff Regulations and Staff Rules embody this requirement. Similarly, in his oath of office, Secretary-General Annan affirmed:

> I, Kofi Annan, solemnly swear to exercise in all loyalty, discretion and conscience the functions entrusted to me as Secretary-General of the United Nations, to discharge these functions and regulate my conduct with the interests of the United Nations only in view, and not to seek or accept instructions in regard to the performance of my duties from any Government or other authority external to the Organisation.[16]

The Staff Regulations delineate "the fundamental conditions of service and the basic rights, duties and obligations of the United Nations Secretariat." The version of the Staff Regulations in effect when Cotecna was bidding on the goods inspection contract ("1998 Staff Regulations") was replaced with a new version effective January 1, 1999 ("1999 Staff Regulations"), which was circulated in a bulletin from the Secretary-General to all staff on December 10, 1998. Consistent with the Charter's definition of "Secretariat" in Article 97, certain of the 1998 Staff Regulations applied to both the "Secretary-General and such staff as the Organization may require." However, the General Assembly limited the scope of the 1999 Staff Regulations in such a way that exempted the Secretary-General.[17]

As the Organization's chief administrative officer, the Secretary-General provides and enforces the Staff Rules consistent with the principles set forth in the Staff Regulations. The Office of Legal Affairs ("OLA") has advised the Committee that the Secretary-General must "follow the

[16] UN Charter, art. 101(3); Official record of General Assembly meeting, A/51/PV.88 (Dec. 17, 1996).

[17] ST/SGB/1998/8 (Mar. 1, 1998) (hereinafter "1998 Staff Regulations"), Scope and Purpose; UN Charter, art. 97.; ST/SGB/1998/20 (Dec. 10, 1998) (hereinafter "1999 Staff Regulations"), Scope and Purpose. The Office of Legal Affairs has advised the Committee of its view that the 1999 Staff Regulations do not bind the Secretary-General, except "in administering the UN staff." Bruce C. Rashkow memorandum to the Committee (Mar. 18, 2005). Mr. Rashkow is Director, General Legal Division, Office of Legal Affairs. Since the 1999 Staff Regulations, the General Assembly has adopted three new versions, but these revisions do not pertain materially to this Interim Report. See ST/SGB/2000/7 (Feb. 23, 2000); ST/SGB/2001/8 (Sept. 27, 2001); ST/SGB/2003/5 (Feb. 7, 2003).

Staff Rules in administering the UN staff," but he is not bound to follow them personally because he is not a staff member.[18]

b. Conflicts of Interest and Familial Relations

The 1998 Staff Regulations required staff members "to discharge their functions and to regulate their conduct with the interests of the United Nations only in view" and to "avoid any action . . . that may adversely reflect on their status, or on the integrity, independence and impartiality" required of them. Moreover, the 1998 Staff Regulations required staff members to "exercise the utmost discretion in regard to all matters of official business" and to refrain from using "[official] information to private advantage."[19]

The 1999 Staff Regulations provided explicitly that staff members should never "use their office or knowledge gained from their official functions for private gain, financial or otherwise, or for the private gain of any third party, including family, friends and those they favour." In addition, staff members must avoid financial conflicts of interest with the Organization and never "be actively associated with the management of, or hold a financial interest in [an entity] if it were possible for the staff member or [entity] to benefit from such association or financial interest by reason of his or her position with the United Nations."[20]

For the first time, the 1999 Staff Regulations required the filing of financial disclosure statements for "staff members at the assistant secretary-general level and above," relating to themselves as well as spouses and dependent children. This mandated disclosure included the identification of "any substantial transfers of assets and property to spouses and dependent children from the staff member or from any other source that *might constitute a conflict of interest*." It required also that staff members certify "that there is no conflict of interest with regard to the economic activities of spouses and dependent children" and, upon request, "assist the Secretary-General in verifying [this] certification."[21]

Along with the 1999 Staff Regulations, the Secretary-General circulated new Staff Rules ("1999 Staff Rules") that addressed conflicts of interest; outside activities; and honors, gifts or remuneration. Staff Rule 101.2(n) required each staff member to inform the Secretary-General if

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[18] Bruce C. Rashkow memorandum to the Committee (Mar. 24, 2005).

[19] 1998 Staff Regulations, Regulations 1.1, 1.4-.5. In its 1997 annual report, the United Nations Office of Internal Oversight Services ("OIOS") remarked that there is no "stringent, United Nations-applicable definition of 'conflict of interest'" and that the relevant Regulations, Rules, and issuances "have too often protected staff members from being held accountable for their actions and have done too little to protect the interests of the United Nations." "Report of the Secretary-General on the activities of the Office of Internal Oversight Services," A/52/246, Preface (Oct. 2, 1997).

[20] ST/SGB/1998/19 (Dec. 10, 1998); 1999 Staff Regulations, Regulations 1.2(g) (replacing former Staff Regulation 1.5), 1.2(m) (clarifying former Staff Rule 101.6(b)).

[21] Ibid., Regulation 1.2(n) (emphasis added); see also ST/SGB/1999/3 (Apr. 28, 1999) (explaining the financial disclosure statements required by the 1999 Staff Regulations and Staff Rules).

"deal[ing] in his or her official capacity with any matter involving [an entity] in which he or she holds a financial interest, directly or indirectly" and to eliminate the conflict either by divesting the interest or ending any involvement in the matter, unless the Secretary-General authorized otherwise. The commentary to this rule stated that the objective is to identify "a conflict situation before a problem arises" and resolve any questions—though "the common sense approach of excusing oneself . . . would normally be appropriate."[22]

Although not binding, the 1954 Standards and the 2001 Standards have provided additional guidance on conflict-of-interest issues. The 1954 Standards warned that "repeated instances of partiality, or bias, will do serious harm to the organization" and provided that "[n]ot only must the international civil servant be careful and discreet himself, but he should impress upon members of his household the necessity of maintaining a similar high standard of conduct." The 2001 Standards included similarly broad admonitions, but stated also that, especially in regard to procurement and hiring, "international civil servants should avoid assisting private bodies or persons in their dealings with their organization where this might lead to *actual or perceived preferential treatment*."[23]

Other than the financial disclosure reserved for the most senior officials, the only United Nations disclosure requirement involving familial relations is Staff Rule 104.10, which already was in effect prior to the 1999 Staff Rules. This addressed the hiring and employment of any individual related to a current staff member, and it is not relevant to this Report.[24]

B. COTECNA AND THE AWARD OF THE INSPECTION CONTRACT

1. Company Background

Cotecna is one of a small number of multinational companies specializing in the examination of

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[22] ST/SGB/Staff Rules/1/Rev.9/Amend.2, Rules 101.2(j)-(r) (Dec. 10, 1998) ("1999 Staff Rules"); ST/SGB/1998/19, Staff Rule 101.2(n), commentary, paras. 2-3 (Dec. 10, 1998). Although previous Staff Rule 101.6(c) required similar notification of the Secretary-General, it did not include the portion of Staff Rule 101.2(n) ordinarily requiring the staff member to divest or terminate involvement. In addition, previous Staff Rule 101.6(d) did not require disclosure where a staff member merely held shares; this was added to revised Staff Rule 101.2(n) "in the interest of transparency and the need to avoid any appearance of conflict of interest." See ST/SGB/Staff Rules/1/Rev.9, Rules 101.6(c)-(d) (Mar. 1, 1997); 1999 Staff Rules, Rule 101.2(n).

[23] "Report on standards of conduct in the international civil service 1954," ST/SGB/1998/19, paras. 4, 7-8, 53 (Dec. 10, 1998); "Standards of conduct for the international civil service, 2001," ST/SGB/2002/13, paras. 8, 21-22 (Nov. 1, 2002) (emphasis added). The 2001 Standards defined a conflict of interest as "circumstances in which international civil servants, directly or indirectly, would appear to benefit improperly, *or allow a third party to benefit improperly*, from their association in the management or the holding of a financial interest in an enterprise that engages in any business or transaction with the organization." Ibid., para. 21 (emphasis added).

[24] ST/SGB/Staff Rules/1/Rev.9, Rule 104.10 (Mar. 1, 1997).

goods in transit in international trade. Acting under contract with governments or private companies, such firms provide trade inspectors to authenticate and certify the shipment, arrival, quantity, or quality of goods and commodities.[25]

Cotecna is a family-owned business started by Elie Georges Massey, who emigrated to Switzerland from Egypt and who founded and incorporated the company in Geneva in 1975. Now in his early eighties, Elie Massey continues to serve as chairman of the company and remains active in the company's business.[26]

Elie Massey has two sons who work for Cotecna. From 1993 to the present, Robert Massey has served as Cotecna's Chief Executive Officer. Philippe Massey, a lawyer, has served intermittently as Cotecna's general counsel.[27]

Today, Cotecna is among the world's largest trade inspection companies. It has fourteen inspection contracts with governmental authorities and employs about four thousand employees and agents across more than one hundred offices worldwide.[28]

2. Cotecna's Prior Efforts to Obtain the Iraq Inspection Contract

Before it ultimately obtained the United Nations inspection contract for Iraq in 1998, Cotecna had twice bid but failed to obtain the contract. First, in 1992, it had bid on and been awarded the contract, but the business never materialized because the Government of Iraq declined at the time to go forward with the Security Council's resolutions that authorized an oil-for-food exchange program.[29]

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[25] See International Federation of Inspection Agencies, "IFIA," http://www.ifia-federation.org (providing a general description of the role and activities of such inspection companies). Cotecna is a member of this group.

[26] Elie Massey interview (July 23, 2004); Cotecna, "HeadQuarters," http://www.cotecna.com/aboutus/headquarters.asp.

[27] Ibid.; Robert Massey interviews (July 21 and Sept. 23, 2004); Elie Massey interview (July 23, 2004); Philippe Massey interviews (July 21 and Sept. 21, 2004); Robert Massey, "A statement of clarification; Cotecna Inspection SA's role in the oil-for-food program," *Washington Times*, Jan. 31, 2005, p. A19; Statement by Robert Massey to the United States Senate Permanent Subcommittee on Investigations (Feb. 15, 2005).

[28] Cotecna, "Company History," http://www.cotecna.com/aboutus/history.asp; Robert Massey, "A statement of clarification; Cotecna Inspection SA's role in the oil-for-food program," *Washington Times*, Jan. 31, 2005, p. A19.

[29] See S/RES/706 (Aug. 15, 1991); S/RES/712 (Sept. 19, 1991); HCC minutes, meeting no. 412 (Feb. 4, 1992) (reflecting the recommendation that Cotecna be awarded the contract as the low bidder); Robert Kinloch memorandum to Toshiyuki Niwa (Feb. 6, 1992) (approval of recommendation of award to Cotecna); see also James Provenzano interview (Dec. 15, 2004). Mr. Provenzano was director of the Office of Project Services for the United Nations Development Programme.

Three years later, the Security Council passed Resolution 986—the measure that formed the eventual basis for the Programme's implementation.[30] When it became apparent in the spring of 1996 that Resolution 986 would be accepted by Iraq, Elie Massey wrote to the United Nations to request an assurance that Cotecna would receive the inspection contract on the basis of its prior winning bid in 1992.[31] Instead, in the summer of 1996, the United Nations initiated a new round of bidding for the inspection contract. Cotecna submitted a bid that was the second highest among several bidders—almost six million dollars higher than the low bid of Bureau Veritas, an inspection company from France. As discussed at length in the Committee's first Interim Report ("First Interim Report"), for broadly political reasons that were not disclosed by the United Nations at that time, the "Iraq Steering Committee" at the United Nations decided against awarding the contract to the lowest bidder. Instead, the Steering Committee abandoned the competitive bidding process and required the award of the contract to Lloyd's from England, and the result was a contract with Lloyd's for an initial six-month term at a price of $4.5 million.[32]

Like other companies that submitted bids, Cotecna was not pleased with the United Nations' summary termination of the bidding process. On September 9, 1996, Elie Massey wrote to the Under-Secretary-General for Legal Affairs. He stated that he was "astonished" at the procedure that was followed, and he complained that the negotiations were entered into with Lloyd's "without consultation and/or discussion with any other inspection company."[33]

3. The United Nations Prepares to Re-Bid the Inspection Contract

Lloyd's initial six-month contract was renewed several times without a new competitive bidding process. In each instance, the renewal was done on the dual advice of OIP and the procurement department, with the required recommendation and review by HCC. Although HCC approved the multiple renewals, it repeatedly recommended that consideration be given to re-bidding the contract because of Lloyd's dramatic price increases.[34]

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[30] See S/RES/986 (Apr. 14, 1995). The Programme was not implemented until Iraq entered into negotiations in the beginning of 1996 with the United Nations on the terms of a "Memorandum of Understanding," setting forth specific procedures that would govern operation of the Programme. See "Memorandum of understanding between the Secretariat of the United Nations and the Government of Iraq on the implementation of Security Council resolution 986 (1995)," S/1996/356 (May 20, 1996).

[31] Elie Massey letter to Hans Corell (Mar. 1, 1996). Mr. Corell was the Under-Secretary-General for Legal Affairs of the United Nations.

[32] See "First Interim Report," pp. 97-107 (describing the bidding process and award of contract to Lloyd's for political reasons).

[33] Elie Massey letter to Hans Corell (Sept. 9, 1996).

[34] HCC minutes, meeting no. HCC/97/55 (A and B), p. 17 (Sept. 9, 1997) (recommending the extension of the Lloyd's contract from December 5, 1997 to March 5, 1998 and that "serious consideration be given to re-bidding" for further extension); HCC minutes, meeting no. HCC/98/10, p. 1-3 (Feb. 19-24, 1998) (recommending the extension of the Lloyd's contract from March 5, 1998 to June 30, 1998 and that "serious consideration be given to re-bidding" for further extension).

Lloyd's sharply raised its man-day cost per inspector from $529 per day to $770 per day. In early June 1998, the United Nations Board of Auditors ("BOA") queried OIP about "[w]hat steps have been taken by the OIP to ensure that the rates asked for by the contractor are reasonable?" BOA reminded OIP that the contract was "not given to the lowest tenderer" in the first place, and it added that "[we] would like to know the reasons for not going in for retendering as the possibility of getting a better deal can not be ruled out."[35]

The procurement department had similar concerns about the escalating rates charged by Lloyd's. According to the procurement department's analysis, the latest proposal from Lloyd's for another contract extension would result in a cumulative ninety percent increase in the inspection contract's cost. In the middle of June 1998, the procurement department warned Lloyd's that its failure to offer more competitive rates "may leave us no option but to let this project for rebidding in the very near future." [36]

But with the contract extension deadline drawing near and because of the preparation time that would be needed to initiate a new round of competitive bidding, the procurement department and OIP decided to recommend to HCC, in June 1998, that Lloyd's be granted a final six-month extension until the end of December 1998. This was done—as indicated in a memorandum from Allan B. Robertson (Chief, Procurement Division) to Harbachan Singh (Chairman, HCC)—with the understanding that the contract would be re-bid during the fall of 1998 to determine if a more economical inspection company could be retained. Lloyd's agreed to a six-month extension until December 31, 1998, at a six-month contract price of approximately $7.8 million.[37]

4. Cotecna's Renewed Interest in the United Nations Inspection Contract and the Allegations of Illegal Payments in Pakistan

Cotecna was very interested in obtaining the United Nations contract, especially because of recent business misfortune. In 1997, Cotecna had lost two of its largest inspection contracts—one in Pakistan and one in Nigeria. The Nigerian inspection contract had been held by Cotecna since 1984 and had been a cornerstone for the company's early growth. According to Robert Massey, Cotecna's Chief Executive Officer, by the end of 1998, the company was "starving" and "losing money every month." The Iraqi inspection contract held the prospect of generating twenty percent of the company's revenue during what Robert Massey described as a "dark" period for the company's business.[38]

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[35] K. Manjit Singh memorandum to Neeta Tolani (June 2, 1998). Mr. K. Singh was the leader of the external audit team from BOA, and Ms. Tolani was an officer in OIP.

[36] Alexander Yakovlev fax to Lloyd's Register (June 16, 1998).

[37] Allan B. Robertson memorandum to Harbachan Singh (June 25, 1998); H.W. Earnshaw letter to Allan B. Robertson (July 21, 1998) (including Amendment No. 4 to Contract PTD/127/0085-96). Mr. Earnshaw was an employee of Lloyd's.

[38] Robert Massey interviews (July 21 and Sept. 23, 2004).

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It was a dark time also for Robert Massey because of an ongoing criminal investigation into his activities on behalf of Cotecna in connection with Cotecna's contract in Pakistan. In September and October 1997, the *Financial Times* published reports about a signed letter in which Robert Massey had agreed, in return for the award of the Pakistan inspection contract to Cotecna (which then was owned by Société Générale de Surveillance S.A. ("SGS")), to pay a six percent kickback to an offshore company controlled by the family of Benazir Bhutto, who then was the Prime Minister of Pakistan.[39]

A few months later, the *New York Times* published a front-page "special report" article on corruption in the administration of Benazir Bhutto, citing "a widening corruption inquiry" that involved the discovery of more than $100 million in foreign bank accounts and properties controlled by Benazir Bhutto's family. The article discussed highly incriminating evidence acquired from the office of Benazir Bhutto's Swiss lawyer, who allegedly acted as a conduit and facilitator for illegal payments made by companies for the benefit of Benazir Bhutto.[40]

The allegations against Cotecna and SGS were among those prominently featured in the *New York Times* article:

> In the 1980's Pakistan came under pressure from the International Monetary Fund to increase government revenues and to cut a runaway budget deficit. During Ms. Bhutto's first term, Pakistan entrusted preshipment "verification" of all major imports to two Swiss companies with blue-ribbon reputations, Société Générale de Surveillance S.A. and a subsidiary, Cotecna Inspection S.A. But the documents suggest that this stab at improving Pakistan's fiscal soundness was quickly turned to generating profits for the Bhutto family's accounts.
>
> In 1994, executives of the two Swiss companies wrote promising to pay "commissions" totaling 9 percent to three offshore companies controlled by Mr. Zardari and Nusrat Bhutto. A Cotecna letter in June 1994 was direct: "Should we receive, within six months of today, a contract for inspection and price verification of goods imported into Pakistan," it read, "we will pay you 6 percent of the total amount invoiced and paid to [*sic*] the Government of Pakistan for such a contract and during the whole duration of that contract and its renewal."
>
> Similar letters, dated March and June 1994, were sent by Société Générale de Surveillance promising "consultancy fees" of 6 percent and 3 percent to two other offshore companies controlled by the Bhutto family. According to

[39] William Hall, Farhan Bokhari, and Jimmy Burns, "Executive suspended by SGS as Bhutto net widens," *Financial Times*, Sept. 23, 1997, p. 16; William Hall & Jimmy Burns, "SGS quits group linked to Bhutto," *Financial Times*, Oct. 4, 1997, p. 3 (noting that SGS sold Cotecna back to the Massey family in light of the scandal).

[40] John F. Burns, "House of Graft: Tracing the Bhutto Millions – A Special Report: Bhutto Clan Leaves Trail of Corruption," *New York Times*, Jan. 9, 1998, p. A1.

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> Pakistani investigators, the two Swiss companies inspected more than $15.4 billion in imports into Pakistan from January 1995 to March 1997, making more than $131 million. The investigators estimated that the Bhutto family companies made $11.8 million from the deals, at least a third of which showed up in banking documents taken from the Swiss lawyer.[41]

Amidst this controversy, Cotecna maintained a steady interest in a future United Nations contract. On March 6, 1998, in light of the Security Council's recent passage of a resolution authorizing a higher level of oil exports, Robert Massey wrote to Benon Sevan, the Executive Director of OIP, to suggest that "the future volume of humanitarian imports to Iraq will necessitate an increased number of inspection companies" and that Cotecna "should be glad to have an opportunity to discuss our proposals with you at your earliest convenience." Mr. Sevan replied to Robert Massey that the future inspection needs of the Programme could not be ascertained, but that if there should be "a new round of competitive bidding, rest assured that Cotecna would be given every opportunity to participate in that process."[42]

At some point in early 1998, Elie Massey also sought a meeting in New York with Mr. Sevan.[43] Elie Massey instead met with Stephani Scheer, who was Mr. Sevan's principal aide and OIP's Chief of Office. Elie Massey told Ms. Scheer about Cotecna's prior bid for the contract and inquired if there would be another chance to participate. Ms. Scheer replied that there probably would be another opportunity, but that there were no immediate plans. She suggested to Elie Massey that he ensure that Cotecna was registered on the procurement department's revised vendor list. There is no evidence to indicate that Ms. Scheer was aware at that time of the reports about Cotecna and Pakistan or that it was discussed between Elie Massey and Ms. Scheer when they met.[44]

Following its earlier front-page article of January 1998, the *New York Times* reported on June 3, 1998, that a Swiss magistrate judge had "indicted" Robert Massey of Cotecna on a charge of money laundering, as well as the Bhutto's Swiss lawyer and an officer of SGS, in connection with

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[41] Ibid.

[42] Robert Massey letter to Benon Sevan (Mar. 6, 1998); Benon Sevan letter to Robert Massey (Mar. 24, 1998). On February 20, 1998, the Security Council raised the ceiling for Iraq's oil exports from $2 billion per 180-day phase to $5.256 billion. S/RES/1153, para. 2 (Feb. 20, 1998).

[43] Mr. Sevan was a subject of the Committee's First Interim Report in connection with his solicitation and receipt of oil allocations from the Iraqi regime. "First Interim Report," pp.121-64. The Committee's investigation has not identified any questionable conduct by Mr. Sevan in connection with the selection and retention of Cotecna for the goods inspection contract.

[44] Stephani Scheer interviews (July 16, 2004 and Feb. 9, 2005); Elie Massey interview (Jan. 24, 2005); see also Alexander Yakovlev interview (Feb. 4, 2005) (recalling a letter from Cotecna, at some point in 1998, expressing interest in the contract, and that Cotecna would have been advised it had to register with the procurement department to ensure it was notified of future opportunities).

the alleged Pakistani kickback scheme.[45] The investigation of Robert Massey remained pending through the contract selection process in the fall of 1998 until it was dismissed in June 2001 without a determination of the merits.[46]

5. Cotecna's Bid for and Award of the Contract

On August 10, 1998, the procurement department requested OIP to provide a "Statement of Work." The procurement department used this document in formulating and issuing the RFP, as contemplated by HCC's last extension of Lloyd's contract in June 1998.[47]

Several weeks later, shortly before the contract was put up to bid, Robert Massey visited the procurement department in New York. According to Sanjay Bahel, the Chief of the Commodity Procurement Section, Robert Massey made at least one courtesy call to the procurement department to talk about the possibility of bidding on the inspection contract. Robert Massey did not recall making such a visit.[48]

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[45] Associated Press, "Swiss Indict 3 Bhutto Colleagues," *New York Times*, June 3, 1998, p. A6; "Benazir ready for trial in graft cases," *Agence France Presse*, June 4, 1998. Notwithstanding the media's use of the term "indictment," the Committee understands—in light of Swiss law—that the matter against Robert Massey was the initiation of a formal investigation and prosecution inquest of Robert Massey, but without the filing of a formal accusatory charge such as an indictment. Accordingly, the Report will refer to the proceedings against Robert Massey as a formal investigation. The Committee does not express an opinion about the truth of the allegations against Robert Massey and Cotecna. It has described the allegations solely for the purpose of evaluating the manner in which the United Nations took account of the allegations in deciding whether to employ Cotecna for the inspection contract in Iraq.

[46] Cotecna record, Bernard Bertossa letter to Jean-Franklin Woodtli (July 19, 2001) (letter furnished by Cotecna's counsel, from the General Prosecutor to an attorney, indicating that the prosecution of Robert Massey was "waived" on "grounds of public interest" on June 28, 2001). After the dismissal of the charge against Robert Massey, the charges remained pending against Benazir Bhutto, and the Swiss magistrate eventually concluded in a written ruling, in July 2003, that Robert Massey agreed in June 1994 to sign various letters agreeing to pay percentage commissions amounting to several million dollars, from 1995 to 1997, to multiple offshore entities connected to Prime Minister Bhutto. See Sentencing Order PP N° P/1105/1997 c/BHUTTO, Judicial Authority Investigation, Republic and canton of Geneva (July 30, 2003), http://www.nab.gov.pk/Downloads/Doc/SentencingOrder BHUTTO-30[1].7.pdf. Benazir Bhutto successfully appealed her conviction, but she was re-indicted on a charge of money laundering, and this charge remains pending. See Associated Press, "Bhutto Faces Tougher Swiss Charges," *New York Times*, July 2, 2004, p. A12. The Committee notes that the current Swiss Prosecutor General for Geneva, Daniel Zappelli, has refused the Committee's request for information concerning the matter of Robert Massey on the asserted ground that it was not in the public interest for him to disclose this information.

[47] Sanjay Bahel memorandum to Stephani Scheer (Aug. 10, 1998).

[48] Sanjay Bahel interviews (Aug. 26, 2004 and Mar. 21, 2005) (recalling that Robert Massey came to the procurement office sometime before the contract was put up for bid); Robert Massey interview (Sept. 23, 2004) (denying that he went to the procurement office, but then stating that he was not sure if Cotecna had received advance notice of the RFP, and consulting travel records to determine that he was in Washington D.C. from October 3-9, 1998 and stating that he "may" have gone from Washington to New York).

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Because of Cotecna's prior bid for the contract in 1996, it remained on the procurement department's list of eligible qualified suppliers of inspection services. Cotecna's registration information from 1996 did not mention any legal difficulties; to the contrary, it identified the Government of Pakistan as Cotecna's primary business reference.[49] As recounted above, Cotecna had come under intensive investigation since 1997 for illegal payments allegedly made to Benazir Bhutto, and Robert Massey was under criminal investigation in Switzerland. But the procurement department's supplier registration file does not reflect that the procurement department asked Cotecna for any updated information concerning its qualifications to remain on the United Nations supplier list, including updated financial information that may have reflected Cotecna's loss of its two major contracts in Nigeria and Pakistan in 1997.

By the fall of 1998, the procurement department was using a "supplier registration form" that required a company to disclose whether there were "any current legal disputes in which your company may be involved."[50] The Committee's review of the procurement department's files indicates that there was no such form for Cotecna in the procurement department file or any information received from Cotecna about its financial and legal status that was more recent than the summer of 1996.

On October 9, 1998, the procurement department issued the RFP to thirteen inspection companies—including Cotecna—with a deadline for response of November 5, 1998.[51] On November 4 and 5, 1998, six companies—including Cotecna—submitted bids; each bid was locked in a safe until the bid opening on November 5, 1998 at approximately 11:00 a.m. The names of the bidders were disclosed at this opening, but the prices they offered were not disclosed pending further evaluation of the technical merits of their proposals.[52]

Cotecna offered to provide six months of inspection service for a price that was one million dollars less expensive than any other company and, at a man-day rate of only $499, approximately thirty-five percent less expensive than the man-day rate of $770 then being charged by Lloyd's:

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[49] Jean-Paul Duperrex fax to Sean Porter (Aug. 7, 1996) ("Subject: Cotecna's registration in the New UN Vendor Database" signed by Elie Massey and identifying Ministry of Finance in Pakistan as "Reference #1").

[50] Kiyohiro Mitsui interviews (Mar. 4 and 10, 2005) (furnishing template "Supplier Registration Form" in conjunction with Committee investigator's review of files); see also Vevine Stamp interview (Mar. 9, 2005) (Supplier Review Officer from late 1998 to 1999 who was unable to recall if updated information was requested from Cotecna).

[51] Sanjay Bahel memorandum to Harbachan Singh (Dec. 7, 1998); Stephani Scheer memorandum to Sanjay Bahel (Dec. 3, 1998).

[52] Alexander Yakovlev interview (Feb. 4, 2005).

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Summary of Bids[53]

Company Name	Inspector Man-Day Rate	Total Cost
Cotecna	$499	$4.9 million
Intertek Testing Servs.	$600	$5.8 million
Lloyd's Register	$676	$6.7 million
Bureau Veritas	$910	$9.0 million
SGS	$1,026	$10.3 million
Inspectorate	$1,275	$12.6 million

On November 4, 1998, a representative of Switzerland's Permanent Observer Mission to the United Nations wrote to the United Nations to endorse Cotecna's bid for the contract. Despite the publicity concerning the matter of Cotecna's payments for Benazir Bhutto, the endorsement letter from the Swiss government did not mention that Robert Massey was under investigation by a Swiss magistrate for money laundering in connection with Cotecna's contract in Pakistan.[54]

Lloyd's not only had failed to submit the lowest bid, but considerably diminished its prospects for winning the contract again when it decided on November 13, 1998, because of concerns about the security situation in Iraq, to remove its inspectors and to do so without any prior notice to the United Nations. Mr. Sevan responded with urgent advisories and press statements about the abandonment by Lloyd's of its inspection stations, and OIP hastened to implement a contingency plan for securing authentication of incoming goods. The Secretary-General met for five hours with the Security Council to discuss the generally deteriorating situation in Iraq, including the implications of the departure of the Lloyd's inspectors. Within several days, the inspectors from Lloyd's returned to their posts.[55]

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[53] Sanjay Bahel memorandum to Harbachan Singh (Dec. 7, 1998).

[54] Switzerland official letter to Sanjay Bahel (Nov. 4, 1998). The Committee has been advised by a member of the Swiss government that there is no routine background check of companies that request an endorsement letter from the Swiss Mission to the United Nations. See Swiss official e-mail to the Committee (Mar. 21, 2005).

[55] Benon Sevan note to Ambassador Monteiro, Chairman of 661 Committee (Nov. 13, 1998) (enclosing "Oil-for-Food Interim Authentication Plan"); OIP, "Statement of Benon V. Sevan" (Nov. 13, 1998), http://www.un.org/Depts/oip/background/latest/bvs981113.html; OIP, "Statement of Benon V. Sevan" (Nov. 15, 1998), http://www.un.org/Depts/oip/background/latest/bvs981115.html; Stephani Scheer interview (July 16, 2004) (describing Mr. Sevan's objection to the departure of Lloyd's from its posts); Vital Banin, Political Affairs Officer, Security Council Affairs Division, memorandum note to Rolf Knutsson, Deputy to the Chef de Cabinet (Nov. 17, 1998); "Oil-for-food monitors return to Iraq border posts," *Reuters News*, Nov. 16, 1998.

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In light of the media reports about the departure of Lloyd's, Elie Massey promptly faxed a letter to Mr. Sevan on November 14, 1998, offering any assistance that Cotecna might provide.[56] There was no response by Mr. Sevan to this letter.

As noted above, the procurement department did not obtain financial statements from Cotecna during 1998. However, on November 20, 1998, the procurement department obtained a Dun & Bradstreet report for Cotecna, as was its practice to do for large contracts. The report noted that Cotecna was "well established," in "operation for 23 years" and had sales of more than $54 million during 1997. On the other hand, it noted also that Dun & Bradstreet had not received a financial statement from Cotecna and that Cotecna's "[o]verall financial condition is undetermined." It assessed Cotecna a "risk rating" of 6 on an ascending risk scale from 1 to 9.[57]

The Dun & Bradstreet report stated that "no significant suits, liens or judgments are present." In addition, it did not note Cotecna's loss of its Nigeria and Pakistan contracts in 1997 or the pending investigation of Cotecna and Robert Massey in connection with the alleged payments for Benazir Bhutto.[58]

In the meantime, OIP considered the bids, eliminated the three highest bidding companies from consideration, and focused its attention on evaluating the three lowest offers—from Cotecna, Intertek, and Lloyd's. To each of these three companies, OIP circulated a list of further questions concerning personnel, procedures, information/communications technology, and deployment plans, and it invited the companies to meet separately with OIP personnel in New York on the afternoon of December 1, 1998.[59]

Cotecna welcomed the opportunity to meet with OIP. It had formed a contract "taskforce" of four senior officials: Robert Massey (CEO); André Pruniaux (Senior Vice President in charge of Africa and Middle East operations); John Broadhurst (Manager of Information Technology); and Michael Wilson (Marketing Vice President). The Cotecna taskforce flew from Europe to meet with OIP on December 1.[60] According to Ms. Scheer of OIP, Cotecna sent more representatives than the other two companies and made the best showing of the three companies. In Ms. Scheer's

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[56] Elie Massey fax to Benon Sevan (Nov. 14, 1998).

[57] Alexander Yakovlev interview (Mar. 4, 2005) (noting reliance by procurement department on Dun & Bradstreet reports); Dun & Bradstreet report, Cotecna Inspection SA (Nov. 20, 1998). A senior procurement official advised the Committee that Dun & Bradstreet reports were not always thorough with respect to foreign companies. Sanjay Bahel interview (Mar. 7, 2005).

[58] Ibid.

[59] Stephani Scheer memorandum to Sanjay Bahel (Dec. 3, 1998); Stephani Scheer interviews (July 16, 2004 and Feb. 9, 2005).

[60] Robert Massey interview (June 21, 2004) (acknowledging presence in New York for initial meeting at United Nations); Michael Wilson interview (Oct. 12, 2004) (describing taskforce and flight arrangements); John Broadhurst interview (Sept. 21, 2004) (acknowledging meeting); Michael Wilson e-mail to Elie Massey, Robert Massey, André Pruniaux, Lucien Fernandez, and John Broadhurst (Dec. 4, 1998).

view, although Cotecna was the smallest of the remaining companies in contention, it seemed to be "the little engine that could," willing to be as flexible as necessary to get the contract.[61]

Within a few days of the meeting in New York, Mr. Wilson e-mailed Elie Massey and other senior company personnel summarizing his efforts and concluding that the chances for winning the contract were "very good." He described the meeting with OIP on December 1, and stated his belief that, at some point, support from the Security Council's Iraq Sanctions Committee would be necessary. To this end, Mr. Wilson stated: "Contacts were established or consolidated to obtain the support of Kenya, Gambia, Br[azil] and Gabon [non-permanent members] on the security council." Although incorrect, Mr. Wilson also told Elie Massey that the Secretary-General's approval would be required in order for Cotecna to win this contract: "The OIP would make its recommendations to the procurement division within days to enable them [to] present it to the UN contracts committee, after approval has been obtained from B.S[e]van and the SG." Mr. Wilson stated his hope that "[w]ith the active backing of the Swiss Mission in New York and effective but quite [*sic*] lobbying within the diplomatic circles in New York, we can expect a positive outcome to our efforts."[62]

On December 3, 1998, OIP recommended the award of the contract to Cotecna on the ground that it was the lowest acceptable bidder. On behalf of OIP, Ms. Scheer acknowledged that Cotecna was "the smallest of the three bidders," but added that the company was "accustomed to working on similar tasks, including sanctions regimes, under austere conditions in Africa":[63]

[61] Stephani Scheer interviews (July 16, 2004 and Feb. 9, 2005); see also John Almstrom interview (Feb. 9, 2005). Mr. Almstrom, head of contracts processing within OIP, was impressed with Cotecna's presentation. Ibid.

[62] Michael Wilson e-mail to Elie Massey, Robert Massey, André Pruniaux, Lucien Fernandez, and John Broadhurst (Dec. 4, 1998). The United Nations rules governing the selection process in 1998 did not, as Mr. Wilson indicated, require the Secretary-General's approval of the company selected.

[63] Stephani Scheer memorandum to Sanjay Bahel (Dec. 3, 1998).

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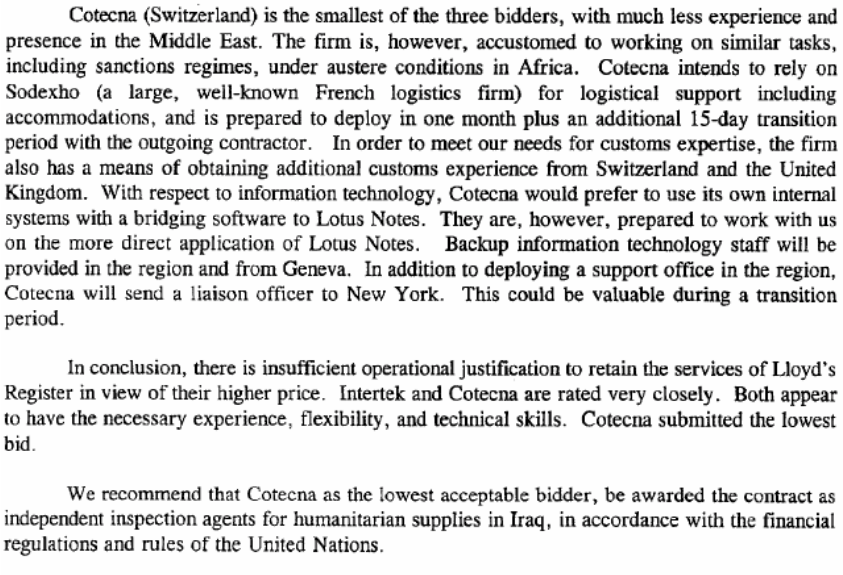

Cotecna (Switzerland) is the smallest of the three bidders, with much less experience and presence in the Middle East. The firm is, however, accustomed to working on similar tasks, including sanctions regimes, under austere conditions in Africa. Cotecna intends to rely on Sodexho (a large, well-known French logistics firm) for logistical support including accommodations, and is prepared to deploy in one month plus an additional 15-day transition period with the outgoing contractor. In order to meet our needs for customs expertise, the firm also has a means of obtaining additional customs experience from Switzerland and the United Kingdom. With respect to information technology, Cotecna would prefer to use its own internal systems with a bridging software to Lotus Notes. They are, however, prepared to work with us on the more direct application of Lotus Notes. Backup information technology staff will be provided in the region and from Geneva. In addition to deploying a support office in the region, Cotecna will send a liaison officer to New York. This could be valuable during a transition period.

In conclusion, there is insufficient operational justification to retain the services of Lloyd's Register in view of their higher price. Intertek and Cotecna are rated very closely. Both appear to have the necessary experience, flexibility, and technical skills. Cotecna submitted the lowest bid.

