

*The following document was provided by the House International Relations Committee in advance of a hearing scheduled for Wednesday, July 27. The first pages refer to items provided later in this PDF. The documents were prepared by IRS special agents.*

### **Syria and the Oil-for-Food Program**

Following Operation Iraqi Freedom, Internal Revenue Service-Criminal Investigations sent investigators to Iraq to interview mid-level Iraqi government officials, former Iraqi Ministers and other imprisoned officials on the operations of the Oil-for-Food program. The IRS-CI supplied the reports of these interviews to the Committee. Additionally, Committee staff has traveled to the Middle East and interviewed over a dozen mid-level Iraqi officials as well as obtaining a number of documents.

#### **The Syrian-Iraqi Trade Protocol:**

Iraq's trade Protocol with Syria was Iraq's primary illicit income source from 2000 until OIF in March 2003. With Syria facing increased political pressure from the US, opening relations with Iraq seemed attractive for both political and financial reasons. Negotiations began, and the Protocol was signed before Hafiz al-Assad died on June 10, 2000.

For Baghdad, the relationship was attractive because Syria could buy significantly more oil at better financial terms than Iraq's other available illicit markets and Damascus was more willing than any other neighboring state to allow military goods to be shipped to Iraq through its territory.

The State Oil Marketing Organization [of Iraq] SOMO and the Syrian Oil Marketing Office negotiated the bilateral trade Protocol in Baghdad from 27 to 29 May 2000. Contracts were written under the Protocol from June 2000 through March 2003.<sup>1</sup>

What follows is an examination of the findings of the IRS-CI interviews, in addition to findings by HIRC Committee staff, and information from the Duelfer Report issued in November 2004 by the Central Intelligence Agency.

#### **The Documents:**

It is important to note that the following documents are the product of the IRS-CI.

Of particular concern to the Committee are the following documents.

- **Document 1** details the Iraqi accounts at the Commercial Bank of Syria and the Syrian Lebanese Commercial Bank. Account balances and procedures are explained.
- **Document 2 details** more about the accounts at the Commercial Bank of Syria and describes the "majority of Iraqi trade with Syria was transacted through SEAS

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<sup>1</sup> *Comprehensive Report of the Special Advisor to the DCI on Iraq's WMD*, Volume I, September 30, 2004, pp. 25-26.

- aka SES or CECS belonging to Dr. Asef Shaleesh. He mentioned that Shaleesh was related to the President of Syria.” HIRC p. 000004
- **Document 3** explains more about financial transactions as well as Dr. Asef Shaleesh. HIRC p. 000005
  - **Document 4** explains more about financial transactions as well as the sale of electrical equipment from France to Iraq, through Syria. HIRC p. 000007
  - **Document 5** explains the role of “tribute payments” being made to the former Defense Minister of Syria, Mustapha Tlas. HIRC p. 000010
  - **Document 6** explains the use of intermediaries in the purchase of military equipment for Iraq. Two of the intermediaries are: Firas Talas [sic] son of the former Minister of Defense and Thualhima Shaleesh, Chief of the Presidential bodyguard and cousin of Syrian President Bashar Assad. Note another Shaleesh is present in these documents. HIRC p. 000011

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## DETAILS OF INVESTIGATION

On October 19, 2003 [REDACTED] Senior Auditor for the Iraqi Board of Supreme Audit, [REDACTED] and IRS/CI Special Agent [REDACTED] met with [REDACTED] and [REDACTED] representatives from State Oil Marketing Organization (SOMO) for the Country of Iraq in Amman, Jordan. [REDACTED] and [REDACTED] traveled to Amman to join the other members of the Iraqi Asset Recovery Team (IART) with plans to travel as a team back to Damascus, Syria for meeting with the Syrian Government and Commercial Bank of Syria Officials to receive bank records relating to Iraqi bank accounts and assets currently in Syria. [REDACTED] Manager Investment Department for Central Bank of Iraq (CBI) was present for part of the meeting.

