

Most Popular

1. Sun could reach 'solar maximum' by end of 2023, experts say
2. Big largemouth caught in Texas is certified as a new world record
3. Texas town to welcome nation's first glow-in-the-dark playground
4. Tree-killing beetle is gaining ground in Texas, raising concerns
5. Ime Udoka reportedly swayed Rockets from James Harden reunion

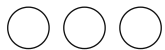
BUSINESS // ENERGY

Houston Oil-for-Food trader gets 2 years

Oil-for-Food figure gets 2 yearsHouston trader schemed to funnel money to Saddam

DAVID IVANOVICH, Copyright 2008 Houston Chronicle

March 8, 2008



NEW YORK — Houston oil trader [David B. Chalmers Jr.](#) was sentenced Friday to two years in prison for scheming to funnel kickbacks to [Saddam Hussein's](#) regime, in a case where the judge was asked to decide who was more culpable: Chalmers or Houston oil tycoon [Oscar Wyatt](#).

Each pleaded guilty to one count of conspiracy to commit wire fraud.

Each helped undermine the United Nations' Oil-for-Food humanitarian program for Iraq by paying under-the-table surcharges to Baghdad, and each made money off his illicit dealings with Saddam's regime.

But Chalmers, owner of Houston-based BayOil (USA), bought much more Iraqi crude than Wyatt did during the period when the regime was demanding surcharges, according to prosecution documents.

ADVERTISEMENT
Article continues below this ad

And he has conceded involvement in surcharges totaling more than \$9 million, while Wyatt has formally acknowledged arranging only \$200,000 in illicit payments.

U.S. District Judge [Denny Chin](#) made note of that Friday in sentencing Chalmers to two years. Wyatt is serving a one-year sentence that Chin imposed last year.

More for you

Sentencing today for other Houston oilman in scandal

[Read Now](#)

Houston trader gets 2 years in prison in oil-for-food case

[Read Now](#)

CHRON.

Chalmers attorney [Andrew Weissmann](#) argued that "as wrong as David Chalmers' actions were in this case," other differences in the two men's conduct favored his client.

"He wasn't close to Saddam Hussein's regime. He was not close to him personally," Weissmann argued, an apparent reference to testimony in Wyatt's trial last fall that in 1995, Saddam called Wyatt a friend of Iraq.

Chin agreed that Wyatt was more blameworthy in some respects — for example, in meeting with Saddam.

Prosecutors have presented no evidence Chalmers ever traveled to Iraq when Americans were forbidden to travel there, while testimony in the Wyatt case suggested several trips during the period.

But at age 54, Chalmers is substantially younger than the 83-year-old Wyatt. And Chin echoed comments he made when he sentenced Wyatt last year, that Wyatt has done "many remarkable things in his life." Chin said at the time that he was influenced by the many letters of support he received from Wyatt's admirers.

Chalmers provided information to prosecutors after pleading guilty to the conspiracy charge last August.

But Chin said he wasn't convinced the information was useful.

And though Chalmers got a longer sentence than Wyatt, he still will serve substantially less time than the 37 to 46 months that federal sentencing guidelines had indicated.

Chin said he was taking into account Chalmers' cooperation with prosecutors after making his plea deal, as well as recognizing the strain the oilman's imprisonment would have on his family.

At Chalmers' request, Chin said he will ask the federal [Bureau of Prisons](#) to assign Chalmers to a federal facility in Beaumont, where Wyatt is serving his time.

Chalmers is scheduled to report to prison by April 30.

His company also will forfeit more than \$9 million, while Wyatt — who was accused of paying millions in surcharges but in his plea agreement admitted only to orchestrating a \$200,000 payment — agreed to hand over \$11 million.

Toll on his personal life

Accompanied in court by his wife and father, an emotional Chalmers recounted the toll his public humiliation and pending incarceration have taken on his family and his professional life.

"I've also essentially lost my business, a business I had built up over many years, including my reputation, which I found was a difficult thing to lose," Chalmers said.

He expressed regret for his crime, saying: "I accept responsibility for these actions. I am very sorry."

Prosecutors contend Chalmers helped jump-start Saddam's scheme to regain control of some of Iraqi's oil sales by agreeing to pay millions of dollars in surcharges in late 2000, breaking a psychological barrier that had dissuaded other oil companies from paying the surcharges.

Prosecutors say BayOil funneled more than \$9 million in illicit payments to the Iraqi regime through an associate, Italian-Chilean businessman [Augusto Giangrandi](#), and a front company called Italttech.