We recommend that Cotecna as the lowest acceptable bidder, be awarded the contract as independent inspection agents for humanitarian supplies in Iraq, in accordance with the financial regulations and rules of the United Nations.

Figure: Excerpt of Stephani Scheer memorandum to Sanjay Bahel (Dec. 3, 1998).

On December 7, 1998, Mr. Bahel recommended to HCC the award of the contract to Cotecna on the ground of its low bid price and further noted that the financial Dun & Bradstreet report was "positive" despite the fact of its smaller size than competitors.[64]

On the next day, HCC discussed the bids at length and concurred with the recommendations of OIP and the procurement department to award the contract to Cotecna. Because of the time it would take for Cotecna to deploy its operation, HCC agreed to extend Lloyd's contract for one more month, until January 31, 1999, and to recommend an initial six-month contract for Cotecna from February 1 to July 31, 1999.[65]

On December 9, 1998, Toshiyuki Niwa, the Assistant Secretary-General for the Office of Central Support Services, approved HCC's recommendation. Two days later, on December 11, 1998, the procurement department faxed Robert Massey official notification that the contract was awarded to Cotecna "at an all-inclusive rate of US$499.00 per man per day" and that a draft contract would be prepared and sent as soon as possible.[66]

[64] Sanjay Bahel memorandum to Harbachan Singh (Dec. 7, 1998); Dun & Bradstreet report, Cotecna Inspection SA (Nov. 20, 1998).

[65] HCC minutes, meeting no. HCC/98/65, pp. 27-30 (Dec. 8, 1998).

[66] HCC recommendation and approval form (Dec. 9, 1998); Nicholas Sardegna fax to Robert Massey (Dec. 11, 1998). Mr. Sardegna was the officer-in-charge of the procurement department.

Technical discussions ensued through December between Cotecna officials and United Nations staff. On December 31, 1998, Mr. Pruniaux signed the goods inspection contract with the United Nations on behalf of Cotecna.[67]

At no time during the bidding or contract negotiation process did Cotecna disclose to the United Nations the fact of the investigation concerning payments made for the benefit of Benazir Bhutto.[68] Despite the widespread media reports about this issue, none of the relevant decision makers involved in the Cotecna procurement process, either in the procurement department or HCC, were aware in 1998 of the allegations against Cotecna and Robert Massey.[69] Several of the relevant decision makers have advised the Committee that the fact of the allegations and investigation against Cotecna would have been material to the decision to select Cotecna for the contract and would have prompted further inquiry of the nature of the allegations prior to any contract award being made.[70]

C. COTECNA, KOJO ANNAN, AND THE SECRETARY-GENERAL

At the time that Cotecna won the United Nations inspection contract for Iraq in December 1998, it employed as a consultant Kojo Annan, the son of the Secretary-General. This relationship was not disclosed to the relevant decision makers at the United Nations during the bidding process. The relationship, however, soon came to light in a media report published in London's *Sunday*

[67] André Pruniaux interview (July 22, 2004); Contract PD/CON/324/98 between the United Nations and Cotecna Inspection S.A. for the Provision of Independent Inspection Agents (Dec. 31, 1998).

[68] On March 21, 2005, Robert Massey met with and advised the Committee that this information was not disclosed to the United Nations and that the United Nations did not seek financial information from Cotecna. Committee Meeting with Cotecna Representatives (Mar. 21, 2005).

[69] Alexander Yakovlev interview (Mar. 5, 2005) ("line" procurement officer); Sanjay Bahel interview (Mar. 7, 2005) (procurement department supervisor who advised he was aware of corruption allegations against Bhutto but not Cotecna's alleged involvement); John Mullen interview (Mar. 11, 2005) (procurement department acting chief of section in January 1999); Harbachan Singh interview (Mar. 15, 2005) (HCC chairman); Charles Kirudja interview (Mar. 7, 2005) (HCC member); Anatoli Belov (Mar. 15, 2005) (HCC member); Eduardo Blinder (Mar. 2, 2005) (HCC member) (aware of Bhutto allegations but not Cotecna's connection). The Committee was advised by Diana Mills-Aryee, a procurement officer who was *not* involved in the Cotecna selection process and who was on assignment in Iraq at the time that the bidding process occurred, that she "must have been aware" from press accounts at that time of Cotecna's legal problems with Pakistan. As recounted below, Ms. Mills-Aryee knew of Cotecna because she knew Kojo Annan and that he worked at Cotecna. Ms. Mills-Aryee, however, stated that she did not discuss the news articles or anything about Cotecna with other procurement personnel. Diana Mills-Aryee interview (Jan. 10, 2005); UNOHCI Staffing Table (Oct. 5, 1999).

[70] Sanjay Bahel interview (Mar. 7, 2005) (procurement department supervisor); Harbachan Singh interview (Mar. 15, 2005) (HCC chairman); Charles Kirudja interview (Mar. 7, 2005) (HCC member who noted that being subject to investigation could weaken company's ability to perform and fact and matter would have been referred to Office of Legal Affairs); see also Christian Saunders interview (Mar. 10, 2005) (current chief of procurement department who noted that he would have requested an investigation and review by the Office of Legal Affairs).

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Telegraph on January 24, 1999—several weeks after Cotecna signed its contract with the United Nations. In order to place these later events in context, it is first necessary to review the nature of the relationships among Cotecna, Kojo Annan, and the Secretary-General before and during the time that Cotecna submitted a bid and received the inspection contract in December 1998.

1. Cotecna's Employment of Kojo Annan

In September 1995, at age twenty-two and after having recently graduated from a university in England, Kojo Annan applied for a position with Cotecna. Kojo Annan was introduced to Cotecna by Mr. Wilson, Cotecna's Vice President for Marketing Operations in Africa and a childhood friend of Kojo Annan from Ghana. Mr. Wilson's father had been Ghana's ambassador to Switzerland and was a long-standing friend of the Secretary-General.[71] Mr. Wilson also knows the Secretary-General well and, in the Ghanaian tradition, considers him like an "uncle." Shortly after Kojo Annan graduated from university, the Secretary-General and Mr. Wilson spoke about the possibility of Kojo Annan working at Cotecna.[72]

Statements by Cotecna employees make clear that Cotecna hired Kojo Annan for a staff position in the fall of 1995 because of his perceived business connections and standing.[73] Kofi Annan was a prominent native of Ghana and then an Under-Secretary-General of the United Nations. Kojo Annan's mother came from a well known Nigerian family.[74] Although Robert Massey disclaimed any desire to exploit Kojo Annan's United Nations connections, he believed Kojo Annan had "strong social and business connections in Nigeria and Ghana" that would matter to Cotecna's contracts with the governments in both countries.[75]

One Cotecna employee recalled being introduced to Kojo Annan as "the son of Kofi Annan."[76] In addition, shortly before Kojo Annan started work at Cotecna's office in Lagos, a Cotecna Vice

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[71] Kojo Annan interview (Oct. 22, 2004); Michael Wilson interview (Oct. 12, 2004); Kofi Annan interview (Dec. 3, 2004); Kofi Annan UN Biography.

[72] Michael Wilson interview (Jan. 20, 2005); see also Kofi Annan interview (Jan. 25, 2005) (noting that, as of the time that Kojo Annan was first employed at Cotecna, "the only one I had met or knew at the time was Wilson, whom as I said the families have known each other"); Kofi Annan interview (Mar. 17, 2005) (noting his conversation with Mr. Wilson about the possibility of Kojo Annan working at Cotecna).

[73] Elie Massey interview (Sept. 23, 2004) (noting Kojo Annan's connections as most important in the decision to hire him); André Pruniaux affidavit, para. 5 (Aug. 11, 2004); Jean-Marc Siegrist interview (Nov. 15, 2004). Michael Wilson stated that he never informed others at Cotecna about Kojo Annan's family connections. See Michael Wilson interview (Oct. 12, 2004).

[74] Kofi Annan UN Biography; Barbara Crossette, "Salesman for Unity: Kofi Atta Annan," *New York Times*, Dec. 14, 1996, p. A7; Michael Wilson interview (Oct. 12, 2004).

[75] Michael Wilson interview (Oct. 12, 2004); Robert Massey interview (July 21, 2004); Robert Massey affidavit (Aug. 11, 2004); André Pruniaux interview (July 22, 2004); André Pruniaux affidavit (Aug. 11, 2004).

[76] Jean-Paul Duperrex interview (Sept. 21, 2004). Mr. Duperrex is a Vice President of Cotecna.

President sent a fax advising the office of the starting date, along with a copy of a *Newsweek* article about Kofi Annan.[77]

Kojo Annan told his father and other family members about his new job with Cotecna in the fall of 1995.[78] Kojo Annan's parents had divorced when Kojo Annan was young, but Kofi Annan remained close to his son, and the two spoke as often as once every week.[79] When interviewed by the Committee, the Secretary-General advised that throughout his years as a senior official of the United Nations, he repeatedly had told all of his children to be "very careful" in their business pursuits because: "I didn't want to have any conflict of interest – they shouldn't try to do business with the UN or get involved with the UN business," and they should "try and stay away from any business that will bring them so close to the UN that it would seem like [a] conflict of interest."[80]

Apart from his conversation with Mr. Wilson, the Secretary-General already was familiar with Cotecna and its prior interest in doing business with the United Nations. In 1991, while he served as the United Nations Controller and Assistant Secretary-General for Programme Planning, Budget and Finance, he had been involved in negotiations with Iraq about initial proposals for an oil-for-food arrangement, and Cotecna had written to him, at that time, about its interest in the inspection services contract. He had passed the information on to the United Nations Development Programme ("UNDP"), the department then in charge of the Iraq Programme.[81]

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[77] Cotecna record, André Pruniaux memorandum to Neville Bunnetta (Dec. 4, 1995) (attaching a copy of "a recent article of newsweek on Kojo's father, Kofi Annan"); see also Jean-Marc Siegrist interview (Nov. 15, 2004) (recalling that he first learned that Kojo Annan was joining Cotecna in a memorandum from Mr. Pruniaux and that a subsequent memorandum from Mr. Pruniaux indicated "the possibility that one day Kofi Annan will become . . . the next Secretary-General of the United Nations.").

[78] Kojo Annan interview (Oct. 22, 2004); Kofi Annan interviews (Nov. 9, 2004; Jan. 25 and Mar. 17, 2005).

[79] Kofi Annan interview (Jan. 25, 2005) (indicating that he spoke to Kojo Annan once a week); Wagaye Assebe interview (Jan. 7 and Mar. 2, 2005). Ms. Assebe was the personal assistant to Secretary-General Kofi Annan and knew Kojo Annan while he was growing up. She described the father-son relationship as "close" and indicated that Kojo Annan called the Secretary-General about once a week at the Secretary-General's residence.

[80] Kofi Annan interview (Jan. 25, 2005). References to interviews "by the Committee" in this report include interviews by staff members of the Committee as well as interviews in which at least one member of the Committee was present.

[81] Kofi Annan interviews (Nov. 9, 2004 and Jan. 25, 2005); Kofi Annan UN Biography. In addition, in early 1992, SGS—Cotecna's main Swiss competitor—was asked by the United Nations to prepare a concept paper on the type of inspections that would be needed to implement the Programme. This concept paper was presented to Kofi Annan, who was described as involved and knowledgeable. Fred Herren interview (Nov. 23, 2004). The UNDP ultimately selected Cotecna for the contract in 1992. James Provenzano interview (Dec. 16, 2004). However, as discussed above, an oil-for-food program did not materialize at that time. Beyond Kofi Annan's statement that he passed on Cotecna's information to the UNDP, the Committee does not have any information to indicate that Kofi Annan actively promoted

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Kojo Annan did several weeks of training on pre-shipment inspection services before starting on January 1, 1996 as a Junior Liaison Officer in Lagos, Nigeria. Kojo Annan received a modest monthly salary and the use of the company credit card for business expenses. Kojo Annan's office in Nigeria was within Cotecna's Africa and the Middle East Division, a business unit that was supervised from Cotecna's headquarters in Geneva by Senior Vice President Pruniaux.[82]

As noted above, Cotecna was an unsuccessful bidder for the United Nations goods inspection contract in the summer of 1996. There is no indication from United Nations or Cotecna records that Kojo Annan or Kofi Annan had any involvement in this bidding process. Indeed, although Kofi Annan knew of Cotecna's initial contract bid in 1992, he has stated that he was not aware that Cotecna had bid again for the Iraq contract in 1996. Nor was Kojo Annan any part of Cotecna's unsuccessful 1996 Iraqi contract bid. At the time, Kojo Annan was working in Africa as a junior company official in the Lagos office.[83]

On December 13, 1996, the Security Council voted to recommend Kofi Annan's appointment as Secretary-General. Four days later, the General Assembly formally appointed Kofi Annan to the position, and he commenced his service as the seventh Secretary-General of the United Nations on January 1, 1997.[84]

Effective January 15, 1997, Cotecna promoted Kojo Annan to Assistant Liaison Officer with a modest increase in salary and sixty calendar days of holiday time. He was promoted again effective March 10, 1997 by Mr. Pruniaux to the position of Assistant Manager for marketing Cotecna's contract in Nigeria.[85] But later in the spring of 1997, Cotecna lost its Nigerian inspection contract. Because of the lack of work in Nigeria, Cotecna decided to transfer Kojo Annan to an office in the neighboring country of Niger, where he was told that he would work

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Cotecna's candidacy for the inspection contract in 1992 or was aware that Cotecna was selected to perform the contract.

[82] Kojo Annan interview (Oct. 22, 2004); André Pruniaux interview (July 22, 2004); Cotecna record, André Pruniaux letter to Kojo Annan (Sept. 29, 1995); Cotecna record, André Pruniaux and Michel Bottin letter to Kojo Annan (Dec. 5, 1995).

[83] Kofi Annan interview (Jan. 25, 2005); André Pruniaux interview (July 22, 2004); Kojo Annan interview (Oct. 22, 2004). In 1996, ninety percent of Cotecna's shares were owned by SGS. Robert Massey held the remaining ten percent of shares and was struggling to act as an independent company within SGS.

[84] S/RES/1091 (Dec. 13, 1996); A/RES/51/200 (Dec. 17, 1996); Kofi Annan Biography.

[85] Kojo Annan interview (Oct. 22, 2004); Cotecna record, André Pruniaux letter to Kojo Annan (Jan. 8, 1997); Cotecna record, Kojo Annan fax to André Pruniaux (Feb. 19, 1997); Cotecna record , André Pruniaux fax to Kojo Annan (Feb. 19, 1997); Cotecna record, André Pruniaux fax to CIL Hounslow (Feb. 27, 1997).

closely with his friend, Mr. Wilson. Instead, Kojo Annan decided in December 1997 to resign his employment with Cotecna.[86]

This resulted in an evolution of Kojo Annan's relationship with Cotecna from employee to consultant. Following a meeting with Kojo Annan in mid-December 1997, Robert Massey decided to continue Kojo Annan's services to the company because of Kojo Annan's "strong connections to decision-makers in Nigeria and Ghana" and the services he previously had provided in those places. The arrangement was accomplished initially by extending Kojo Annan's contract for two more months during January and February 1998 to "provide assistance to Headquarters on a case by case basis upon direct request from R.M. Massey."[87]

On February 25, 1998, Elie and Robert Massey jointly wrote to the Secretary-General on Cotecna's letterhead to say that "[o]n behalf of the Board of Directors and the Management of COTECNA INSPECTION," they wished to "extend our warmest congratulations for the admirable achievement and success of Your Excellency's mission to Baghdad during the week-end of 20-22 February 1998." The occasion for this letter was the Secretary-General's successful negotiation amidst building military tensions of an agreement with the former Government of Iraq to allow access of weapons inspectors to Saddam Hussein's presidential palaces.[88]

One week later, Robert Massey wrote to Mr. Wilson on March 2, 1998, to ask: "do we know when Kojo could come to Geneva to discuss his future with us?" Negotiations led to an agreement. On April 7, 1998, Robert Massey and Kojo Annan signed a "Consultancy Agreement" under the terms of which Kojo Annan agreed to "provide assistance to Cotecna in the research, development and designing of Pre-Shipment Inspection services and contracts with different West African countries." The agreement, while signed on April 7, 1998, took effect retroactively on March 1, 1998. Under the terms of the agreement, Kojo Annan was to receive

[86] Kojo Annan interview (Oct. 22, 2004); André Pruniaux interview (July 22, 2004); Cotecna record, André Pruniaux fax to Kojo Annan (Nov. 12, 1997); Cotecna record, Kojo Annan letter to André Pruniaux (undated); Cotecna record, André Pruniaux fax to Kojo Annan (Dec. 9, 1997).

[87] Robert Massey affidavit, para. 6 (Aug. 11, 2004); Robert Massey, Philippe Massey, and André Pruniaux interview (June 1, 2004); Cotecna record, André Pruniaux letter to Kojo Annan (Dec. 18, 1997).

[88] Cotecna record, Elie and Robert Massey letter to Kofi Annan (Feb. 25, 1998). A copy of this letter was disclosed to the Committee by Cotecna and has not been located in the United Nations records; no response to this letter has been found. The Secretary-General's trip to Baghdad in February 1998 stemmed from Saddam Hussein's refusal to allow access by United Nations weapons inspectors to certain sites, including his presidential palaces, and amidst preparations by the United States and other countries to mount a military response. On February 23, 1998, the Secretary-General reached an agreement with the Government of Iraq to allow the weapons inspectors broader access, an agreement in turn endorsed by the Security Council. See Memorandum of Understanding between the United Nations and the Republic of Iraq, S/1998/166 (Feb. 23, 1998); S/RES/1154 (Mar. 3, 1998).

$2,500 per month "for a maximum of 7 working days per month," plus an additional $500 per day of additional work if agreed by both parties.[89]

Robert Massey believed that the company needed people who could "open doors" in Nigeria, and he felt that Kojo Annan was one such person because his mother came from a prominent Nigerian family. At the time, Kojo Annan told his father that he had changed from an employee of Cotecna to become a consultant to Cotecna, and he hoped also to pursue his own business interests.[90]

The agreement further contained a non-competition clause prohibiting Kojo Annan from "work[ing] for any of Cotecna's competitors" for a "period of one year after termination of this Agreement." The consultancy agreement was to "have an initial duration of 10 (ten) months" until December 31, 1998.[91]

2. Kojo Annan's Travel in the Fall of 1998

As noted above, by the summer of 1998, Kojo Annan was no longer a full-time employee, but was a consultant with assigned responsibility for marketing Cotecna's business in West Africa. Cotecna's documents reflect that Kojo Annan traveled to New York at Cotecna's expense for fifteen days during the second half of September 1998 and the first two days in October 1998, at the same time as the annual meeting of the United Nations General Assembly.[92]

Just prior to this trip to New York, Kojo Annan attended the Non-Aligned Movement ("NAM") meeting in South Africa with a new business associate, Pierre Mouselli, a Franco-Lebanese businessman who, at that time, lived in Nigeria. Kojo Annan had enlisted Mr. Mouselli's help in attempting to win back Cotecna's Nigerian contract when the two men first met in July 1998. In addition to Cotecna-related business, Mr. Mouselli and Kojo Annan discussed the possibility of setting up one or more companies to do business with Iraq under the Programme. Specifically, Mr. Mouselli informed the Committee that he "discussed about Iraqi oil with Kojo and we wanted to enter the market, but I wanted to enter it officially."[93]

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[89] Robert Massey e-mail to Michael Wilson (Mar. 2, 1998); Cotecna record, Kojo Annan consultancy agreement (Apr. 7, 1998).

[90] Robert Massey interview (July 21, 2004); Kofi Annan interview (Nov. 9, 2004). Among those future business interests would be companies that remain the subject of the Committee's further investigation.

[91] Cotecna record, Kojo Annan consultancy agreement (Apr. 7, 1998).

[92] Cotecna record, Kojo Annan fax to Robert Massey (Oct. 26, 1998); Pierre Mouselli interview (Feb. 16, 2005); see also Cotecna record, American Express credit card expense records (showing charges incurred by Kojo Annan in New York on September 26 and October 1, 1998). The General Assembly convened its annual session beginning on September 8, 1998. "Note by the Secretary-General," A/53/50 (Feb. 17, 1998).

[93] Pierre Mouselli interview (Feb. 16, 2005). According to Mr. Mouselli, he and Kojo Annan eventually established three companies (one for oil, one for inspection, and one for food), but none of these companies

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Mr. Mouselli stated to the Committee that he had contacts at the Iraqi embassy in Nigeria, and Kojo Annan asked him to schedule a meeting with the ambassador in the summer of 1998. The meeting was brief and the conversation purely social; neither Cotecna's business nor the Programme was discussed. However, Kojo Annan gave the Iraqi ambassador his Cotecna business card, and, according to Mr. Mouselli, the Iraqis were aware of his family connections:

> Q. What happened at the meeting with the Iraqi ambassador?
>
> A. I introduced Kojo as Cotecna's representative in Nigeria.
>
> Q. Did they know who Kojo was?
>
> A. Of course they knew. They were very happy.[94]

Mr. Mouselli stated that he and Kojo Annan paid several more visits to the embassy in Nigeria: "The purpose [of the embassy visits] was Cotecna and what we could do in Iraq – the oil, the food, all."[95]

Mr. Mouselli went with Kojo Annan to South Africa during the NAM meetings at which the Secretary-General also attended. Before this trip, Mr. Wilson furnished Kojo Annan a list of "country briefs for your guidance, to enable you and PM [Pierre Mouselli] where necessary – to engage the appropriate marketing actions." Mr. Mouselli recalled that he and Kojo Annan waited for the arrival of the Secretary-General before checking into their hotel in South Africa in order to qualify for a "special rate" that United Nations employees were given.[96]

According to Mr. Mouselli, during the trip to South Africa he and Kojo Annan had a private lunch with the Secretary-General. The Secretary-General's official travel schedule shows his

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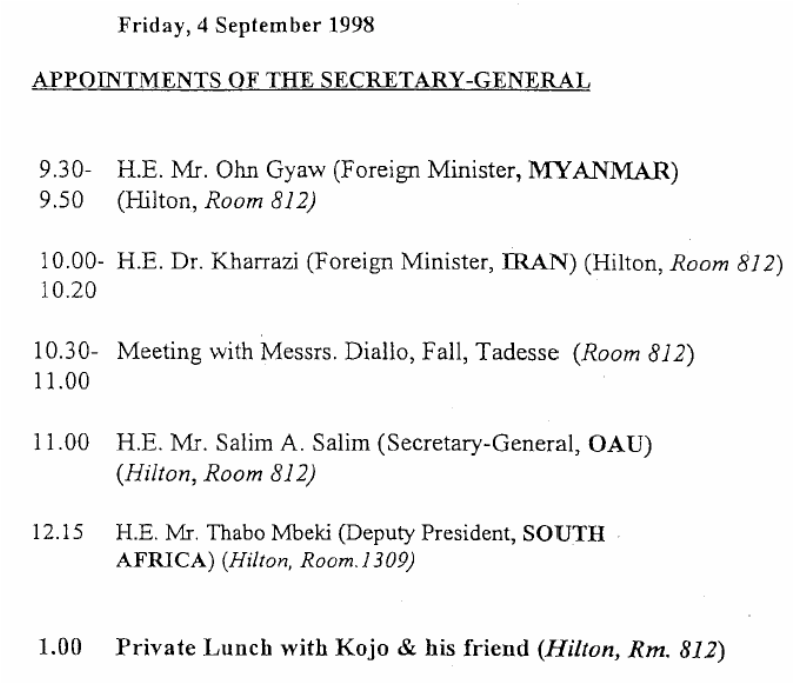
ever actively engaged in business. Pierre Mouselli interviews (Feb. 16 and Mar. 23, 2005); Adrian P. Gonzalez e-mail to the Committee (Mar. 24, 2005). Mr. Gonzalez is an attorney at August & Debouzy Avocats, and he is counsel to Mr. Mouselli.

[94] Pierre Mouselli interview (Feb. 16, 2005).

[95] Ibid.

[96] Cotecna record, Michael Wilson fax to Kojo Annan (Aug. 28, 1998); Pierre Mouselli interview (Feb. 16, 2005). Kojo Annan's expense records that he filed with Cotecna for this trip reflect that he first traveled to Durban, then with Mr. Mouselli to Johannesburg from August 30 to September 1, and then back to Durban from September 2 to September 4, 1998. It is not clear from the Johannesburg hotel bill that Kojo Annan and Mr. Mouselli received any kind of a special rate, but the name description of Kojo Annan on his hotel bill for Durban in September reflects a possible United Nations discount: "K Annan * Extras* United Nations." Cotecna record, Kojo Annan hotel bills, Park Hyatt-Johannesburg (Aug. 30-Sept. 1, 1998) (reflecting two rooms: Kojo Annan and Pierre Mouselli), and Holiday Inn Garden Court – Durban (Aug. 27-Sept. 4, 1998). The Secretary-General has confirmed that he was in Johannesburg just prior to Durban. Kofi Annan meeting with the Committee (Mar. 26, 2005).

attendance at the NAM meetings in South Africa and, for September 4, 1998, shows a series of senior-level diplomatic meetings followed by "Private Lunch with Kojo & his friend."[97]



Friday, 4 September 1998

APPOINTMENTS OF THE SECRETARY-GENERAL

9.30-9.50 H.E. Mr. Ohn Gyaw (Foreign Minister, **MYANMAR**) (Hilton, *Room 812)*

10.00-10.20 H.E. Dr. Kharrazi (Foreign Minister, **IRAN**) (Hilton, *Room 812*)

10.30-11.00 Meeting with Messrs. Diallo, Fall, Tadesse (*Room 812*)

11.00 H.E. Mr. Salim A. Salim (Secretary-General, **OAU**) (*Hilton, Room 812)*

12.15 H.E. Mr. Thabo Mbeki (Deputy President, **SOUTH AFRICA**) (*Hilton, Room.1309)*

1.00 **Private Lunch with Kojo & his friend (*Hilton, Rm. 812*)**

Figure: Excerpt of "Appointments of the Secretary-General" (Sept. 4, 1998).

Mr. Mouselli stated that he and Kojo Annan told the Secretary-General at this lunch about their work for Cotecna in Nigeria as well as their intention to form oil and inspections companies. Mr. Mouselli did not remember the Secretary-General voicing any concerns about their plans, and he did not remember if Cotecna's interest in the Programme was discussed at this lunch.[98]

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[97] Pierre Mouselli interview (Feb. 16, 2005); "Appointments of the Secretary-General" (Sept. 1-4, 1998).

[98] Pierre Mouselli interviews (Feb. 16 and Mar. 23, 2005). When Mr. Mouselli initially was interviewed, he was asked if the Secretary-General knew that he and Kojo Annan intended the companies they had formed to do business in Iraq under the Programme, and he replied: "Sure, because I think his son told him that we went to the Iraqi embassy." When asked if Iraq was mentioned specifically, he answered: "I know that Kojo told his father that we went to the Iraqi embassy, so it was clear that we were interested." Pierre Mouselli interview (Feb. 16, 2005). Mr. Mouselli affirmed these statements when interviewed again on March 23, 2005. Pierre Mouselli interview (Mar. 23, 2005). But two days later he advised the Committee, through his counsel, that he could not say that he specifically recalled Kojo Annan discussing the Iraqi embassy visits in the presence of the Secretary-General, and he could not say specifically that Kojo Annan mentioned discussing these visits with the Secretary-General. Adrian P. Gonzalez e-mail to the Committee (Mar. 25, 2005). In light of this conflict in statements, the Committee does not credit Mr. Mouselli's statements that Kojo Annan advised the Secretary-General of any visits that he made to the Iraq embassy in Nigeria or of any intent to engage in business under the Programme.

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The Committee notes that there are no independent witnesses to verify Mr. Mouselli's account of his luncheon conversation with the Secretary-General and Kojo Annan, and that the Secretary-General's account of the events differs from the account of Mr. Mouselli. The Secretary-General stated that, because he would be very busy, he discouraged his son from coming to Durban while he was there. He acknowledged a "brief encounter" in South Africa with his son and a "Lebanese" friend named "Pierre." He added that the encounter was "so brief I don't think we had much substantive discussion." When shown his appointment schedule indicating lunch with "Kojo & his friend," the Secretary-General stated that he did not "recollect having lunch with Kojo and a friend" and that it was a "hectic period for me." The Secretary-General denied that he was present with Kojo Annan and any business associates at any time that Cotecna's business was discussed. The Secretary-General further denied that his son told him he visited the Iraqi embassy in Nigeria.[99]

The Committee interviewed an Iraqi ambassador who served in Nigeria from 1994 to the end of 1998. This ambassador confirmed that he had known Mr. Mouselli since 1996 or 1997, but regarded him as "not quite stable." He saw Mr. Mouselli frequently at diplomatic functions. At one such function, Mr. Mouselli told the ambassador that he knew Kojo Annan and that they wanted to go into business together. Mr. Mouselli asked for a meeting with the ambassador to introduce Kojo Annan.[100]

At some point in 1997 or 1998, the ambassador met with Mr. Mouselli and Kojo Annan at the Iraqi embassy in Lagos. Kojo Annan said that he and Mr. Mouselli were going into business. Kojo Annan asked the ambassador about doing business with the Government of Iraq under the Programme. It was a very general discussion, and the ambassador could not remember if oil transactions or humanitarian goods transactions were discussed. Kojo Annan did not mention Cotecna, and the ambassador did not know of Cotecna at that time.[101]

The ambassador asked Kojo Annan if his father knew of his plan to conduct business with Iraq under the Programme. Kojo Annan stated that his father was not aware of it, and he did not say that he would tell his father about his intentions. This increased the ambassador's skepticism about the proposal, but he said that would send the request through to Baghdad for the government's consideration. The ambassador did so, but he did not hear back from Baghdad, and he never followed up on it.[102]

The ambassador believed that he may have met with Mr. Mouselli and Kojo Annan about a month or two later, possibly at a social event. He would have told the two that he had not heard

[99] Kofi Annan interview (Mar. 17, 2005).

[100] Iraq official interview (Mar. 27, 2005). In view of concerns for the safety of witnesses from Iraq, the Committee does not identify the ambassador by name.

[101] Ibid.

[102] Ibid.

back from Iraq on their request to do business. The ambassador did not know if Mr. Mouselli and Kojo Annan were successful in doing any business with Iraq under the Programme.[103]

At some point after the first meeting with Kojo Annan, the ambassador encountered Mr. Mouselli at a social function. Mr. Mouselli told the ambassador that he had met with the Secretary-General at a "third world conference."[104]

The Committee does not have information from Kojo Annan concerning the accounts of Mr. Mouselli and the Iraqi ambassador. Although Kojo Annan consented to an initial interview with the Committee, he has refused to meet again with the Committee and is no longer cooperating with the Committee's investigation.

According to Mr. Mouselli, he and Kojo Annan went from the NAM meetings in South Africa to the United Nations General Assembly meetings in New York. Kojo Annan stayed as a guest at his father's official residence in New York from September 22 to October 3 and October 8 to October 10, 1998; there is no indication that Mr. Mouselli stayed at the Secretary-General's residence.[105]

Kojo Annan's reasons for attending the General Assembly and his actions while at the United Nations during this visit remain unclear. There is no direct evidence to show that Kojo Annan personally met with any United Nations official to discuss Cotecna's interest in the Iraq inspection contract prior to the United Nations' awarding the contract to Cotecna. Internal Cotecna communications that involve Kojo Annan's files contain numerous ambiguous references about the nature of Kojo Annan's activities.

The first of these documents is a memorandum of August 28, 1998, to Kojo Annan from Mr. Wilson, which references Kojo Annan's attendance at the prior meeting of the non-aligned nations in South Africa. Bearing a subject line: "Brief for 1998 Non Aligned Movement (NAM) Summit, Durban – South Africa," this memo begins by thanking Kojo Annan for representing Cotecna at this "important meeting," and setting out a "three-pronged-approach" to winning contracts by making contacts at the "Presidential and political level," the Ministerial level, and

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[103] Ibid.

[104] Ibid. Mr. Mouselli recalled that he and Kojo Annan met with two Iraqi ambassadors. Pierre Mouselli interview (Feb. 16, 2005). One of the ambassadors (who started service in 1999) stated that he met only with Mr. Mouselli, not Kojo Annan, but that Mr. Mouselli described Kojo Annan as a "friend." The ambassador believed that both Mr. Mouselli and Kojo Annan previously had met with the prior ambassador (who was serving in 1998). The ambassador regarded Mr. Mouselli as a little "unstable" and stated that they did not discuss the Programme. Iraq official interview (Mar. 9, 2005).

[105] Security guard entry logs for Secretary-General residence (obtained from United Nations); Kofi Annan interview (Mar. 17, 2005) (noting that Kojo Annan stayed at residence); Pierre Mouselli interview (Feb. 16, 2005). After Kojo Annan's departure from the residence on October 10, 1998, telephone call logs for the Secretary-General's residence reflect nine telephone calls to or from Kojo Annan to the residence between October 10, 1998 and January 22, 1999. Telephone call log for Secretary-General residence (Oct. 9, 1998 to Jan. 22, 1999).

the civil service level. Mr. Wilson then advised Kojo Annan that his "work and the contacts established at this meeting should ideally be followed up at the September 1998 UN General Assembly in New York . . . ."[106]

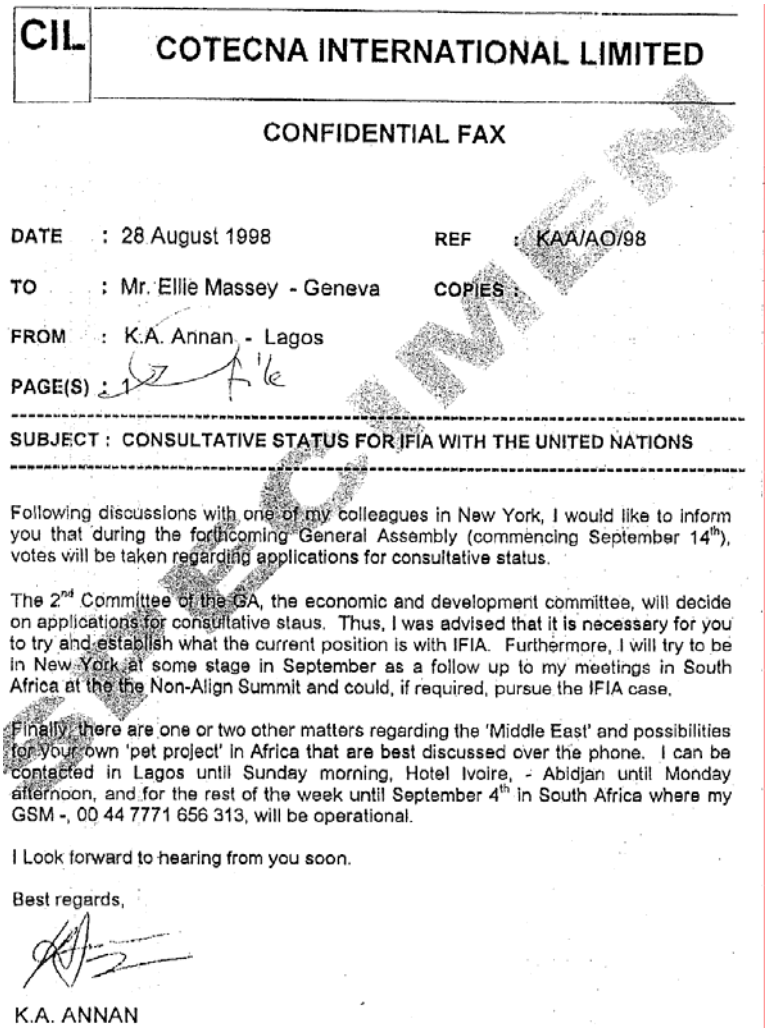
Also on August 28, 1998, Kojo Annan faxed a memorandum to Elie Massey referencing his intent to attend the General Assembly session in September and bearing the subject heading: "Consultative status for IFIA with the United Nations." The "IFIA" is the International Federation of Inspection Agencies to which Cotecna belonged; among other things, "consultative status" enables non-governmental organizations "to attend the relevant international conferences convened by the United Nations and the meetings of the preparatory bodies of the said conferences." Kojo Annan stated in this memo that he would be in New York "at some stage in September" and that he "could, if required, pursue the IFIA case." Kojo Annan provided Mr. Massey with detailed information, learned from one of his "colleagues in New York," on the General Assembly schedule of events as it related to the IFIA.[107]

Kojo Annan's memorandum to Elie Massey of August 28 also referenced "one or two other matters regarding the 'Middle East' and possibilities for your own 'pet project' in Africa that are best discussed over the phone":

[106] Cotecna record, Michael Wilson fax to Kojo Annan (Aug. 28, 1998).

[107] Cotecna record, Kojo Annan fax to Elie Massey (Aug. 28, 1998); United Nations, "Consultative Status with ECOSOC," http://www.un.org/esa/coordination/ngo/about.htm.

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.



CIL COTECNA INTERNATIONAL LIMITED

CONFIDENTIAL FAX

DATE : 28 August 1998 REF : KAA/AO/98

TO : Mr. Ellie Massey - Geneva COPIES :

FROM : K.A. Annan - Lagos

PAGE(S) : 1 + 1/2

SUBJECT : CONSULTATIVE STATUS FOR IFIA WITH THE UNITED NATIONS

Following discussions with one of my colleagues in New York, I would like to inform you that during the forthcoming General Assembly (commencing September 14th), votes will be taken regarding applications for consultative status.

The 2nd Committee of the GA, the economic and development committee, will decide on applications for consultative staus. Thus, I was advised that it is necessary for you to try and establish what the current position is with IFIA. Furthermore, I will try to be in New York at some stage in September as a follow up to my meetings in South Africa at the the Non-Align Summit and could, if required, pursue the IFIA case.

Finally, there are one or two other matters regarding the 'Middle East' and possibilities for your own 'pet project' in Africa that are best discussed over the phone. I can be contacted in Lagos until Sunday morning, Hotel Ivoire, - Abidjan until Monday afternoon, and for the rest of the week until September 4th in South Africa where my GSM -, 00 44 7771 656 313, will be operational.