SOMO maintained two accounts at the Commercial Bank of Syria Branch 5. The monies generated from the sale of oil products to Syria (mostly crude oil) were outside the UN oil for food program and these funds were deposited into two accounts. The 60% Trade account (307020/8101) and the 40% Cash account (307020/8102). SOMO maintained a third account at the Syrian Lebanese Commercial Bank in Beirut. The funds in the trade account were used to pay for merchandise purchased through Syrian suppliers. The Iraqi government would enter into a contract to purchase goods from a Syrian supplier. Once the contract was completed and the goods delivered to Iraq, SOMO would direct the Commercial Bank of Syria Branch 5 to pay the supplier from the funds held in the 60% Trade account. There were seven individuals at SOMO who had the authority to authorize by letter to the bank the release of funds from the account. Those individuals were Rafid Abd Haleem, Saddam Zubin, Yaqzan Hassan, Yacoub Youssef, Abdul Jalil Hammadi, Ali Rajab and Ibrahim Ali Shoue'ib. The letter authorizing release of funds required two signatures. Yaqdan Hassan is currently on leave from SOMO due to poor health. The funds deposited in the cash account were transferred on a regular basis to SOMO's account at the Syrian Lebanese Commercial Bank in Beirut or withdrawn in cash from the Commercial Bank of Syria. The cash withdrawals required an authorization letter from SOMO to the Commercial Bank of Syria listing the names of persons authorized to withdraw the funds in cash. SOMO records show that the total cash withdrawn from the cash account was \$90,500,000.00. CBI Officials stated the cash withdrawn from the Commercial Bank of Syria was transported (by diplomatic pouch) to CBI in Baghdad by their employees and was accounted for at CBI. The money transferred to SOMO's account at the Syrian Lebanese Commercial Bank was accomplished based on an agreement between SOMO and the bank that when the deposit balance reached a certain level the money was automatically transferred. When the funds were transferred to SOMO's account at the Syrian Lebanese Commercial Bank there was another agreement with the Syrian Lebanese Commercial Bank to subsequently transfer the money to a Central Bank of Iraq (CBI) account at the Bank within 24 hours. SOMO and CBI Officials referred to the SOMO account at Syrian Lebanese Commercial Bank as a "Bridge Account" meaning it was used to facilitate the transfer of funds from SOMO's account in Syria to CBI's account in Lebanon. Officials stated that because this money was generated outside the UN oil for food program there was concern in Iraq that

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the accounts could be frozen if detected so they used "Bridge Accounts" set up under individual Iraqi names, false names and numbers to avoid detection. These accounts were generally set up by CBI at various banks in Jordan and Lebanon with full knowledge of the Bank. Jordan generally required a name and a number to open a "Bridge Account" but many of the Banks in Lebanon would open an account with just a number.

SOMO Officials sent a letter dated March 23, 2003 to Mr. Tariq Al Saaraj, General Director at Commercial Bank of Syria directing that the bank stop the automatic transfer of funds from the Cash account to the service (bridge) account at the Lebanon-Syrian Commercial Bank and requested that all funds remain in their account at Commercial Bank of Syria. A copy of this letter was sent to [REDACTED] at Branch 5.

The SOMO members brought with them charts which summarized to sales of oil products to Syria between June 2000 and March 2003 and the total deposits of funds into SOMO's Trade account (account#307020/8101) and Cash account (account#307020/8102) at the Commercial Bank of Syria Branch 5. SOMO has the bank records relating to the Trade and Cash accounts at the Commercial Bank of Syria 5<sup>th</sup> Branch through the February 28, 2003 statement. SOMO has not received any bank statements detailing account activity since the February 2003 statement. SOMO used the ending balances from the February statement to estimate the account balances which should be in the two accounts being: \$642,059,782.32 in the Trade account and \$140,136,962.32 in the Cash account. This figure includes an estimated amount for interest earned on the money. SOMO continued to deliver oil to Syria from March 1, 2003 to March 18, 2003. SOMO records show that they exported 4,332,100 barrels of oil to Syria between March 1, 2003 and March 18, 2003. They have not received confirmation from Syria regarding the exact total of exported oil in March 2003. In July 2003 SOMO sent a letter to the Syrian Oil Transport requesting this figure but has not received a response. SOMO estimated that the total revenue generated from the oil sales in March to Syria should be \$330,000,000.00. It is not known whether any of this money was deposited to SOMO's accounts at Branch 5 and this money is not accounted for in the charts prepared by SOMO. SOMO has not authorized the transfer, withdrawal or payment of funds from either account since March 2003. The charts are attached to this memo as follows:

1. Syria Bank (Cash)
2. Syria Bank (Commodity)

On September 29, 2003, IRS Special Agent [REDACTED] and [REDACTED] Special Agent [REDACTED] arrived in Damascus, Syria, for the purpose of locating and identifying Iraqi assets. Also, to further determine how they were generated and what the total profits amounted to from the sale of Iraqi oil under the "Border Trade Protocols", and the inflated 10% value of food/merchandise sold to Iraq under the UN "oil for food" program. In addition, efforts to locate and obtain evidence of US violations of Iraqi sanctions are also being pursued. The agents are being assisted by Iraqi officials who traveled from Baghdad, Iraq, to Damascus, Syria.

The US Embassy, Syria, Economic Section is assisting the team to acquire Syrian banking records of Iraqi accounts held in Damascus to identify Iraqi assets for the purpose of having them repatriated back to Iraq and to further identify other potential hidden Iraqi assets.

#### DETAILS OF INVESTIGATION:

On September 30, 2003, IRS Special Agent [REDACTED] and [REDACTED] Special Agent [REDACTED] met with [REDACTED], Senior Auditor for Iraqi Board of Supreme Audit. Syrian authorities would not allow access to Syria for [REDACTED], Financial Director for the Iraqi State Oil Marketing Organization (SOMO). [REDACTED] had in his possession detailed records reflecting the total value of oil sold to Syria under the "Border Trade Protocol" with Iraq that was established in June 2000. He also had account numbers and banking statements for two accounts established for SOMO at the Commercial Bank of Syria, 5<sup>th</sup> Branch, up to February 28, 2003. Arrangements have since been made to have a replacement for [REDACTED] to bring these documents to Damascus and this person is expected to arrive in Damascus on October 6, 2003.

On October 2, 2003, [REDACTED] was contacted by phone and provided the following details. The "Border Trade Protocol" between Iraq and Syria was established in June 2000. The protocol involved the sale of Iraqi oil outside the UN "oil for food" program with payment from Syria in the form of 60% in Syrian made goods and 40% in cash all in USD. SOMO maintained sole controlled of all oil sales and its corresponding profits. Two accounts were established for SOMO at the Commercial Bank of Syria, 5<sup>th</sup> Branch: account #307020/8101 for deposit in USD for the 60% reserved for the purchase of Syrian made goods; and #307020/8102 for the 40% cash in USD. As of February 28, 2003, the trade account (307020/8101) held \$559,499,321.13 and the cash account (307020/8102) held \$2,951,024.51. [REDACTED] estimated that since March 1, 2003, a total of

\$330,000,000 has since been deposited into these two accounts: \$198,000,000 trade account & \$132,000,000 cash account [REDACTED] stated that since the June 2000 trade protocol with Syria a total of approximately \$3,002,078,265 has been generated.

NOTE: Interviews by ICE Baghdad agents of the former [REDACTED] [REDACTED], previously documented in ROI, dated May 3, 2003, stated the following information that corroborates information received from [REDACTED]: Under the trade protocols established with Iraq between Turkey (70% trade/30%cash) and Syria (60% trade/40% cash) an approximate total of \$4 billion USD was generated. Of these profits approximately \$1.5 billion USD were received in cash. Furthermore, of the \$4 billion in profits, the Syrian profit from the sale of oil was three times greater than that of Turkey. Lastly, approximately ¾ of the Syrian cash generated was transferred from Damascus banks through Beirut banks to Iraq.

On October 1, 2003, agents [REDACTED] interviewed [REDACTED] [REDACTED] the Iraqi Commercial Center officer to Damascus, Syria ([REDACTED] Damascus [REDACTED]) since August 2002. [REDACTED] was formerly an officer with the MOU section of the Director Foreign Economics Relations, Iraqi Ministry of Trade. He stated that his current boss is [REDACTED] who is the [REDACTED]

[REDACTED] stated that Branch 5 of the Commercial Bank of Syria held two accounts for SOMO and that one account was held at Branch 4 that was related to the UN "oil for food" program. He stated that the money deposited into the Branch 4 account had to be transferred within 24 to 48 hours to the Rafadian Bank in Beirut. [REDACTED] did not have any other details concerning these accounts nor did he have any control and/or signature authority or knowledge of how the money was physically moved to Beirut.

