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**OFFICE OF INTERNAL OVERSIGHT SERVICES
PROCUREMENT TASK FORCE**

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**INTERIM REPORT ON MONUC
PROCUREMENT AND FIVE
UNITED NATIONS
PROCUREMENT OFFICIALS**

Report no. PTF-R011/07

Case no. PTF/021/07

This Investigation Report of the Procurement Task Force of the United Nations Office of Internal Oversight Services is provided upon your request pursuant to paragraph 1(c) of General Assembly resolution A/RES/59/272. The Report has been redacted in part pursuant to paragraph 2 of this resolution to protect confidential and sensitive information. OIOS' transmission of this Report does not constitute its publication. OIOS does not bear any responsibility for any further dissemination of the Report.

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I. INTRODUCTION

1. The following report is the result of an investigation conducted between February 2007 and June 2007 by the Procurement Task Force (“the Task Force”) of the Office of Internal Oversight Services (“OIOS”). The Task Force is an *ad hoc* investigative unit created on 12 January 2006 to address all procurement matters referred to OIOS. The creation of the Task Force was the result of perceived problems in procurement identified by the Independent Inquiry Committee into the Oil for Food Programme, and the arrest and conviction of United Nations Procurement Officer Alexander Yakovlev.

2. Under its Terms of Reference, the Task Force operates as part of OIOS, and reports directly to the Under-Secretary-General of OIOS. The remit of the Task Force is to investigate all procurement cases, including all matters involving procurement bidding exercises, procurement staff and vendors doing business with the United Nations.

3. Since its inception, more than 350 matters involving numerous procurement cases in various missions and the United Nations Headquarters have been referred to the Task Force. Having spent the majority of its time in 2006 focusing upon the investigations of the eight staff members placed upon special leave with pay in January 2006, the Task Force turned its attention in 2007 more fully to procurement activities in the peacekeeping missions and offices away from the United Nations Headquarters. The Task Force has a number of active investigations in a number of peacekeeping missions, based upon referrals from other investigative agencies, staff members, and the analysis of previously closed cases in which re-investigation was warranted.

4. One of the major focuses of Task Force’s investigations involves the United Nations Mission in the Democratic Republic of Congo (“MONUC”). Forty-eight individual matters involving sixteen current and former United Nations staff members, numerous procurement exercises and a multitude of international and national United Nations contractors have been referred to the Task Force concerning this Mission.

II. ALLEGATIONS

5. This Interim Report focuses on five current staff members at MONUC’s Procurement Section (“the Procurement Section”):

(i) Subject 1, procurement assistant: six individual matters of alleged corrupt activities and other criminal practices by Subject 1 have been referred to the Task Force. In the course of the investigation, the Task Force obtained additional information from several individuals, which led to a further expansion of the investigation. As some of the matters under investigation related to previous allegations against Subject 1 from other missions, analysis and re-investigation of previously closed cases pertaining to Subject 1 was warranted;

(ii) This report further addresses several allegations regarding corrupt practices by procurement officer Subject 2, procurement officer Subject 4, procurement assistant Subject 3, and procurement assistant Subject 5. Some of the allegations had

been previously referred to OIOS; other matters were brought to the attention of the Task Force during the investigation.

6. The cases investigated span a significant period of time, as some of the matters date back to 1986. The purpose of this Interim Report is to inform the Organisation of these five staff members' illegal conduct that resulted in substantial financial losses to the Organisation as well as harm to the reputation of MONUC and the Organisation, as well as the pervasive culture of corruption in the Procurement Section generally.

7. Other matters of alleged corrupt practices of MONUC staff members in the Procurement Section and in other departments have been referred to the Task Force. These matters are subjects of other ongoing Task Force investigations and will be addressed in a further report.

III. APPLICABLE UNITED NATIONS STAFF REGULATIONS AND RULES

8. The following provisions of the **Staff Regulations of the United Nations** ("the Staff Regulations") are relevant:¹

(i) **Regulation 1.2(b):** "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 affecting their work and status."²

(ii) **Regulation 1.2(e):** "By accepting appointment, staff members pledge themselves to discharge their functions and regulate their conduct with the interests of the Organization only in view. Loyalty to the aims, principles and purposes of the United Nations, as set forth in its Charter, is a fundamental obligation of all staff members by virtue of their status as international civil servants."³

(iii) **Regulation 1.2(f):** "[Staff members] shall conduct themselves at all times in a manner befitting their status as international civil servants and shall not engage in any activity that is incompatible with the proper discharge of the duties with the United Nations. They shall avoid any action, and, in particular, any kind of public pronouncement that may adversely reflect on their status, or on the integrity, independence and impartiality that are required by that status."⁴

¹ ST/SGB/2007/4 (1 January 2007) (containing revised edition of the Staff Regulations). Throughout this Report, references to earlier editions of the Staff Regulations will be made where applicable.