I Look forward to hearing from you soon.

Best regards,

K.A. ANNAN

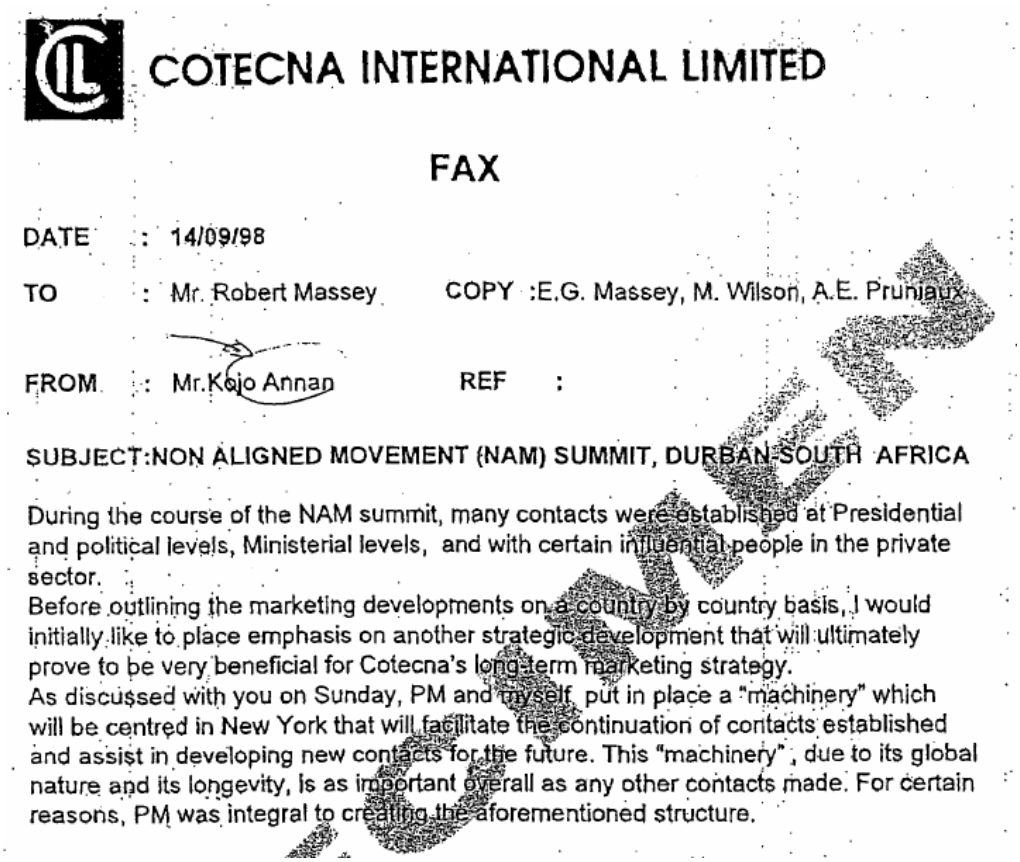
SPECIMEN

Figure: Excerpt of Kojo Annan fax to Elie Massey (Aug. 28, 1998) (*Note*: All documents produced to the Committee by Cotecna were watermarked "Specimen" by Cotecna).

This reference to "Middle East" projects suggests a possibility of the Iraq inspection contract. But Elie Massey and Kojo Annan have denied this; they both claim that the reference to the "Middle East" in the last paragraph of the fax was a reference to Egypt. Elie Massey had expressed a desire that Kojo Annan contact the son of a former Ghanaian president who had become a well-known journalist in Egypt. According to both Kojo Annan and Elie Massey, Kojo Annan's reference to Elie Massey's "pet project" in Africa was a reference to Elie Massey's interest in Nigeria. These were topics that would be "best discussed over the phone," Kojo Annan wrote, because they were matters of a commercially sensitive nature that should not be

committed to writing.[108] No documents have been produced that either support or contradict these interpretations.

On September 14, 1998—the day that Kojo Annan had informed Elie Massey that the General Assembly meetings were to start—Kojo Annan sent a fax to Robert Massey, with copies to Elie Massey, Mr. Wilson, and Mr. Pruniaux. This fax was sent from Lagos and reported on Kojo Annan's conversation with Robert Massey to "put in place a 'machinery' which will be centered in New York" to facilitate existing and future contacts:



COTECNA INTERNATIONAL LIMITED

FAX

DATE : 14/09/98

TO : Mr. Robert Massey COPY :E.G. Massey, M. Wilson, A.E. Pruniaux

FROM : Mr.Kojo Annan REF :

SUBJECT:NON ALIGNED MOVEMENT (NAM) SUMMIT, DURBAN-SOUTH AFRICA

During the course of the NAM summit, many contacts were established at Presidential and political levels, Ministerial levels, and with certain influential people in the private sector.
Before outlining the marketing developments on a country by country basis, I would initially like to place emphasis on another strategic development that will ultimately prove to be very beneficial for Cotecna's long-term marketing strategy.
As discussed with you on Sunday, PM and myself, put in place a "machinery" which will be centred in New York that will facilitate the continuation of contacts established and assist in developing new contacts for the future. This "machinery", due to its global nature and its longevity, is as important overall as any other contacts made. For certain reasons, PM was integral to creating the aforementioned structure.

Figure: Excerpt of Kojo Annan fax to Robert Massey (Sept. 14, 1998).

The memorandum went on to set forth a "Country by Country breakdown" for contacts made with influential persons from various African countries (without mention of Iraq). It mentioned four times the upcoming General Assembly meetings, and several of the individuals identified were described in relation to the United Nations. When shown this memo, Kojo Annan said he could not recall what he meant by the "machinery" of a "global nature" that would be based in

[108] Ibid.; Elie Massey interview (July 23, 2004); Kojo Annan interview (Oct. 22, 2004).

New York.[109] It remains unclear whether Kojo Annan was implicitly suggesting his access to United Nations resources in New York.

Mr. Mouselli stated that he had never seen the September 14 memorandum, and he did not know to what it referred with respect to "machinery" of a "global nature" in New York. When asked if Kojo Annan was at the United Nations to pursue Cotecna business, Mr. Mouselli replied: "I don't think he had any other business card – I don't think he had any other business. Only Cotecna and the oil business with me." Asked if they had conversations with anyone at the United Nations regarding the Programme, Mr. Mouselli answered: "We did not go to the UN only to hunt one kind of contract, we went to make relations with everyone and after to see what we could do with these contacts." However, Mr. Mouselli did not believe that either he or Kojo Annan ever spoke to anyone at the United Nations specifically about Cotecna's interest in obtaining the Iraq inspection contract.[110]

Although Kojo Annan stated that he naturally would have visited his father while in New York in the fall of 1998, he stated also that he did not conduct or attend any meetings at the United Nations during this trip. He told the Committee that, in an effort to make contacts and pursue Cotecna's business interests in Africa, he met with various African country delegations, including with members of the Nigerian government, at hotels and other meeting places near the United Nations.[111] Mr. Mouselli, however, remembered attending the General Assembly meetings with Kojo Annan, and he recalled Kojo Annan providing him with a badge for security clearance to do so. Kojo Annan denied that he conducted any meetings about Cotecna and any contact with the United Nations.[112]

The Committee does not have evidence that Kojo Annan contacted or approached anyone at the procurement department during the time that he was in New York in September 1998 or more generally at any time during the contract bidding process. The Committee's investigation, however, indicates that Kojo Annan had been to the procurement department of the United Nations many times before and knew or had met with multiple people who work there. The procurement officer best known to Kojo Annan was Diana Mills-Aryee, whom he had known as a child; following the divorce of the Secretary-General from his first wife and mother of Kojo Annan, Ms. Mills-Aryee took care of Kojo Annan and his sister for some period of time. Kojo Annan knew Ms. Mills-Aryee as "Auntie," a common term of familiarity in Ghana. Ms. Mills-

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[109] Cotecna record, Kojo Annan fax to Robert Massey (Sept. 14, 1998); Kojo Annan interview (Oct. 22, 2004).

[110] Pierre Mouselli interview (Feb. 16, 2005).

[111] Kojo Annan interview (Oct. 22, 2004). The Executive Office of the Secretary-General ("EOSG") records the names of persons who visit with the Secretary-General but, according to the Secretary-General's personal secretaries, does not do so for family members of the Secretary-General or for certain other individuals. Anastasiya Delenda interview (Feb. 16, 2005); Elizabeth Weidmann interview (Feb. 16, 2005).

[112] Pierre Mouselli interview (Feb. 16, 2005); Kojo Annan interview (Oct. 22, 2004); Kojo Annan statement (Feb. 15, 2005).

Aryee estimated that Kojo Annan came to visit her at the procurement department something less than ten times between 1995 and late September 1998. She said that everyone in her office knew Kojo Annan because he was friendly and good with computers, such that he would help her colleagues with problems when he visited.[113]

Although Ms. Mills-Aryee was a procurement officer, she was not assigned to work on the bidding or award process for the Iraq inspection contract. The "line" procurement officer for this contract was Alexander Yakovlev, and Mr. Yakovlev's supervisor was Mr. Bahel. According to Ms. Mills-Aryee, at some point in 1997 when Kojo Annan's name came up in connection with the appointment of his father as the Secretary-General, Mr. Bahel was aware that Kojo Annan visited the procurement office on occasion.[114]

On September 27, 1998—two weeks before the procurement department issued the RFP and while Kojo Annan was in New York for the General Assembly meeting—Ms. Mills-Aryee started an assignment in Iraq, where she remained through the middle of 2000. Although Ms. Mills-Aryee was aware that Kojo Annan worked for Cotecna and believed that she must have been aware from news reports also of Cotecna's troubles with respect to its Pakistan contract, Mr. Yakovlev and Mr. Bahel stated that they were not aware of this information during the contract bidding and negotiation process.[115]

Ms. Mills-Aryee introduced Kojo Annan to Nora Dias, the secretary of Mr. Bahel. According to Ms. Dias, Kojo Annan visited the procurement department two or three times between 1995 or 1996 and the end of 1997; she did not see him at the procurement department during 1998, and he never met with Mr. Bahel to her knowledge.[116]

Following his trip to the United States during September and October 1998, Kojo Annan sent Robert Massey a fax on October 26, 1998, detailing thirty-four days of prior consulting activity and requesting consulting fees of $17,000. The work for which Kojo Annan was seeking reimbursement included "6 days in Abuja during my father's visit to Nigeria" and "15 days in New York for the General Assembly and various meetings relating to other 'special projects.'" In light of the pending expiration of his consultancy agreement at the end of the year, Kojo Annan

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[113] Diana Mills-Aryee interview (Jan. 10, 2005); Nora Dias interview (Jan. 10, 2005). Ms. Dias was Mr. Bahel's secretary.

[114] Diana Mills-Aryee interview (Jan. 10, 2005): Alexander Yakovlev interview (Feb. 4, 2005); Sanjay Bahel interview (Mar. 7, 2005).

[115] UNOHCI Staffing Table (Oct. 5, 1999); Diana Mills-Aryee interview (Jan. 10, 2005); Alexander Yakovlev interview (Feb. 4, 2005); Sanjay Bahel interview (Mar. 7, 2005).

[116] Ibid.; Nora Dias interview (Jan. 10, 2005). Mr. Bahel, however, informed the Committee that Kojo Annan and a friend of Kojo Annan's visited him at some point in 2001, "wanting to know about business in the field in Africa." Kojo Annan gave Mr. Bahel one of his business cards. Sanjay Bahel interview (Mar. 7, 2005).

told Robert Massey "that I am open to discuss a new consultancy package, on a monthly basis, that would be mutually beneficial for both parties."[117]

On November 24, 1998, following further discussions with Kojo Annan about the size of his consulting bill, Robert Massey faxed a note back to Kojo Annan memorializing their agreement to a "limit [on] your consultancy fees to $5,000.-per month as from the 1st of November 1998."[118] No new written agreement was reached before Cotecna won the United Nations contract in early December or before the expiration of the consultancy term on December 31, 1998.

3. Elie Massey's Meetings with the Secretary-General: February 2, 1997 and September 18, 1998

Prior to the award of the Iraq inspection contract to Cotecna, the Secretary-General met twice with Cotecna's owner—Elie Massey—once in February 1997 and a second time in September 1998. The Secretary-General had not met Elie Massey before Kojo Annan began working at Cotecna.[119]

The first meeting occurred on February 2, 1997, just a few weeks after Kofi Annan became Secretary-General and while he was attending the World Economic Forum in Davos, Switzerland. On January 22, 1997, the Secretary-General's assistant wrote him a note advising: "Dinner with Mr. Massey is confirmed for Sunday, 2 February. He is delighted you should be able to attend and he will confirm to us whether Foreign Minister Moussa (EGYPT) will also be in attendance. If not, it will be an intimate dinner, possibly a six."[120] The plan for a dinner eventually became just a gathering for evening cocktails involving the Secretary-General, Elie Massey, and their spouses.[121] The Secretary-General's schedule for that day was full, including individual meetings with the presidents of Egypt and Hungary, the prime minister of Israel, the Portuguese minister of defense, and the Crown Prince and Princess of Luxembourg:[122]

[117] Cotecna record, Kojo Annan fax to Robert Massey (Oct. 26, 1998).

[118] Cotecna record, Robert Massey fax to Kojo Annan (Nov. 24, 1998).

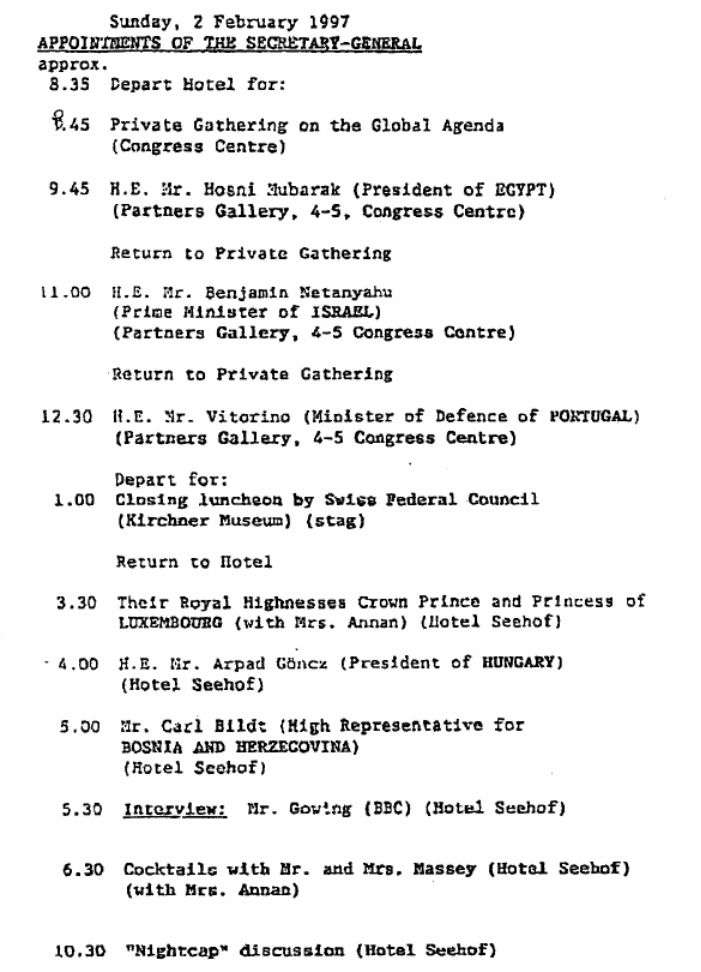
[119] Kofi Annan interview (Jan. 25, 2005).

[120] Clare Kane note to the Secretary-General (Jan. 22, 1997). Ms. Kane accompanied the Secretary-General on the trip to Davos, but had no further knowledge of any meeting between the Secretary-General and Elie Massey. Clare Kane interview (Mar. 24, 2005).

[121] It is unclear why this revision to the Secretary-General's schedule occurred. The Secretary-General and his wife had dinner alone together that evening. Wagaye Assebe interview (Mar. 2, 2005).

[122] "Appointments of the Secretary-General" (Feb. 2, 1997) (recovered from the United Nations computer of Wagaye Assebe in the EOSG).

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.



Sunday, 2 February 1997
APPOINTMENTS OF THE SECRETARY-GENERAL
approx.
8.35 Depart Hotel for:

8.45 Private Gathering on the Global Agenda
(Congress Centre)

9.45 H.E. Mr. Hosni Mubarak (President of EGYPT)
(Partners Gallery, 4-5, Congress Centre)

Return to Private Gathering

11.00 H.E. Mr. Benjamin Netanyahu
(Prime Minister of ISRAEL)
(Partners Gallery, 4-5 Congress Centre)

Return to Private Gathering

12.30 H.E. Mr. Vitorino (Minister of Defence of PORTUGAL)
(Partners Gallery, 4-5 Congress Centre)

Depart for:
1.00 Closing luncheon by Swiss Federal Council
(Kirchner Museum) (stag)

Return to Hotel

3.30 Their Royal Highnesses Crown Prince and Princess of
LUXEMBOURG (with Mrs. Annan) (Hotel Seehof)

4.00 H.E. Mr. Arpad Göncz (President of HUNGARY)
(Hotel Seehof)

5.00 Mr. Carl Bildt (High Representative for
BOSNIA AND HERZEGOVINA)
(Hotel Seehof)

5.30 Interview: Mr. Gowing (BBC) (Hotel Seehof)

6.30 Cocktails with Mr. and Mrs. Massey (Hotel Seehof)
(with Mrs. Annan)

10.30 "Nightcap" discussion (Hotel Seehof)

Figure: "Appointments of the Secretary-General" (Feb. 2, 1997) (computer of Wagaye Assebe).

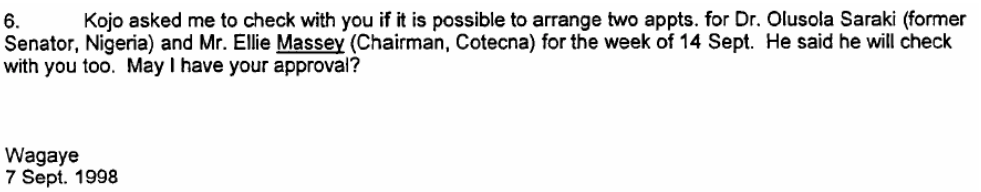
When the Secretary-General was first interviewed by the Committee in November 2004, he said that he had not met Elie Massey prior to the award to Cotecna of the inspection contract.[123] After that interview, the Committee began the process of imaging the computer hard drives of numerous individuals in the Executive Office of the Secretary-General ("EOSG") and other United Nations departments, and this included the Secretary-General's computer. From a review of the computer of the Secretary-General's assistant, the Committee found information reflecting that the Secretary-General had met with Elie Massey on two occasions prior to the award of the inspection contract to Cotecna. The Secretary-General and his counsel likely would have been apprised of this information from his assistant's computer because the results of the Committee's

[123] Kofi Annan interview (Nov. 9, 2004). The Secretary-General stated that he had spoken briefly with Elie Massey once in Geneva in late 1999—after the contract had been awarded and after his son's employment with Cotecna had been publicly disclosed. Ibid.

computer searches were known to the United Nations in accordance with the screening procedure agreed to between the Committee and the United Nations.[124]

When the Secretary-General then was re-interviewed in late January 2005, he stated that he had checked his records and recalled having a very "brief encounter" with Elie Massey in 1997. The Secretary-General said that he did not know how the meeting was set up or its purpose, but he maintained that the meeting involved Elie Massey's congratulations to him on his appointment as Secretary-General and did not involve discussing Cotecna's interest in a contract under the Programme. The Committee also interviewed Elie Massey about this meeting, but he did not have a clear recall of meeting the Secretary-General on this occasion.[125]

The Secretary-General and Elie Massey met again about a year and a half later on September 18, 1998. This was after the United Nations had decided internally, in June 1998, that the inspection contract would be re-bid but before it had sent out requests for proposals to Cotecna and other companies on October 9, 1998. Although there is no evidence that Kojo Annan was present at this meeting, a note to the Secretary-General from his assistant makes clear that it was Kojo Annan who arranged this second meeting between the Secretary-General and Elie Massey:[126]



6. Kojo asked me to check with you if it is possible to arrange two appts. for Dr. Olusola Saraki (former Senator, Nigeria) and Mr. Ellie Massey (Chairman, Cotecna) for the week of 14 Sept. He said he will check with you too. May I have your approval?

Wagaye
7 Sept. 1998

Figure: Wagaye Assebe memorandum to the Secretary-General (Sept. 7, 1998) (computer of Wagaye Assebe).

[124] This procedure was designed to prevent the dissemination of any sensitive information maintained in the EOSG's computers that was not relevant to the Committee's investigation.

[125] Kofi Annan interview (Jan. 25, 2005); Elie Massey interview (Jan. 24, 2005).

[126] Wagaye Assebe memorandum to the Secretary-General (Sept. 7, 1998) (recovered from the United Nations computer of Wagaye Assebe). The Secretary-General's residence security logs do not identify Kojo Annan as a guest until September 22, 1998—four days after the meeting in question. Secretary-General Residence Security Log (entry for Sept. 22, 1998). None of the meeting participants, Kojo Annan, or the Secretary-General's assistants recalled Kojo Annan being present at this meeting. Kojo Annan interview (Oct. 22, 2004); Elie Massey interview (Jan. 24, 2005); Wagaye Assebe interviews (Jan. 7 and Mar. 2, 2005); Kofi Annan interview (Jan. 25, 2005). As indicated above, the note to the Secretary-General shows that when Kojo Annan called to set up the meeting between his father and Elie Massey he also requested that his father meet with Olusola Saraki, identified as a former Nigerian senator. Elie Massey has informed the committee that Mr. Saraki was a highly-placed Nigerian politician whom Cotecna "targeted." Elie Massey said that Cotecna had success in contacting Mr. Saraki "thanks to Kojo Annan." Elie Massey interview (Jan. 24, 2005).

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.

A preliminary calendar scheduled the meeting for "Kojo - Mr. Massey" at 3 p.m. on September 18:[127]

Friday, 18 September

10.00 Ms. Lindenmayer

10.30 Wreath laying ceremonyC??

time t.b.c.
11.00 Staff Day (SG to speak)

12.00 .....

12.30 Presentation of Credentials:
Venezuela, Colombia, Bhutan

t.b.c.
1.15 Working luncheon with Messrs. Anderson, Elie Wiesel, and John Ruggie (38th floor?)

3.00 Kojo - Mr. Massey (private)

3.30-
4.30 Blocked

4.30 DSG, Mr. Riza, and Ms. Lindenmayer (ck with Christine and SIR - Christine informed by Tasa)

5.00-
6.00 SG to attend the closing of High-level dialogue on "Social and Economic Impact of Globalization" (FZ confirmed - FZ informs SG may stay half hour to an hour. Right now they know it is one hour, should he decide to stay only half hour please inform GA or FZ as to which half hour)

Figure: Secretary-General preliminary appointment calendar (Sept. 18, 1998) (provided by Wagaye Assebe to the Committee).

The meeting eventually was set for noontime, on September 18, 1998, in the Secretary-General's office in New York. The record of this is an appointment schedule maintained by Anastasiya Delenda, one of the Secretary-General's assistants, who routinely logged the names of persons (except family members and certain other individuals) who entered the Secretary-General's office and the time when they entered. As reflected in the excerpt of Ms. Delenda's schedule below, the meeting with Elie Massey started at 12:02 p.m. and did not last more than fifteen minutes:

[127] Secretary-General preliminary appointment calendar (Sept. 18, 1998) (provided by Wagaye Assebe to the Committee). According to Ms. Assebe, her mention of Kojo Annan's name in the entry "Kojo – Mr. Massey" did not necessarily signify that Kojo Annan would be at the meeting; she wrote "Kojo" as a memory aide for her about the meeting. Wagaye Assebe interview (Mar. 2, 2005).

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.

Friday, 18 September 1998

APPOINTMENTS OF THE SECRETARY-GENERAL

8.54	The Secretary-General reached the 38th floor with Mr. Fred Eckhard, Spokesman
9.05	Meeting with Department of Political Affairs, Department of Humanitarian Affairs, Department of Peace-keeping Operations (SG's Conference Room)(see list attached); Mr. Iqbal Riza, Chef de Cabinet, Mr. Rolf Knutsson, EOSG, Ms. Elisabeth Lindenmayer, Executive Assistant to the Secretary-General, Mr. Tesfaye Tadesse, EOSG, Mr. Lamin Sise, Senior Political Adviser, EOSG, Mr. Neil Briscoe, notetaker
10.30	The Secretary-General left the 38th floor to attend the wreath laying ceremony commemorating the death of Dag Hammarskjold (Visitor's Lobby outside the Meditation Room); Mr. Iqbal Riza, Ms. Elisabeth Lindenmayer, Ms.Gillian Sorensen, Assistant Secretary-General for External Relations, Mr. Lamin Sise
10.32	Mr. Iqbal Riza, Mr. Rolf Knutsson, EOSG
11.00	Secretary-General left the 38th floor to address the Staff on the occasion of Staff Day; Ms. Elisabeth Lindenmayer, Mr. Lamin Sise (Trusteeship Council)
12.02	Mr. Ellie Massey (private)
12.17	Mr. Iqbal Riza, Mr. Rolf Knutsson
12.33	Presentation of Credentials: H.E. Mr.Julian Robert Hunte (ST. LUCIA) H.E. Mr. Alfonso Valvieso (COLUMBIA) H.E. Mr. Om Pradhan (BHUTAN) H.E. Mr.Ignacio Arcaya (VENEZUELA) Ms. Angela King, Special Adviser on Gender Issues and the Advancement of Women, Mr. Young-Jin Choi, Department of Peace-Keeping Operations, Mr. Ibrahima Fall, Assistant Secretary-General for Political Affairs, Mr. Juan-Carlos Brandt, Spokesman
1.00	Ms. Elisabeth Lindenmayer
(1.10)	(Mr. Iqbal Riza)
(1.13)	(Mr. Hans Corell)
1.15	Working luncheon with Messrs. Anderson, Wiesel, Ruggie, Mortimer, Tharoor (38th floor)

Figure: Excerpt of "Appointments of the Secretary-General" (Sept. 18, 1998).

In a busy day of meetings and appointments, the meeting with Elie Massey was the only "private" meeting on the Secretary-General's schedule. Because the meeting was "private," there are no notes of the meeting to reflect what the two men discussed.[128]

As with his first meeting with Elie Massey in February 1997, the Secretary-General did not recall this second meeting with Elie Massey when he was first interviewed by Committee; when the Committee acquired evidence from the computers in the Secretary-General's office of the fact of the second meeting and re-interviewed the Secretary-General, he stated that he had checked the

[128] "Appointments of the Secretary-General" (Sept. 18, 1998) (received from Wagaye Assebe); Wagaye Assebe interview (Jan. 7, 2005).

records and now remembered the meeting.[129] The Secretary-General stated that he had agreed to the meeting with Elie Massey without knowing in advance what the purpose of the meeting was; he explained that he sometimes took such appointments with people he already knew. When Elie Massey arrived for the meeting, the Secretary-General soon learned that Elie Massey wished to advance a proposal for the United Nations to conduct lottery-ticket-sale activities in order to raise money for humanitarian purposes. The Secretary-General said the meeting "was very brief and I sent him to see Mr. [Joseph] Connor [the Under-Secretary-General for Management, in charge of the procurement department] because he dealt with the financial issues."[130]

The Secretary-General denied that his meeting with Elie Massey on September 18, 1998 had anything to do with Cotecna's interest in the United Nations' inspection contract for the Programme. The Secretary-General stated that he did not know at the time of this meeting that there was going to be an RFP for the Iraq inspection contract, and he denied that he knew, at any time prior to late January 1999, that Cotecna had bid on and been awarded the United Nations inspection contract.[131]

Elie Massey offered a similar account of the meeting of September 18. Elie Massey already was in New York during September 1998 because he was vacating an apartment that he had owned there. On the day of the meeting, the Secretary-General greeted him, but then promptly referred him to Mr. Connor after he explained his idea. Mr. Massey and Mr. Connor then met in another room for "about thirty, forty minutes" to discuss the lottery proposal. Elie Massey denied mentioning Cotecna's interest in the Iraq inspection contract to the Secretary-General. He denied knowing at the time of the September 18 meeting that the United Nations was about to put the contract up for re-bid.[132]

Contrary to the telephone message from the Secretary-General's office making clear that Kojo Annan arranged this meeting, Elie Massey did not believe that it was Kojo Annan who gave him access to the Secretary-General for a meeting. According to Elie Massey, he found the Secretary-General's number from "International information" directory and then he called the Secretary-General's office for an appointment to discuss his "lottery" proposal.[133]

When asked if Kojo Annan had set up the meeting for him, Mr. Massey could not recall: "I don't think so. I don't think so. I don't remember. To the best of my recollection."[134] The Committee was unable to ask Kojo Annan about this meeting because the information about the meeting was

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[129] Kofi Annan interview (Nov. 9, 2004). As noted with reference to the first meeting of the Secretary-General and Elie Massey on February 2, 1997, during the Committee's first interview of the Secretary-General he recalled meeting with Elie Massey only once in late 1999. Ibid.

[130] Kofi Annan interview (Jan. 25, 2005).

[131] Ibid.; see also Kofi Annan interview (Nov. 9, 2004).

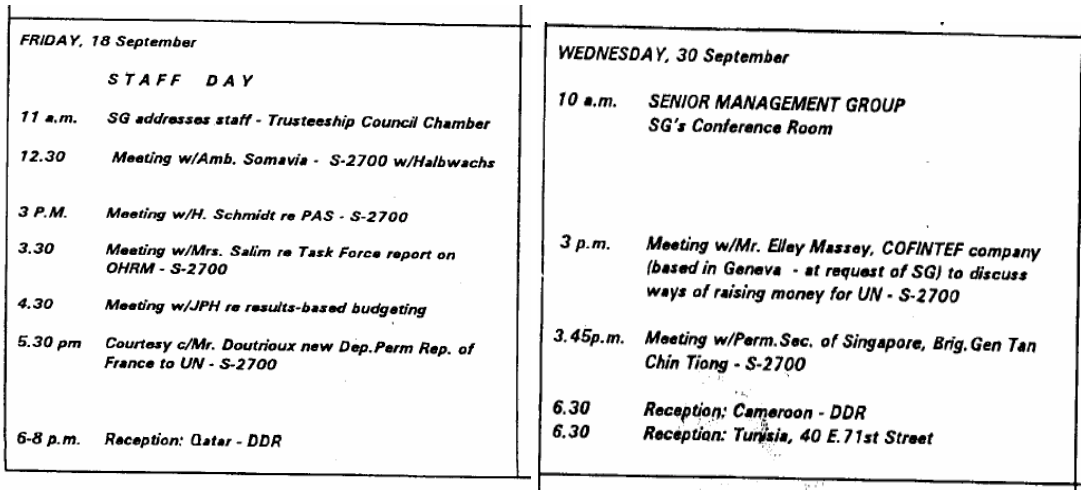
[132] Elie Massey interview (Jan. 24, 2005).

[133] Ibid.

[134] Ibid.

discovered by the Committee after Kojo Annan had been interviewed a first time, and Kojo Annan has declined to be interviewed a second time.

Mr. Connor's appointment records do not reflect that he met with Elie Massey on September 18; although, by both the accounts of the Secretary-General and Elie Massey the meeting occurred on an impromptu basis. Mr. Connor's appointment records show that he was in New York and that he had a 12:30 p.m. appointment with an ambassador on September 18. Mr. Connor's official appointment calendar further reflects a meeting with Mr. Massey twelve days later—on September 30—"at [the] request of [the] SG" in order "to discuss ways of raising money for UN."[135]



FRIDAY, 18 September

STAFF DAY

11 a.m.	SG addresses staff - Trusteeship Council Chamber
12.30	Meeting w/Amb. Somavia - S-2700 w/Halbwachs
3 P.M.	Meeting w/H. Schmidt re PAS - S-2700
3.30	Meeting w/Mrs. Salim re Task Force report on OHRM - S-2700
4.30	Meeting w/JPH re results-based budgeting
5.30 pm	Courtesy c/Mr. Doutrioux new Dep.Perm Rep. of France to UN - S-2700
6-8 p.m.	Reception: Qatar - DDR

WEDNESDAY, 30 September

10 a.m.	SENIOR MANAGEMENT GROUP SG's Conference Room
3 p.m.	Meeting w/Mr. Elley Massey, COFINTEF company (based in Geneva - at request of SG) to discuss ways of raising money for UN - S-2700
3.45p.m.	Meeting w/Perm.Sec. of Singapore, Brig.Gen Tan Chin Tiong - S-2700
6.30	Reception: Cameroon - DDR
6.30	Reception: Tunisia, 40 E.71st Street

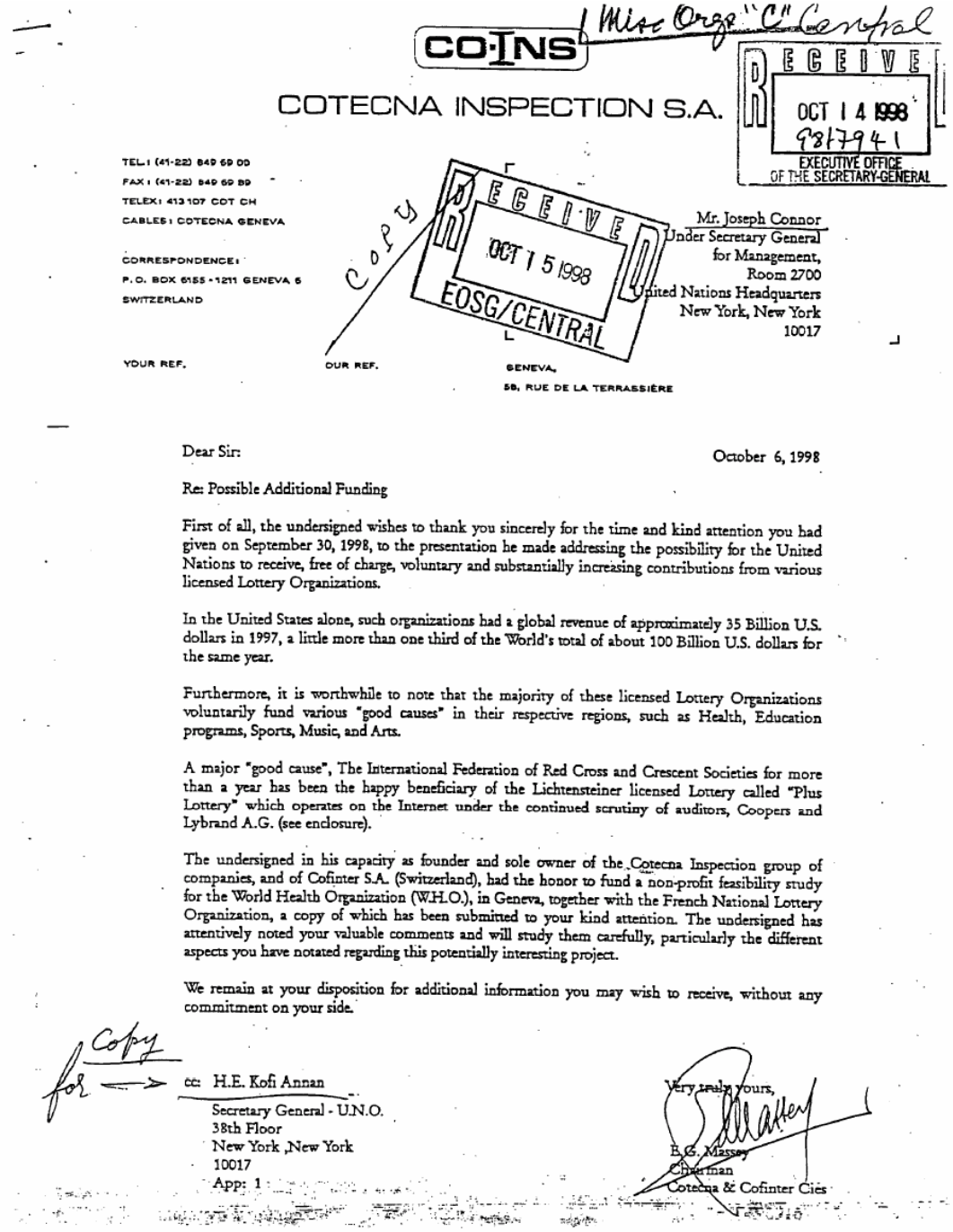
Figure: Joseph Connor schedule (Sept. 18 and 30, 1998).

The meeting of September 30 between Elie Massey and Mr. Connor concerning Elie Massey's lottery idea is corroborated by a letter dated October 6, 1998, from Elie Massey to Mr. Connor, with a copy to the Secretary-General furnished to the Secretary-General's office. This letter does not mention any prior meeting with Mr. Connor on September 18:[136]

[135] Joseph Connor schedule (Sept. 14-18, 1998); Joseph Connor schedule (Sept. 28-Oct. 2, 1998). Mr. Connor's chief of office did not recall Elie Massey or these meetings. Harriet Schmidt interview (Feb. 28, 2005). A discrepancy in the evidence arises from Elie Massey's assertion that he was certain that he had only one meeting with Joseph Connor and that the meeting occurred on the same day and immediately after his meeting with the Secretary-General. See Elie Massey interview (Jan. 24, 2005).

[136] Elie Massey letter to Joseph Connor (Oct. 6, 1998). Mr. Connor was shown this letter and his schedule, but he could not recall any meeting with Elie Massey. Joseph Connor interview (Mar. 8, 2005).

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.



COTECNA INSPECTION S.A.