NOTE: It is believed that this account was for the Iraqi requirement for a cash deposit of 10% of true contract value of food/merchandise sold to Iraq by all companies inclusive of Syrian companies under the UN "oil for food" program. Iraq developed this scheme in order to acquire needed cash for the regime and it is referred to as the inflated 10% program. It is highly suspect that there is another account at Branch 4 that received the fraudulent contract value payment (110% value) from the UN escrow account of oil sales (Paris National Bank, NYC Branch). This account would have been held on behalf of Iraq for the Iraq/Syrian contract value of food/merchandise sold under the UN "oil for food" program.

[REDACTED] stated that the majority of Iraqi trade with Syria was transacted through SEAS aka SES or CECS belonging to Dr. Asef Shaleesh. He mentioned that Shaleesh was related to the President of Syria.

████████ stated that Ali Jumaa Hussein Khalaf former Assistant Commercial Advisor at the Iraq Embassy in Amman was expelled from Jordan just before the war started and traveled through Damascus on his return to Iraq. Jumaa told ██████████ that he transported a large amount of cash from Amman and left the money with the Iraq Ambassador to Syria, Mohamed Rifat Al Ani before returning to Baghdad. Zaid Az Aldin, Ambassador for the Iraq Foreign Ministry in Baghdad, traveled to Damascus shortly after Jumaa returned to Baghdad to meet with Ambassador Al Ani. ██████████ believed the former Iraqi Ambassador, Mohamed Rifat Al Ani discussed the money brought to Damascus by Jumaa with Az Aldin before he returned to Iraq in June 2003. ██████████ did not know any other details pertaining to the money, the exact amount or current location but stated that Farouk Hassen, Iraqi accountant at the Iraq Embassy in Syria may have additional details. The former Ambassador, Mohamed Rifat Al Ani and Farouk Hassen have returned to Baghdad. He heard that Al Ani was shot but not killed after his return to Baghdad.

████████ knew Sami Bashar Jarallah stating he was an accountant in the Commercial Section at the Iraq Embassy in Amman. Jasim Alaithaway (Jassem Ahmed Hassan Alarthaway) was a member of the Iraqi Military Intelligence who spent time in Amman. He believed that Ali Jumaa, Sami Bashar and Jasim Alaithaway could be living in Damascus.

### Document 3

NOTE: Interviews by ██████████ of the former Iraqi Minister of Military Industry (MMI), ██████████, on May 30, 2003, revealed that the ██████████ stated that the MMI accumulated over \$200 million from SOMO over a three year period. He stated that most of the money was kept in the Amman bank, Al Ahiy aka Jordan Civil Bank, and Beirut bank, Al Ityhad aka Bank Aliskon (Housing Bank) in individuals named accounts. ██████████ stated that he saw Jassem Al Ithawi aka Jassem Hathaway, Muneer Al Kubaysy (GD of Bashair Trading Co) and the Director of Finance for MMI in Syria on April 21, 2003. ██████████ stated that he highly suspected that these subjects removed MMI's \$200 million from the accounts in Amman and Beirut to Damascus. He further stated that they were being aided by Ahima Shaleesh aka Asef Shaleesh who was a very powerful man in Syria and that he was related to the President. ██████████ stated that Shaleesh owned the Syrian company SEAS aka SES in

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addition to many other companies and that he was aided by two Americans in the stock market. [REDACTED] stated that Subhi Assan Ibrahim or Raja Mohamed Ali, MMI Director of Finance & Personnel, and Jabria Alawi, MMI Director of Auditing, would be very helpful to identify/document MMI records pertaining to procurement of US equipment and the finances.

