U.N. Official Fired in Investment Scandal

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<https://www.nytimes.com/2023/01/26/world/un-investment-scandal.html>

The United Nations fired a senior official on Thursday after an internal investigation into a financial scandal that embarrassed the world organization and led to an overhaul of the agency that the official oversaw.

The official, Vitaly Vanshelboim, was the second U.N. figure to lose his job because of the scandal. He did not respond to emails posing questions about the case.

In May, a day after The New York Times published [an article](https://www.nytimes.com/2022/05/07/world/americas/un-loan-project-services.html) describing how the little-known agency had entrusted $61 million in loans and grant money to a single British family, the head of the agency [stepped down](https://www.nytimes.com/2022/05/08/us/politics/un-agency-loans-resignation.html) at the request of the U.N. secretary general. The agency, the Office for Project Services, is at risk of having to write off about $22 million of the loans as bad debt.

In 2015, agency officials decided to try something unheard-of for the United Nations, teaming up with the private sector to operate like a for-profit investment bank. In an opaque and murky transaction, it handed over all of the funds it had raised to a businessman and his 22-year-old daughter whom the officials had met at a Manhattan party.

The financial disaster damaged the credibility of the United Nations and weakened the trust of donor countries. Finland [suspended its funding](https://um.fi/press-releases/-/asset_publisher/ued5t2wDmr1C/content/vaarinkaytosepaily-yk-n-projektipalvelutoimisto-unops-ssa/35732) to UNOPS, as the agency is known, and is reviewing its donations to other U.N. agencies in the aftermath of the revelations. The United States also paused its funding to the agency.

In June, a month after the resignation of the agency’s top official, Grete Faremo of Norway, the board of directors [imposed reforms](https://www.nytimes.com/2022/06/10/world/americas/un-investment-scandal.html), including strict limits on financial reserves at UNOPS. The board also suspended work at its investment unit, overhauled its auditing and ethics watchdog functions and re-evaluated the current business, among other actions.

Mr. Vanshelboim, a Ukrainian citizen who had climbed the ranks of the United Nations to become an under secretary general and deputy head of UNOPS, was placed on administrative leave after the scandal emerged. He can appeal the termination decision, according to the U.N. spokesman, Stéphane Dujarric.

Mr. Dujarric said the organization would not comment on the details of what its investigation found. But he said it was “fully committed to ensuring criminal accountability for crimes that may involve U.N. personnel.”

Mr. Dujarric said the organization also expected that member states would take any action they deem appropriate.

Mr. Dujarric would not comment on whether it would take legal action against the British businessman the agency entrusted the money with, David Kendrick. Mr. Dujarric said he did not want to “prejudice” the case or compromise attempts to recover the money.

U.N. auditors said in 2021 that Mr. Kendrick’s companies had made some small payments, but that the U.N. should still expect to lose $22 million. A law firm representing the Kendricks said last year that the family had done nothing wrong and that Mr. Kendrick still expected to deliver on their projects.

The United States, which sits on the executive board of UNOPS, did not comment directly on Mr. Vanshelboim’s dismissal.

“The U.S. has consistently pushed for greater transparency, accountability, and needed reform at UNOPS,” Chris Lu, the American ambassador to the U.N. for management and reform, said Thursday. “We welcome efforts that help restore the trust between UNOPS and its donors.”

The dismissal of Mr. Vanshelboim comes as the United Nations is appealing for major funding to address an array of global crises, including the war in Ukraine and the hunger crisis in Africa.

Paolo Zampolli, an Italian-American businessman who also serves as an ambassador for Dominica, an island nation in the Caribbean, introduced UNOPS officials to Mr. Kendrick and said he applauded the decision to fire Mr. Vanshelboim.

He said there was still more to learn.

“Where is the money?” Mr. Zampolli asked. “Follow the money.”