Mise Orge "C" Central

RECEIVED OCT 14 1998 98179 41 EXECUTIVE OFFICE OF THE SECRETARY-GENERAL

TEL: (41-22) 849 69 00
FAX: (41-22) 849 69 89
TELEX: 413 107 COT CH
CABLES: COTECNA GENEVA

CORRESPONDENCE:
P.O. BOX 6155 - 1211 GENEVA 6
SWITZERLAND

RECEIVED OCT 15 1998 EOSG/CENTRAL

Copy

Mr. Joseph Connor
Under Secretary General
for Management,
Room 2700
United Nations Headquarters
New York, New York
10017

YOUR REF.

OUR REF.

GENEVA,
58, RUE DE LA TERRASSIÈRE

Dear Sir:

October 6, 1998

Re: Possible Additional Funding

First of all, the undersigned wishes to thank you sincerely for the time and kind attention you had given on September 30, 1998, to the presentation he made addressing the possibility for the United Nations to receive, free of charge, voluntary and substantially increasing contributions from various licensed Lottery Organizations.

In the United States alone, such organizations had a global revenue of approximately 35 Billion U.S. dollars in 1997, a little more than one third of the World's total of about 100 Billion U.S. dollars for the same year.

Furthermore, it is worthwhile to note that the majority of these licensed Lottery Organizations voluntarily fund various "good causes" in their respective regions, such as Health, Education programs, Sports, Music, and Arts.

A major "good cause", The International Federation of Red Cross and Crescent Societies for more than a year has been the happy beneficiary of the Lichtensteiner licensed Lottery called "Plus Lottery" which operates on the Internet under the continued scrutiny of auditors, Coopers and Lybrand A.G. (see enclosure).

The undersigned in his capacity as founder and sole owner of the Cotecna Inspection group of companies, and of Cofinter S.A. (Switzerland), had the honor to fund a non-profit feasibility study for the World Health Organization (W.H.O.), in Geneva, together with the French National Lottery Organization, a copy of which has been submitted to your kind attention. The undersigned has attentively noted your valuable comments and will study them carefully, particularly the different aspects you have notated regarding this potentially interesting project.

We remain at your disposition for additional information you may wish to receive, without any commitment on your side.

for Copy

cc: H.E. Kofi Annan
Secretary General - U.N.O.
38th Floor
New York ,New York
10017
App: 1

Very truly yours,

E.G. Massey
Chairman
Cotecna & Cofinter Cies

Figure: Elie Massey letter to Joseph Connor (Oct. 6, 1998).

As noted above, Cotecna was ultimately selected by the United Nations for the inspection contract on December 11, 1998. One week later, a telephone message in the Secretary-General's office files reflects that Elie Massey, while he was in New York to negotiate the contract with the

United Nations that ultimately would be signed on December 31, 1998, called the Secretary-General's office on December 18 to advise that he was in New York and to leave his hotel contact information:[137]

: Sir,

Mr. Massey called to extend a holiday wish from him and his family and to say he is in New York until Sunday.

Lombardi Hotel
753-8600 Suite 803

Wagaye
18 Dec. 1998

Figure: Wagaye Assebe message to Secretary-General Kofi Annan (Dec. 18, 1998).

The Secretary-General did not recall responding to this call, and there is no evidence or record of any response by the Secretary-General to this call.[138]

D. EVIDENCE RELATING TO ANY INFLUENCE ON THE AWARD OF THE CONTRACT TO COTECNA

As noted above, the procurement department advised Cotecna on December 11, 1998 that it had won the competitive bidding competition and had rights to enter into a contract, which it eventually signed on December 31, 1998. At no time, however, did Cotecna advise any of the relevant decision makers at OIP, the procurement department, or HCC of its relationship with Kojo Annan. According to Elie Massey, he would not have wanted to "flex muscles" by mentioning Kojo Annan's name. Robert Massey stated that Kojo Annan had "no relation to the contract negotiations for technical services" and mentioning Kojo Annan's name would have been "highly inappropriate and detrimental to our pursuit of the contract." Mr. Pruniaux stated that he never considered mentioning Kojo's employment to anyone at the United Nations because it was "totally irrelevant" and that none of the United Nations officials with whom Cotecna interacted indicated any knowledge of Kojo's employment.[139]

The Committee's interviews of personnel from the procurement department, OIP, and HCC, as well as a review of the records of the United Nations, confirms that the relevant decision makers were not aware, at the time of Cotecna's selection, of its relationship with Kojo Annan.

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[137] Wagaye Assebe message to the Secretary-General (Dec. 18, 1998) (recovered from the United Nations computer of Wagaye Assebe).

[138] Kofi Annan interview (Jan. 25, 2005).

[139] Elie Massey interview (July 23, 2004); Robert Massey affidavit (Aug. 11, 2004); Robert Massey interview (July 21, 2004); André Pruniaux interview (July 22, 2004).

Similarly, the Committee's interviews and review of records do not disclose any evidence of intercession by the Secretary-General in the competitive bidding process. There is no evidence of any communications from the Secretary-General at any relevant time to any of the United Nations personnel involved in the contract selection process.[140]

E. QUESTIONS RAISED ABOUT COTECNA AND KOJO ANNAN

It was not long after Cotecna won the contract that media reports surfaced raising questions about why Cotecna was chosen. On January 13, 1999, Reuters issued a news story that Cotecna had been selected for the United Nations contract despite the fact that Robert Massey had been "indicted" in June 1998 by a magistrate in Switzerland for money laundering on behalf of Benazir Bhutto.[141] Eight days later, the *Financial Times* referenced the selection of "Cotecna, a little known company at the centre of a money laundering row between the Pakistan government and the family of Benazir Bhutto, the former prime minister of Pakistan."[142]

Then, on January 22, 1999, a reporter from the *Sunday Telegraph* in London contacted both Robert Massey and the United Nations to ask not only about the selection of Cotecna despite the pendency of the Swiss money laundering investigation but also about Cotecna's employment of Kojo Annan (a fact that the reporter had learned from some of Cotecna's disappointed competitors).[143] Cotecna responded with a letter from the head of its administrative staff stating in relevant part that Kojo Annan had resigned his consultancy on the same day that the United Nations issued its RFP to Cotecna to bid on the inspection contract:

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[140] Alexander Yakovlev interviews (Feb. 4 and Mar. 4, 2005) (procurement officer in charge of the 1998 Iraq inspection contract procurement action); Sanjay Bahel interviews (Aug. 26 and 30, 2004; Feb. 17, 2005) (procurement department supervisor and acting chief); Nicholas Sardegna interview (Jan. 31, 2005) (procurement department chief); John Mullen interview (Mar. 11, 2005) (procurement department acting chief of section in January 1999); Stephani Scheer interviews (July 14 and 16 and Sept. 15, 2004; Feb. 9, 2005) (OIP chief of office); John Almstrom interview (Jan. 9, 2005) (OIP head of contracts processing and participant at contract negotiation meeting with Cotecna); Jeremy Owen interview (Dec. 13, 2004) (OIP customs expert and participant at contract negotiation meeting with Cotecna); Harbachan Singh interview (Jan. 5, 2005) (HCC chairman); Anatoli Belov interview (Mar. 15, 2005) (HCC member); Frank Eppert interview (Feb. 16, 2005) (HCC member); Charles Kirudja interview (Feb. 18, 2005) (HCC member); Igor Vallye interview (Feb. 17, 2005) (HCC member); Eduardo Blinder interview (Mar. 2, 2005) (HCC member); Toshiyuki Niwa interview (Dec. 9, 2004) (Assistant Secretary-General for the Office of Central Support Services).

[141] "Swiss Monitoring Firm to Replace British in Iraq," *Reuters*, Jan. 13, 1999. The article reported that Cotecna denied the charges. As noted previously, notwithstanding the article's use of the term "indicted," the Committee does not understand the formal investigation that was pending against Robert Massey to have resulted in the filing of a formal accusatory charge.

[142] William Hall, "Swiss Group Wins UN Iraq Contract," *Financial Times*, Jan. 21, 1999, p. 6.

[143] Andrew Alderson fax to Robert Massey (Jan. 22, 1999); Andrew Alderson fax to John Mills (Jan. 22, 1999). Mr. Alderson was a reporter for the *Sunday Telegraph*.

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.

> On 9th October 1998, Mr. Kojo Annan tendered in his resignation, giving a three month contractual notice, as a consultant in order to avoid any direct or indirect possible conflict of interest in view of our Company's decision to participate in the UN 'oil for food' Request for Proposal.[144]

As will be discussed at length below, Cotecna's claim that Kojo Annan had tendered his resignation as of October 9, 1998 was untrue.

Regarding the allegations concerning Cotecna's payments for Benazir Bhutto, Cotecna's letter stated that "the outstanding procedure does not allow us to make any public statement on this subject," but that the company reconfirmed its prior public denial from June 1998. Cotecna's letter was faxed to the news reporter, and it was also faxed by Mr. Wilson on January 22, 1999, to the attention of the spokesman for the Secretary-General.[145]

John Mills, a United Nations spokesman, talked with the reporter and promptly faxed a reply on the same day, asserting that Cotecna's relationship to Kojo Annan had not played a role in the selection of Cotecna and stating more specifically that:

- "Cotecna did not advise the United Nations that Mr Kojo Annan had been [its] employee or consultant";
- The Secretary-General "had no knowledge that this contract was being put out to tender or of Cotecna's interest";
- The procurement department and OIP were "unaware of any connection between Mr. Kojo Annan and Cotecna," and the "Headquarters Committee on Contracts was not aware" of this connection; and
- HCC, OIP, and the procurement department were not "aware at the time the contract was awarded" of the Swiss money laundering investigation.[146]

Two days later, the *Sunday Telegraph* ran its story:[147]

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[144] P.A. Siegwart (Cotecna's "Head of Administration") letter to Andrew Alderson (Jan. 22, 1999). According to a letter dated March 3, 2005, from Michael Wilson to counsel for the Secretary-General, the letter to the reporter was faxed by Mr. Wilson to the attention of the Secretary-General's spokesman on January 22, 1999. See Michael Wilson letter to Gregory M. Craig (Mar. 3, 2005). Mr. Craig is an attorney at the law firm of Williams & Connolly LLP and serves as counsel to the Secretary-General.

[145] Ibid. The Secretary-General has told the Committee that he did not see this document. Kofi Annan interview (Mar. 17, 2005).

[146] John Mills fax to Andrew Alderson (Jan. 22, 1999). John Mills died in February 2001. Stephane Dujarric de la Riviere interview (Mar. 17, 2005). Andrew Alderson was contacted by the Committee, but could not recall any additional information of relevance about the *Sunday Telegraph* article. Andrew Alderson telephone conversation (Sept. 22, 2004).

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.

Fury at Annan son's link to £6m UN deal

A MULTI-million-pound United Nations contract has been won by a company that employs Kojo Annan, son of the UN Secretary General.

Cotecna Inspection, a Swiss company, will monitor the UN "oil for food" programme in Iraq, where Kojo Annan's father, Kofi, has played a crucial peacekeeping role over the past year.

Some rival British companies which failed to land the contract are dismayed over Cotecna's close links with Kojo Annan, 25, who worked as a senior staff member for the company until 13 months ago. He is now a partner in his own consultancy company, which Cotecna employs.

At least one British company believes that Cotecna should have declared an "interest" before tendering for the contract, worth more than £6 million a year.

However, Cotecna yesterday accused rivals of "malicious and ill-intended" allegations. The UN said the contract had been awarded to the lowest tender.

John Mills, a UN spokesman, said its contracts committee had not been aware of Kojo Annan's links with Cotecna. He also said the Secretary General had no knowledge of the contract going to tender or Cotecna's interest.

"This contract was treated at every stage as a routine commercial matter and in line with the rules and regulations of the United Nations," he said. "The tender by Cotecna was the lowest by a significant margin."

by ANDREW ALDERSON
Chief Reporter

In a faxed response to detailed questions from *The Sunday Telegraph*, Mr Mills said: "Cotecna did not advise the United Nations that Mr Kojo Annan had been their employee or consultant."

The UN refused to identify the companies that had tendered. Initially, too, it declined to provide details about how much the contract was worth. Later, however, after gaining clearance from the Secretary General's office, the spokesman provided more details about the contract, as well as information about which officials decided to give it to Cotecna.

Kojo Annan worked on the staff of Cotecna, initially as a trainee manager, until December 1997. He said his current consultancy for the company involved advising only on work in West Africa.

"I would never play any role in anything that involves the United Nations, for obvious reasons. I would appreciate if you make that very clear. I never have done and I never will do," Kojo Annan said. He insisted that his links with the company had not helped it win the UN contract. "The decision is made by the contracts committee, not by Mr Kofi Annan."

Cotecna had five rivals for the contract to monitor cargo entering Iraq which begins on February 1. The British companies that tendered included Lloyd's Register, Intertek Testing Services and the Crown Agents.

A senior executive with one of the British firms, who asked not to be identified, said of Cotecna's links with Kojo Annan: "It has certainly raised a few eyebrows within the industry. It would have been normal for Cotecna to declare an interest. If they didn't do so, they certainly should have done."

He said British companies also felt that they had been penalised by the UN because Britain and America had taken a "unilateral" decision to bomb Iraq in December.

Yesterday Cotecna said: "Mr Kojo Annan has never been, directly or indirectly, involved in any UN project and therefore could not, in any way, have provided an 'unfair advantage' to our company in this regard."

Cotecna said it had won a similar monitoring contract for Iraq in 1992: long before Kofi Annan was Secretary General or Kojo Annan had any links with the company.

Figure: Andrew Alderson, "Fury at Annan son's link to £6m UN deal," *Sunday Telegraph*, Jan. 24, 1999, p. C1.

[147] Andrew Alderson, "Fury at Annan son's link to £6m UN deal," *Sunday Telegraph*, Jan. 24, 1999, p. C1.

SECOND INTERIM REPORT
THE SELECTION OF COTECNA INSPECTION S.A.

1. The Secretary-General's Conversations with Kojo Annan and Michael Wilson

The Secretary-General was in Dublin, Ireland when he learned that a newspaper was intending to run a story about Cotecna obtaining the inspection contract and Cotecna's relationship with Kojo Annan. His official travel itinerary reflects that he was in Dublin from Wednesday, January 20 to Saturday, January 23, 1999, and then in Geneva on the night of Saturday, January 23, 1999—the night before the *Sunday Telegraph* story was published.[148]

The Secretary-General's security residence log reflects that Kojo Annan called his father's residence at 6:36 a.m. on the morning of January 22, 1999. The security log reflects that Kojo Annan stated that "he urgently had to speak to a member of the SG's detail accompanying his father" on travel.[149]

According to the Secretary-General, before learning of this impending media report, he did not know that there had been a contract bid process, much less that Cotecna had participated and won the award.[150] When he learned of the media inquiry, he called his son and asked him "if he had had anything to do with" the contract, "and [his son] said no."[151] The Secretary-General also stated that he told his son "that he couldn't possibly continue if they have got this contract, because of the possible conflict of – a conflict of interest situation." The Secretary-General talked "several times" to his son, and "on one of those conversations, [his son] indicated that he has resigned" as of December 31, 1998.[152]

When the Secretary-General was first interviewed by the Committee on November 9, 2004, he was asked if anyone from his office or the United Nations made any contact with Cotecna to verify his son's claim that he had left employment with Cotecna. The Secretary-General stated that he was not aware of any such contact.[153]

Later, however, the Secretary-General's office contacted the Committee to advise that he recalled additional information. The Committee met with the Secretary-General again on December 3, 2004. During this second interview, the Secretary-General stated that around the time that he heard of the media report and called his son, he had also spoken to Mr. Wilson of Cotecna to

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[148] Kofi Annan interview (Jan. 25, 2005); Secretary-General itinerary – Ireland, Switzerland, Belgium, Luxembourg (Jan. 20-Feb. 10, 1999).

[149] Secretary-General security residence log (handwritten entry for Jan. 22, 1999).

[150] Kofi Annan interviews (Nov. 9, 2004; Jan. 25 and Mar. 17, 2005).

[151] Kofi Annan interview (Jan. 25, 2005); see also Kofi Annan interview (Nov. 9, 2004).

[152] Kofi Annan interview (Jan. 25, 2005); see also Kofi Annan interview (Mar. 17, 2005) (recounting his telephone call with Kojo Annan and his being advised that Kojo Annan quit "effective 31st of December"); Kofi Annan interview (Nov. 9, 2004).

[153] Ibid.

inquire about his son and the contract: "I wanted to talk with someone in the company who would know whether he had been associated with it or not." Mr. Wilson told the Secretary-General that Kojo Annan had not been involved with the contract and confirmed Kojo Annan's account that he had left the company as of December 31, 1998. The Secretary-General stated that he "talked to Michael Wilson to know—to confirm that, in fact, Kojo is leaving, and the timing was right because having got the contract, I thought it would have been wrong for him to continue" and a "conflict of interest." The Secretary-General said that Mr. Wilson explained he had been a member of Cotecna's contract "task force" and was therefore in a position to know that his son was not involved in the contract process.[154]

When the Secretary-General was interviewed for a third time on January 25, 2005, he reiterated that he spoke to Mr. Wilson: "The reason why I called Michael is I know they worked – they are good friends and they worked together. And that he was in a position to know whether Kojo has resigned or not." The Secretary-General stated that he did not call Elie Massey because: "I knew [Mr. Wilson] better than Massey. I mean, he's the one I really knew at the company."[155]

According to the Secretary-General's account during the interview of December 3, 2004, this was the only conversation he had with Mr. Wilson about these issues. The Secretary-General was asked if he had spoken previously to Mr. Wilson about the potential conflict of interest that would arise if Cotecna bid on the United Nations contract. He stated that he never had spoken previously to Mr. Wilson about Cotecna issues.[156]

After this interview with the Secretary-General, the Committee interviewed Mr. Wilson concerning any conversations he had with the Secretary-General. Mr. Wilson confirmed that he had a conversation with the Secretary-General around the time of the *Sunday Telegraph* article and that he assured the Secretary-General that Kojo Annan was no longer with the company. Mr. Wilson lived in Geneva, and he remembered meeting with the Secretary-General in person; he thought it was probably at the Hotel Beau Rivage in Geneva (which the Committee notes would be consistent with the Secretary-General's official travel itinerary showing that he stayed there on the night of January 23, 1999). Mr. Wilson did not remember how the meeting was initiated, but he commented that, normally, if a meeting were "needed," then Kojo Annan would set it up. Mr. Wilson recalled the Secretary-General asking him: "But I thought Kojo had left and no longer had any connection with the company."[157]

In addition to this conversation in January 1999 with the Secretary-General, Mr. Wilson told the Committee that he also had an earlier conversation with the Secretary-General sometime before

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[154] Kofi Annan interview (Dec. 3, 2004).

[155] Kofi Annan interview (Jan. 25, 2005); see also Kofi Annan interview (Mar. 17, 2005) (reiterating that he spoke to Mr. Wilson who advised that Kojo Annan "was not involved in the contracting process" and "confirmed this to me that he has quit").

[156] Kofi Annan interview (Dec. 3, 2004).

[157] Michael Wilson interview (Jan. 20, 2005).

the beginning of December 1998. Mr. Wilson initially stated that this conversation took place "in 1997 or so" when "Kojo said he wanted to leave" Cotecna. Then Mr. Wilson tied this earlier conversation to around the time that Lloyd's was "in the press"[158] (which, in the Committee's view, would have been mid-November 1998 when the Lloyd's inspectors left their posts without prior notice to the United Nations). According to Mr. Wilson, during this conversation, the Secretary-General discussed Kojo Annan's desire to leave Cotecna. Mr. Wilson recalled feeling that there was a "clear possibility that Cotecna might want to do some work at some point for the UN." Mr. Wilson added:

> You could see an opportunity in Lloyd's down fall, so you think that if ever you were going to go for this, then of course there would be a conflict of interest. It was sort of centered around this topic of conversation. I guess I would have said – my point was always that Kojo was no longer a regular employee of the company – I would have made this point to the [Secretary-General]. I can't remember exactly where this meeting took place. We did have that conversation along those lines – yes we did.[159]

Mr. Wilson thought this earlier meeting took place in Geneva, but he could not remember the exact location; he was not sure that it was an in-person meeting, and he did not recall whether Kojo Annan was at this meeting.[160] He stated during the course of this interview that when he would meet the Secretary-General he would do so in Geneva, but he also would meet the Secretary-General with Kojo Annan in Paris and London. The Secretary-General's travel records do not reflect that he was in Geneva during November or December 1998; the records indicate that he was in Paris in late November and December 1998, but there is no indication from his official itinerary of any meeting with his son or Mr. Wilson.[161]

About fifteen to twenty minutes after the interview with Mr. Wilson concluded, he called the Committee's investigator to advise that he now remembered differently and that there had not been any conversation relating to any conflict of interest until *after* the subject of Kojo Annan's employment by Cotecna was made public in a newspaper article in January 1999. Mr. Wilson

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[158] Ibid.; see OIP, "Statement of Benon V. Sevan" (Nov. 13, 1998), http://www.un.org/Depts/oip/background/latest/bvs981113.html (describing Lloyd's departure from inspection posts); OIP, "Statement of Benon V. Sevan" (Nov. 15, 1998), http://www.un.org/Depts/oip/background/latest/bvs981115.html (same); Barbara Crossette, "U.N. Chief in Last-Ditch Plea to Iraq on Arms," *New York Times*, Nov. 14, 1998, p. A6; Douglas Jehl, "Crisis with Iraq: U.N. Workers," *New York Times*, Nov. 16, 1998, p. A8; "Lloyd's Register sends inspectors back to Iraq," *Reuters News*, Nov. 16, 1998; "Iraqi imports set to resume with return of UN Lloyds inspectors," *Agence France-Presse*, Nov. 16, 1998.

[159] Michael Wilson interview (Jan. 20, 2005). The meeting with Mr. Wilson was not tape-recorded; the above-quoted statement is verbatim from the Committee's investigator's contemporaneous notes of the interview.

[160] Ibid.

[161] The Secretary-General's itineraries reflect that he was in Paris on November 26-28 and December 8-9, 1998. Secretary-General travel itineraries (Nov.-Dec. 1998).

stated that the conversation that he had recounted as having happened prior to December 1998 and around the time that Lloyd's had been in the press had taken place in 1996 and related to lack of fairness in the amount of compensation that Cotecna paid to Kojo Annan compared to certain other employees. When the Committee's investigator noted that this new recollection did not make sense in light of Mr. Wilson's earlier reference to the withdrawal Lloyd's, Mr. Wilson offered no explanation.[162]

Because of Mr. Wilson's initial account of his conversation with the Secretary-General, the Committee interviewed the Secretary-General again on January 25, 2005. It asked the Secretary-General: "Do you recall having a conversation in the fall of 1998 with Mr. Wilson concerning the potential for Lloyd's to lose the humanitarian inspection contract?" The Secretary-General replied: "No. I don't recall such conversation."[163] When the Secretary-General was interviewed for a fourth and final time on March 17, 2005, he was advised of the substance of Mr. Wilson's initial account to the Committee, but he reiterated that he had not spoken to Mr. Wilson about Cotecna and potential conflict-of-interest issues before hearing of the impending news article in January 1999. When asked if he had spoken to Mr. Wilson about a potential conflict of interest, the Secretary-General replied:

> No. I didn't discuss it with him, and I didn't have any reason to discuss it with him. Because first of all, as I said, I wasn't aware this was – he had never raised this with me. Because Kojo as he knows I would not approve and I would be very hard on this conflict of interest, and I don't think either him or Wilson would want to drag me into this.[164]

The Secretary-General has acknowledged that he was aware of the departure of the Lloyd's inspectors from their posts in mid-November 1998, in conjunction with general concerns about the safety in Iraq of United Nations staff members from the United States and the United Kingdom. He recalled speaking with Mr. Sevan about the issue and that Mr. Sevan "had mentioned they have to be replaced because of difficulties of – the inability for them to stay." The Secretary-General was then asked: "Did you at that time think that Cotecna might be interested in that contract?" He replied: "Absolutely not." He was queried again: "[I]t didn't come into your mind that Cotecna might be interested in that contract, if Lloyd's was not there?" He replied: "No. No, it didn't." He noted that he had other concerns at the time, including the prospect of bombing in Iraq because of rising security tensions.[165]

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[162] Michael Wilson interview (Jan. 20, 2005).

[163] Kofi Annan interview (Jan. 25, 2005).

[164] Kofi Annan interview (Mar. 17, 2005).

[165] Ibid. When the Secretary-General was interviewed on January 25, 2005, he was asked if he spoke to anyone on his "staff or in the Secretariat [about] the prospect of Lloyd's losing the contract and the contract being rebid." He stated: "No. I didn't discuss that with anyone." Then, he added: "What was clear was that if they were to withdraw all of them, then of course they couldn't do the work and they will have to look for someone else." Kofi Annan interview (Jan. 25, 2005).

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By letter dated November 19, 1998, the Government of Iraq complained to the Secretary-General "concerning the violation of Lloyd's of the terms of the contract signed with the Secretariat and asking your excellency that its contract with the Secretariat which ends on 31 December 1998 should not be renewed." When asked about this letter, the Secretary-General stated that he did not recall the letter; he stated that he personally sees only a small amount of the correspondence that is sent to him and that the letter would have been distributed to the relevant lower-level officials. He stated that he did not "recall seeing a letter from the Iraqis, but as I said I knew there were problems."[166]

In short, the Secretary-General has maintained consistently that he did not know that Cotecna was seeking the inspection contract during 1998. He has stated that he did not learn that the contract was up for re-bid until January 1999 when he heard of the inquiry from the *Sunday Telegraph* about the award of the contract to Cotecna and about Cotecna's employment of Kojo Annan.[167]

2. The United Nations' Response to the *Sunday Telegraph* Article

In addition to making his own contacts with Kojo Annan and Mr. Wilson, after the release of the *Sunday Telegraph* article, the Secretary-General said that he asked Mr. Riza, his Chef de Cabinet, to look into the Cotecna selection process. Mr. Riza told the Secretary-General that he would have Joseph Connor, the Undersecretary-Secretary-General for Management with supervisory authority over the procurement department, look into the matter and that Mr. Riza then would provide a briefing.[168]

On January 25, 1999, Mr. Riza then wrote the following note to Mr. Connor requesting his assistance:[169]

[166] Nizar Hamdoon letter to Kofi Annan (Nov. 19, 1998); Kofi Annan interview (Mar. 17, 2005). Mr. Hamdoon was Iraq's Permanent Representative to the United Nations, and his letter to the Secretary-General attached a letter from Mohamed Said Al-Sahaf, Iraq's Minister for Foreign Affairs, which also requested that the Lloyd's contract not be renewed.

[167] Kofi Annan interviews (Nov. 9, 2004; Jan. 25 and Mar. 17, 2005).

[168] Kofi Annan interview (Nov. 9, 2004).

[169] S. Iqbal Riza note to Joseph Connor (Jan. 25, 1999).

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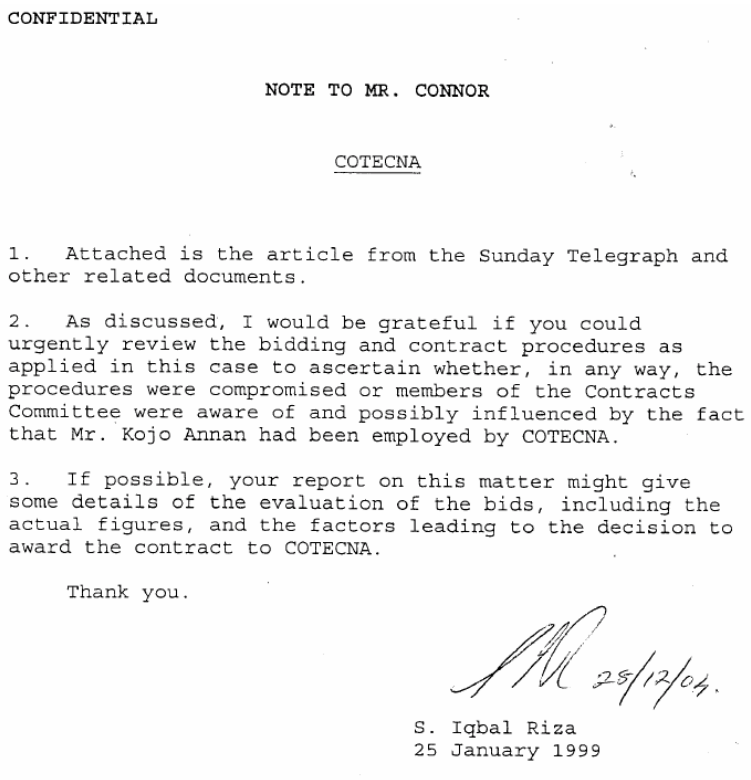

CONFIDENTIAL

NOTE TO MR. CONNOR

COTECNA

1. Attached is the article from the Sunday Telegraph and other related documents.

2. As discussed, I would be grateful if you could urgently review the bidding and contract procedures as applied in this case to ascertain whether, in any way, the procedures were compromised or members of the Contracts Committee were aware of and possibly influenced by the fact that Mr. Kojo Annan had been employed by COTECNA.

3. If possible, your report on this matter might give some details of the evaluation of the bids, including the actual figures, and the factors leading to the decision to award the contract to COTECNA.

Thank you.

25/12/04.

S. Iqbal Riza
25 January 1999

Figure: S. Iqbal Riza note to Joseph Connor (Jan. 25, 1999) (including Mr. Riza's handwritten notion signifying production of the note to the Committee on December 28, 2004).

Mr. Connor was annoyed at being tasked with this assignment, instead of having it handled by attorneys at the Office of Legal Affairs ("OLA") or auditor investigators at the Office of Internal Oversight Services ("OIOS").[170] He did not understand Mr. Riza to be requesting a full-scale investigation; he understood Mr. Riza's request to be for background information, as soon as possible, in order to respond to the media.[171] Mr. Riza has confirmed that he simply was asking Mr. Connor for background information on the allegations and that he did not request a full and independent investigation.[172]

Mr. Connor believes that he tasked someone, or perhaps several people, within the Department of Management to look into the matter and to gather the necessary background information. Mr. Connor has no memory of whom, specifically, he spoke to about the issue. In any event, he received a draft response memo for his signature, possibly delivered to him by two or three people from the procurement department. He was surprised by the speed with which the memo

[170] Joseph Connor interview (Aug. 20, 2004).

[171] Ibid.

[172] S. Iqbal Riza interview (Dec. 20, 2004).

was prepared and the fact that all of the information relied upon in the memo had been "at hand." No supporting documents were presented to Mr. Connor with the draft memorandum, and Mr. Connor himself never saw any of the documents or spoke with any of the individuals mentioned in the memorandum. However, believing it to be reasonably "professional" and complete, he signed it and forwarded it to Mr. Riza.[173]

When Mr. Riza was shown a copy of Mr. Connor's note and it was pointed out that it was dated the same day that Mr. Riza had made the request to Mr. Connor, he responded: "That's hardly enough time." When asked if he considered this to be "adequate turnaround time" for this type of a review, he replied "No, I think it came much earlier than I would have expected." And when asked if he and Mr. Connor discussed the report, Mr. Riza stated: "No, I don't think so. No."[174]

The signed note from Mr. Connor is two pages, with six paragraphs, and dated January 25, 1999. The first four paragraphs reference the *Sunday Telegraph* article and address the manner in which bids had been solicited. They state that Cotecna had submitted the lowest bid among several applicants and that Cotecna had been determined, on the basis of a Dun & Bradstreet report, to be free from pending administrative or criminal investigations. The final two paragraphs of the Connor note address the issues of Kojo Annan and Benazir Bhutto, and then conclude that the pertinent decision makers had not been aware of or influenced by either of these factors:[175]

[173] Joseph Connor interview (Aug. 20, 2004).

[174] S. Iqbal Riza interview (Dec. 20, 2004).

[175] Joseph Connor note to S. Iqbal Riza (Jan. 25, 1999) (signed version).

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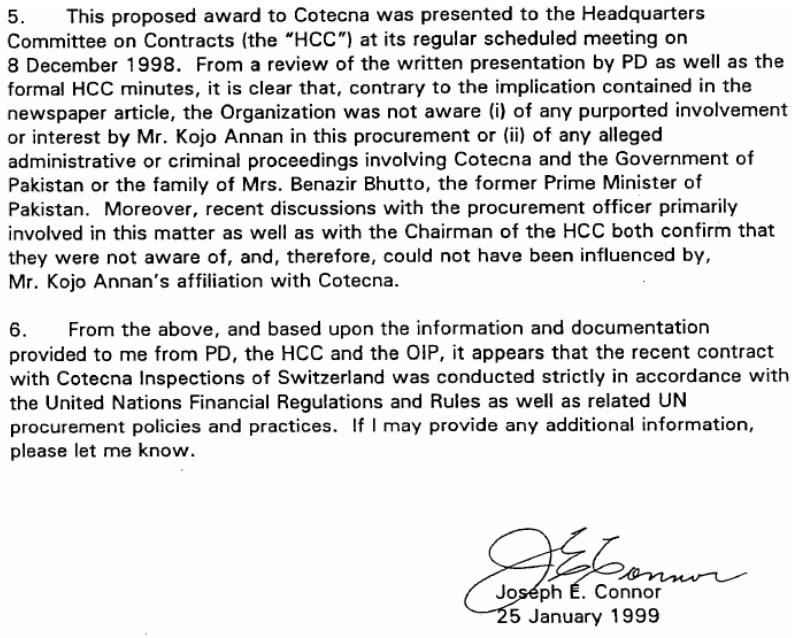

5. This proposed award to Cotecna was presented to the Headquarters Committee on Contracts (the "HCC") at its regular scheduled meeting on 8 December 1998. From a review of the written presentation by PD as well as the formal HCC minutes, it is clear that, contrary to the implication contained in the newspaper article, the Organization was not aware (i) of any purported involvement or interest by Mr. Kojo Annan in this procurement or (ii) of any alleged administrative or criminal proceedings involving Cotecna and the Government of Pakistan or the family of Mrs. Benazir Bhutto, the former Prime Minister of Pakistan. Moreover, recent discussions with the procurement officer primarily involved in this matter as well as with the Chairman of the HCC both confirm that they were not aware of, and, therefore, could not have been influenced by, Mr. Kojo Annan's affiliation with Cotecna.

6. From the above, and based upon the information and documentation provided to me from PD, the HCC and the OIP, it appears that the recent contract with Cotecna Inspections of Switzerland was conducted strictly in accordance with the United Nations Financial Regulations and Rules as well as related UN procurement policies and practices. If I may provide any additional information, please let me know.

Joseph E. Connor
25 January 1999

Figure: Excerpt of Joseph Connor note to S. Iqbal Riza (Jan. 25, 1999) (signed version).

During the Committee's investigation, a *second* but *unsigned* note from Mr. Connor to Mr. Riza emerged. Beyond some cosmetic differences, the unsigned version differs from the signed version in one critical respect: It contains an extra paragraph stating that in an effort to avoid any conflict of interest arising from Cotecna's competition for the United Nations inspection contract, Kojo Annan had terminated his consultancy arrangement with Cotecna on October 9, 1998, just as the procurement department issued the RFPs commencing the competitive bidding process:[176]

[176] Joseph Connor note to S. Iqbal Riza (Jan. 25, 1999) (unsigned version). The unsigned version was produced to the Committee by Mr. Connor, who in turn received it in response to a request he made of Mr. Riza in April 2004 when there was renewed media coverage of the Cotecna selection issue, including Mr. Connor's role in collecting information for a response. Joseph Connor interview (Aug. 20, 2004).

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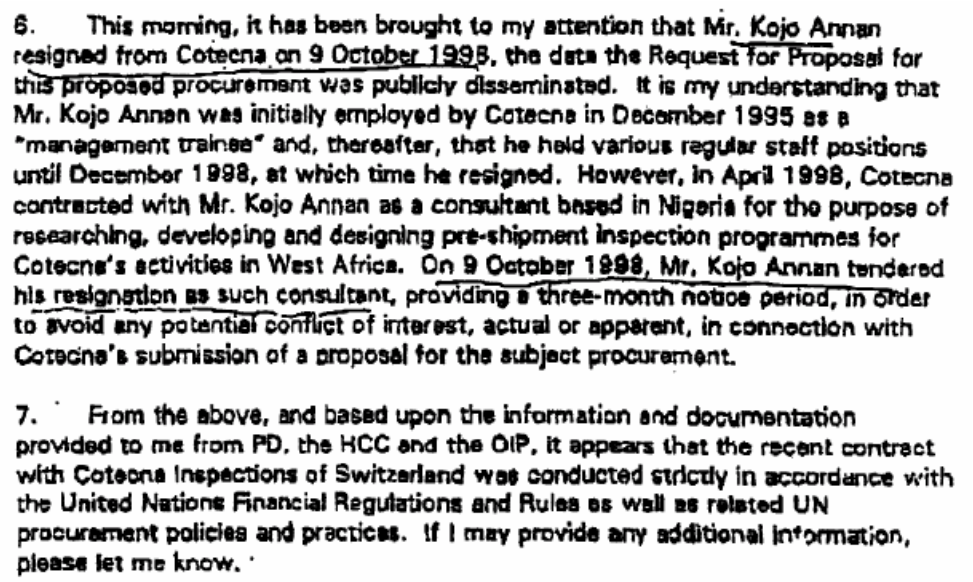

6. This morning, it has been brought to my attention that Mr. Kojo Annan resigned from Cotecna on 9 October 1998, the date the Request for Proposal for this proposed procurement was publicly disseminated. It is my understanding that Mr. Kojo Annan was initially employed by Cotecna in December 1995 as a "management trainee" and, thereafter, that he held various regular staff positions until December 1998, at which time he resigned. However, in April 1998, Cotecna contracted with Mr. Kojo Annan as a consultant based in Nigeria for the purpose of researching, developing and designing pre-shipment inspection programmes for Cotecna's activities in West Africa. On 9 October 1998, Mr. Kojo Annan tendered his resignation as such consultant, providing a three-month notice period, in order to avoid any potential conflict of interest, actual or apparent, in connection with Cotecna's submission of a proposal for the subject procurement.