All investigative leads reported will be pursued jointly by the [REDACTED] and [REDACTED] in order to account for all Iraqi assets generated from the "Border Trade Protocols" controlled by SOMO and the inflated 10% of value generated under the UN "oil for food" program. [REDACTED]



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On October 25 & 26, 2003, [REDACTED] IRS Special Agent [REDACTED] and Senior Auditor for the Iraqi Board of Supreme Audit, [REDACTED] met with Commercial Bank of Syria (CBS) officials. Additional bank records pertaining to balances and account transactions were obtained and a representative sample of files pertaining to payments of over 500 million USD to Syrian businessmen by CBS without Iraqi authority were examined.

CBS bank records were compared against Iraqi State Oil and Marketing Organization (SOMO) records and a schedule showing how much money was generated, how much was spent, how much was transferred out, and what remains on deposit was prepared.

#### DETAILS OF INVESTIGATION

On October 25 & 26, 2003, [REDACTED] IRS Special Agent [REDACTED] and Senior Auditor for the Iraqi Board of Supreme Audit, [REDACTED] met with Deputy General Manager CBS, [REDACTED] (only on 25<sup>th</sup>) and Manager of CBS Branch 5, [REDACTED]. On the 25<sup>th</sup> US Embassy Foreign Service National [REDACTED] was used as a translator and on the 26<sup>th</sup> [REDACTED] was used. Additional banking records were obtained and 11 files pertaining to payments of over 500 million USD to Syrian businessmen by CBS without Iraqi authority were examined.

CBS provided full cooperation with providing answers to all questions and details of all Iraqi banking records held at CBS. CBS would not provided copies of the approximate 370 contracts established between Syrian businessmen and Iraq under the Trade Protocol that \$578,552,720 USD was paid out of the Trade account without SOMO's authority. CBS cited Trade Secrecy and Privacy issues, however, they stated that the files could be reviewed.

CBS did provide copies of a Irrevocable Letter of Credit valued at 155 million Euro and shipping records that supported a payment of 189 million USD. This contract was between a Syrian Company and a French Company involving the purchase of electrical equipment from France for sale in Iraq. This equipment is still in Syria incurring storage fees.

[REDACTED] compared all banking records with SOMO records. A preliminary account of what was generated, transferred out, paid out, and remains on deposit pertaining to the Trade Protocol between Iraq and Syria follows:

- From June 2000 until July 2003 a total of \$3,449,528,207.33 was generated from the sale of Iraqi oil products, majority of which was crude oil.

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- From June 2000 until February 2003 a total of \$1,801,246,959 was put into CBS Trade account under the Trade Protocol.
- From June 2000 until February 2003 a total of \$1,200,831,306 was put into CBS Cash account and then wired shortly after deposit to a SOMO account in Beirut.
- Since March 2003 CBS combined the Trade & Cash accounts and a total of \$447,449,942 has been paid into CBS Trade account from March sales and accrued payments.
- From March 2003 SOMO's combined CBS Trade & Cash account held \$842,143,630. Of this \$1,712,720 was paid out of the account with SOMO's authority and \$578,552,720 was paid out without SOMO's authority.
- Currently, SOMO's combined CBS Trade & Cash account holds \$261,878,142 that was frozen on July 7, 2003
- Of the six other CBS accounts for the Iraqi Airline, Iraqi Embassy, Iraqi Interest Section, Iraqi Railroad, Iraqi Commercial Attaché, and Iraqi Commercial Office (UN "oil for food" program) a total of approximately \$3,764,800 has been officially frozen on July 7, 2003

All accounting details of both CBS banking records and SOMO's records have been placed on computer discs and support the above figures.

Of the 11 CBS payment files reviewed, documents reflected general merchandise. [REDACTED] intends to compare payment records with records held at SOMO back in Iraq. A determination will be made later requesting CBS for approval of a full audit of CBS payment files to insure against fraudulent contracts etc. When if this is done, possible US equipment and/or prohibited items could be identified.

Of the Iraqi companies and names submitted to CBS requesting a search for bank accounts, CBS reported that it was negative.

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MEMORANDUM OF INTERVIEW

ON JANUARY 27, 2004, AN INTERVIEW WAS CONDUCTED WITH  
SOURCE [REDACTED] (SOURCE) BY SPECIAL AGENTS [REDACTED]

[REDACTED] AND SPECIAL AGENTS [REDACTED] AND [REDACTED]  
IRS-CI, US TREASURY.