Food and medicine

MOST POPULAR

1. **Sun's activity could peak 2 years earlier than expected, experts say**
2. **Lady angler reels in a world-record largemouth bass on popular Texas lake**
3. **Nation's first glow-in-the-dark playground is coming to North Texas**
4. **Invasive bug that eats trees has been discovered in more Texas counties**
5. **Ime Udoka reportedly swayed Rockets from James Harden reunion**
6. **Texas school district passes its own anti-transgender 'bathroom bill'**
7. **Two Texas anglers noodle their way to potentially record-breaking catfish**
8. **Astros GM Dana Brown provides update on trade deadline possibilities**

SHOPPING

See all the Best of Houston maps

12 essentials to pack for a day at the lake

Get Amazon Echo Buds for \$35 ahead of Prime Day

Amazon just dropped a Beyoncé Renaissance Tour merch line

DIY your daily smoothie with this discounted Ninja blender

Cricut's wildly popular crafting machine is \$40 off at...

The U.N. launched the Oil-for-Food program in 1996 to enable Iraq, which had been economically isolated since Saddam's 1990 invasion of Kuwait, to purchase needed food and medicine. Iraq was permitted to resume exporting crude, but the proceeds from the oil sales were to be kept beyond the reach of the regime in Baghdad.

In the fall of 2000, after Saddam ordered his oil ministry to find a way to seize some of the oil proceeds, Iraq's [State Oil Marketing Organization](#) notified buyers of Iraqi crude that they would have to pay under-the-table surcharges.

In November 2000, BayOil had chartered a tanker that was docked in Iraq. And the Iraqis would not allow the vessel to leave until surcharge payments were arranged.

Giangrandi negotiated a deal to get the tanker loaded and under way and landed another contract in which the Iraqis awarded Italtel 25 million barrels of oil in exchange for an agreement to pay the surcharges.

BayOil didn't follow through on that agreement right away.

And in March 2001, Giangrandi met with Iraqi Oil Minister [Amer Rashid](#) in Baghdad and was warned "not to leave Baghdad before arranging for payment of the surcharges," according to a special U.N. investigation led by one-time Federal Reserve

Chairman [Paul Volcker](#).

Giangrandi wrote out 17 personal checks to oil ministry officials to be deposited in a bank account in the United Arab Emirates secretly controlled by Iraq, but later tried to stop payment on the checks.

Eventually, BayOil funneled more than \$9 million to Giangrandi and Italtel, which was then turned over to the Iraqis, prosecutors say.

Chalmers told Chin that he "acquiesced" to Giangrandi's request to pay the surcharges out of concern for him and his family.

david.ivanovich@chron.com

Written By
DAVID IVANOVICH

BUSINESS

Southwest Airlines pilots take another step towards a strike

On Thursday, the pilots' union asked to be freed from mediation after failed negotiations.

Deadly germ behind infant formula shortage joins CDC watchlist

Cronobacter, the bacteria found in infant formula last year, created a nationwide shortage of the...

This street-racing EV enthusiast is pushing Texans to go electric

Teresa Porter is on a one-woman, uphill mission to convince Central Texas to go electric.

Are giant batteries the answer to Texas' strained power grid?

The state's power grid is under excessive pressure, and officials are turning to an unexpected...

SHOPPING

Get 2 Bissell air purifiers for \$100 with this top Amazon deal

Save 43% on this high-efficiency duo.

Trail to town: The best clothes for hikes and happy hour

Transition from outdoor adventuring to indoor sophistication with ease.

Here are all the best Prime Day TV deals you can score now

You don't need to wait until next month to score a heavily-discounted TV at Amazon.

This portable air conditioner is nearly 50% off at Amazon

This Black+Decker unit is perfect for spaces up to 550 square feet in size.

インボイス対応、お済みですか？

業務効率化とガバナンス強化を実現。さらに社内への利用浸透まで徹底的にサポート

三井住友カード | Sponsored

詳細

40歳以下の場合、このゲームはプレイしないでください。

BuzzDaily Winners | Sponsored

ゲームをプレイ

699円から - プレミアム木製ジグソーパズル - 限定コレクション - 生産終了品セール

このたび、一部のジグソーパズルのコレクションの生産が終了することになりました。生産終了品セールの後、これらのジグソーパズルは二度と手に入りません！

CRAFT HUB | Sponsored

今すぐ購入

紙の申請から解放！法人カードの活用術

業務効率化とガバナンス強化を実現。さらに社内への利用浸透まで徹底的にサポート

三井住友カード | Sponsored

詳細

Play this game for 1 minute and see why everyone is addicted.

No Installation. Play for free.

Navy.Quest | Sponsored

40歳以上の男性のためのリアルなゲーム！

40 歳以上の方は、このゲームをお試しください (基本プレイ無料) ダウンロードは不要です。

Forge of Empires | Sponsored

ゲームをプレイ

CHRON

TOP

ABOUT

- | | |
|--------------------------------|-------------------|
| Privacy Notice | Our Company |
| Your California Privacy Rights | Careers |
| Interest Based Ads | Advertise with Us |
| Terms of Use | |

CONTACT

- | | |
|------------------|---------------|
| Customer Service | Our Use of AI |
| Contact us | Ethics Policy |

CONNECT

- | | |
|------------------|------------------------|
| Email Newsletter | Coupons and Discounts |
| Facebook | Market: Client Content |
| Twitter | Week& |