7. From the above, and based upon the information and documentation provided to me from PD, the HCC and the OIP, it appears that the recent contract with Cotecna Inspections of Switzerland was conducted strictly in accordance with the United Nations Financial Regulations and Rules as well as related UN procurement policies and practices. If I may provide any additional information, please let me know.

Figure: Excerpt of Joseph Connor note to S. Iqbal Riza (Jan. 25, 1999) (unsigned version).

The additional information in the unsigned version—asserting that Kojo Annan resigned his consultancy employment with Cotecna as of October 9, 1998—is consistent with the information set forth in the fax from Cotecna that, as described earlier in this Report, Mr. Wilson stated that he sent to the spokesman for the Secretary-General on January 22, 1999.[177] As will be discussed later in this Report, the claim that Kojo Annan had terminated his consultancy arrangement with Cotecna in 1998 was untrue.

The Committee has not learned who drafted the two Connor notes or who recorded the untrue information set forth in paragraph six of the unsigned version. Nor is it clear what version or versions of the Connor note were reviewed by the Secretary-General at the relevant time in January 1999. On the one hand, when the Secretary-General was first interviewed by the Committee on November 9, 2004, he stated that Mr. Riza faxed him an unsigned version. The Secretary-General stated that "when Riza sent it to me, there was no signature on it," and when shown the signed version by the Committee, he stated: "This is the first time I've seen this, the one with the signature," and "[t]he one I had did not have a signature."[178]

More recently, however, the Secretary-General's office disclosed to the Committee a copy of the *signed* version of the Connor note with a cover memorandum from Mr. Riza indicating that it was faxed to Geneva on January 25, 1999, to the attention of Elizabeth Lindenmayer, the Secretary-General's special assistant who was traveling with him. The Secretary-General stated during his

[177] See Michael Wilson letter to Gregory M. Craig (Mar. 3, 2005) (attaching the letter of January 22, 1999 from Cotecna's head of administration to the *Sunday Telegraph* reporter).

[178] Kofi Annan interview (Nov. 9, 2004).

two most recent interviews that he saw this signed version while he was in Geneva, and he also acknowledged that a signed version had recently been found by one of his assistants inside his desk.[179]

The Secretary-General told the Committee that he did not know of any other person at the United Nations who had spoken to Cotecna or his son at this time about the terms of his son's employment with Cotecna. When asked whether it therefore was "possible" that the information about his son's employment in the Connor note came from him, the Secretary-General stated: "It's possible, that I did—I don't recall. But it is possible." He added that "I sort of may have mentioned, that this is what I have been told," and that "I told [Mr. Riza] what my son has told me." Mr. Riza informed the Committee also that he "possibly" was in discussions about the content of the Connor note with the Secretary-General and "possibly" the Secretary-General's information may have altered the report.[180]

When the Secretary-General was first interviewed by the Committee, he was asked about Mr. Connor's note to Mr. Riza and if he "consider[ed], or did Mr. Riza consider, contacting OLA [the United Nations Office of Legal Affairs] regarding any of these issues of potential conflict of interest or the undue influence allegations?" He replied: "I don't think he did, nor did I."[181]

At a more recent interview, the Secretary-General stated to the Committee that he asked Mr. Riza to have the matter reviewed by Hans Corell, the Under-Secretary-General for Legal Affairs, and also by Karl Paschke, the Under-Secretary-General for Internal Oversight Services. He disclosed to the Committee a fax from his traveling assistant, Elizabeth Lindenmayer, to Mr. Riza on January 24, 1999, which attached the *Sunday Telegraph* article and advised that the Secretary-General would call Mr. Riza about it and also stated: "It will be necessary to brief Fred [Eckhard, United Nations Spokesperson] and make sure that he is aware of the discussions with Mr. Corell and Mr. Paschke, in case questions come up in tomorrow's noon briefing."[182] According to Ms.

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[179] S. Iqbal Riza fax to Elizabeth Lindenmayer (Jan. 25, 1999) (attaching signed version of Connor note); Kofi Annan interviews (Jan. 25 and Mar. 17, 2005) (stating that he saw signed copy in Geneva); see also Anastasiya Delenda interview (Mar. 3, 2005) (personal assistant to Secretary-General who found the signed document in Secretary-General's desk). The Secretary-General further stated that in early 2004—when renewed questions were raised in the media about the hiring of Cotecna—he requested a copy of the Connor note and was given an unsigned version at that time. Kofi Annan interview (Dec. 3, 2004).

[180] Kofi Annan interview (Dec. 3, 2004); S. Iqbal Riza interview (Dec. 28, 2004). More recently, because of textual similarities, the Secretary-General's counsel has advised the Committee of the Secretary-General's view that the erroneous information set forth in paragraph six of the unsigned Connor note was derived from the fax sent by Michael Wilson to the Secretary-General's spokesman on January 22, 1999.

[181] Kofi Annan interview (Nov. 9, 2004).

[182] Kofi Annan interview (Mar. 17, 2005); Elizabeth Lindenmayer fax to S. Iqbal Riza (Jan. 24, 1999). This document had not been found previously in the United Nations records or the files of the EOSG before it was disclosed recently to the Committee by the Secretary-General's counsel. The document reflects a "cc" to the Deputy Secretary-General, Louise Frechette. Ms. Frechette advised the Committee that, while the Secretary-General was away, she was customarily "cc'ed" on all of his incoming and outgoing "coded cables." But she put no particular significance on this communication because she was not asked to take

Lindenmayer, she was told by the Secretary-General to indicate in the fax memorandum that Mr. Eckhard, Mr. Corell, and Mr. Paschke should be advised of the article.[183]

The Secretary-General stated that he did not discuss the matter with Mr. Corell.[184] When interviewed by the Committee, Mr. Corell stated that he did not discuss the matter with the Secretary-General. He did not remember being asked to conduct a review. He did not remember any meeting to discuss the matter, and he did not recall discussing the matter with Mr. Riza, Mr. Paschke, or Deputy Secretary-General Louise Frechette. Regarding whether he spoke to Mr. Connor about this matter, Mr. Corell stated at his first interview that he did not. At a subsequent interview, however, Mr. Correll indicated that he recalled speaking with Mr. Connor during the January 1999 timeframe, but he could not recall whether the conversation was part of Mr. Connor's "looking into the matter." Mr. Corell thought the matter was a "red herring," and he believed (incorrectly) that Kojo Annan was not employed by Cotecna at the time that the contract was awarded to Cotecna.[185] There is no indication that OLA opened an inquiry into the matter.

Mr. Paschke of OIOS stated to the Committee that he had only the "vaguest memory" of the circumstances in January 1999. He recalled Mr. Connor "popping into his office" to tell him of the *Sunday Telegraph* report. Based on Mr. Connor's statement that the HCC was not aware of Kojo Annan's employment history with Cotecna, Mr. Paschke was of the opinion that there was no need for further action to be taken because it did not appear that any influence was exerted on the HCC. Mr. Paschke did not recall speaking with the Secretary-General about the matter.[186]

There is no indication from OIOS records that it opened an inquiry into the matter or that the view of Mr. Paschke that no further investigation was warranted was recorded in the files of OIOS. Barbara Dixon, Chief of the Investigations Section within OIOS, has advised the Committee that this is the type of matter that ordinarily would be subject to investigation by OIOS and that such a matter would have received a very high priority. But she was not told of the matter and did not see a copy of Mr. Connor's note to Mr. Riza.[187]

Mr. Riza stated to the Committee that there was no referral of the matter to OLA or OIOS and that Mr. Connor's investigation sufficed. He stated his view that "it was not an investigation" and that "it was not a legal matter," but "[i]t was a press report." Accordingly, for Mr. Riza, "it seem[ed] perfectly logical" that there would be an inquiry only by Mr. Connor, the Under-

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any follow-up action. She did not speak to the Secretary-General, S. Iqbal Riza, Hans Corell, or Karl Paschke about the article. Louise Frechette interview (Mar. 24, 2005).

[183] Elizabeth Lindenmayer interview (Mar. 24, 2005).

[184] Kofi Annan interview (Mar. 17, 2005).

[185] Hans Corell interviews (Oct. 26, 2004 and Mar. 21, 2005). In Section G of this Part, the Committee discusses additional statements made by Mr. Corell in a declaration that has been submitted by the Secretary-General.

[186] Karl Paschke interview (Mar. 23, 2005).

[187] Barbara Dixon interviews (Jan. 19 and Feb. 25, 2005).

Secretary-General overseeing the procurement department. Mr. Riza stated: "I don't think we initiated a formal process. I don't recall it that way." Similarly, Fred Eckhard, the Secretary-General's spokesman, stated to the Committee that he did not recall any "special meetings" concerning the *Sunday Telegraph* article; at the time, he viewed the issue raised by the *Sunday Telegraph* article as relatively insignificant and not to be taken very seriously because the allegations were "so vague" and caused "so few ripples."[188]

Ultimately, the Secretary-General did not believe that further review was warranted. According to the Secretary-General, Mr. Connor's note to Mr. Riza "seemed so clear that all the procedures had been respected," and "none of us felt there was a need to have another investigation into it."[189]

As noted above, the *Sunday Telegraph*'s letter of inquiry to the United Nations raised not only concerns about Kojo Annan's employment with Cotecna but also about the allegations of payments by Robert Massey for Benazir Bhutto. The letter to the United Nations stated in relevant part:

> Why has Cotecna been awarded the contract at a time when a senior company representative, Robert Massey, the managing director, is under investigation for allegedly laundering money on behalf of Benazir Bhutto, the former Prime Minister of Pakistan? Was the [HCC] committee aware of these allegations and the fact that Mr. Massey has been indicted by a judge in Geneva over the claims (I am aware that Mr Massey vehemently denies the allegations)?[190]

The Secretary-General already knew of these allegations. He first had learned in 1998 from a news story about allegations against Cotecna involving Benazir Bhutto, and then he had discussed the matter with his son in 1998 based on what he had "read about the allegations." According to the Secretary-General, Kojo Annan said that "the company was fighting [the allegations] and [the company] had told him there was not much to it" and that the company would "clarify it in court."[191]

The Committee asked the Secretary-General if he knew "what steps were taken by the UN to determine whether these allegations should factor into Cotecna's fitness to be registered to do business with the UN?" He replied: "I don't know." The Secretary-General further stated that "normally the department, [Mr.] Connor's [procurement] department, check all these things before they move forward, and I presume they would have investigated that to see where the case stood and how it was adjudicated or disposed of." According to the Secretary-General, Mr.

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[188] S. Iqbal Riza interview (Dec. 20, 2004); Fred Eckhard interviews (Feb. 23 and Mar. 24, 2005).

[189] Kofi Annan interview (Dec. 3, 2004).

[190] Andrew Alderson fax to John Mills, para. 4 (Jan. 22, 1999).

[191] Kofi Annan interview (Mar. 17, 2005).

Connor indicated to him that the procurement department "did the search" of the company's background.[192]

The Secretary-General was further asked for his view of "what steps should have been taken where, as here, a company is awarded a contract with the UN and the UN learns that the CEO of that company is under an indictment for money laundering that stems from bribery monies paid to the head of a state in order to get contracts?" The Secretary-General replied: "I think the organization could have reconsidered its relationship with that company."[193]

The United Nations, however, did not reconsider its relationship with Cotecna in light of the allegations concerning payments made for the benefit of Benazir Bhutto. Although the inquiry from the *Sunday Telegraph* and Mr. Connor's note formally brought the matter to the attention of the Secretary-General and the highest levels of the Secretariat, the Committee's interviews and review of documentation—as detailed earlier—do not indicate that the relevant decision makers who worked at the procurement department were advised of the Cotecna/Bhutto allegations or asked to conduct any further inquiry concerning this matter. In particular, there is no indication in the text of the Connor note or in the procurement department files that Mr. Connor—who as Under-Secretary-General for Management exercised supervisory control over the procurement department—took further steps to ensure that the procurement department was advised of the information and that it would take appropriate steps to re-evaluate Cotecna's fitness to remain as a contractor for the United Nations.

3. Cotecna's Continued and Concealed Payments to Kojo Annan

As noted above, when the *Sunday Telegraph* story was about to be published, Mr. Wilson of Cotecna faxed a letter dated January 22, 1999 to the United Nations, indicating that Kojo Annan had resigned from his consultancy on October 9, 1998—the date that the RFP issued—in order to avoid a conflict of interest. In the spring of 2004, amid renewed media reports about the award to Cotecna of the inspection contract, Cotecna again assured the United Nations that it had ended its business relationship with Kojo Annan at the end of 1998 and prior to signing its contract on December 31, 1998 with the United Nations. Specifically, on March 19, 2004, Lamin Sise, the United Nations Director of Legal Affairs for Human Rights and Special Assignments, contacted Mr. Pruniaux at Cotecna who advised him by telephone and then by e-mail that Kojo Annan's consultancy had terminated in "early December" of 1998 and that "since the end of his consultancy arrangement, he has not received any remuneration from Cotecna."[194]

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[192] Ibid.

[193] Ibid.

[194] Michael Wilson letter to Gregory M. Craig (Mar. 3, 2005) (attaching letter of January 22, 1999 from Cotecna's head of administration to the *Sunday Telegraph* reporter); André Pruniaux e-mail to Lamin Sise (Mar. 19, 2004); Lamin Sise interview (Jan. 28, 2005).

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On June 1, 2004, the Committee met in Geneva with Robert Massey, Philippe Massey, Mr. Pruniaux, and Cotecna's counsel. At this meeting, Robert Massey asserted that Cotecna had not had business or financial dealings with Kojo Annan since December 1998.[195]

Several weeks later, Cotecna admitted that this assertion was not true. On June 29, 2004, it sent a letter to the Committee advising that there had been a "non-competition" agreement between Kojo Annan and Cotecna, entered into on January 11, 1999. Cotecna included with this letter a copy of the agreement.[196] When interviewed by the Committee on July 21, 2004, Robert Massey admitted that Cotecna made payments under this agreement from 1999 to 2004 and also for continuing consultancy expenses incurred by Kojo Annan during 1999 and 2000. In light of Cotecna's multi-million dollar contract commitments in Africa and in hopes of regaining the Nigeria contract, Robert Massey believed that it was a sound investment for the company to pay $2,500 per month to Kojo Annan in order to ensure that he did not assist one of Cotecna's competitors in Africa.[197]

When asked why the non-competition agreement and additional payments to Kojo Annan had not previously been disclosed to the Committee during the meeting of June 1, 2004, Robert Massey said that he had lost track of the agreement in his desk drawer, where he had stored it in order to keep it confidential. In addition, he stated that he had forgotten about the continuing financial arrangement with Kojo Annan because the bank payments were "automatic." But Robert Massey acknowledged also having been the one to stop the bank payments to Kojo Annan as of February 2004 and therefore having been apprised of the payments at that time. Moreover, according to Cotecna's Chief Financial Officer, the payments were not self-executing. Each payment for the benefit of Kojo Annan indicated his name on the internal payment record and required the signature of an accounting or financial staff member, as well as the signature of one of the Massey family members, usually Robert or Elie Massey.[198]

The non-competition agreement produced to the Committee by Robert Massey bears the date January 11, 1999—about two weeks before the *Sunday Telegraph* article—and is signed by Robert Massey and Kojo Annan. Under the terms of the agreement, Cotecna was required to pay $2,500 per month to Kojo Annan "for a period of at least two years or such further period as we may determine," in return for which Kojo Annan agreed to "refrain" from working for other inspection companies in Ghana or Nigeria. According to Robert Massey, he opted for a non-

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[195] Robert Massey interview (June 1, 2004). Prior to 1999, Kojo Annan's records show payments presumably from Cotecna totaling approximately $154,901. In a letter to the Committee dated March 25, 2005, Cotecna reports payments to Kojo Annan for the same period as $178,300. The Committee is unable to reconcile this discrepancy.

[196] Robert Massey letter to the Committee (June 29, 2004); Cotecna record, Kojo Annan non-competition agreement (Jan. 11, 1999).

[197] Robert Massey interview (July 21, 2004); Cotecna / Kojo Annan Payment Records (disclosed to the Committee on July 21, 2004).

[198] Robert Massey interview (July 21, 2004); Philip Henebry interview (Sept. 21, 2004).

competition rather than continue the prior consultancy arrangement in order to reduce payments to Kojo Annan while still keeping him "accessible" to Cotecna.[199]

Yet, as Robert Massey acknowledged, the relationship between Cotecna and Kojo Annan after the award of the United Nations contract was more than simply non-competition. Throughout 1999 and into early 2000, Cotecna continued to make consulting fee payments to Kojo Annan above and beyond the stipulated $2,500 monthly non-competition payment. Cotecna paid multiple expense invoices submitted by Kojo Annan in 1999 and early 2000, including $10,434 on March 17, 1999; $3,401 on April 16, 1999; $2,252 on June 18, 1999; $4,209 on October 13, 1999; and $1,000 on March 15, 2000. For example, Cotecna continued to pay corporate credit card expenses for Kojo Annan and paid for three flights, between April and June 1999, from Lagos to Switzerland and London. Although the payment records characterize the payments to Kojo Annan as "consulting" expenses, the underlying documentation does not show what services were performed by Kojo Annan to justify these consulting expenses.[200]

In addition, Cotecna and Kojo Annan took steps to conceal the fact that there were continuing payments of any kind. After the *Sunday Telegraph* news article, Robert Massey spoke with Kojo Annan, who was upset at the publicity, and Robert Massey offered to use another family company rather than Cotecna to make future payments in order to "reduce his exposure." The fact of this meeting is corroborated by travel records showing that on January 22, 1999—the same day that Robert Massey received the fax letter inquiry from the *Sunday Telegraph* reporter—Kojo Annan used his Cotecna credit card to purchase a ticket for a flight from Lagos to Geneva over the night of January 23, 1999.[201]

Cotecna channeled its payments to Kojo Annan through three different companies. First, from March 1999 to October 1999, Robert Massey transferred a total of $31,887 of Cotecna funds to another Massey family-controlled company called "Meteor," from which he then paid money to Kojo Annan's bank account in England. According to Elie Massey, Meteor was a company that he had bought in the 1960s but never had used.[202]

In January 2000, Robert Massey decided to transfer Cotecna funds for Kojo Annan through another family company, which was known as "Cofinter." A single payment of $8,925 was made to Kojo Annan from the Cofinter account on January 11, 2000. According to Elie Massey, Cofinter was a company that he created in 1956 for the pig iron business. It was also a corporate name he had mentioned in his letter of October 6, 1998, to Mr. Connor and the Secretary-General.

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[199] Robert Massey interview (July 21, 2004); Robert Massey letter ("Subject: Non-Competition activity") to Kojo Annan (Jan. 11, 1999).

[200] Robert Massey interview (July 21, 2004); Cotecna record, Payments to Kojo Annan (produced to the Committee on July 21, 2004).

[201] Robert Massey interview (July 21, 2004); Kojo Annan American Express statement, Cotecna Inspection (Feb. 25, 1999); Cotecna record, British Airways travel receipt, serial number 125 4479573577 3.

[202] Robert Massey interview (July 21, 2004); Elie Massey interview (July 23, 2004); Cotecna / Kojo Annan Financial Records (produced to the Committee on July 21, 2004).

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An internet web site indicates the company name of "Cofinter" as a vendor of Swiss watches ("High Quality, Medium Prices"), with contact information to a "Massey" e-mail address.[203]

One month later, Cotecna and Kojo Annan changed the payment arrangements again. In approximately February 2000, Kojo Annan requested that his payments from Cotecna be deposited into the Swiss bank account of another entity—Westexim Ltd.—instead of into his personal bank account. This allowed Robert Massey to revert to having the payments made directly from one of Cotecna's corporate bank accounts managed by his accountants. Over the next four years, from March 2000 to February 2004, Cotecna paid $121,940 to the account of Westexim.[204]

Kojo Annan was not forthcoming to his father about his continuing financial relationship with Cotecna. He did not advise the Secretary-General that he had signed a non-competition agreement with Cotecna. The Secretary-General informed the Committee that he had been unaware of Cotecna's ongoing payments to his son until he read about it in 2004 in the *Wall Street Journal*.[205]

When Kojo Annan was interviewed by the Committee, he said that he decided to leave his consultancy with Cotecna in 1998 in part because "there was an issue of avoiding conflicts of interest," including "with the . . . UN Oil-for-Food contract."[206] This is a difficult statement to accept, in light of Kojo Annan's continued efforts to conceal his financial relationship with Cotecna throughout the time that it serviced the United Nations contract.

More problematic is Kojo Annan's inability to explain the secretive manner of his continued financial dealings with Cotecna. He confirmed the existence of a non-competition agreement, but claimed that he did not know if Cotecna ever had paid him through other entities: "I don't know where they paid me from, that wasn't my concern." He denied having requested Cotecna to pay him through other "structures."[207]

Kojo Annan also professed ignorance about Meteor and Cofinter (the companies that paid him during 1999 and early 2000). Despite denying that he agreed with Cotecna to have his payments disguised, Kojo Annan told the Committee that at some "later" point he instructed Cotecna to make his payments "to an associate of mine in Switzerland," and Cotecna then "paid to an entity .

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[203] Robert Massey interview (July 21, 2004); Elie Massey interview (July 23, 2004); Cotecna / Kojo Annan financial records (produced to the Committee on July 21, 2004); Cofinter, "Swiss Watches for Sale," http://www.atlantica.co.uk/advert/cofter.html (referencing the contact e-mail address of massey@iprolink.ch).

[204] Kojo Annan interview (Oct. 22, 2004); Robert Massey interview (July 21, 2004); Cotecna / Kojo Annan Financial Records (produced to the Committee on July 21, 2004); Westexim bank records.

[205] Kofi Annan interview (Nov. 9, 2004).

[206] Kojo Annan interview (Oct. 22, 2004).

[207] Ibid.

. . called Westexim." When asked who this "associate of mine" was, Kojo Annan replied: "A friend of mine called Ralph." When asked if "Ralph" had a last name, Kojo Annan replied: "Ralph Isenegger."[208]

According to Kojo Annan, the Westexim payment arrangement was not a device to conceal the fact that he was receiving income from Cotecna. To the contrary, "Ralph" and "two other guys in Switzerland" were part of "a football club in Switzerland [in] which I was the president," and "we used to invest some funds into the club." Kojo Annan stated that it was easier to have Cotecna make payments directly to the Westexim account than for him to instruct his bank in London to make payments to help the soccer club. Later in the interview, Kojo Annan added: "I receive an occasional payment to myself from Westexim."[209]

Kojo Annan's suggestion that he received only "an occasional payment" from Westexim is not consistent with records obtained by the Committee for Westexim's and Kojo Annan's accounts from 2000 to 2004. In fact, during this time period, substantially all of the $121,940 paid by Cotecna was transferred to Kojo Annan: $111,229 was passed through to a personal bank account of Kojo Annan; $2,400 appears to have been paid in cash; and $4,000 was paid to Ama Annan, his sister. Further, the records show that beginning in April 2001, $2,350 was transferred on the first banking day of each month pursuant to a standing order. This standing order continued through March 2004.[210]

The Committee interviewed Mr. Isenegger, who is an attorney in Geneva and who stated that he met Kojo Annan in 1999 and that he and Kojo Annan contributed money to a Swiss football (soccer) club known as Vevy Sport, which brought promising young players from Africa to train in Switzerland. Mr. Isenegger explained that Westexim is a British company that he owns, which was set up for a different client in 1996; it is incorporated in England and has a mailbox in London but no office there. After meeting with Kojo Annan and Robert Massey at Cotecna's office, Mr. Isenegger agreed to let payments from Cotecna be passed through his Westexim account. He understood Kojo Annan's reason for this arrangement to be for "tax purposes." Although Mr. Isenegger stated that Kojo Annan made payments to him to support the football club, he was unable to show that any payments sent to the Westexim account were for this purpose.[211]

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[208] Ibid.

[209] Ibid.

[210] Ibid.; Cotecna / Kojo Annan payment records (produced to the Committee by Cotecna on July 21, 2004); Westexim Ltd. bank records (obtained from an independent source).

[211] Ralph Isenegger interview (Mar. 3, 2005); Cotecna / Kojo Annan payment records (produced to the Committee by Cotecna on July 21, 2004); Westexim Ltd. bank records.

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Kojo Annan was requested but failed to produce appropriate financial records to verify his true financial relationship with Cotecna. The Committee requested financial records from Kojo Annan on November 21, 2004.[212]

Nearly three months elapsed before Kojo Annan produced bank statements from a single account he kept in London. These statements were not produced in their entirety; instead, they were severely redacted to show incoming payments only. The Committee therefore has no information concerning Kojo Annan's disposition of the money he received from Cotecna. His attorney's transmittal letter stated that the records had been redacted to reflect "only payments from Cotecna" and that "[i]n cases where an entry is not identified but could possibly be from Cotecna, we have not redacted the entry."[213]

As a result, the records produced by Kojo Annan show far more money paid or possibly paid to him from Cotecna than the records disclosed by Cotecna and the records obtained by the Committee of the Westexim bank account. Kojo Annan reported approximately $582,603 in payments that are from Cotecna or "possibly" from Cotecna. Of this amount, $154,901 are payments related to fees and expenses incurred prior to 1999, and $121,397 are payments reported by Kojo Annan in Cotecna's and Westexim's records for the period 1999 through 2004. The remaining balance of $306,305 represents payments to Kojo Annan from January 1999 to March 2004, which are in addition to the payments in Cotecna's and Westexim's records. These possible payments are described in Kojo Annan's records under such names as "One of Our Clients," "Transfer," "ISL Marketing AG," and "Socotec Inter Insp."[214]

The records from this one bank account do not reflect payments to Kojo Annan from a company that he is known to have formed and that consulted for Cotecna. Specifically, when Kojo Annan left the regular employment of Cotecna, he formed a company known as Sutton Investments Ltd. to perform consulting services. In June 1999, he sent an e-mail to his "aunty" (Diana Mills-Aryee) in the procurement department at the United Nations telling her about Sutton Investments and stating in part that "we currently consult for or are associated with[:] Cotecna Inspection S.A. . . . ." After describing the business some more, Kojo Annan concluded the e-mail: "Don't worry Aunty your son will structure your early retirement!!"[215]

There has been no further explanation from Kojo Annan or his attorneys about the nature of the payments he received from Cotecna or other sources. Although Kojo Annan agreed to be interviewed once by the Committee in October 2004, he has since refused the Committee's

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[212] Committee document request of Kojo Annan (Nov. 21, 2004).

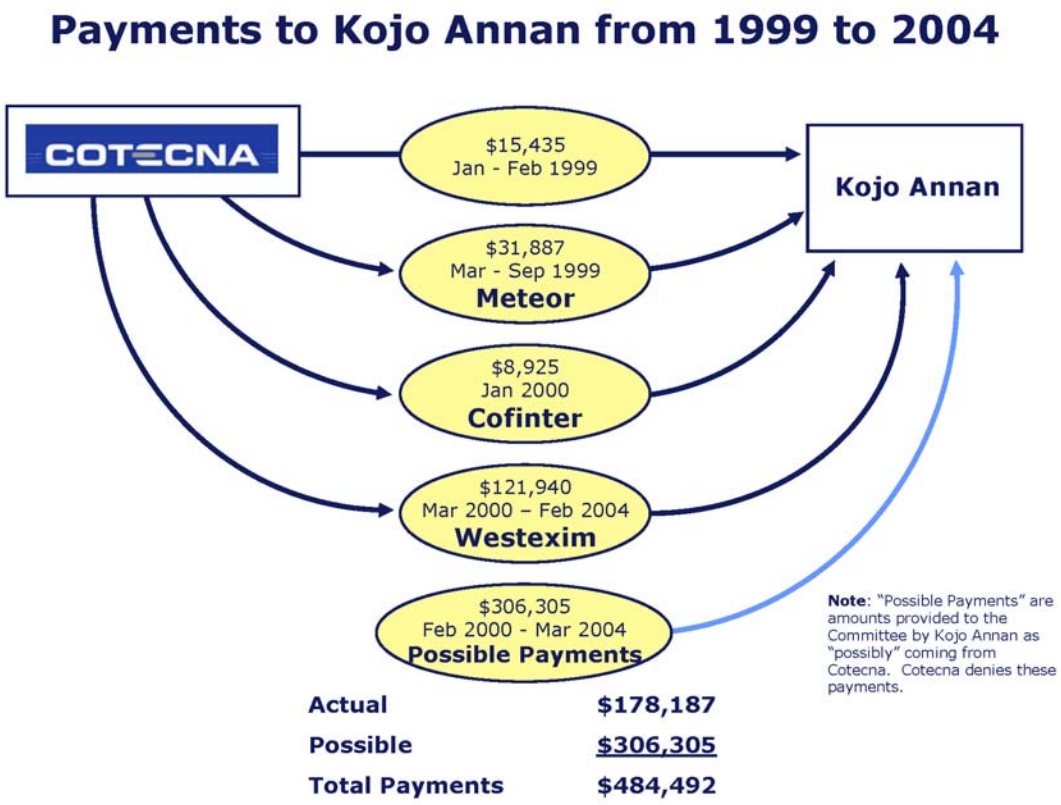
[213] William W. Taylor III letter to the Committee (Feb. 14, 2005). Mr. Taylor is an attorney at the law firm of Zuckerman Spaeder LLP, and he is counsel to Kojo Annan.

[214] Kojo Annan bank statement records (produced to the Committee on Feb. 14 and 15, 2005). The Kojo Annan bank records are for a Great Britain Pounds ("GBP") account. The Committee converted the deposits to United States Dollars ("USD") in order to facilitate comparison to other amounts.

[215] Kojo Annan e-mail to Diana Mills-Aryee (June 1, 1999). The e-mail did not indicate that Kojo Annan was conducting any business with respect to the Programme.

request for a follow-up interview, including to answer questions about his financial records, the large number of unexplained payments indicated in them, and his disposition of the monies he received.[216]

The following chart summarizes the actual and possible payments that the Committee has accumulated from information provided by Cotecna, Kojo Annan, and another source. The actual payments, totaling $178,187, include payments made directly to Kojo Annan's account as well as payments made through Meteor, Cofinter, and Westexim. These payments do not include deductions made by Cotecna for the payment of health insurance premiums on Kojo Annan's behalf. The information available to the Committee indicates that Cotecna deducted $5,060 in such payments, whereas Cotecna claimed, in a letter to the Committee dated March 25, 2005, that it deducted approximately $7,800 in medical insurance premiums from amounts otherwise due to Kojo Annan. When the possible payments of $306,305, as noted above, are added to the actual payments of $178,187, the grand total is $484,492.



[216] William W. Taylor III letter to the Committee (Mar. 3, 2005).

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F. CONTINUATION OF COTECNA'S CONTRACT

Cotecna retained the contract to conduct inspection services until the end of the Programme in November 2003. During the course of initial contract negotiations in December 1998, it became evident that the United Nations would require Cotecna to use a Lotus Notes software system and more advanced communications equipment than what Cotecna intended to deploy. The RFP had been far from clear about these requirements. The result was a negotiated amendment to Cotecna's contract in the amount of $356,000, resulting in a total contract price of $5.2 million for the first six months of inspection services.[217]

On January 5, 1999, as required under the procurement rules, the proposed amendment was submitted for HCC review. The procurement department advised HCC that the increased communications costs did not warrant re-bidding of the entire contract, because the changes were based on actual cost of equipment and related operating changes and because the monetary difference between Cotecna and the next lowest bidder was nearly one million dollars (far more than the proposed amendment). HCC agreed and recommended approving the amendment to the contract in reliance on a provision of the Financial Rules that allows an exception to competitive bidding requirements where "competitive bidding or calling for proposals will not give satisfactory results." On January 8, 1999, Mr. Niwa, as the Assistant Secretary-General for the Office of Central Support Services, approved HCC's recommendation regarding the contract's amendment.[218]

Cotecna obtained two successive six-month extensions, followed by a one-year extension until July 31, 2001. During the course of these extensions, Cotecna raised its inspector man-day rate from $499 to $600. On March 30, 2001, the procurement department put the contract up for bid again. Only one other company competed against Cotecna, and Cotecna won the contract for one year from August 1, 2001, to July 31, 2002, by cutting its inspector man-day rate to $520. Cotecna then obtained further extensions of the contract until November 2003.[219]

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[217] Stephani Scheer interview (Feb. 9, 2005); Elie Massey memorandum to OIP (Dec. 29, 1998); Amendment No. 1 to Contract PD/CON/324/98 between the United Nations and Cotecna Inspection S.A. for the Provision of Independent Inspection Agents (signed Mar. 29 and Apr. 21, 1998).

[218] Procurement Rule 10.02.02(b); Financial Rule 110.19(h); HCC minutes, meeting no. HCC/99/01, pp. 13-19 (Jan. 5, 1999); HCC recommendation and approval form, HCC/99/01 (Jan. 8, 1999).

[219] Amendment No. 2 to Contract Procurement/CON/324/98 (extending the contract through January 31, 2000); Amendment No. 3 to Contract Procurement/CON/324/98 (extending the contract through July 31, 2000), Amendment No. 4 to Contract Procurement/CON/324/98 (extending the contract through July 31, 2001); Contract PD/CO144/01 for the Provision of Independent Inspection Agents in Iraq (expiring August 1, 2002); Amendment No. 1 to Contract PD/CO144/01 (extending the contract through July 31, 2003); Amendment No. 4 to Contract PD/CO144/01 (extending the contract until November 21, 2003).

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From July to October 2002, the Internal Audit Division of OIOS audited the management of the Cotecna contract. The audit report was issued in April 2003 and has been released previously by the Committee. [220]

This report found that several aspects of the contract terms and their amendment were poorly negotiated:

- The contract was amended by $356,000 within days of its initial signature. In the auditors' opinion the change was significant, and the contract should have been subject to re-bid.
- The per-man day fee rate of $499 was increased to $600 to allow Cotecna to recover the costs of camp rehabilitation. It would have been far less costly to directly reimburse the costs of camp rehabilitation as a lump sum rather than pay through increased rates. The auditors estimated that during the course of the contract Cotecna recovered $721,029 over and above the $320,000 cost of camp rehabilitation.
- The contract was not sufficiently flexible to enable the number of agents required and paid for at specific locations to reflect the actual workload.

OIP management generally accepted these contractual shortcomings and agreed to address them in future contract negotiations. The auditors found also that a contractual reimbursement of $95,000 for the residual value of equipment had not been made by Cotecna, and OIP agreed to request payment.[221]

There is no evidence, however, that the Secretary-General or Kojo Annan interceded in any manner to influence the decisions of the United Nations to extend and renew Cotecna's contracts through 2003. Nor is there any record of communication between Cotecna and the Secretary-General concerning Cotecna's contract for the remainder of the Programme.

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The Committee notes evidence of two additional contacts between the Secretary-General and Elie Massey.[222] First, at some point in 1999, when the Secretary-General was in Geneva, Elie Massey approached him to apologize for any embarrassment he may have caused. Elie Massey advised the Secretary-General that Kojo Annan had nothing to do with the contract.[223]

Second, in the summer of 2002, Elie Massey sent a letter to the Secretary-General seeking his intercession with the Government of Ghana to prevent it from carrying through on its apparent intent to terminate a contract with Cotecna. When asked why he wrote to the Secretary-General

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[220] OIOS Audit Report, No. AF2002/23/1 (Apr. 8, 2003), http://www.iic-offp.org/documents/OIOS/OIP%20Report%2019%20-%20OIP%20UNOHCI.pdf.

[221] Ibid., paras. 43-46, 52, 55-59, 62, 64-66.

[222] Elie Massey interview (Jan. 24, 2005); Kofi Annan interview (Nov. 9, 2004).

[223] Ibid.

on this matter, Elie Massey stated: "Because he is Ghanaian and knows very well what goes on in Ghana, I suppose," and because he believed that the Secretary-General would soon be meeting with the President of Ghana. The Secretary-General stated to the Committee that he forwarded the letter from Elie Massey to Ghana's ambassador, but he did not take any further action with respect to the request. The ambassador from Ghana recalled that the Secretary-General mentioned the letter from Mr. Massey during the course of a telephone call that the ambassador made to the Secretary-General concerning another matter; then the Secretary-General forwarded him the letter, which the ambassador in turn forwarded to his government, and the ambassador took no further action.[224] The Secretary-General wrote a note asking that the United Nations Director of African Affairs, Patrick Hayford, be instructed to "acknowledg[e] [Mr. Massey's] letter and inform [Mr. Massey] that I have passed it on to the Government of Ghana." Several days after the reply was sent to Elie Massey by the Director of African Affairs, Robert Massey wrote back to the Director to advise that the Government of Ghana had notified Cotecna that it would abrogate its contract.[225]

G. RESPONSES TO NOTICES OF ADVERSE FINDINGS

In advance of this Report, the Committee issued notices of its intent to make adverse findings against the following persons and company: Secretary-General Kofi Annan; Kojo Annan; Cotecna, Robert Massey, and Elie Massey; and Joseph Connor. The Committee has included in the Appendix copies of responses that have been requested by parties to be attached to the Report.

1. Response of the Secretary-General

On March 21, 2005, the Committee advised the Secretary-General of its intent to make an adverse finding concerning the adequacy of his response to the information disclosed in January 1999 about the award of the contract to Cotecna. In response to the Committee's letter, the Secretary-General made a written submission and elected to meet with the Committee on March 26, 2005. Subsequent to that meeting, the Secretary-General provided an additional written submission.[226]

The Committee has considered each of the concerns raised by the Secretary-General in his response. As set forth in its findings and conclusion below, the Committee remains of the view

[224] Elie Massey letter to Kofi Annan (Aug. 7, 2002); Elie Massey interview (Jan. 24, 2005); Kofi Annan interview (Jan. 25, 2005); Ghana official interview (Mar. 24, 2005). The ambassador stated that he had no knowledge of Kojo Annan and that the Secretary-General did not discuss any relationship to Elie Massey.