² ST/SGB/2007/4, reg. 1.2(b) (1 January 2007). This is a long-standing provision of the Staff Regulations. See, e.g., ST/SGB/1999/5, reg. 1.2(b) (3 June 1999).

³ ST/SGB/2007/4, reg. 1.2(e) (1 January 2007). This is a long-standing provision of the Staff Regulations. See, e.g., ST/SGB/1999/5, reg. 1.2(e) (3 June 1999).

⁴ ST/SGB/2007/4, reg. 1.2(f) (1 January 2007). This is a long-standing provision of the Staff Regulations. See, e.g., ST/SGB/1999/5, reg. 1.2(f) (3 June 1999).

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(iv) **Regulation 1.2(g):** “Staff members shall not 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.”⁵

(v) **Regulation 1.2(i):** “Staff members shall exercise the utmost discretion with regard to all matters of official business. They shall not communicate to any Government, entity, person or any other source any information known to them by reason of their official position that they know or ought to have known has not been made public, except as appropriate in the normal course of their duties or by authorization of the Secretary-General.”⁶

(vi) **Regulation 1.2(l):** “No staff member shall accept any honour, decoration, favour, gift or remuneration from any non-governmental source without first obtaining the approval of the Secretary-General.”⁷

9. The following provision of the **Staff Rules of the United Nations** is relevant:

(i) **Rule 112.3:** “Any staff member may be required to reimburse the United Nations either partially or in full for any financial loss suffered by the United Nations as a result of the staff member’s negligence or of his or her having violated any regulation, rule or administrative instruction.”⁸

10. The following provisions of the **Financial Rules and Regulations of the United Nations** are relevant:

(i) **Regulation 5.12:** “The following general principles shall be given due consideration when exercising the procurement functions of the United Nations:

- (a) Best value for money;
- (b) Fairness, integrity and transparency;
- (c) Effective international competition;
- (d) The interest of the United Nations.”⁹

(ii) **Rule 105.14:** “[P]rocurement contracts shall be awarded on the basis of effective competition.”¹⁰

11. The following provisions of the **United Nations Procurement Manual** are relevant:¹¹

⁵ ST/SGB/2007/4, reg. 1.2(g) (1 January 2007). This is a long-standing provision of the Staff Regulations. See, e.g., ST/SGB/1999/5, reg. 1.2(g) (3 June 1999).

⁶ ST/SGB/2007/4, reg. 1.2(i) (1 January 2007). This is a long-standing provision of the Staff Regulations. See, e.g., ST/SGB/1999/5, reg. 1.2(l) (3 June 1999).

⁷ ST/SGB/2007/4, reg. 1.2(l) (1 January 2007). This is a long-standing provision of the Staff Regulations. See, e.g., ST/SGB/1999/5, reg. 1.2(l) (3 June 1999).

⁸ ST/SGB/2005/1 (1 January 2005).

⁹ ST/SGB/2003/07, reg. 5.12 (9 May 2003). See also ST/SGB/Financial Rules/1/Rev. 3, rule 110.21 (March 1985).

¹⁰ ST/SGB/2003/07, rule 105.14 (9 May 2003). See also ST/SGB/Financial Rules/1/Rev. 3, rule 110.21 (March 1985)

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(i) **Section 4.1.5(4)(a):** “UN staff shall not allow any Vendor(s) access to information on a particular acquisition before such information is available to the business community at large.”¹²

(ii) **Section 4.2(1):** “It is of overriding importance that the staff member acting in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment to an individual or entity by accepting offers or gifts and hospitality or other similar considerations.”¹³

(iii) **Section 4.2(2):** “It is inconsistent that a Procurement Officer . . . accepts any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations. All staff members involved in procurement shall decline offers of gifts.”¹⁴

(iv) **Section 4.3(2)(a):** “‘Bribery’ means the act of unduly offering, giving, receiving or soliciting anything of value to influence the process of procuring goods or services, or executing contracts.”¹⁵