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SOURCE IDENTIFIED MUSTAFA TLAS AS THE MINISTER OF DEFENSE FOR SYRIA. TLAS WAS RECEIVING "TRIBUTE" PAYMENTS FROM IRAQI FOR ALLOWING THE SHIPMENT OF GOODS BETWEEN SYRIA AND IRAQ. SOURCE INDICATED THAT ANYTHING THAT WAS SHIPPED BETWEEN THE COUNTRIES HAD TO HAVE TLAS' APPROVAL OR IT WAS NOT ALLOWED THROUGH CUSTOMS.

SOURCE EXPLAINED HIS KNOWLEDGE OF THE OIL ALLOWANCE PROGRAM THROUGH THE FOLLOWING EXAMPLE: THE MARKET VALUE FOR A BARREL OF OIL WOULD BE \$25. THE OIL ALLOWANCE WOULD BE GIVEN TO WHOMEVER AT SADDAM HUSSEIN'S DISCRETION. THE OIL ALLOWANCE MUST BE SOLD THROUGH A BROKERAGE COMPANY THAT WAS WILLING TO PARTICIPATE IN THE SCHEME. THE BROKERAGE COMPANY WOULD SUBMIT THE CONTRACT FOR THE SALE OF THE OIL ALLOWANCE THROUGH THE UN UNDER THE MOU. OF THE \$25 PER BARREL AMOUNT \$20 WOULD GO INTO THE OIL FOR FOOD PROGRAM ACCOUNT AT A FRENCH BANK. THE OTHER FIVE DOLLARS WOULD BE SPLIT SPILT WITH THE OIL BROKERAGE COMPANY RECEIVING \$1 AND SADDAM AND THE RECIPIENT OF THE OIL ALLOWANCE SHARING THE OTHER \$4 WITH EACH RECEIVING ABOUT \$2 PER BARREL. THE OIL BROKERAGE COMPANY WOULD MAKE THE DISBURSEMENTS INTO SPECIAL ACCOUNTS FOR SADDAM HUSSEIN AND THE RECIPIENT OF THE OIL ALLOWANCE.

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MEMORANDUM OF INTERVIEW

(U) On October 14, 2003, an interview was conducted with [REDACTED] at Camp Cropper, Baghdad International Airport. Participants in the interview included [REDACTED] Special Agent [REDACTED] and Special Agent [REDACTED].

(U) 1. Financing Operations. Prior to 1991 the Iraqi regime would finance their international operations using letters of credit, secured or unsecured and recoverable or non-recoverable, in accordance with international banking laws and regulations. After their invasion of Kuwait and the subsequent international sanctions they had to seek alternative methods to avoid having their accounts frozen. The regime came up with two methods to circumvent the sanctions, a) paying cash to intermediaries to conduct the transactions and b) the use of letters of credit in nominee name.

(U) a. Use of Intermediaries. The Military Industrialization Commission (MIC) often used intermediaries to conduct transactions. These intermediaries were paid in cash and would often receive anywhere from 10% - 15% of the value of the contract as payment for their services. There were three primary intermediaries that MIC used in Syria; Firas Talas, the son of the Syrian Minister of Defense, Thualhima Shaleesh, chief of the presidential bodyguard and cousin of Syrian President, Bashar Assad, and Ramy Machlouf. The Syrian connection will be discussed in greater detail in paragraph 4. These intermediaries would be paid in Syrian Lira, which would then be exchanged on the black market for US dollars to pay the suppliers.

(U) 5. Each ministry had their own nominee names. For the MIC it was Jasem Al-Haithawi, Munir Al-Kubassy and the third individual the source could not remember. Other ministries utilized their own employees as nominee account holders. Individuals who would know more about this topic include the Governor of the CBI, The Assistant Governor of the CBI, the Minister of Oil and the Minister of Trade.

(U) 7. All dealings with al-Arabi Bank in Jordan were terminated sometime in 1998 due to problems in which the bank would claim to have transferred funds per instructions, but fail to actually do so until a later date to make use of the float on the funds. Source estimates that there is still approximately \$50 million in the Al-Ahly Bank in Jordan. The

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Iraqis had given oil to the Jordanians to use as payment for procured goods. The name of one of the Jordanian connections is Fawaz Riekat.