[225] Secretary-General note (Sept. 15, 2002); Patrick Hayford interview (Mar. 21, 2005) (noting that he was asked from time to time to send letters for the Secretary-General on various matters and was not personally aware what further action was taken by Secretary-General); Patrick Hayford letter to Elie Massey (Sept. 18, 2002); Robert Massey letter to Patrick Hayford (Sept. 24, 2002); Elie Massey interview (Jan. 24, 2005) (asserting that he did not receive personal reply from Secretary-General).

[226] Gregory M. Craig letter to the Committee (Mar. 27, 2005) (attached as annex to the Report).

that the inquiry initiated by the Secretary-General into the selection of Cotecna was not adequate to redress the concerns raised about a conflict of interest relating to the Secretary-General and his son and to redress the concerns about Cotecna's suitability—in light of the pending criminal investigation in Switzerland—to remain as a contractor for the United Nations.

The Secretary-General's response includes written declarations furnished by Mr. Corell, who served as the Under-Secretary-General for Legal Affairs, and Mr. Paschke, who served as Under-Secretary-General for Internal Oversight Services. Earlier in this Report, the Committee has described statements that were separately made to the Committee by Mr. Corell and Mr. Paschke concerning the minimal extent of their involvement with the issues raised by the *Sunday Telegraph* article. The Committee further notes a discrepancy between information furnished by Mr. Corell in his declaration (in which he states that he spoke to Mr. Connor about the matter) and his response to the Committee last fall when he was first interviewed (in which he stated that he did not speak with Mr. Connor and that he did not attend meetings concerning the conflict-of-interest issue).[227]

2. Response of Kojo Annan

On March 14, 2005, the Committee advised Kojo Annan of its intent to make adverse findings concerning the concealment of his relationship with Cotecna, his false statements to the Committee about his receipt of money from Cotecna through third-party accounts, and his failure to cooperate fully with the Committee's inquiry. In response to the Committee's notice of its intent to make an adverse finding against him, Kojo Annan's attorney submitted a letter that is attached as an annex to this Report.[228] Kojo Annan did not elect to meet with the Committee to discuss his response. The Committee has fully considered each of the issues raised in Kojo Annan's response and adheres to its findings and conclusions concerning Kojo Annan.

3. Response of Cotecna, Robert Massey, and Elie Massey

On March 14, 2005, the Committee advised Cotecna, Robert Massey, and Elie Massey of its intent to issue adverse findings against them in connection with the efforts to mislead the United Nations and the Committee about Cotecna's continuing financial relationship with Kojo Annan and in connection with other false statements made to the Committee during its investigation. Cotecna filed a preliminary response on March 16, 2005, met with the Committee on March 21, 2005, and then submitted supplemental responses on March 23 and 25, 2005, which are attached to this Report.[229] The Committee has fully considered each of the issues raised in these responses and adheres to its findings and conclusions concerning Cotecna, Robert Massey, and Elie Massey.

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[227] See Hans Corell interview (Oct. 26, 2004).

[228] William W. Taylor III letter to the Committee (Mar. 18, 2005) (attached as an annex to this Report).

[229] Evelyn M. Suarez letters to the Committee (Mar. 16, 23, and 25, 2005) (attached as annexes to this Report). Ms. Suarez is an attorney at the law firm of Williams & Mullen, and she is counsel to Cotecna.

Cotecna objects to the Committee's release of payment data without awaiting the outcome of an auditor's report concerning the extent of payments to Kojo Annan.[230] The Committee notes, however, that it requested access to banking records of Meteor and Cofinter in order to assess the extent of any additional payments that may have been made to Kojo Annan. Cotecna refused this request and proposed instead a review of the account by an independent auditor. The Committee agreed to this proposal, provided that the review was completed by March 15, 2005. The review is still not complete. This audit review concerns the potential for *additional* payments to Kojo Annan beyond payments that Cotecna has conceded were made, and the Committee will disclose these results in a future report or briefing paper.

Cotecna contends that the Committee has violated its "adverse notice" guidelines by declining to disclose to Cotecna the payment records it has received from Kojo Annan of "possible" payments from Cotecna.[231] But the Committee does not make a finding at this time that these additional payments came from Cotecna. It is conducting further investigation and awaits the result of the auditor's continued review before making such a determination.

4. Response of Joseph Connor

On March 14, 2005, the Committee advised Joseph Connor of its intent to issue an adverse finding against him for his failure to take appropriate action to ensure that the procurement department was advised of and evaluated the information concerning the Bhutto allegations to determine the fitness of Cotecna to remain as a United Nations contractor. On March 18, 2005, Mr. Connor submitted a written response, which is attached as an annex to this Report.[232] The Committee has fully considered Mr. Connor's objections and adheres to its findings and conclusions concerning Mr. Connor.

[230] Evelyn M. Suarez letter to the Committee (Mar. 23, 2005) (attached as an annex to this Report).

[231] Evelyn M. Suarez letter to the Committee (Mar. 25, 2005) (attached as an annex to this Report).

[232] Joseph Connor letter to the Committee (Mar. 18, 2005) (attached as an annex to this Report).

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IV. FINDINGS AND CONCLUSIONS

As outlined at the beginning of this Report, the Committee has set out to address the following questions:

1. Was the selection of Cotecna Inspection S.A. in 1998 free of improper or illicit influence and conducted in accordance with the United Nations' financial and procurement regulations, including the competitive bidding rules?

2. Was the conduct of the Secretary-General with respect to the selection and retention of Cotecna Inspection S.A. adequate, especially relating to a possible conflict of interest or the appearance of a conflict of interest?

3. Were the actions of persons other than the Secretary-General free from impropriety or misrepresentation?

FINDINGS:

1. **The Committee finds,** with regard to the selection of Cotecna:

   a. There is no evidence that the selection of Cotecna in 1998 was subject to any affirmative or improper influence of the Secretary-General in the bidding or selection process. Based on the record and lack of evidence of impropriety, it is the finding of the Committee that Cotecna was awarded the contract in 1998 on the ground that it was the lowest bidder. The Committee also notes that, in keeping with normal United Nations policy and practice, the Secretary-General is not involved in procurement decisions.

   b. The record does indicate that, while an open bidding process took place, United Nations procurement rules relating to the qualification of prospective contractors were not appropriately followed in two respects:

      i. Cotecna was not asked to complete a questionnaire and submit a financial statement as required by the relevant rules. (Nor did Cotecna volunteer this information.) That omission is relevant in the light of the now acknowledged strains on Cotecna's financial position at the time.

      ii. In addition, no account was taken of a Swiss criminal investigation against the Chief Executive Officer of Cotecna, Robert Massey. The investigation related to alleged payments on behalf of Cotecna for the benefit of the family of Benazir Bhutto to secure an inspection contract in Pakistan.

   No satisfactory explanation of these omissions has been made.

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2. With regard to whether the conduct of the Secretary-General in the selection and retention of Cotecna was adequate, the Committee first addresses the period through 1998 and then the period of January 1999 and beyond.

   a. **1998**

      i. **Context** – In 1998, the Secretary-General knew of Cotecna's employment of his son, Kojo Annan, during the relevant period of the initial procurement. If he knew also of the Cotecna proposal and the bidding process, a potential conflict of interest would have existed, and certainly the appearance of a conflict of interest, as later asserted by other bidders. The evidence is that, at several points during the relevant period, the Secretary-General could have been alerted to the potential conflict, including frequent conversations with his son, a brief meeting with Elie Massey in September, his knowledge regarding the withdrawal of and need to replace Lloyd's Register, and (according to Michael Wilson's initial account) a conversation with Mr. Wilson in the fall of 1998 directly referring to Cotecna's interest. The Secretary-General denies any reference to Cotecna's interest in any communication with him. There is an absence of documentary and reliable reports by disinterested persons on this point.

      ii. **The Committee finds**: Weighing all of the evidence presented in this Report and the credibility of the witnesses, that the evidence is not reasonably sufficient to show that the Secretary-General knew that Cotecna had submitted a bid on the humanitarian inspection contract in 1998.

   b. **January 1999 and Beyond**

      i. **Context** – In January 1999, after the Secretary-General became aware of the Cotecna contract with the United Nations, he was under a clear duty to cause the allegations and especially the alleged conflict of interest to be fully and independently investigated. The Secretary-General did immediately initiate an inquiry through his Chef de Cabinet, S. Iqbal Riza. Joseph Connor reported within a day of receiving Mr. Riza's instructions, stating, among other things, that Kojo Annan's connection with Cotecna was not known to any of the responsible procurement officials and that his employment with Cotecna had ended.

      ii. **The Committee finds:** In light of the *Sunday Telegraph* article and the complaint of a conflict of interest because of Kojo Annan's employment, as well as the published information concerning the alleged illicit payments to the Bhutto family, the inquiry initiated by the Secretary-General was inadequate, and the Secretary-General should have referred the matter to an appropriate United Nations department (Office of Internal Oversight Services and/or Office of Legal Affairs) for a thorough and independent investigation. Had there been such an investigation of these allegations, it is unlikely that Cotecna would have been awarded renewals of its contract with the United Nations.

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3. **The Committee finds,** with regard to the actions of various persons and Cotecna:

a. **Kojo Annan**

After the media disclosed in January 1999 his relationship with Cotecna, Kojo Annan actively participated in efforts by Cotecna to conceal the true nature of its continuing relationship with him. Kojo Annan also intentionally deceived the Secretary-General about this continuing financial relationship. Kojo Annan was not forthcoming to the Committee with respect to his knowledge that Cotecna paid him during 1999 and 2000 through other company accounts and with respect to his awareness of the personal financial benefits that accrued to him from the monthly payments made by Cotecna from 2000 to 2004 to the Westexim bank account. Kojo Annan has failed to cooperate fully with the Committee's requests for financial disclosure, and he has refused to answer questions about his financial interests stemming from the redacted records that he belatedly disclosed to the Committee. Significant questions remain about the actions of Kojo Annan during the fall of 1998 as well as about the integrity of Kojo Annan's business and financial dealings with respect to the Programme, and the Committee's investigation of these matters is continuing.

b. **Cotecna Inspection S.A. and Elie and Robert Massey**

Cotecna generally has cooperated with the Committee in the disclosure of documents and making its officers and employees available for interview. The Committee, however, concludes that Cotecna has made false statements to the public, the United Nations, and the Committee. First, on January 22, 1999, Cotecna's head of administration wrote a letter to the *Sunday Telegraph* that falsely stated that Kojo Annan had resigned his consultancy on October 9, 1998, and Cotecna Vice President Michael Wilson sent this letter to the Secretary-General's spokesman on the same day. Second, after the letter of January 22, 1999, Cotecna disguised its continuing relationship with Kojo Annan by routing the payments that were made to him, pursuant to a non-competition agreement from March 1999 to February 2004, through the accounts of Meteor and Cofinter companies, and, in response to instructions from Kojo Annan, through the Westexim company. In the spring of 2004, when the United Nations inquired of Cotecna about the facts of Kojo Annan's relationship, an official of Cotecna sent an e-mail to the United Nations on March 19, 2004, which falsely asserted that Kojo Annan's consultancy ended in "early December" of 1998 and that "[s]ince the end of his consultancy arrangement, he has not received any remuneration from Cotecna."

On June 1, 2004, Robert Massey, Cotecna's Chief Executive Officer, falsely stated to the Committee that Cotecna had no business or financial dealings with Kojo Annan since December 1998. Although Robert Massey subsequently furnished details of the company's continuing relationship with Kojo Annan, he was not truthful when he claimed, at that time, that his prior failure to disclose the continuing relationship was because he had forgotten about the continuing relationship. This claim of memory loss is particularly unconvincing in light of the importance Robert Massey attached to Kojo Annan's continued support of Cotecna's Nigerian operations. It is also belied by his admission that he was the one to stop payments to Kojo Annan only a few months before meeting with the Committee on June 1, 2004. Neither Robert Massey nor Elie Massey was forthcoming in his claim that Elie Massey was not aware of the company's

continuing financial relationship with Kojo Annan from 1999 to 2004. This denial is not plausible in light of Elie Massey's active supervision of the company's business and his prior direct relationship with Kojo Annan and the Secretary-General.

c. **Joseph Connor**

In January 1999, Joseph Connor, as the Under-Secretary-General for Management, had supervisory control of the procurement department. At that time, he was made aware by the *Sunday Telegraph*'s article about the adverse allegations concerning Cotecna and illegal payments for the benefit of Benazir Bhutto. Mr. Connor failed to take any action beyond the one day inquiry that was conducted concerning the truth of the allegations and their ongoing impact on the fitness of Cotecna to remain as a United Nations contractor.

RECOMMENDATION:

The United Nations' conflict-of-interest regulations and rules do not prescribe adequate guidelines for identifying and resolving possible conflicts of interest. The Committee expects that its Final Report will make recommendations for reforming the Organization's regulations and rules governing conflicts of interest.

V. OTHER CONDUCT

The Committee has identified additional conduct of two individuals on which it is ready to report. The first involves S. Iqbal Riza, the Secretary-General's former Chef de Cabinet, who permitted documents of potential relevance to the Committee's investigation to be shredded by his secretarial staff during the pendency of the Committee's investigation. The Committee learned of this in connection with its investigation into the United Nations' award of the goods inspection contract to Cotecna, which is discussed above.

The second involves Dileep Nair, the Under-Secretary-General for Internal Oversight Services, who heads the United Nations Office of Internal Oversight Services ("OIOS"). Mr. Nair obtained authorization to use Programme funds for a Special Assistant post within OIOS, but the individual occupying this position performed only minimal Programme-related functions. The Committee indicated in its First Interim Report, without elaboration, that this funding issue would be the subject of a future report.[233]

Having completed its investigation of both matters, the Committee now includes the facts and its findings in this Second Interim Report.

A. S. IQBAL RIZA

1. Destruction of Documents

On April 22, 2004, Mr. Riza's assistant wrote a note to Mr. Riza expressing concern about filing space, and she requested in writing Mr. Riza's permission for her to "shred" the following files: "Chronological files for the years 1997, 1998 and 1999 – Office of the Chef de Cabinet." A handwritten note from Mr. Riza on the memorandum states: "Fine. Thanks. (A heavy task!)" The note was initialed by Mr. Riza and dated the same day.[234]

The timing of this destruction order is striking because of Mr. Riza's awareness of the Committee's impending investigation. He approved the destruction one day after the Security Council passed Resolution 1538 "welcom[ing] the [Secretary-General's] appointment of the independent high-level inquiry" into the Programme. In addition, ten days earlier, he personally had written to the heads of the nine UN-related agencies that administered the Programme in northern Iraq to request that they cooperate with the investigation and "take all necessary steps to collect, preserve and secure all files, records and documents . . . relating to the Oil-for-Food Programme. . . ."[235]

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[233] See "First Interim Report," pp. 209-10.

[234] Sita Agalawatta memorandum to S. Iqbal Riza (Apr. 22, 2004).

[235] S/RES/1538, para. 1 (Apr. 21, 2004); S. Iqbal Riza letter to Jacques Diouf (Apr. 12, 2004); S. Iqbal Riza letter to James T. Morris (Apr. 12, 2004); S. Iqbal Riza letter to Lee Jong-Wook (Apr. 12, 2004); S. Iqbal

The destruction of Mr. Riza's files was ongoing and not completed until the week of December 7, 2004, more than seven months after the Secretary-General's document preservation order of June 1, 2004, which was issued to all United Nations employees and which instructed all United Nations staff members "not to destroy or remove any documents related to the oil-for-food programme that are in their possession or under their control, and to not instruct or allow anyone else to destroy or remove such documents." Mr. Riza's assistant has advised the Committee that, after Mr. Riza initially authorized her to shred the documents in April 2004, they did not discuss the matter again, and she did not update him on the status of her ongoing shredding of the "chron" file documents or the completion of this task in December 2004.[236]

2. Response of S. Iqbal Riza

When first interviewed by the Committee on December 20, 2004, Mr. Riza did not disclose that he had authorized the destruction of three years of his documents. He was questioned about the filing system at the Secretariat. The Committee also reiterated earlier requests for document production, specifically requests related to documents assumed to be in his chronological files. Mr. Riza did not mention the destruction of the files at this time. Two days later, Mr Riza called the Committee to advise that some documents could not be located because the files had been destroyed. It was at this time that Mr. Riza produced a copy of his memorandum authorizing the shredding of some of his "chron" files.[237]

Mr. Riza acknowledged his awareness of the investigation when he authorized the shredding of his "chron" files, but he stated that he "did not connect" the decision to the investigation.[238]

Riza letter to Carol Bellamy (Apr. 12, 2004); S. Iqbal Riza letter to Anna Tibaijuka (Apr. 12, 2004); S. Iqbal Riza letter to Nigel Fisher (Apr. 12, 2004); S. Iqbal Riza letter to Koïchiro Matsuura (Apr. 12, 2004); S. Iqbal Riza letter to Mark Malloch Brown (Apr. 12, 2004); S. Iqbal Riza letter to Yoshio Utsumi (Apr. 12, 2004). These recipients correspond, in order, to the heads of the: Food and Agriculture Organization ("FAO"); World Food Program ("WFP"); World Health Organization ("WHO"); United Nations Children's Fund ("UNICEF"); United Nations Human Settlements Programme ("UN-Habitat"); United Nations Office for Project Services ("UNOPS"); United Nations Educational, Scientific and Cultural Organization ("UNESCO"); UNDP; and the International Telecommunications Union ("ITU"). For ease of reference, the Report refers to this group of agencies as "UN-related agencies" in recognition that they have varying legal relationships to the United Nations.

[236] ST/SGB/2004/9 (June 1, 2004) (Secretary-General's bulletin – Independent inquiry into the oil-for-food programme); Sita Agalawatta interviews (Feb. 23 and Mar. 16, 2005).

[237] S. Iqbal Riza interview (Dec. 20, 2004); Sita Agalawatta memorandum to S. Iqbal Riza (Apr. 22, 2004) (including handwritten authorization by Mr. Riza).

[238] S. Iqbal Riza interview (Dec. 23, 2004). Mr. Riza turned seventy years old in 2004. On the same day that Mr. Riza advised the Committee of the destruction order, the Secretary-General announced Mr. Riza's retirement as of January 15, 2005. See Secretary-General Office of the Spokesman, "Statement by the Secretary-General on the retirement of his Chef de Cabinet," http://www.un.org/apps/sg/sgstats.asp?nid=1238 (Dec. 22, 2004). Mr. Riza's position is now filled by Mark Malloch Brown. The Committee is satisfied from its further inquiry of the Secretary-General, Mr. Riza, Mr. Malloch Brown, and another adviser to the Secretary-General, John Ruggie, that Mr. Riza's

SECOND INTERIM REPORT
OTHER CONDUCT

When interviewed by the Committee and again in his response to the Committee's notice to him of its intent to make an adverse finding against him, he stated his view that his "chron" files simply were copies of records that already were stored in the United Nations' central files.[239] But the Committee is aware of documents acknowledged to have been in Mr. Riza's chronological files that have not been located in the EOSG Central Records Unit. For example, Mr. Riza's "confidential note" to Mr. Connor requesting his review of the Cotecna matter was produced from Mr. Riza's computer and presumably was in his chronological files from 1999, but it has not been found in the Central Records Unit. Likewise, the unsigned version of Mr. Connor's note was maintained in Mr. Riza's chronological files, and the same is presumably true of the signed version; neither version was located in the Central Records Unit. When Mr. Riza was interviewed by the Committee, he acknowledged at least one significant instance where a document in his "chron" file would not have been in the Central Records Unit—he was asked if the "unsigned [version of the Connor note] would have been kept in the registry," and he replied: "No, it shouldn't have. No."[240] Therefore, the Committee does not find persuasive Mr. Riza's suggestion that his "chron" files were only duplicates of files maintained elsewhere at the United Nations.

Mr. Riza has further stated in his letter to the Committee that "no person – including myself – in my office destroyed any paper related to the Oil-for-Food Programme in this period."[241] But the terms of Mr. Riza's destruction authorization extend to all of his "chron" files, and there is no indication that he or his staff conducted a review of these "chron" documents to ensure that any Programme-related documents were saved.

Mr. Riza recently advised the Committee that, after authorizing the shredding of his "chron" files, he never gave the matter another thought and had no idea that the shredding continued over a period of months.[242] Although Mr. Riza acknowledges that the shredding would be "[a] heavy task,"[243] the Committee has not identified any other evidence disputing his claim that he was unaware that the shredding continued until December 2004.

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retirement and his replacement by Mr. Malloch Brown was planned well in advance and that it was not provoked by or related to concerns arising from disclosure that Mr. Riza had authorized his secretary to discard his "chron" files. See Kofi Annan interviews (Jan. 25 and Mar. 17, 2005); S. Iqbal Riza interview (Dec. 23, 2004); Mark Malloch Brown interview (Mar. 15, 2005); John Ruggie interview (Mar. 16, 2005).

[239] S. Iqbal Riza interview (Dec. 23, 2004); S. Iqbal Riza letter to the Committee (Mar. 18, 2005) (attached as annex to this Report).

[240] S. Iqbal Riza interview (Dec. 20, 2004).

[241] S. Iqbal Riza letter to the Committee (Mar. 18, 2005) (attached as annex to this Report).

[242] S. Iqbal Riza oral submission (Mar. 28, 2005).

[243] Sita Agalawatta memorandum to S. Iqbal Riza (Apr. 22, 2004) (including handwritten authorization by Mr. Riza).

3. Findings and Conclusions

The Committee finds that S. Iqbal Riza, the Secretary-General's former Chef de Cabinet, acted imprudently and in contravention of his own April 12, 2004 directives regarding the preservation of all documents relating to the Programme when, on April 22, 2004, he granted his assistant's request to shred three years of his chronological files from 1997 to 1999. The shredding of documents continued until December 2004, well after the Secretary-General's preservation instruction of June 1, 2004, though Mr. Riza denies knowing of this continued destruction. In light of the Secretary-General's initiation of a formal investigation into the Programme, Mr. Riza should have been aware, at the time he authorized the destruction, of his files' potential materiality to an inquiry into the Programme.

B. DILEEP NAIR

1. Background

In the Committee's First Interim Report, it presented its forensic analysis of the account into which 2.2 percent of the proceeds from Iraqi oil sales was deposited in order to fund the United Nations' administration of the Programme ("the ESD Account"). The Security Council limited the use of these funds to "the *costs to the United Nations* of the independent inspection agents and the certified public accountants and *the activities associated with implementation of [the Programme]*."[244]

The Committee's First Interim Report noted that it had encountered one instance involving the apparent misuse of ESD funds for a "relatively high-level" employment position. This position was "Special Assistant" to Mr. Nair within OIOS and involved acting as the chief of office and heading various oversight initiatives. Created in 1994, OIOS is charged with providing internal oversight in order to safeguard and promote the integrity of the United Nations. Its responsibilities include general program monitoring, internal auditing, and the investigation of alleged violations of United Nations rules and regulations.[245]

As a United Nations staff member, Mr. Nair was obligated to "uphold the highest standards of efficiency, competence and integrity," which "includes, but is not limited to, probity, impartiality,

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[244] "First Interim Report," pp. 195-219 (presenting the Committee's analysis of the ESD Account); S/RES/986, para. 8(d) (Apr. 14, 1995) (emphasis added); see also "Interim Report of the Secretary-General on the Implementation of Security Council Resolution 986 (1995)," S/1996/978, paras. 34-35 and Annex III (Nov. 25, 1996) (explaining the origin of the 2.2 percent allocated for administrative costs).

[245] "First Interim Report," pp. 209-10; OIOS, "Under-Secretary-General," http://www.un.org/Depts/oios/usg.htm (summarizing Mr. Nair's biographical background); OIOS, "About OIOS," http://www.un.org/Depts/oios/about_us.htm; OIOS, "Mission," http://www.un.org/Depts/oios/mission.htm; see also ST/SGB/2002/7 (May 16, 2002) (describing OIOS's responsibilities and its organizational structure); ST/SGB/273 (Sept. 7, 1994) (detailing the establishment of OIOS).

fairness, honesty and truthfulness in all matters affecting [his] work and status."[246] The conduct discussed in this Section assumes special significance in light of Mr. Nair's extensive oversight responsibilities.

2. Employment of Special Assistant to Dileep Nair

When Mr. Nair assumed his OIOS post in April 2000, the "front office" staff included a full-time Special Assistant who had served the prior Under-Secretary-General. By spring of 2001, Mr. Nair decided to transfer this individual to a different OIOS division and to hire a new Special Assistant. He eventually offered the position to Tay Keong Tan, an Assistant Professor of Public Policy at the National University of Singapore.[247]

In May 2001, Mr. Nair told Mr. Tan that the job initially would be for three months with the likelihood of an extension. Mr. Nair explained to Mr. Tan that the job responsibilities would include acting as the chief of office and heading various oversight initiatives. He did not mention the Programme as a specific area of Mr. Tan's anticipated responsibilities.[248]

Shortly after meeting with Mr. Tan, Mr. Nair approved a formal request form, dated May 10, 2001, for the hiring of Mr. Tan for an initial three-month term. The request form did not mention any responsibilities for Mr. Tan involving the Programme.[249]

On May 14, 2001, Mr. Nair contacted Rafiah Salim, the Assistant Secretary-General for Office of Human Resources Management ("OHRM"), to discuss his request to hire Mr. Tan. In a note to Ms. Salim, Mr. Nair stated his view that Mr. Tan's "extensive knowledge in public policy, strategic management and political and organizational analysis would be valuable in the coordination of different OIOS functions, and in steering OIOS' strategic planning activities as an integrated and ongoing exercise." Mr. Nair's note did not indicate that Mr. Tan would have any specific involvement with the Programme.[250]

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[246] ST/SGB/2000/7, Staff Regulation 1.2(b) (Feb. 23, 2000).

[247] Tay Keong Tan interview (Mar. 9, 2005); Tilchand Acharya interview (Mar. 1, 2005); United Nations Personal History form (P.11 (3-00)-E (Tay Keong Tan)) (May 20, 2001); Dileep Nair note to Rafiah Salim, United Nations Office of Human Resource Management ("OHRM") (May 14, 2001) (describing Mr. Nair's transfer of the prior Special Assistant to a different division and Mr. Tan's educational background, including his masters and PhD degrees from Harvard); OIOS, "Under-Secretary-General," http://www.un.org/Depts/oios/usg.htm.

[248] Tay Keong Tan interview (Mar. 9, 2005).

[249] Tilchand Acharya, OIOS Executive Officer, note to Dileep Nair ("Subject: Request for the temporary appointment Mr. Tan Keong Tay in accordance with ST/A1/401") (May 10, 2001) (signed by Mr. Nair). The personnel file for Mr. Tan also includes an undated "Terms of Reference" job description document that does not mention any responsibilities concerning the Programme.

[250] Dileep Nair note to Rafiah Salim (May 14, 2001).

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On May 22, 2001, OHRM extended a formal offer to Mr. Tan for an initial three-month term at a "Senior Officer" position to begin in July 2001. Mr. Tan's main functions were to formulate an organization-wide risk assessment framework and to develop an anti-corruption initiative.[251]

Mr. Tan began serving as Mr. Nair's Special Assistant in July 2001. Several weeks later, having been unable to secure adequate funding for the position Mr. Tan was occupying, Mr. Nair raised with Jean-Pierre Halbwachs, the United Nations Controller, the issue of funding for the position. According to Mr. Halbwachs, he told Mr. Nair that the only source of funding at his disposal would be from the ESD Account. However, Mr. Halbwachs explained that he could approve the use of Programme funds for this position only if the Special Assistant worked predominantly on Programme matters. Bock Cheng Yeo, an assistant to Mr. Halbwachs and Director of Peacekeeping Financing Division, called Tilchand Acharya, the Executive Officer of OIOS, to advise that OIOS could pursue this option by submitting a letter indicating what Programme-related duties the Special Assistant would perform.[252]

On July 30, 2001, Mr. Nair signed a note to Mr. Halbwachs, drafted by Mr. Acharya, requesting that the Special Assistant post be funded from the Programme's administrative account. Although Mr. Nair's note indicated that this position would not deal exclusively with the Programme, he described three functions directly relating to the Programme: (1) implementing "risk assessment" as a strategic oversight tool and "piloting this tool in the Oil-for-Food Programme in Iraq"; (2) "consolidating and coordinating the functions of audit, monitoring, and inspection in the OIP [Office of the Iraq Programme]"; and (3) "developing performance measures to assess how effectively OIP funds are being used, as a prototype for other programmes."

[251] Tay Keong Tan interview (Mar. 9, 2005); Andrée Chami letter to Tay Keong Tan (May 22, 2001) (offering the position to Mr. Tan). Mr. Chami was Chief, Cluster IV, Operational Services Division, OHRM.

[252] Jean-Pierre Halbwachs interview (Jan. 27, 2005); Tilchand Acharya interviews (Mar. 1 and Mar. 2, 2005). Although Mr. Halbwachs indicated that he raised the possibility of funding the post from Programme monies, Mr. Yeo informed the Committee that he believed that Mr. Nair originally proposed this idea. Bock Cheng Yeo interview (Mar. 18, 2005).

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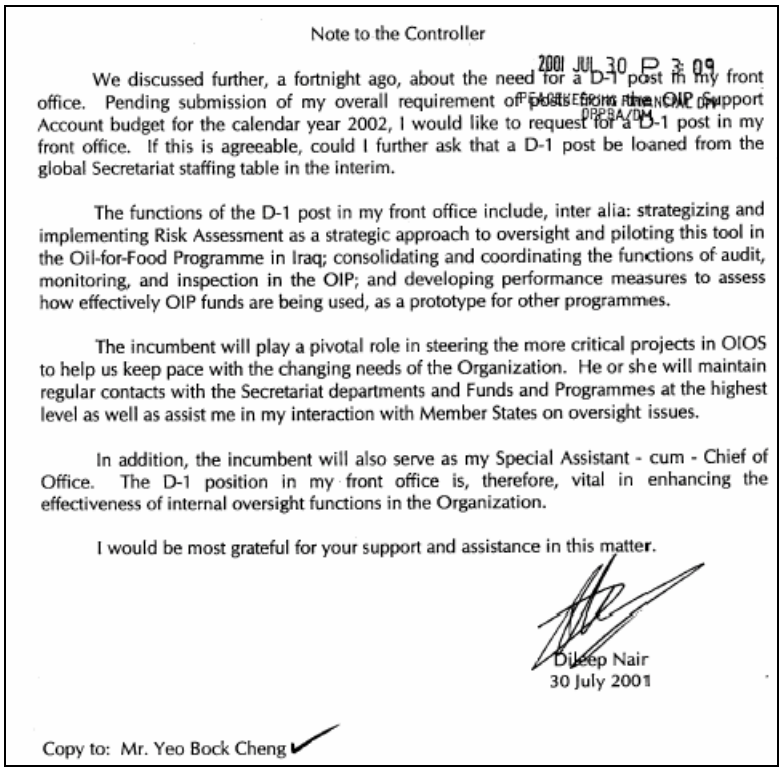

Note to the Controller

2001 JUL 30 P 3:09

We discussed further, a fortnight ago, about the need for a D-1 post in my front office. Pending submission of my overall requirement of posts from the OIP Support Account budget for the calendar year 2002, I would like to request for a D-1 post in my front office. If this is agreeable, could I further ask that a D-1 post be loaned from the global Secretariat staffing table in the interim.

The functions of the D-1 post in my front office include, inter alia: strategizing and implementing Risk Assessment as a strategic approach to oversight and piloting this tool in the Oil-for-Food Programme in Iraq; consolidating and coordinating the functions of audit, monitoring, and inspection in the OIP; and developing performance measures to assess how effectively OIP funds are being used, as a prototype for other programmes.

The incumbent will play a pivotal role in steering the more critical projects in OIOS to help us keep pace with the changing needs of the Organization. He or she will maintain regular contacts with the Secretariat departments and Funds and Programmes at the highest level as well as assist me in my interaction with Member States on oversight issues.

In addition, the incumbent will also serve as my Special Assistant - cum - Chief of Office. The D-1 position in my front office is, therefore, vital in enhancing the effectiveness of internal oversight functions in the Organization.

I would be most grateful for your support and assistance in this matter.

Dileep Nair
30 July 2001

Copy to: Mr. Yeo Bock Cheng

Figure: Dileep Nair note to Jean-Pierre Halbwachs (July 30, 2001).

Mr. Nair's justification satisfied Mr. Halbwachs that Programme funding would be appropriate for this position.[253]

Mr. Tan's initial appointment was extended on a periodic basis, and he worked for Mr. Nair until June 2003, when he returned to his teaching position in Singapore. In total, approximately $260,000 of Programme funds were used for Mr. Tan's position.[254]

Despite the fact that he was paid from Programme funds, Mr. Tan has told the Committee that he performed very little work with respect to the Programme. Moreover, he stated that he was not advised by Mr. Nair of any necessity to focus on functions relating specifically to the Programme.[255]

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[253] Dileep Nair note to Jean-Pierre Halbwachs (July 30, 2001); Jean-Pierre Halbwachs interview (Jan. 27, 2005).

[254] Tay Keong Tan interview (Mar. 9, 2005); Tay Keong Tan memorandum to Dileep Nair (May 20, 2003); Catherine Pollard e-mail to the Committee (Mar. 15, 2005). In addition, approximately $32,000 for Mr. Tan's position was funded from non-Programme monies. Catherine Pollard e-mail to the Committee (Mar. 25, 2005).

[255] Tay Keong Tan interview (Mar. 9, 2005).

In addition to his general chief-of-office responsibilities, Mr. Tan's main job assignments were to formulate a risk assessment framework and to develop an anti-corruption initiative. He did not develop risk assessment plans specific to the Programme as apart from other United Nations activities. Mr. Tan reviewed all OIOS audit reports that were presented by staff for issuance by Mr. Nair, including the reports relating to the Programme; the purpose of his review was to identify any "loopholes." In addition, Mr. Tan's duties required him to interact at times with his OIOS colleagues in the Iraq Programme Audit Section, but he never specifically worked on any Programme audits.[256]

According to Mr. Tan, he spent—at most—five to ten per cent of his time on Programme-related matters. Mr. Tan was asked about each of the three major projects relating to the Programme that were identified, in Mr. Nair's note to Mr. Halbwachs of July 30, 2001, as the justification for funding Mr. Tan's position from the Programme. Mr. Tan told the Committee that he did not perform any of these tasks. Similarly, Mr. Acharya told the Committee that Mr. Tan did not perform any audit duties relating to the Programme. Mr. Acharya stated also that he did not know of any substantive work performed by Mr. Tan to warrant him having been paid with Programme funds.[257]

Nor has the Committee's review of documents established Mr. Tan's performance of duties directly relating to the Programme. Mr. Tan's work plans and performance appraisals, which were completed by Mr. Nair, indicate that he capably performed his responsibilities, but they do not make any mention of Mr. Tan's performance of Programme activities from September 2002 to April 2003.[258]

According to Mr. Halbwachs, he was unaware that Mr. Tan was not performing duties specific to the Programme. Mr. Halbwachs stated that had he known this to be the case, he would not have approved funding for the Special Assistant position from the Programme.[259]

3. Response of Dileep Nair

The Committee twice interviewed Mr. Nair concerning his employment of Mr. Tan. Mr. Nair did not identify any specific job responsibilities for Mr. Tan concerning the Programme. When interviewed on January 6, 2005, he acknowledged that Mr. Tan did not perform any duties relating to the Programme's audits, but he contended that the decision to allow his position to be funded from Programme funds was made by Mr. Halbwachs.[260] After this interview, the Committee learned of Mr. Nair's note to Mr. Halbwachs of July 30, 2001, in which he identified specific Programme-related tasks to be performed by Mr. Tan. The Committee re-interviewed

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[256] Ibid.

[257] Ibid.; Tilchand Acharya interview (Mar. 1, 2005).

[258] United Nations e-Pas Performance Record, Tay Keong Tan (Apr. 29, 2003).

[259] Jean-Pierre Halbwachs interview (Jan. 27, 2005).

[260] Dileep Nair interview (Jan. 6, 2005).

Mr. Nair on January 27, 2005, and Mr. Nair maintained that Mr. Tan had been the main architect of the development of OIOS's risk assessment framework, which was to benefit all areas under the purview of OIOS, including the Programme. Therefore, in Mr. Nair's view, Mr. Tan did not work directly on Programme matters, but his work did benefit the Programme.[261]

On February 2, 2005, the Committee advised Mr. Nair of its intent to make an adverse finding against him, and he was invited to submit additional information for the Committee's consideration prior to making its final decision. Mr. Nair was provided also with the opportunity to review relevant documents obtained by the Committee during its investigation.

On February 9, 2005, Mr. Nair submitted a written response (which is attached as an annex to the Report), setting forth three objections to the Committee's proposed finding. First, Mr. Nair contended that his request to Mr. Halbwachs made "clear and unequivocal that the D-1 post was not to be used exclusively for the Oil-for-Food Programme." The Committee agrees. However, the salient issue is the absence of evidence that Mr. Tan performed anything other than minimal duties directly relating to the Programme—let alone the extensive Programme-related duties that Mr. Nair had advised Mr. Halbwachs would be performed by Mr. Tan. Accordingly, the Committee cannot agree with Mr. Nair's assertion that "[t]here was, therefore, no misrepresentation to the Controller on the duties of the D-1 post."[262]

Second, Mr. Nair reiterated that Mr. Tan performed risk assessment profiles that applied to the Programme (as well as other areas) and that Mr. Tan reviewed all audit reports submitted to Mr. Nair for his approval (including, among others, audit reports relating to the Programme). In the Committee's view, these functions relate only incidentally to the Programme and fall well short of the description set forth in Mr. Nair's note to Mr. Halbwachs concerning the substantive Programme tasks that Mr. Tan would perform.[263]

Finally, Mr. Nair suggested for the first time that other OIOS staff members performed Programme-related functions, but that OIOS was not duly compensated from Programme funds.[264] To the extent that the Programme may have burdened OIOS with additional costs that were not compensated from the Programme, the appropriate approach would have been to seek supplemental funding for these costs.[265]

After providing his response to the Committee, Mr. Nair advised that he had documents to support his position. On February 17, 2005, the Committee's staff went to OIOS to review these

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[261] Dileep Nair interviews (Jan. 6 and 27, 2005).