(v) **Section 4.3(3)(b):** “The UN . . . [w]ill declare a firm ineligible, either indefinitely or for a stated period of time, to become a UN registered Vendor if it at any time determines that the firm has engaged in corrupt practices in competing for or in executing a UN Contract.”¹⁶

(vi) **Section 4.3(3)(c):** “The UN . . . [w]ill cancel or terminate a contract if it determines that a Vendor has engaged in corrupt practices in competing for or in executing a UN Contract.”¹⁷

(vii) **Section 7.12.2(1)(a):** “The criteria for suspension or removal from the Vendor Database . . . [includes] [f]ailure to perform in accordance with the terms and conditions of one or more contract[s] . . . and [a]busive, unethical or unprofessional conduct, including corrupt practices and submission of false information.”¹⁸

¹¹ United Nations Procurement Manual, Rev. 3 (August 2006) (hereinafter “2006 Procurement Manual”); United Nations Procurement Manual Rev. 2 (January 2004) (hereinafter “2004 Procurement Manual”).

¹² 2006 Procurement Manual, sec. 4.1.5(4)(a); 2004 Procurement Manual, sec. 4.1.5(4)(a); 1998 Procurement Manual, sec. 7.06.01.

¹³ 2006 Procurement Manual, sec. 4.2(1); 2004 Procurement Manual, sec. 4.2.1(1); 1998 Procurement Manual, secs. 3.04.05, 7.06.01, 8.03.04.

¹⁴ 2006 Procurement Manual, sec. 4.2(2); 2004 Procurement Manual, sec. 4.2.1(2); 1998 Procurement Manual, secs. 3.04.05, 8.03.04.

¹⁵ 2006 Procurement Manual, sec. 4.3(2)(a); 2004 Procurement Manual, sec. 4.2.5(2)(i); 1998 Procurement Manual, secs. 5.12.01–5.12.02.

¹⁶ 2006 Procurement Manual, sec. 4.3(3)(b); 2004 Procurement Manual, sec. 4.2.5(3)(ii); 1998 Procurement Manual, secs. 5.12.01–5.12.02.

¹⁷ 2006 Procurement Manual, sec. 4.3(3)(c); 2004 Procurement Manual, sec. 4.2.5(3)(iii); 1998 Procurement Manual, secs. 5.12.01–5.12.02.

¹⁸ 2006 Procurement Manual, sec. 7.12.2(1)(a); 2004 Procurement Manual, sec. 7.12.2(1)(a)(iv); 1998 Procurement Manual, secs. 5.12.01–5.12.02.

12. The following provisions of the **United Nations General Conditions of Contract** are relevant:

(i) **Article 2.0:** “The Contractor shall refrain from any action that may adversely affect the United Nations and shall fulfill its commitments with the fullest regard to the interests of the United Nations.”¹⁹

(ii) **Article 6.0:** “The Contractor warrants that no official of the United Nations has received or will be offered by the Contractor any direct or indirect benefit arising from this Contract or the award thereof. The Contractor agrees that breach of this provision is a breach of an essential term of this Contract.”²⁰

IV. RELEVANT CONCEPTS OF CRIMINAL LAW

13. Some of the well-established concepts of common law are applicable to this Interim Report, including:

(i) **Bribery:** Commonly, bribery is defined as an act of a public official to corruptly solicit, demand, accept or agree to accept anything of value from any person, in return for being influenced in the performance of any official act or being induced to do or omit to do any act in violation of the official duty of such official.

(ii) **Conspiracy:** Conspiracy is an agreement to do an unlawful act. It is a mutual understanding, either spoken or unspoken, between two or more people to cooperate with each other to accomplish an unlawful act. In this case, it is the agreement to engage in a scheme to improperly obtain sums of money under contracts with the United Nations not properly due and owing to them, and to achieve contracts through corrupt means, including bribery, the solicitation and offer of kickbacks, and the payment of gratuities; and

14. If any evidence of bribery or fraud or other criminal offense is revealed during the course of the Task Force’s investigations, a referral to the appropriate prosecutorial agency will be recommended.

V. METHODOLOGY

15. Investigators interviewed a significant number of United Nations staff members, both current and former procurement staff at MONUC and other senior management personnel, as well as United Nations staff at the Headquarters. Interviews were also conducted with local Congolese and international vendors doing business with MONUC.

¹⁹ 2006 Procurement Manual, United Nations General Conditions of Contract, art. 2.0. This is a long-standing provision of the General Conditions of Contract. See, e.g., United Nations Procurement Manual, United Nations General Conditions of Contract, art. 2.0 (31 March 1998) (hereinafter “1998 Procurement Manual”).