(U) 9. Syrian Connection. The Syrian connection became more widely used after King Abdullah of Jordan began to create problems for the Iraqis and Syrian President Bashar Assad began to reinstate relations with Iraq. Source described the Syrians as being "good traders". The Ministers of Oil for both Iraq and Syria signed a contract whereby Iraq would make delivery of both oil and oil products. The fair market value of the oil and oil products would be placed in an account with the Central Bank of Syria. Iraq had the use of these funds to procure Syrian made goods; however, approximately 10% of these funds could cover the entire amount of Syrian made products. The Iraqi regime found agents within the Syrian government to falsify documents stating that goods purchased from outside Syria were in fact Syrian made and thus were able to use these funds for those purchases as well.

(U) 10. Egyptian Connection. The regime established a program similar to that used in the Central Bank of Syria with Egyptian Intelligence in 2002. They would deliver oil to Doctor Imad Jalada in Egyptian Intelligence. MIC had a \$5 million contract through their front company, Al-Husan Company, for stainless steel, forged steel and aluminum. When MIC went to make payment through the Central Bank of Egypt (CBE), the CBE did not have an account in the name of Iraq, the CBI, or any of the nominee names. MIC contacted Dr. Amir Rashid to resolve the payment issue. Source also stated that Dagher Mahmoud, Second Deputy Director of MIC, would also have the name of the Egyptian Intelligence contact for this matter. Source estimates that approximately \$50 million was collected in this account before the start of the war.

(U) 11. Lebanese Connection. The regime used al-Rasheed and al-Rafedain bank branches in Beirut to accumulate the funds from the kickbacks of the Oil for Food Program. The Central Bank of Iraq (CBI) used the names of selected employees to establish these accounts. When the balances in the accounts reached a specified level a special truck would be dispatched to withdraw the money and bring it to the CBI. These trucks would make the journey at least on a weekly basis. Lebanese banks were used because of their ease in transferring hard currency as compared to Syrian banks.

(U) 13. The banks the MIC utilized in Beirut were the Al-Itihad Bank and an affiliated branch of the Al-Ahly bank. The accounts utilized for the contracts were in the names of Jasem Al-Haithawi, Munir Al-Kubassy and the third individual that the source could not remember.

(U) 16. UAE Connection. The Ministry of Finance created a private company in Abu Dhabi, UAE to handle many of the purchases through the Oil for Food Program. Fifty percent of the profits from the transactions went to the owner of the company and the other fifty percent went to the Iraqi government. Source estimated that approximately \$400 million was funneled to the regime through this program. The company would purchase food at an inflated price and then kick back the difference between the actual

cost of the food and the price paid to the regime. Source knew that there were two individuals within the Ministry of Finance who dealt with this company, but did not know their names. Source believed that the Ministry of Finance utilized certain employees as the nominee account holders to receive the kickbacks.

(U) 17. Oil for Food Price Kickbacks. Almost any contract let through the Oil for Food Program had a built in rate that would be kicked back to the regime in hard currency. The purchaser would deposit the agreed upon percentage into an account in Beirut designated by the CBI. This was a \$15 billion program.

(U) 18. Infobank. CBI had an account in Belarus which held 10% of the value of the Oil for Food contracts with Belarus which was kicked back to the regime.

(U) 20. MIC Trading Companies. MIC had three primary trading companies, the Al-Bashaer, the Al-Mafakher and Aar'mous. Hussein Kamel established Al-Bashaer as a trading company to import a wide variety of goods. After he defected in August 1995, the company was used solely to procure goods for MIC. Most of the contracts for goods were let through Al-Bashaer. The Al-Mafakher had dealings with Jordanian firms and owned an electric power plant in Tunisia. Aar'mous deals with the Russian market.

(U) 21. Belarus/Russia/Yugoslavia/Ukraine. Any contracts for goods contracted through these countries had an agreed upon inflated payment rate. The agreed upon percentage would be funneled back to the regime in hard currency.