[262] Dileep Nair letter to the Committee (Feb. 9, 2005) (emphasis in original) (attached as an annex to this Report).

[263] Ibid.

[264] Ibid.

[265] In fact, as recounted in the Committee's First Interim Report, a number of Programme-related auditor posts were funded from the ESD Account. "First Interim Report," pp. 177-78.

documents. A first set of documents included thirty-four OIP-related memos from August 2001 to October 2002, mainly correspondence among OIOS, OIP, and the Board of Auditors on matters relating to the United Nations Compensation Commission ("UNCC"). None of these documents identified Mr. Tan's name, nor were they created by him, but instead were documents to or from Mr. Nair. A second set of documents related to the risk assessment initiatives within OIOS. These documents make clear that Mr. Tan headed up the initiative to develop a risk assessment framework within OIOS. Although not specific to the Programme, one of the areas in the assessment was to identify the risks to the Programme should war break out in Iraq. Moreover, even though Mr. Tan developed the risk assessment approach, he did not perform the actual risk assessment for the Programme. Accordingly, his role was substantially less than indicated in Mr. Nair's memorandum of July 30, 2001 to Mr. Halbwachs, in which Mr. Nair stated that Mr. Tan would implement "risk assessment" as a strategic oversight tool and would "pilot[] this tool in the Oil-for-Food Programme in Iraq."[266]

4. Findings and Conclusions

The Committee finds that Dileep Nair, Under-Secretary-General for Internal Oversight Services, obtained Programme funding for a Special Assistant position in OIOS by representing that the Special Assistant would be performing functions for the Programme. The Special Assistant, whom Mr. Nair directly supervised, performed virtually no Programme-related work during the two years that he was funded by the Programme. This misuse of Programme funds violated United Nations Staff Regulation 1.2(b).

The Committee recognizes that, within an organization such as the United Nations, staff members may have duties covering more than one program or department and that this may result in the partial use of funds for non-designated purposes. However, in this case, the Special Assistant performed only minimal Programme-related functions. Given Mr. Nair's oversight responsibilities within the Organization, he must be held to the highest standards of conduct.

[266] Dileep Nair note to Jean-Pierre Halbwachs (July 30, 2001). The Committee's staff was given the documents by Uren Pillay, Mr. Nair's current Special Assistant, who stated that the documents came from files that had been maintained by Mr. Tan. Uren Pillay interview (Feb. 17, 2005).

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APPENDIX

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SECOND INTERIM REPORT
APPENDIX

DAVID KOVICH
STEVEN M. UMIN
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March 27, 2005

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BY FACSIMILE
(212) 842-2555

The Honorable Paul Volcker, Chairman
Justice Richard J. Goldstone
The Honorable Mark Pieth
Independent Inquiry Committee into
the United Nations Oil-for-Food Program
825 Third Avenue -- Fifteenth Floor
New York, New York 10022

To the Members of the Committee:

On behalf of the Secretary-General, I want to thank the Committee for the opportunity to comment on the Committee's findings relating to the Secretary-General's conduct with respect to the UN's decision in 1998 to award a contract to a company that had employed his son.

We know that the Committee's investigation was exhaustive. We are gratified that the Committee has found no evidence of impropriety with respect to the Secretary-General's conduct either as it pertains to the handling of his personal affairs or as it pertains to the performance of his official duties. Indeed we hope that the overall message of your report will be clear that the Committee has exonerated the Secretary-General of any wrongdoing, and that he performed his duties in accordance with the highest ethical and legal standards.

We are similarly pleased to learn that the Committee has concluded that there is no evidence to show that, in the Procurement Division's decision to award a contract to Cotecna Inspection Services in 1998, the UN's internal procurement processes and procedures were compromised or corrupted by the fact that the Secretary-General's son was or had been a Cotecna employee.

We understand, however, that the Committee will issue a finding criticizing the Secretary General because of the Committee's view that, in 1999, the Secretary-General should have referred the Cotecna matter to the UN's Office of Internal Oversight Services

("OIOS") for an investigation that was more formal than the one that had been conducted initially. While the Secretary-General will of course accept the Committee's finding, he respectfully submits the following comments:

Comments on the Committee's Finding

The Secretary General first learned that his son's employer had been awarded a UN contract on Thursday, January 21, 1999. He gained this information while traveling in Dublin, Ireland in a telephone conversation with his Chief of Staff, Mr. Iqbal Riza, who was in the UN headquarters in New York at the time.

The Secretary-General took immediate action. During that same telephone call, he issued instructions to Mr. Riza to ask the Under Secretary-General for Administration and Management, Joseph E. Connor, to conduct a preliminary inquiry to determine whether there was any reason to believe that the UN's procurement procedures had been unduly influenced or compromised in any way.[1] The Secretary-General's decision to launch a preliminary inquiry and to turn to USG Connor to conduct that inquiry was the right thing to do and fully consistent with the UN's own regulations governing "Initial Investigation and Fact Finding" as set forth in the UN's Personnel Manual.

USG Connor commenced his work immediately.[2] He and his staff were able to complete and submit a written report to the Secretary on Monday, January 25, 1999. That report, although brief, was accurate. It presented factual information about the UN's processing of various bids from various companies – including Cotecna – that has not been challenged. Its essential conclusion – i.e., that there was no reason to believe that the UN's procurement procedures had been compromised – has been corroborated by the findings of this Committee.

The Secretary-General was also aware of discussions with Dr. Hans Correll, the Legal Counsel of the United Nations, on the subject, and with Mr. Karl Paschke, the Head of the Office of Internal Oversight Services ("OIOS"), which is the UN's functional equivalent to an Inspector General.

[1] Joseph E. Connor's experience and integrity cannot be questioned. He came to the United Nations in 1994, two years after he retired as Chairman of Price Waterhouse. He served for eight years and nine months as Under Secretary General for Administration and Management, one of the largest and most important administrative departments in the UN Secretariat.

[2] The staff from the UN Procurement Department began gathering information about the Cotecna contract many days prior to January 25, 1999, the date of the Connor Report. John Mills, Chief of Information for the Office of the Iraq Programme, required such assistance to prepare his January 22, 1999 letter responding to questions from the journalist researching the story that ultimately appeared on Sunday, January 24, 1999.

Dr. Corell recalls that he discussed the Contecna matter with USG Connor and concluded that "no further action was required." Dr. Corell stated: "It was my opinion at the time – both personally and professionally in my capacity as the Legal Counsel of the United Nations – that since the members of the Contracts Committee did not know that the Secretary General's son was an employee of the company that had been awarded the contract no further action was required." See Declaration of Dr. Hans Corell, Attachment I.

Mr. Paschke also recalls that he had a discussion with USG Connor at the time. Mr. Paschke states: "Had there been any evidence of undue influence or evidence that the UN's procurement procedures had been compromised in any way, I would have recommended that the Office of the Internal Oversight Services take over the matter and conduct a thorough inquiry. To my knowledge there was no such evidence, and I made no such recommendation." See Declaration of Mr. Carl Paschke, Attachment II.

The Secretary-General informed the Committee that, had USG Connor unearthed any evidence of impropriety, he was fully prepared to take further action and would have had no hesitation in referring the matter to OIOS for further inquiry. In the absence of any such recommendation from his senior staff – Messrs. Connor, Corell and Paschke – the Secretary General took no such action.

It is important to understand that the Secretary-General's failure to refer this matter to the OIOS for further investigation occurred in the context of three senior UN officials – on the scene and equipped with more information than the Secretary-General had about the matter – taking the position at the time that there was no need to take further action and making no such recommendation.

The Committee argues that, in light of the press reports of an unresolved criminal prosecution of a Cotecna executive in Switzerland, the Secretary-General should have, on that basis, initiated a more formal investigation of the matter. By design, the Secretary-General plays no role whatsoever in the procurement process. For good reason, the system is structured so that the Secretary-General is shielded from any personal involvement in the contracting process. It would be unprecedented for the Secretary-General to involve himself in that process on the basis of press reports.

Although generally aware of the press reports, the Secretary General reasonably believed that the Procurement Division had taken those reports into consideration in the course of processing the various bids and reaching its decision. If the Procurement Division had not adequately explored allegations of misconduct against a Cotecna executive prior to making the award, the head of the Department had an obligation to correct the situation.

Thank you for the opportunity to have commented on the Committee's finding.

Very truly yours,

Gregory B. Craig
Counsel to the Secretary General

3

ATTACHMENT I

DECLARATION OF DR. HANS CORELL

SECOND INTERIM REPORT
APPENDIX

Declaration of Dr. Hans Corell
21 march 2005

(1) My name is Hans Corell. I am a Swedish national and I reside in Stockholm, Sweden. With respect to my professional career, I refer to Annex 1.

(2) In March 1994, I was appointed Under-Secretary-General for Legal Affairs and the Legal Counsel of the United Nations. At that time Kofi Annan and I were colleagues at the same level within the Organisation. When Kofi Annan was elected Secretary-General of the UN in December 1996, he asked me to continue in my position for another two years. When that period had elapsed, he asked me to stay on, and I did so until my retirement in March 2004. That I would retire after 10 years was my own decision, based on the opinion of my own country and others that Under-Secretaries-General should not remain in their posts for more than 10 years.

(3) Although I do not recall the precise dates, I do remember certain events that occurred in connection with a newspaper report, raising questions as to whether the United Nations procurement process had in any way been compromised by the fact that a contract had been awarded to a Swiss company that employed the Secretary-General's son.

(4) I recall having conversations at the time with various UN officials about this subject. More specifically, I remember discussing this issue with Under-Secretary-General Joseph E. Connor.

(5) I may have discussed this issue with the Secretary-General's Chief of Staff, Mr. Iqbal Riza as well.

(6) When the issue relating to the Secretary-General's son's employment with the Swiss company surfaced some time in January 1999, my immediate reaction was: where the members of the Contracts Committee that had awarded the contract to the Swiss company in December 1998 aware of this? The Secretary-General himself did not deal with contracts. That would simply not have worked. I do not believe that the Secretary-General was even aware that this particular contract was up for bids at this point in time. The awarding of contracts was delegated to an organ within the Secretariat, the Contracts Committee. If this organ was not aware of the Secretary-General's son being employed by one of the bidders, then there was simply no issue. (It is a different matter that the Swiss company probably should have disclosed the fact that the Secretary-General's son was one of their employees when it made the bid.) When I learned from Mr. Connor that none of the members of the Contracts Committee had any knowledge about the Secretary-General's son's involvement with the company that won the award, I was satisfied that there had been no undue influence. From a legal point of view, there was not even an issue.

(7) It was my opinion, at the time – both personally and professionally in my capacity as the Legal Counsel of the United Nations – that since the members of the Contracts Committee did not know that the Secretary-General's son was an employee of the company that had been awarded the contract, no further action was required. Shortly thereafter I also heard that the Secretary-General's son had left the Swiss company.

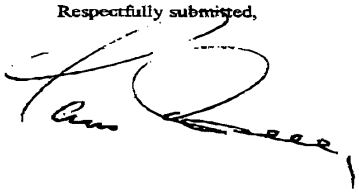
(8) In hindsight, I can of course ask myself whether we should have advised the Secretary-General to counter more actively the allegations that were made. However, like many other issues that were used as a pretext to criticise the United Nations, this matter disappeared from the horizon until it was raised again in 2004.

(9) An additional question is if the Swiss company won the contract when it was up for bids again (a year later?). I do not know, since this was not my business in the Secretariat. But this matter is important and should be looked into. If they did not, then there is simply no issue here at all. If they did, then the Contracts Committee made a considered decision based on all the facts, including an eventual relationship between the Secretary-General's son and the company. As far as I am concerned, I have no information about the present relationship between the Secretary-General's son and the Swiss company. Furthermore, in case the Secretary-General's son has acted in any way improperly in this matter, the Secretary-General cannot be held responsible for this.

(10) Frankly speaking, I view all this as a personal attack upon the Secretary-General and a manoeuvre by those who wish to direct the attention from other matters related to the Oil-for-Food programme that would merit a thorough investigation at the national level in some Member States. The Memorandum of Understanding implementing Security Council resolution 986 (1995) was signed on 20 May 1996. As head of the United Nations delegation that negotiated the MOU my main concern as I have told investigators was, and is, that the sanctions regime established by the resolution could be circumvented, either by the smuggling of oil outside the Oil-for-Food programme or by manipulating the oil prices or the prices for humanitarian goods purchased, allowing for kick-backs to members of the Iraqi regime. This is where the real problem lies.

(11) Needless to say the administration of the Oil-for-Food programme must be thoroughly investigated. The main issues are whether the funds were properly administered, whether the UN auditors performed their duties, and whether members of the 661 Committee fulfilled their obligations under the resolution, etc. One element of crucial importance is whether the contractors fulfilled their obligations as overseers, oil inspectors and goods inspectors. Did they or did they not perform their duties? In my view, the procurement process is a completely separate matter relevant to the investigation only in the unlikely event that it is part of a deliberate attempt to circumvent the sanctions regime.

Respectfully submitted,



Annex 1

1994-2004	**Under-Secretary-General for Legal Affairs, The Legal Counsel of the United Nations** Function involving position as head of the Office of Legal Affairs, comprising 160-170 staff members. The Office is responsible for the United Nations Legal Activities programme, consisting of the following six sub-programmes: ▪ Overall direction, management and co-ordination of legal advice and services to the United Nations as a whole ▪ General legal services to United Nations organs and programmes ▪ Progressive development and codification of international law ▪ Law of the sea and ocean affairs ▪ Progressive harmonisation and unification of the law of international trade ▪ Custody, registration and publication of treaties. In addition, the Legal Counsel represents the Secretary-General in judicial and arbitral proceedings; certifies legal instruments issued on behalf of the United Nations; and convenes meetings of the legal advisers of the United Nations system and represents the United Nations at such meetings
1984-1994	**Ambassador and Under-Secretary for Legal and Consular Affairs, Ministry for Foreign Affairs.** Function involving the position as Head of the Legal Department and responsibility for the legal aspects of the work of the United Nations (3rd and 6th Committees and the International Law Commission), the Council of Europe and the CSCE; public international law in general; investment protection; boundaries and maritime delimitation; human rights, humanitarian law; treaty law
1981-1984	**Under-Secretary for Legal Affairs, Ministry of Justice.** Function involving responsibility for legislative work in the fields of constitutional law, administrative law, certain matters related to international law, i.a. maritime law, and penal law
1980- 2004	**Judge of Appeal (leave of office)**
1979-1981	**Assistant Under-Secretary, Ministry of Justice. Head of the Division for Constitutional and Administrative Law**
1974-1979	**Legal Adviser, Ministry of Justice.** Legislative work concerning real estates, property formation, companies and incorporated associations, data protection, secrecy, general administrative law, the relation between the Realm and the Church of Sweden, constitutional law
1974	**Associate Judge of Appeal**

1973	**Additional Member of Svea Court of Appeal in its capacity as Water Rights Court of Appeal**
1972	**Legal Adviser, Ministry of Justice. Legislative work concerning real estate**
1968-1972	**Assistant Judge at Västervik District Court. Judge-Registrar for titles to land**
1962-1967	**Law clerk at Eksjö District Court and Reporting clerk at Göta Court of Appeal**

ATTACHMENT II

DECLARATION OF CARL PASCHKE

SECOND INTERIM REPORT
APPENDIX

03/27/2005 SUN 12:48 FAX 202 434 5029 WILLIAMS & CONNOLLY LLP 011

22-03-2005 09:32 DE IOS _S I D A 20012024345760 P.01/01
SENT BY: #; 2024345756; MAR-21-05 19:43; PAGE 3/3

DECLARATION OF KARL TH. PASCHKE

(1) My name is Karl Th. Paschke. I served as Under Secretary General for Internal Oversight Services of the United Nations from November 1994 through November 1999.

(2) I was the head of the Office of Internal Oversight Services ("OIOS") in January 1999 at the time the issue first arose about a possible conflict of interest resulting from the UN's decision to award a contract to a company that employed the Secretary General's son.

(3) I do remember that, at the time, Under Secretary General Joseph Connor mentioned to me that he had looked into the matter and had found that the members of the Contracts Committee who were responsible for making the decision to award that particular contract did not know that the Secretary General's son was an employee of the company.

(4) I believe that USG Connor also mentioned to me that the Legal Advisor of the UN, Under Secretary General Hans Corell, had not seen any reason to question the legitimacy of the procedure.

(5) Had there been any evidence of undue influence or evidence that the UN's procurement procedures had been compromised in any way, I would have recommended that the Office of the Internal Oversight Services take over the matter and conduct a thorough inquiry. To my knowledge there was no such evidence, and I made no such recommendation.

(6) I felt at the time that there was no need to take any further action on the matter. I am still of that view.

(7) I am unaware of any evidence to suggest that the procurement procedures that resulted in the award of that particular contract were compromised, or that any one exercised any undue influence in the process that resulted in the award of that contract.

Karl Th. Paschke

Karl Th. Paschke
March 22, 2005

MAR 18 2005 14:15 FR ZUCKERMAN*SPAEDER*LLP2+659+9146 TO 12128422515 P.02

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March 18, 2005

Michael Cornacchia, Esq.
Independent Inquiry Committee
825 3rd Ave., 15th Floor
New York, NY 10022

Re: Oil for Food Programme Inquiry

Dear Cornacchia:

We have received your March 14, 2005 letter regarding the Independent Inquiry Committee's (IIC) proposed findings regarding Mr. Kojo Annan. We submit this letter in response to your invitation to comment on those findings.

First and foremost, the IIC's findings should reflect the fact that Mr. Annan never influenced the United Nations' procurement process and specifically the Office of Iraq Programmes's decision to award an inspection contract to Cotecna. This conclusion is not debatable and is supported by all evidence available.

Second, it is not true that Mr. Annan was not forthcoming nor that he failed to cooperate with the Committee. The report should reflect the extensive cooperation that Mr. Annan did provide to the Committee.

On October 22, 2004, four IIC representatives interviewed Mr. Annan for well over four hours in London, England. During that interview, Mr. Annan candidly answered questions about, among other things, his various positions at Cotecna from 1995-1998; the company's payments to him during his period of full-time employment and thereafter; his knowledge of the United Nations' procurement process and the Oil-for-Food Program; and his personal business affairs, including his involvement in WestExim, Air Harbor Technologies, Hazy Investments and Petroleum Projects International. He also unambiguously denied that he ever sought to, or did, influence the Office of Iraq Programmes's decision to award an inspection contract to Cotecna. *See* Transcript of October 22, 2004 interview at 4/2 ("[F]rom day one it was discussed that I could not play any role in any UN-related contract.")[1]

Moreover, as you know, Mr. Annan has produced voluntarily all financial records

[1] Mr. Annan's transcript of the October 22, 2004 interview was divided into four sections, each separately paginated. The designation "4/2" refers to the fourth section of the transcript, second page. We understand that the IIC has its own recording of the interview.

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relevant to the IIC's inquiry, specifically, records from his Lloyds account into which Cotecna paid him from 1995 through 2004. We believe that you have been provided records from Cotecna that corroborate Mr. Annan's financial records. Mr. Annan also has produced, at your request, passports, travel records, calendar entries, telephone records and records related to Air Harbor Technologies.

The claim that Mr. Annan was not forthcoming about payments to him from WestExim is belied both by the financial records he disclosed to you (which show payments from WestExim to him) and the October 22, 2004 interview, when he explained precisely why he directed Cotecna to pay his monthly stipend to WestExim. *See* Tr. at 4/12-13. Similarly, your claim that Mr. Annan was not forthcoming about his knowledge of Cotecna's payments to him through third-party company accounts also is contradicted by the financial records provided – which include all payments made to Mr. Annan that could possibly have come from Cotecna even if the record does not list Cotecna as the source of the deposit. Mr. Annan's lack of specific knowledge with regard to third-party payors cannot be construed as a failure to cooperate. *See* Tr. at 4/13 ("I have no idea how they paid me. . . . I did not ever have a discussion with them not to pay me through any specific account.") And furthermore, with regard to the payments from Cotecna, Mr. Annan waived his attorney-client privilege with Mr. Ralph Issenegger who made the transfers from WestExim to Mr. Annan. Mr. Annan then specifically requested that Mr. Issenegger provide to your committee all the details of the transactions including any details of which Mr. Annan was unaware or had forgotten. Such efforts and disclosure are inconsistent with your findings as they are currently written.

Finally, Mr. Annan has consistently acknowledged that he was not completely candid with his father when the Cotecna-U.N. contract first attracted publicity in late January 1999. He did not tell his father he was continuing to receive payments and expenses from Cotecna and continuing from time to time to assist it on the Nigeria contract. He regrets the embarrassment that omission caused to his father and to the United Nations, and accepts responsibility for it.

Mr. Annan's acknowledgment in this regard does not change the answer to the central question in the IIC inquiry. He did not attempt to influence the decision of the U.N. Office of Iraq Programmes on the Oil for Food inspection contract.

We will appreciate your including this letter in the report.

Sincerely yours,

William W. Taylor III

SECOND INTERIM REPORT
APPENDIX

WILLIAMS MULLEN

Direct Dial: 202.293.8116
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March 16, 2005

VIA FACSIMILE

Paul A. Volcker
Chairman
Independent Inquiry Committee
Into The United Nations Oil-For-Food Programme
825 Third Avenue
Fifteenth Floor
New York, New York 10022

Re: Proposed U.N. Independent Inquiry Committee Findings Relating to Cotecna Inspection S.A. and Messrs. Elie Massey and Robert Massey

Dear Chairman Volcker:

On behalf of my client Cotecna Inspection S.A. and Messrs. Elie Massey and Robert Massey, this is in response to your letters dated March 14, 2005, advising that the Committee proposes to make certain adverse findings relating to Cotecna Inspection S.A., Elie Massey and Robert Massey. We have accepted your invitation for a meeting on March 21, 2005 at 2:00 p.m. Mr. Robert Massey will attend the meeting for the company and will be accompanied by myself, and Frances Berger. We understand that you will attend the meeting along with the other two members of the Committee.

To summarize, these proposed findings raise issues concerning the personal credibility of Robert Massey and Elie Massey, which are not only wrong, but without factual basis. The findings of an investigation of this magnitude should be factual, not based on opinion and innuendo. Thus, a face to face meeting is especially important. In addition, we wish to respond in writing to the assertions in your letter as follows.

Cotecna Inspection S.A.

Assertion: "To deflect the media's inquiry about its relationship with Kojo Annan, Cotecna issued a letter falsely claiming that Kojo Annan had resigned his consultancy on October 9, 1998, and Michael Wilson sent this letter to the Secretary-General's spokesman on January 22, 1999."

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Response: This so-called "finding" that it was the intention of the letter's author "to deflect the media's coverage" is nothing more than opinion and speculation. We have never been confronted or even provided a copy of this letter that is now being used against Cotecna. Although there were numerous occasions whereupon both Robert Massey and Elie Massey were interviewed by Committee staff, neither were presented with the October 9, 1998 letter sent by Michael Wilson to the Secretary General's spokesman, whomever that may be. As a result, we cannot opine as to the basis of the Committee's conclusion that the letter was sent "to deflect the media's inquiry about its relationship to Kojo Annan." We have asked Susan Ringler for a copy of this document in advance of our meeting.

Without seeking our explanation of the letter, it is therefore unfair to make any statements about this letter in the Committee's report or to reach any conclusions about the motive for this letter. Until we see the letter and its full subject matter, we can not even determine whether Mr. Wilson was authorized to speak on behalf of Cotecna on this issue. You cannot impugn the integrity of an entire company based on a single letter from an employee who is not an officer or director of the company. It is especially unfair to play "hide the ball" with such a letter given the total cooperation that Cotecna and its employees have displayed. Finally, as pointed out in interviews of Robert Massey Kojo Annan did not resign from his consultancy but rather the relationship ended by the terms of the contract.

Assertion: "Cotecna further sought to disguise its continuing relationship with Kojo Annan by routing the payments from March 1999 to February 2004 through Meteor, Cofinter, and Westexim companies."

Response: Your use of the terminology "sought to disguise" is both subjective and conclusory. There is no factual basis to assert that payments to Kojo Annan were anything other than ordinary commercial banking transactions. We do not understand the basis for the assertion that Cotecna sought to "disguise its continuing relationship with Kojo Annan." This is particularly troubling in view of the pejorative nature of the word. The fact is that Cotecna made payments to Kojo Annan under a non-compete agreement. There is no reason why the payments needed to flow from Cotecna Inspection S.A. to Kojo Annan. We fully explained why the payments were made through these other entities. None of these explanations were taken into account in reaching this unwarranted conclusion. Your conclusions should be based on facts, not a personal subjective assessment of motive that you can not prove.

Separate but related to this finding on the payments under the non-compete agreement, we are surprised that the Committee is making any findings at all related to this subject-matter at a time when the Committee has engaged at Cotecna's expense an independent auditor to review

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all payments to Kojo Annan. We question the merit of the audit if it is not to be taken into account. The Committee should not reach any conclusion until it has all of the facts. As the audit is not yet complete, where is the need for a rush to judgment? Such hasty action suggests a result-oriented investigative approach and undermines the integrity of any conclusions reached.

Assertion: "In the spring of 2004, when the United Nations inquired of Cotecna about the facts of Kojo Annan's relationship, Cotecna sent an electronic mail to the United Nations on March 19, 2004, that falsely asserted that Kojo Annan's consultancy ended in "early December" of 1998 and that "[s]ince the end of his consultancy arrangement, he as not received any remuneration from Cotecna."

Response: Again, we were not confronted with this e-mail. We have also asked Susan Ringler for a copy of the e-mail. However, we believe that this is an e-mail from Senior Vice President Andre Pruniaux. If you review the record of interviews, you will find that Mr. Pruniaux was unaware of the payments to Kojo Annan under the non-compete agreement until after the commencement of this investigation. Therefore, this finding is unsupported by the Committee's record and should be stricken from your findings. As I am sure you will agree, there is a world of difference between Mr. Pruniaux being mistaken, and Cotecna making a false statement. The facts support the former, but not the latter.

Elie Massey

Assertion: "Elie Massey was not forthcoming to the Committee when he claimed that (1) he prohibited Kojo Annan from participating in business related to the United Nations, and (2) he was not aware of his company's continuing payments to Kojo Annan from 1999 to February 2004."

Response: It is clear that you have no facts to support this conclusion. Who is it that has made the subjective, conclusory credibility assessment reflected in the carefully selected phrasing used above? Please provide the factual basis for the conclusion that Elie Massey was not forthcoming to the Committee when he claimed that he prohibited Kojo Annan from participated in business related to the United Nations. Elie Massey stated that Kojo Annan's work never related to U.N. business. What is the basis for the assertion that this is not correct?

Again, what is the basis for the assertion that Elie Massey was not forthcoming to the Committee when he claimed that he was not aware of his company's continuing payments to Kojo Annan from 1999 to February 2004? Our notes from interviews of Elie Massey in July 2004 reveal that Elie Massey confirmed that he knew of the existence of the non-compete agreement but was not involved in such contracts. Thus, we do not understand the basis of this

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proposed finding. Are you aware of the details of the employment agreements with each of your employees working on this investigation?

Robert Massey

Because these findings concern Mr. Massey's own personal integrity and honesty, he will respond to the findings relating to him in person at our meeting

In sum, we are concerned that the proposed findings give a false and negative impression about Cotecna's extraordinary cooperation with the Committee's investigation. We have no problem with factual statements. However, we did not anticipate that the report would contain unsubstantiated and subjective character assassination. We ask you to acknowledge our assistance in your report, especially in view of the unfair and harmful effects of the misleading news coverage throughout the course of the investigation. We ask the Committee to exercise extreme caution in its findings given the public attention to the subject-matter and the potential for misuse and mischief by those with certain agendas. In short, we ask you to stick to the facts, and leave your investigator's opinions out of the findings.

Also, we respectfully request that the Committee advise us of any other elements or findings in its report that may adversely impact on Cotecna so that we may respond and/ or refute such assertions. We trust that you will agree that it is our mutual best interest to seek interested party comment to each and every assertion affecting a particular party.

Sincerely,

Evelyn M. Suarez

Evelyn M. Suarez

Cc: Ms. Susan Ringler
Mr. Robert Parton
Mr. Elie Massey
Mr. Robert Massey

1134536v1

SECOND INTERIM REPORT
APPENDIX

WILLIAMS MULLEN

Direct Dial: 202.293.8116
csuarez@williamsmullen.com

March 23, 2005

VIA FACSIMILE

Paul A. Volcker
Chairman
Independent Inquiry Committee
Into The United Nations Oil-For-Food Programme
825 Third Avenue
Fifteenth Floor
New York, New York 10022

Re: Forthcoming Second Interim Report

Dear Chairman Volcker:

On behalf of Cotecna Inspection S.A. ("Cotecna") and Messrs. Elie Massey and Robert Massey, thank you and the rest of the Independent Inquiry Committee ("IIC" or "the Committee") and staff for having met with Robert Massey, Frances Berger and me on March 21, 2004, pursuant to Section C.2(g) of the IIC's Investigations Guidelines,[1] to give the Committee relevant additional information before it issues its Second Interim Report covering Cotecna.

We strongly urge the IIC to remove from its proposed findings all opinion-based statements lacking a reasonably sufficient[2] basis in fact. To that end, we specifically ask the Committee: (1) to remove findings unrelated to the procurement question; (2) to remove all opinion and innuendo; (3) to release no findings before the ongoing independent audit that the IIC has engaged at Cotecna's expense has provided the Committee with complete results; and (4) in its report to acknowledge Cotecna's extraordinary cooperation with the Committee's investigation.

[1] "Before the Committee makes an adverse finding against any person or entity in a written report, such person or entity shall be informed of the proposed finding(s) and the information on which it is based, and may make representations thereon personally, or with a legal representative to place before the Committee relevant additional information or written submissions with regard to such finding(s)."
[2] According to Section E.1 of the IIC's Investigation Guidelines, "reasonably sufficient" is the standard for evaluating evidence that would support a finding.

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WILLIAMS MULLEN

First, we note that none of the proposed adverse findings relates to Cotecna's procurement of its contract to serve as independent inspection agents in the Oil-for-Food Program. None of the proposed findings suggests that Kojo Annan had anything to do with Cotecna's winning its contract. In fact, the proposed findings improperly focus on matters irrelevant and immaterial to either the procurement or performance of the contract. Thus, beyond disregarding the extraordinary cooperation, diligence, openness and honesty that Cotecna has shown toward the Committee from within weeks of the Committee's formation, the proposed findings exceed the scope of the Committee's Terms of Reference, which empower it only to determine whether procedures were violated, corruption occurred and accounts were in order.[3] As such, the proposed findings should be rejected. The proposed findings have no place in the IIC's Second Interim Report.

Second, if you decide to issue some form of these irrelevant or immaterial findings anyway, factual errors must be corrected and conclusory statements should be excised from the findings as lacking a reasonably sufficient factual basis. Specifically:

- The proposed findings state, of a January 22, 1999 letter from Pierre Siegwart to Andrew Alderson of *The Sunday Telegraph*,[4] that Cotecna issued the letter "to deflect the media's inquiry about its relationship with Kojo Annan." No factual basis supports any conclusion as to the reason the letter was sent. In 1999, a frustrated competitor spread a rumor that Cotecna's employment of Kojo Annan had influenced Cotecna's selection by the United Nations. Pierre Siegwart, an administrative employee, responded to a related media inquiry.

- The proposed findings state that Pierre Siegwart's letter "falsely claim[ed] that Kojo Annan had resigned his consultancy on October 9, 1998." As Robert Massey has repeatedly stated in interviews with the IIC, and as corroborated by the consultancy agreement itself,[5] Kojo Annan did not resign from his consultancy. Rather, the consultancy ended on December 31, 1998 by the terms of the consultancy agreement itself. Under the "three month contractual notice" supposed in Pierre Siegwart's letter, the consultancy would have ended on January 9, 1999. The difference between December 31, 1998 and January 9, 1999 is, in the context of a media inquiry, immaterial to the IIC's investigation of United Nations procurement.

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[3] *See* IIC, "Terms of Reference," posted at http://www.iic-offp.org/reference.htm (visited March 18, 2005).
[4] As already stated in our March 16, 2005 letter to you, the IIC on March 14, 2005 violated Section C.2(g) of its Guidelines by failing initially to provide us with a copy of this letter, on which the proposed adverse finding was based. Indeed, we first saw the letter on March 17, 2005. The IIC provided the letter to us only after we had requested it.
[5] Cotecna provided both the 1998 consultancy agreement and the 1999 non-competition agreement to the IIC on June 29, 2004. This date is notably before the IIC had even issued its written request for documents on July 12, 2004.

WILLIAMS MULLEN

Moreover, the difference between December 31, 1998 and January 9, 1999 arose from not a "false claim" but a mistake—made by an administrative employee who did not likely refer to the consultancy agreement in preparing his letter.

- The proposed findings state that "Michael Wilson sent [Pierre Siegwart's] letter to the Secretary-General's spokesman on January 22, 1999." No reasonably sufficient factual basis supports a claim that Michael Wilson faxed the letter at all, let alone the innuendo that he faxed it on behalf of Cotecna. The IIC appears to have based its finding on a March 3, 2005 letter from Michael Wilson to "Mr. Craig Esq.," counsel to the Secretary General's attorney.[6] Michael Wilson's letter alleges that Pierre Siegwart's letter was "sent by fax to the Office of the Secretary General on 22 January 1999" and "intended for the Office of the Secretary General's Spokesman." Absent thus far from the record made available to Cotecna, however, are: (1) the fax cover sheet or any other fax notation showing that the attachments were in fact faxed to the United Nations on January 22, 1999; (2) the same document as received by the United Nations and as maintained in its files; (3) oral testimony or documents corroborating Michael Wilson's statement to the Secretary General's attorney that Mr. Wilson faxed the document on January 22, 1999; (4) information explaining how Michael Wilson came to possess Pierre Siegwart's letter; (5) information on which to base an inference that Cotecna had authorized the alleged 1999 fax to the United Nations, if it occurred; or (6) evidence that the United Nations had requested such information. Investigative thoroughness necessitates such corroboration, because Michael Wilson claims to have faxed the letter to the United Nations on the same date that Pierre Siegwart sent it to Andrew Alderson of *The Sunday Telegraph*. Cotecna hereby expresses serious doubts as to whether Michael Wilson ever faxed the attachments to the United Nations and strongly denies that he ever did so on behalf of Cotecna.

- The proposed findings state that "Cotecna further sought to disguise its continuing relationship with Kojo Annan by routing the payments from March 1999 to February 2004 through Meteor, Cofinter, and Westexim companies." No factual basis supports the conclusion that the routing occurred for purposes of "disguise." No factual basis supports a conclusion other than that the payments were ordinary commercial banking transactions. As Robert Massey has repeatedly explained, the media coverage in 1999 upset Kojo Annan, and the competitive situation in west Africa made Cotecna eager to secure an agreement that would bind him. Beyond not identifying exactly whom the alleged "disguise" sought to deceive (media, U.N. Procurement Division, IIC?), the proposed pejorative terminology

[6] Again, as already stated in our March 16, 2005 letter to you, the IIC on March 14, 2005 violated Section C.2(g) of its Guidelines by failing initially to provide us with a copy of this letter, on which the proposed adverse finding was based. Indeed, we first saw the letter on March 17, 2005. The IIC provided the letter to us only after we had requested it.

WILLIAMS MULLEN

ignores the facts that Cotecna made the payments under a perfectly legitimate non-competition agreement and that the routing lawfully maintained that agreement's privacy.

- The proposed findings state, of a March 19, 2004, e-mail from André Pruniaux (Cotecna) to Lamine Sise (United Nations),[7] that the e-mail "falsely asserted" that Kojo Annan's consultancy ended in "early December" (instead of late December) and that "[s]ince the end of his consultancy arrangement, he ha[d] not received any remuneration from Cotecna." If you review the record of Mr. Pruniaux's several interviews, you will find that André Pruniaux was unaware of the payments to Kojo Annan under the non-compete agreement until after the commencement of this investigation. In fact, Mr. Pruniaux had virtually no dealings with Kojo Annan after December 1997. Thus, Mr. Pruniaux's e-mail did not attempt to mislead the United Nations but was merely mistaken. Therefore, no factual basis supports the proposed finding that Cotecna made a "false claim" here.

- The proposed findings state that Elie Massey was "not forthcoming to the Committee." No factual basis whatsoever supports this proposed finding. Kojo Annan's work for Cotecna never related to United Nations business. During multiple interviews,[8] Elie Massey explained consistently and at length the difference between soliciting United Nations business, on one hand, and, on the other, obtaining access to African ministers by attending events surrounding the United Nations General Assembly meetings. Elie Massey further testified that he was aware of the non-competition agreement's existence but not of its terms. Therefore, no reasonably sufficient factual basis supports a proposed finding that he was "not forthcoming when he claimed that (1) he prohibited Kojo Annan from participating in business related to the United Nations, and (2) he was not aware of his company's continuing payments to Kojo Annan from 1999 to February 2004." Each of Elie Massey's statements—as actually made, if not as paraphrased in the proposed findings—is true.

- The proposed findings state that Robert Massey "actively participated [in] or caused each of the acts attributable to Cotecna," as described in the IIC other proposed findings. As previously stated, those other proposed findings themselves lack a factual basis. Accordingly, no factual basis supports a finding that Robert Massey actively participated in or caused them.

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[7] Again, as already stated in our March 16, 2005 letter to you, the IIC on March 14, 2005 violated Section C.2(g) of its Guidelines by failing initially to provide us with a copy of this letter, on which the proposed adverse finding was based. Indeed, we first saw the letter on March 17, 2005. The IIC provided the letter to us only after we had requested it.

[8] An earlier letter from us has already criticized the badgering nature of the IIC's three-hour interview of Elie Massey on January 24, 2005. We will therefore not revisit that issue here.