²⁰ 2006 Procurement Manual, United Nations General Conditions of Contract, art. 6.0. This is a long-standing provision of the General Conditions of Contract. See, e.g., 1998 Procurement Manual, United Nations General Conditions of Contract, art. 6.0.

A written record of conversation was prepared after each such meeting with the interviewee, and thereafter all interviewed staff members were invited to review the document for accuracy, propose additions, deletions and amendments, and sign it.

16. Investigators examined voluminous forensic data, electronic media, and hard-copy documents. The records collected by the Task Force included:

- (i) Procurement files from 2001 to the present, including vendor registration files, requisitions, bids, presentations to the Local Committee on Contracts (“LCC”) and the Headquarters Committee on Contracts (“HCC”), receiving and inspection reports, payment instructions, and related correspondence of the purchase orders and contracts involved;
- (ii) Electronic evidence, including telephone records, hard drives and emails;
- (iii) Personnel files; and
- (iv) Correspondence files.

17. The Task Force made significant efforts to locate and obtain all relevant files. However, the investigators faced a number of challenges including the fact that certain procurement files were found not only to be incomplete but incomprehensible. Furthermore, some of the allegations date back to 1986, which imposed serious difficulties in finding documents and witnesses able to fully recall the details of the events under investigation. In many cases documents were not found in files, rather loose papers and miscellaneous documents were gathered and provided to the Task Force. In these instances, often critical documents were absent, including the contracts themselves and technical and financial evaluations.

18. The Task Force has also sought cooperation from vendors, their representatives, and principals. As the Task Force has limited coercive powers and does not have the ability to issue subpoenas, lack of assistance from third parties can impose serious impediments to the investigations. Although the Task Force was able to obtain crucial information from some United Nations vendors and other third parties on a number of occasions, many local vendors refused to fully cooperate and disclose information to the investigators.

VI. DUE PROCESS COMPLIANCE

19. Due process in the investigative phase requires that staff be treated “fairly,” and that prior to reporting OIOS provide notice to the staff member of its intention to report, the scope of allegations against the staff member; and provide the staff member with an opportunity to comment and present information and evidence.

20. All five staff members were fully informed of the allegations and provided with relevant evidence, where applicable. The Task Force interviewed Subject 1 on 27 February and 16 May 2007; Subject 3 on 10 and 18 May 2007; Subject 2 on 21, 26, and 27 February 2007 and 15 May 2007; Subject 5 on 10 May 2007; and Subject 4 on 27 February 2007, as well as 11 and 17 May 2007. During these interviews, each subject

was provided with ample opportunities to present relevant documents and information to the Task Force. All subjects addressed in this Interim Report reviewed and signed the records of interviews with the Task Force.

21. On the 19 and 20 June 2007, the Task Force provided each subject with an adverse finding letter, informing them that as a result of the Task Force's investigation, evidence was gathered that the staff member was in violation of the Staff Regulations and Staff Rules, and that these staff members committed corrupt acts through bribery in connection with the United Nations procurement exercises and in their interaction with various vendors. On 22 June 2007, Subject 4, Subject 2, and Subject 1 requested documentation regarding the Task Force's findings. Subject 3 requested documentation on 25 June 2007, and Subject 5 filed his request on 27 June 2007. Subject 4, Subject 2, Subject 1, and Subject 3 were provided with the opportunity to review their records of conversation and any documents that could be disclosed on 25 June 2007, and Subject 5 was provided with relevant documents on 28 June 2007.

22. Each staff member was provided with the opportunity to comment on this information and provide any additional documents and evidence to the Task Force by 29 June 2007. The Task Force informed the staff member that this information would be considered in its final recommendations.

VII. BACKGROUND

23. MONUC was established on 30 November 1999 by Resolution 1279 of the United Nations Security Council to monitor the Lusaka Ceasefire agreement of the Second Congo war.²¹ On 24 February 2000, the Council expanded the mission's mandate and size. With a budget exceeding one billion United States dollars, MONUC is the largest and most expensive mission in the Department of Peace Keeping Operations ("DPKO").²²

24. With forty-two authorized posts, MONUC's Procurement Section is one of the largest of the Organisation's field procurement sections.²³ At the time of the investigation only thirty of the forty-two posts were filled.²⁴ The section is currently composed of five units, each of them headed by a supervisor at the P-3 level.²⁵ From July 2003 to May 2007 alone, purchase orders at a total value of over US\$740 million have been issued to national and international vendors by the Procurement Section.²⁶

²¹ S/RES/1279 (30 November 1999).