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- The proposed findings state that Robert Massey furnished details of the non-competition agreement "on July 21, 2004." This proposed finding is simply false. Cotecna provided a copy of the non-competition agreement to the Committee on June 29, 2004. Notably, this document production occurred well before the Committee's first formal written request, which the IIC sent to Cotecna on July 12, 2004.

- The proposed findings state that Robert Massey was "not forthcoming to the Committee." No factual basis whatsoever supports this proposed finding. During a brief, quickly arranged, preliminary group meeting with the IIC on June 1, 2004, Robert Massey truthfully stated that Kojo Annan's employment as a consultant had ended in December 1998. Cotecna then produced Kojo Annan's non-competition agreement for the IIC on June 29, 2004, even before the IIC submitted its formal document request on July 12, 2004, which provided for rolling discovery. The IIC did not again interview Robert Massey until July 21, 2004. At that time, he truthfully stated that Elie Massey had not known the precise terms of Kojo Annan's perfectly legitimate non-competition agreement and that, focusing on the employment relationship, Robert Massey had himself forgotten about the non-competition agreement during the preliminary June 1 meeting. Therefore, a finding that Robert Massey "was not forthcoming" lacks a reasonably sufficient factual basis.

Third, we read in the media that the IIC will release its Report this coming Tuesday, March 29, 2005.[9] We are surprised that the Committee is making any findings at all related to this subject-matter at a time when the Committee has engaged at Cotecna's expense an independent auditor to review all payments to Kojo Annan. We question the merit of the audit if it is not to be taken into account. The Committee should not reach any conclusion until it has all of the facts. Such hasty action suggests a result-oriented investigative approach and undermines the integrity of any conclusions reached. This rush to judgment clearly violates the due-process purpose of Section C.2(g). To the detriment of its investigation, the Committee is treating its self-imposed deadline for a Second Interim Report more seriously than the obligations imposed by its own rules and terms of reference to collect and examine information. As it has done in the past, Cotecna will do everything in its power to cause its own banks to expedite the process of the independent audit. The IIC, in turn, should not so expedite the Second Interim Report that it fails to consider the audit results.

[9] Edith M. Lederer, "Volcker to Release Oil-for-Food Report," Associated Press Newswires (March 21, 2005).

SECOND INTERIM REPORT
APPENDIX

WILLIAMS MULLEN

During the course of our March 21, 2005 meeting, the Committee inquired about Cotecna's website statement as to the case brought by the Pakistani Government in Switzerland against Cotecna. Cotecna's statement is still on Cotecna's website and can be accessed at [http://www.cotecna.ch/aboutus/news_full.asp?noStory=31]. To clarify, the preliminary proceedings in which Robert Massey was involved cannot be compared to an "indictment" in the United States. In Switzerland, authorities may start a "fact finding" investigation even where no formal accusation has been made. After this preliminary fact finding investigation, which may be as short as a couple of days or as long as several years depending upon the nature of the case, the state attorney or some other judicial body may either: (1) bring formal accusations; or (2) stay the case. In the case of Robert Massey, the investigating body did not find anything to warrant bringing charges. Consequently, the case was dropped.

Finally, we ask you to acknowledge in your report Cotecna's extraordinary cooperation with the Committee's investigation. The unfair and harmful effects of the misleading news coverage throughout the course of the investigation, and the potential for misuse and mischief by those with certain agendas, necessitate such an acknowledgement. Such an acknowledgement would further our common interest in getting the record straight, as Cotecna has, in fact, cooperated.

Thank you again for having met with us this past Monday, pursuant to Section C.2(g) of the IIC's Investigations Guidelines. Our mutual best interest supports any proceeding that seeks interested party comment to each and every assertion affecting a particular party. Cotecna has cooperated in the past by meeting on short notice June 1, 2004; by producing details of Kojo Annan's non-competition agreement on June 29, 2004, even before the IIC's formal document request on July 12, 2004; by producing all documents requested; by facilitating the performance of the audit of bank accounts to furnish the Committee with a complete and transparent accounting of all payments made to Kojo Annan; and by extending substantially the scope of the Swiss investigation initially limited to the bank accounts of Meteor and Cofinter for the period between 1997 and 2003 to the additional three other main Cotecna companies' bank accounts in Switzerland for the period from 1996 to 2004. Accordingly, Cotecna has looked forward to the release of the Committee's Second Interim Report, because we have expected it to embody an evenhanded and fair examination of the information and documents that we have provided.

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March 23, 2005
Page 7

Hastily generated findings that are mere opinion and innuendo, based on immaterial, irrelevant and incorrect facts, would disappoint us and cause considerable and unwarranted reputational damage to our company. Indeed, the Committee should not itself participate in any procedural or substantive irregularities.

Sincerely,

Evelyn M. Suarez

Evelyn M. Suarez

Cc: Ms. Susan Ringler
Mr. Robert Parton
Mr. Raymond Shepherd, Senate PSI
Ms. Elise Bean, Senate PSI
Mr. Elie Massey
Mr. Robert Massey

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03/25/2005 14:12 FAX 2022935939 WILLIAMS MULLEN DC 002/007

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March 25, 2005

VIA FACSIMILE AND EXPRESS MAIL

Paul A. Volcker
Chairman
Independent Inquiry Committee
Into The United Nations Oil-For-Food Programme
825 Third Avenue
Fifteenth Floor
New York, New York 10022

Re: Forthcoming Second Interim Report

Dear Chairman Volcker:

Various media reports from the past few days, citing IIC investigators as their source, have suggested that the Committee's Second Interim Report will present false, misleading and harmful information concerning, among other items, the total value of Cotecna's payments to Kojo Annan during the term of his January 11, 1999 non-competition agreement. Specifically, the press has said, the IIC will find that Cotecna's payments to Kojo Annan from all sources totaled "nearly $400,000."[1]

We recognize that these are mere media reports. We hope that they are untrue, in their representation of what the IIC's Second Interim Report will say. We are nevertheless writing to object, because if true, the media reports suggest a severely tainted IIC investigative process and result.

[1] *See, e.g.*, Yochi J. Dreazen, "Panel to Criticize Annan for Lapses In U.N.'s Oil-for-Food Program," The Wall Street Journal at A1 and A5 (Mar. 25, 2005).

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WILLIAMS MULLEN

If the reports are true, we hereby specifically object:

- that the Committee has once again violated the due-process purpose of Section C.2(g) of the IIC's Guidelines,[2] by failing to treat this harmful finding as "adverse," by failing to inform Cotecna of the finding and of the information on which it purports to be based, and by failing to give Cotecna a chance to respond and to correct glaring errors of fact (indeed, at our meeting on March 21, 2005 Richard Goldstone offered assurances that Cotecna would be given the opportunity to respond to any additional adverse findings to be made in the Second Interim Report);

- that, while not being forthcoming with us and complying with Mr. Goldstone's undertaking, the Committee is speaking to the press (if we are mistaken on this point, we certainly look forward to your assurances that no one from the IIC has, in fact, disclosed to the press the contents of the upcoming Second Interim Report); and

- that this finding—like so many others that the IIC has proposed—lacks the reasonably sufficient factual basis required by Section E.1 of the Committee's Guidelines.[3]

Our letters of March 16 and 23, 2005 have already identified several other egregious violations by the Committee of Sections C.2(g) and E.1 of its Guidelines. These violations have included, notably, the Committee's willingness to make findings related to Cotecna's payments to Kojo Annan before the IIC has received the results of an independent audit that the Committee has engaged at Cotecna's expense. We believe that the independent auditor has, as of now, found no additional or irregular payments to Kojo Annan or related entities other than those already disclosed to the Committee. Still, Cotecna urges the IIC to wait for completion of the

[2] "Before the Committee makes an adverse finding against any person or entity in a written report, such person or entity shall be informed of the proposed finding(s) and the information on which it is based, and may make representations thereon personally, or with a legal representative to place before the Committee relevant additional information or written submissions with regard to such finding(s)."
[3] According to Section E.1 of the IIC's Investigation Guidelines, "reasonably sufficient" is the standard for evaluating evidence that would support a finding.

WILLIAMS MULLEN

independent audit to provide the definitive information on the payments that have been the subject of so much speculation. The IIC's premature formal endorsement of the $400,000 number in the Report eventually published would only exacerbate the irregularities that have tainted the Committee's process thus far.

The $400,000 number embodies extraordinary substantive irregularities as well. An internal audit by Cotecna, subject to confirmation by the external audit that our mutual interest suggests the IIC, too, should await, produces a very different number, supported by the documentation that Cotecna provided to the IIC and other investigators last summer. As shown in the attached table, Cotecna's compensation to Kojo Annan during the period of the non-competition agreement was not "nearly $400,000" but approximately $160,800. This number includes approximately $153,000 in non-compete payments plus approximately $7,800 in health insurance premiums.

We cannot fathom the factual basis for the IIC's purported $400,000 figure, unless—as we suspect—the IIC has improperly:

- added together salary payments from 1995 to 1997 (when Kojo Annan was an employee),[4] remuneration from 1998 (when he was a consultant) and payments from 1999 through 2004 (when such payments made enforceable Kojo Annan's non-competition agreement);
- treated expenses as if they were remuneration; and
- failed to account for the fact that Cotecna deducted health insurance costs from Kojo Annan's salary.

Properly excluded from a fair calculation of Cotecna's payments to Kojo Annan under the non-competition agreement are his salary and expenses while an employee and later a consultant. Our internal audit quantifies these as approximately $178,300. Also properly excluded are any expenses incurred—by the express terms of the consultancy agreement itself—in connection with the period of transition while Kojo Annan arranged for a smooth and orderly

[4] Beyond the fact that Kojo Annan was an employee during these years, Cotecna was not at this time a U.N. contractor in the Oil-for-Food-Program. In addition, Kofi Annan had not yet become Secretary General during most of the period.

WILLIAMS MULLEN

handover of the matters he had been pursuing at the tail end of the consultancy. Our internal audit calculates these expenses as totaling approximately $32,600, whether paid by bank transfer or the use of an American Express card.[5] Finally, properly excluded is any potential double-counting of health insurance premiums, which Cotecna paid and then deducted from Kojo Annan's non-competition payments.

Press reports have suggested that, in addition to conflating Kojo Annan's employment and consultancy periods with the non-competition period with respect to remuneration, the IIC will also conflate wildly irrelevant time periods when identifying "red flags" that the United Nations should have noticed when deciding whether to award Cotecna its contract. The Report's thesis, we surmise, will thus be that the United Nations should have hesitated more when evaluating Cotecna's competitive bid, because various stories swirling about the company at different times looked bad, whether the stories were true or not.

Of course, mere opinion and innuendo, based on immaterial, irrelevant and incorrect information should have no place in the Second Interim Report at all. The IIC should not dirty Cotecna by repeating unconfirmed stories and then pretend that the Committee is not asserting their veracity but only identifying "red flags" that Kofi Annan should have heeded. More importantly, in light of the $400,000 confusion, vague allegations become even less relevant if they concern events taking place in time periods other than that of the 1998 U.N. procurement.[6]

We understand, again, that our protest might seem directed more at the media reports than at the IIC. If they are true, however, the media reports are all we have, because the IIC has thus far not been forthcoming in its presentation to Cotecna of all proposed adverse findings and the information on which they purport to be based. Therefore, we hereby demand that the IIC: (1) cease and desist disseminating false, misleading and malicious stories to the media; (2) excise such stories from its Second Interim Report; (3) release no findings before the ongoing independent audit that the IIC has engaged at Cotecna's expense has provided the Committee

[5] We note, in passing, that some of the expenses paid in 1999 (the non-competition period) were incurred in 1998 (the consultancy period). The IIC's findings should take account of this distinction as well.

[6] Not having been informed by the IIC what the "red flags" might be, we suspect that some of them even concern time periods after the United Nations had assigned the Oil-for-Food Program to the Coalition Provisional Authority ("CPA") or after the CPA had, in turn, assigned it to the Iraqi Interim Government. On a related note, the Second Interim Report should not present, as if it somehow reflected on Cotecna, any information concerning actions that former Cotecna employees took after their relationship with Cotecna ended.

WILLIAMS MULLEN

with complete results; and (4) in its report acknowledge Cotecna's extraordinary cooperation with the Committee's investigation.

Should the Committee fail to honor these requests, it will ironically have been guilty of the very appearance of conflict of interest and insensitivity to facts that, according to various media, it will attribute to the Secretary General. Indeed, objective observers might reasonably perceive the Second Interim Report as the IIC's whitewash of the United Nations by making Cotecna an even more sullied scapegoat. In that vein, Cotecna would have to question whether continued cooperation with the Committee remained in the company's best interests.

Sincerely,

Evelyn M. Suarez/DAB

Evelyn M. Suarez

Cc: Ms. Susan Ringler, IIC
Mr. Robert Parton, IIC
Mr. Elie Massey, Cotecna
Mr. Robert Massey, Cotecna
By facsimile

Mr. Raymond Shepherd, Senate PSI
Ms. Elise Bean, Senate PSI
By fax and hand

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03/25/2005 14:13 FAX 2022935939 WILLIAMS MULLEN DC 007/007

Payments to Kojo Annan
A Chronological History

Based on a Cotecna internal audit and subject to confirmation through an external audit of all accounts currently being conducted in cooperation with UN IIC.

Compensation and expenses paid as an employee and later as a consultant of Cotecna in West Africa 1996 through December 1998:

$178,300

Consistent with the terms of the non-compete agreement, certain expenses reimbursed at the beginning of the agreement:

$ 32,600

Compensation paid under a 1999 through February 2004 non-compete agreement:

$154,000*

Payment of health insurance premiums during the period covered by the non-compete agreement:

$ 7,800*

***Total payments during the non-compete period under scrutiny by the UN IIC and other investigative bodies: $153,000 + $ 7,800**

18 Mar'05 19:11; Job 25; Page 1/2

March 18, 2005

Mr. Paul A. Volcker
825 Third Avenue
Fifteenth Floor
New York, New York 10022

Dear Mr. Volcker,

Thank you for providing me the opportunity to comment on the proposed findings regarding the "Sunday Telegraph's inquiry" concerning Cotecna.

The proposed allegation that I took "no action to transmit this information to the procurement department" is inaccurate. At my request the procurement department reviewed the Request for Proposal process that led to the awarding of a contract to Cotecna. I reported the results of that review to Mr. Riza in my note dated 25 January 1999. I believe I took appropriate action regarding the "Sunday Telegraph's inquiry" and respectfully request that the proposed statement be modified.

Incidentally, I believe the reference to "late 1999" should be 1998.

I hope these comments are helpful and make clear that I did act promptly upon the "Sunday Telegraph's inquiry." Thank you for the courtesy in providing me the opportunity to comment on the proposed statement.

Sincerely,

Joseph E. Connor

SECOND INTERIM REPORT
APPENDIX

Kuala Lumpur
18 March 2005

Dear Mr. Volcker,

Your letter of 14 March 2005 was received by me on 16 March 2005 in Kuala Lumpur. As you would understand, I am handicapped by my inability to obtain ready access from here to relevant documents but have managed to obtain at least some. I give below my comments as indicated in the last paragraph of your letter.

In preparing these comments, I have been able to refer only to the following documents:

- Letter of 26 March 2004 from the Secretary-General to the President of the Security Council on the establishment of the Independent Inquiry Committee ("the Committee"), especially its Terms of Reference and the section on the organization of the Inquiry. (Doc.1)
- ST/AI/326 of 28 December 1984 entitled "The United Nations Archives". (Doc.2)
- ST/SGB/242 dated 26 June 1991 entitled "United Nations Archives and Records Management". (Doc.3)

If there are any other UN policy documents on which your letter is based, I request to be informed urgently, so that I may present supplementary comments if required.

Meanwhile, I address the proposed "findings" listed in your letter point by point.

Violation of UN Document Preservation Policy by destruction of chronological files

First, as explained in the three meetings with the Committee staff, these files are not designed or intended to be "records" in the sense of maintenance of official documentation, but rather extra copies for the working convenience and ease of reference of the offices concerned. These chronological files are routinely and periodically destroyed whenever they are out of date and/or taking up space required for more current documents. (As I also informed the Committee staff in

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

those meetings, the chron files in my office referred to in the proposed "findings" were shredded after repeated requests from my secretarial staff over several months, since they had space shortage and these files had not been used for reference over a very prolonged period.) It is my impression that the chron files did not contain a trove of papers related to the Oil-for-Food Programme, although questions might have arisen with hindsight and the problems the Committee encountered in tracing copies of certain relevant documents.

Second, neither of the "policy" documents makes any reference to chronological files which are maintained in the vast majority – if not all – of the offices in the Secretariat. It is my clear belief that such files are also periodically destroyed in the other offices in the Secretariat.

Third, the only references to "preservation" of documents that I have been able to find are in paragraph 2 of Doc.2 under the heading "Responsibilities of the Archives Section" and in paragraphs 1 and 2 of Doc.3. Paragraphs 8 and 12 of Doc.2 and paragraph 4 of Doc.3 also indicate that "disposal" of UN "records" can be authorized only by the Chief of the Archives Section (who may require samples of such documents before authorizing their "disposal"). In the literal interpretation, this would mean that every piece of official paper would have to be preserved indefinitely and could be discarded or destroyed by a member of the Secretariat only after authorization by the Chief of the Archives Section. If the Secretariat were to be required to work in this manner, the resulting situation can be imagined.

Indeed, as a routine office practice over decades, unrequired papers such as duplicate copies, working copies, etc. which are not placed in chronological files also are shredded daily in the Secretariat, probably amounting to tons of shredded paper every week. If all of these were to be preserved indefinitely or held up awaiting authorization from the Chief of the Archives Section for their disposal, the resulting situation might become somewhat difficult. There is a further implication that, in the absence of such specific authorization, virtually every member of the Secretariat would be violating UN document preservation policy daily.

The aspect of indefinite preservation of documents might become even more difficult in the case of emails, where incoming and outgoing messages apparently are erased automatically by the computer system after a certain period. This would mean that a staff member who neglected to print out such a message for indefinite preservation and then found it to have been automatically erased, would have violated the UN document preservation policy involuntarily.

Violation of "the Secretary-General's Order of 1 June 2004" by continuing to allow the destruction of documents into the month of December 2004

I have not been able to obtain the text of this Order, but am informed on the telephone that it refers to documents related to the Oil-for-Food Programme. As indicated above, the disposal (shredding, discarding) of papers is a daily routine and widespread practice in the Secretariat and I can categorically state (on oath if required) that no person – including myself – in my office destroyed any paper related to the Oil-for-Food Programme in this period. Otherwise, the normal practice continued of shredding or discarding papers that were superfluous, duplicates, unrequired, etc., without any awareness that this might be violating any UN document preservation policy.

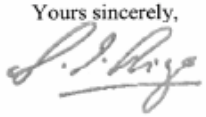
Awareness of the materiality of files to the Committee's Investigation

As a senior official, I was very much aware of the relevance to the Committee of documents related to the Oil-for-Food Programme despite the fact that my dealings with this Programme were essentially tangential and very sporadic. Therefore, had I come across any relevant papers – especially after 1 June 2004 – obviously I would have ensured that they were provided to the Committee, while continuing with the normal practice of disposing of other papers which had no relevance to its work. (As a matter of fact, the Committee requested every member of the Executive Office of the Secretary-General to search their desks, drawers, shelves, cupboards, etc. to ascertain if they had any documents or materials which may assist the Committee in its Inquiry. In response, on 27 December 2004 following a search in my office, I submitted materials to Ms. Jenny Thomas of the EOSG Central Registry for onward transmittal to the Committee. Ms. Thomas has confirmed the transmittal of these documents, among others collected from EOSG, to the Committee.)

I trust that, with the explanations and clarifications above, you will conclude that the proposed "findings" are not warranted and that you will decide to omit them in their entirety from your report. If you decide otherwise, then I must request that you annex this letter to your report, in accordance with paragraph 12 of Doc.1 (i.e. the 9th paragraph under sub-heading "Organization of the Inquiry"). Although this paragraph provides that such comments will be annexed to the "Final Report", it is my understanding that no interim reports were anticipated when Doc. 1 was issued on 26 March 2004. It obviously would be more logical to attach these comments to the specific interim report to which they respond.

Thank you.

Yours sincerely,



S. Iqbal Riza

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APPENDIX

UNITED NATIONS NATIONS UNIES

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

REFERENCE:

PERSONAL AND CONFIDENTIAL
(delivered by hand on 9 February 2005)

9 February 2005

Dear Mr. Volcker,

1. In accordance with Section C.2(g)of the IIC guidelines and your letter of February 2 wherein you advised that the Committee is proposing to make a finding that I misrepresented the duties to be performed by the Special Assistant, I am providing you with this written submission.

Preliminary Statement

2. The Committee proposes to find that I violated UN Staff Regulation 1.2(b) that generally provides for proper conduct:

> "Staff members shall uphold the highest standards of efficiency, competence and integrity. The concept of integrity includes, but is not limited to, probity, impartiality, fairness, honesty and truthfulness in all matters effecting their work and status."

3. The draft finding by your Committee is unfounded: (i) there was no misuse of Programme funds; and (ii) the application for, and use of, a D-1 post as the Special Assistant was both reasonable and in accordance with established practice.

Mr. Paul Volcker
Chairman
Independent Inquiry Committee
into the Iraqi Oil-for-Food Programme
Rockefeller Centre, Suite 420
610 5th Avenue
New York, NY 10021

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Request to Controller

4. In the request to the Controller of 30 July 2001 for a D-1 post, specific duties in regard to the Programme were spelled out in part as follows:

> "strategizing and implementing Risk Assessment as a strategic approach to oversight and piloting this tool in the Oil-for-Food Programme in Iraq; consolidating and coordinating the functions of audit, monitoring, and inspection in the OIP, and developing performance measures to assess how effectively OIP funds are being used, as a prototype for other programmes".

5. The request to the Controller, however, explicitly noted additional responsibilities beyond that of the Oil-for-Food Programme, which when carried out, would have a beneficial effect for the assistance of OIOS to the Programme as well as to the rest of the UN:

> "The incumbent will play a pivotal role in steering the more critical projects in OIOS to help us keep pace with the changing needs of the Organization. He or she will maintain regular contacts with the Secretariat departments and Funds and Programmes at the highest level, as well as assist me in my interaction with Member States on oversight issues".

6. Further, the note states that:

> "The incumbent will also serve as my Special Assistant-cum-Chief of Office".

7. The request to the Controller, therefore, is clear and unequivocal that the D-1 post was not to be used exclusively for the Oil-for-Food Programme. The request clearly advises that the incumbent would have duties which would cover a range of activities of OIOS, including the Programme.

8. In your letter of February 2, you have recognized that it is perfectly appropriate for staff – and I would note this is particularly true for those with managerial responsibilities – to be tasked to perform functions outside the budget which funds their posts:

> "The Committee recognizes that, within an organization such as the United Nations, members of staff may have duties covering more than one programme or department and that this may result in a partial use of funds for non-designated purposes."

9. Indeed, this fungibility of resources is true in offices other than in OIOS. For example, the Office of Legal Affairs has posts from the UN funds and programmes for lawyers working in that Office, including at the senior management level. It is neither anticipated nor expected that the lawyers occupying such senior posts will perform functions only for the fund or programme which provides the resources for the posts. Indeed, the managers in that Office generally supervise lawyers funded from different budgetary sources in regard to the full range of legal activities in the UN.

10. There was, therefore, no misrepresentation to the Controller on the duties of the D-1 post.

Controller's Approval

11. The Controller has the responsibility and discretion to decide on funding for posts. I had a discussion with him and his deputy [to whom the request was copied] explaining what I wanted the post for. Following receipt of my written request, the Controller evaluated it and found my request to be reasonable and accordingly approved funding for the D-1 post with duties as proposed, knowing full well that it is multi-functional. The duties included both general and specific Programme activities.

12. In preparing the request to the Controller, I carefully considered the needs OIOS then had. When I arrived at the UN in 2000, the existing Special Assistant post was at the P-5 level [one grade below the D-1 level which is the typical level for this post in other UN departments]. While this was effective for the initial start-up phase of OIOS, I found that the incumbent did not have the background or skills necessary to address oversight issues on a strategic level, which was essential when it came to high-risk areas such as the Oil-for-Food Programme.

13. Following the rejection in early 2001 by the Organization of the attempt to do a risk assessment of the Programme, it became clear to me that the need for a prime actor to take responsibility and push for these reform measures I was initiating, had to be brought on board. The person had to be in the Front Office to work under my direct supervision. If OIOS was to succeed in the short time of my tenure to implement such reform programmes in a change-averse Organization, the person hired would have to have both highly-developed skills in this area and a sufficiently senior managerial level. These would be necessary to promote the initiatives as well as to work to overcome the resistance that we had met in the Organization to such initiatives, including in proposing a risk assessment of the Oil-for-Food Programme, which continued to be a source of concern. This analysis of the needs of OIOS led to the request for a post with multi-functional duties which the Controller approved.

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Duties Actually Performed

14. OIOS documents with the Front Office confirm that after the person was appointed to the D-1 post in October 2001, he was assigned by me to be in charge of the Risk Management project. He drew up a Process Plan that showed the steps to be taken. To get buy-in within OIOS of the need for Organization-wide risk assessment [which had yet to be fully accepted even by senior OIOS staff], he organized a Working Group under his leadership which conducted a series of workshops from end 2001 to mid 2002 for OIOS staff, with Professor Malcolm Sparrow of the Kennedy School of Government of Harvard University. Once the buy-in was there, his Working Group drew up a Framework for Risk Management to enable the identification and ranking of risk areas within the Organization. In this exercise, the Office of Iraq Programme was ranked as a high-risk area. Based on this analysis, his Working Group went on to develop the Risk Profiles of the high-risk areas, including that of the Office of Iraq Programme. The first iteration of the risk profiling process was completed at the end of 2002. However, the continued lack of cooperation from the Programme management and the developing political events concerning Iraq, frustrated further efforts to do a comprehensive and thorough risk assessment of the whole Programme that would involve headquarters as well as field operations.

15. The Special Assistant was also responsible for developing an integrated framework for work planning based on risk. This ensured for the first time, work planning in OIOS was coordinated at the highest level and consolidation of different oversight activities such as audit, inspection and evaluation was done wherever possible, for better oversight coverage and resource allocation. This initiative, as noted in my request to the Controller, was to ensure high-level attention by OIOS to high-risk activities such as the Oil-for-Food Programme.

16. The Special Assistant also performed other work of particular significance to the oversight of the Programme. For example, part of the Special Assistant's responsibility was to review all reports that were sent to me from the OIOS Divisions, including the audits of the Oil-for-Food Programme. He provided advice to me on the merits of numerous audit report findings and recommendations, and plans for follow up in the Programme.

17. In addition, all matters addressed to me from the Oil-for-Food Programme, went through the Special Assistant whose task it was to provide advice on follow up. Given the continuing difficulties in dealing with Benon Sevan, these communications were of particular sensitivity and importance, and I relied on the Special Assistant's expertise in management reform to point out the pertinent ones and to provide views and advice at our daily morning meetings on how to address them.

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18. Yet another area where the Special Assistant was directly involved with matters concerning the Programme was in the drafting of OIOS' Annual Reports and in responding to issues raised regarding the Programme by the Fifth Committee, in particular, by the Iraqi delegates, when these Reports were tabled.

19. This is not a complete listing of the work related to the Programme performed by the Special Assistant. However, it clearly demonstrates that the statement in your letter of February 2 that "the Special Assistant.....did not perform any function for the Programme" is factually incorrect. Had I been earlier informed during the two interviews and specifically asked for documentation on the duties performed by the Special Assistant, I would have gladly obliged. Further, I am confident that if you were to interview my Special Assistant or obtain a statement from him, he will elaborate on his involvement with Programme issues and matters.

Under-Secretary-General's Discretionary Powers

20. In running OIOS, I have used the principle of deploying resources where, in my judgement, the need is greatest. I believe that if we only performed work to the extent of funding provided, we would abrogate our operational independence and it would not be in the best interests of the Organization.

21. In this regard, OIOS has deployed significantly more resources to the Programme than it was allocated. OIOS did receive some funding from the Programme for a varied number of audit posts [never more than six and usually far less]. However, the requirements for conducting the audits exceeded the capacity of the funded posts. Records show that in addition to those auditors funded by the Programme, we assigned, for varying periods, at least an additional six auditors, funded from other budgets, to provide the necessary expertise and assistance to perform audits of the Programme. Further, the audit supervisors who participated in these audits – Section Chiefs, Deputy Director and Director in the Audit Division – were not funded by the Programme; they were funded from the regular budget.

22. Similarly, OIOS had requested the Programme to fund at least two investigator posts in my Investigations Division but this was denied. Despite no posts being provided from the Programme funds, investigative services were actually rendered. For example, two investigators funded by the regular budget conducted an investigation into allegations of sexual harassment and mismanagement in UNOCHI in 2000. Other investigators prepared for further inquiry into Oil-for-Food related allegations in Habitat, which was precluded when a visa was not granted. Also, before the IIC was established, the Investigations Division did preliminary inquiries into the allegations [and provided that information and leads to your staff], arranged for the sequestration of the Programme's documents as well as made arrangements to

make a trip to Baghdad. Unlike the IIC's costs, funding of the OIOS investigators involved in this work has had to be met at the expense of other activities under the regular budget.

23. I must also point out that although my own post and that of my immediate staff are fully funded from the regular budget, I spend a substantial amount of time on extrabudgetary matters including the Oil-for-Food Programme. In addition, I personally headed the UN team in the negotiations with the Coalition Provisional Authority on the establishment of the International Advisory and Monitoring Board set up after the war to oversee the use of monies in the Development Fund for Iraq derived from oil sales. There has been no reimbursement for my time nor that of my immediate staff from Oil-for-Food funds.

24. Thus, over and above the limited number of audit posts funded by the Programme, the services provided by OIOS in relation to the Programme created a significant burden on OIOS, which also impacted OIOS's capacity to serve other programmes within the Organization. This burden amply justified the D-1 post that was requested and which the Controller approved.

Requested Finding

25. This submission demonstrates there was no violation of UN staff regulations nor any wrongdoing, intentional or otherwise, in the request for, and the use of, the D-1 post. One may have a difference of opinion about how I allocated the time of the Special Assistant on the various matters which did include work on the Oil-for-Food Programme, but any difference of opinion is not a basis for the draft finding. I trust that after review of this submission and being afforded the opportunity to review the supporting documentation, you will withdraw the proposed draft finding.

Yours sincerely,

Dileep Nair
Under-Secretary-General
for Internal Oversight Services

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INDIVIDUALS

Name	Description
Tilchand Acharya	Executive Officer, United Nations Office of Internal Oversight Services, 2001
Sita Agalawatta	Assistant to S. Iqbal Riza, 2004
Kofi Annan	Secretary-General of the United Nations, 1997 - present; United Nations Controller and Assistant Secretary-General for Programme Planning, Budget and Finance, 1990 - 1992
Kojo Annan	Son of Secretary-General Kofi Annan; employed by Cotecna, 1995 - 1997; subsequently a consultant to Cotecna
Wagaye Assebe	Personal Assistant to the Secretary-General (Kofi Annan)
Sanjay Bahel	Chief of the Commodity Procurement Section, United Nations Procurement Division, 1998
Benazir Bhutto	Former Prime Minister of Pakistan
John Broadhurst	Cotecna Manager of Information Technology
Joseph E. Connor	Under-Secretary-General, United Nations Department of Management, 1994 - 2002
Hans Corell	Under-Secretary-General for Legal Affairs, 1994 - 2004
Anastasiya Delenda	Personal Secretary to the Secretary-General (Kofi Annan)
Nora Dias	Secretary to Sanjay Bahel, United Nations Procurement Division
Barbara Dixon	Chief (now titled Director), Investigations Section, United Nations Office of Internal Oversight Services, 1998 - present
Jean-Paul Duperrex	Vice President of Cotecna
Fred Eckhard	United Nations Spokesperson
Louise Frechette	Deputy Secretary-General, 1998 - present
Jean-Pierre Halbwachs	Controller of the United Nations, 1997 - present
Patrick Hayford	United Nations Director of African Affairs, 2002
Ralph Isenegger	Geneva attorney; associate of Kojo Annan
Elizabeth Lindenmayer	Special Assistant to the Secretary-General (Kofi Annan)
Elie Georges Massey	Founder, Owner, and Chairman of Cotecna Inspection S.A.

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INDIVIDUALS

Name	Description
Philippe Massey	General Counsel for Cotecna; son of Elie Massey
Robert M. Massey	Chief Executive Officer of Cotecna; son of Elie Massey
Diana Mills-Aryee	Procurement Officer, United Nations Procurement Division, 1998 - present
John Mills	United Nations Spokesperson, now deceased
Pierre Mouselli	Business associate of Kojo Annan
Dileep Nair	Under-Secretary-General of the United Nations Office of Internal Oversight Services, 2000 - present
Toshiyuki Niwa	Assistant Secretary-General for the United Nations Office of Central Support Services, 1998 - 2003
Karl Paschke	Under-Secretary-General, United Nations Office of Internal Oversight Services, 1994 - 1999
André Pruniaux	Cotecna Senior Vice President in charge of Africa and Middle East Operations
Bruce Rashkow	Director, General Legal Division, United Nations Office of Legal Affairs
S. Iqbal Riza	Former Chef de Cabinet of the Secretary-General (Kofi Annan)
Rafiah Salim	Assistant Secretary-General, United Nations Office of Human Resources Management
Stephani Scheer	Chief, United Nations Office of the Iraq Programme, 1997 - 2001
Benon Sevan	Under-Secretary-General and Executive Director of the United Nations Office of the Iraq Programme, 1997 - 2004; previously Secretary-General's Personal Representative in Afghanistan and Pakistan; Assistant Secretary-General and Deputy Head of Department of Political Affairs; Assistant Secretary-General with the Office of Conference and Support Services, Department of Administration and Management, 1996; United Nations Security Coordinator
Lamin Sise	United Nations Director of Legal Affairs for Human Rights and Special Assignments
Tay Keong Tan	Special Assistant to Dileep Nair, United Nations Office of Internal Oversight Services

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INDIVIDUALS

Name	Description
Michael Wilson	Cotecna Vice President for Marketing Operations in Africa
Alexander Yakovlev	Procurement Officer, United Nations Procurement Division, 1998

ORGANIZATIONS

Term	Description
Cofinter	Cofinter SA, a Massey family-controlled company
Cotecna	Cotecna Inspection S.A.
Financial Times	British Newspaper
IFIA	International Federation of Inspection Agencies
Lloyd's	Lloyd's Register Inspection Ltd.
Meteor	Meteor SA, a Massey family-controlled company
SGS	Société Générale de Surveillance S.A.
Sunday Telegraph	British Newspaper (London)
Sutton Investments Ltd	Company formed by Kojo Annan to perform consulting services
The Committee	Independent Inquiry Committee into the United Nations Oil-for-Food Programme
Westexim	Westexim Ltd.

UNITED NATIONS ABBREVIATIONS

Term	Description
BOA	United Nations Board of Auditors
Department of Management	United Nations Department of Management
EOSG	United Nations Executive Office of the Secretary-General

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UNITED NATIONS ABBREVIATIONS

Term	Description
General Assembly	Main deliberative organ of the United Nations, composed of representatives of all Member States, each of which has one vote; meets annually
HCC	United Nations Headquarters Committee on Contracts
IAD	Internal Audit Division, United Nations Office of Internal Oversight Services
OHRM	United Nations Office of Human Resources Management
OIOS	United Nations Office of Internal Oversight Services
OIP	United Nations Office of the Iraq Programme, established October 15, 1997 to administer the Oil-for-Food Programme
OLA	United Nations Office of Legal Affairs
OPPBA	United Nations Office of Programme Planning, Budget and Accounts
Procurement Division	United Nations Department of Management, Office of Central Support Services, Procurement Division
Security Council	United Nations Security Council, composed of representatives of fifteen Member States, of which five have permanent seats; primary responsibility for maintenance of international peace and security
The Organization	the United Nations
The Programme	United Nations Oil-for-Food Programme
UNCC	United Nations Compensation Commission, established by Security Council Resolution 687 (1991), to compensate victims of Iraq's invasion of Kuwait
UNDP	United Nations Development Programme
UNOHCI	United Nations Office of the Humanitarian Coordinator for Iraq

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UNITED NATIONS ABBREVIATIONS

Term	Description
UN-related Agencies	These nine agencies had significant roles in the Programme on the ground in Iraq, especially in the largely Kurdish northern region: Food and Agriculture Organization of the United Nations ("FAO"), International Telecommunication Union ("ITU"), United Nations Development Programme ("UNDP"), United Nations Educational, Scientific and Cultural Organization ("UNESCO"), United Nations Human Settlement Programme ("UN-Habitat"), United Nations Children's Fund ("UNICEF"), United Nations Office for Project Services ("UNOPS"), World Food Programme ("WFP"), and World Health Organization ("WHO"). For ease of reference, this Report refers to this group of agencies as "UN-related agencies" in recognition that they have varying legal relationships to the United Nations.

SECURITY COUNCIL AND GENERAL ASSEMBLY RESOLUTIONS

Resolution	Description
Resolution 986 (1995)	Security Council Resolution establishing the Oil-for-Food Programme

OTHER TERMS

Term	Description
Charter	Charter of the United Nations
ESD Account	The account into which 2.2 percent of the proceeds from Iraqi oil sales was deposited in order to fund the United Nations' administration of the Programme
Financial Rules	Financial Regulations and Rules of the United Nations, in effect from 1985 - 2002
First Interim Report	Interim Report issued by the Independent Inquiry Committee on February 3, 2005
Member States	United Nations Member States
MOU	Memorandum of Understanding

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OTHER TERMS

Term	Description
NAM	Non-Aligned Movement
RFP	Request for Proposal
Second Interim Report	Interim Report issued by the Independent Inquiry Committee on March 29, 2005

CHRONOLOGY OF EVENTS RELATED TO COTECNA AND KOJO ANNAN