²² United Nations DPKO, "MONUC," <http://www.un.org/depts/dpko/missions/monuc/>.

²³ Subject 2 interview (21 February 2007). On 27 June 2007, the Task Force confirmed the number of authorized posts with Ms. Vevine Stamp, the newly appointed Chief Procurement Officer.

²⁴ Subject 2 interview (21 February 2007).

²⁵ *Id.*

²⁶ MONUC Procurement Purchase Orders (undated) (provided to the Task Force on 16 May 2007 by Magdalene Venn, MONUC's procurement official).

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FISCAL YEAR	NUMBER OF PURCHASE ORDERS	PURCHASE ORDERS TOTAL AMOUNT
July 2003 - June 2004 (4KIN)	1073	\$126,799,812.56
July 2004 - June 2005 (5KIN)	1206	\$206,678,814.49
July 2005 - June 2006 (6KIN)	1174	\$224,048,050.27
July 2006 - 16 May 2007 (7KIN)	774	\$181,719,951.48

Figure: MONUC Purchase Orders (July 2003 to May 2007)

25. Since the inception of the mission, the Procurement Section has been headed by six different Chief Procurement Officers (“CPO”) and Officers in Charge (“OIC”).

26. The first CPO, Staff Member 1, was appointed in April 2000 and remained in this position until he retired from the Organisation in November 2002.²⁷ Prior to his assignment with MONUC, he headed three procurement departments for the United Nations Operations in Somalia (“UNOSOM”), the United Nations Interim Force in Lebanon (“UNIFIL”), and the United Nations Protection Force in Croatia (“UNPROFOR”). According to Staff Member 1, the Procurement Section was staffed with only two procurement officials and was in poor condition when he arrived at the mission. Vendors had been hired without proper procurement exercises and many payments were outstanding. Although two additional staff members were hired, the situation did not improve as neither of the additional staff members had experience in procurement.²⁸

27. After Staff Member 1’s departure, Ms. Patricia Parsons temporarily served as OIC of the Procurement Section until Ms. Judith Shane took over as the new CPO in June 2003.²⁹ Prior to her assignment to MONUC, Ms. Shane worked for thirteen years in procurement with the U.S. Agency for International Development (“USAID”). Ms. Shane further had ten years of experience in procurement at various United Nations missions.³⁰ According to Staff Member 2, MONUC Procurement was considered the worst department in the mission and morale amongst staff members was very low. Although some improvements were achieved during her tenure, procurement still had a

²⁷ Staff Member 1 interview (17 April 2007).

²⁸ *Id.*

²⁹ Subject 2 interview (21 February 2007).

³⁰ Staff Member 2 interview (7 March 2007).

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bad reputation when she was transferred to the United Nations Stabilization Mission in Haiti (“MINUSTAH”) in June 2004.³¹

28. Ms. Shane was succeeded by Staff Member 3, who served as CPO for one year until August 2005 when he retired from the Organisation. Like his predecessors, Staff Member 3 described the situation in procurement as highly disorganized as managerial structures were lacking and procurement officers were working on their own without overall supervision or guidance.³²

29. Staff Member 4, who was assigned to MONUC “to clean up the mission,” took over as OIC of the Procurement Section after Mr. Buxey’s retirement. She remained in that position until October 2006, when she was transferred to the United Nations Mission in Sudan (“UNMIS”).³³

30. Since October 2006, Subject 2, a procurement officer at the P-4 level became the OIC of the Procurement Section.³⁴ The arrival of Ms. Vevine Stamp as new CPO was scheduled for sometime in May 2007, shortly after the current investigations were completed.

31. While there was a high turnover and a lack of continuity at the managerial level, there was little rotation or change within the professional and general staff level in MONUC. All of the individuals under investigation have been at MONUC for more than four years with one procurement assistant even serving at the mission since March 2000.

32. The first concerns about irregularities not only in the Procurement Section but also in several other departments were raised as early as 7 August 2000, when *l’Avenir*, a Congolese Newspaper, published a media report containing allegations that several MONUC staff members were engaged in fraud and corruption.³⁵ Since that time allegations of purported corrupt practices of MONUC staff members were persistently reported by both United Nations staff members and MONUC’s vendors.

VIII. SUBJECT 1

A. ALLEGATIONS

33. The following matters referred to the Task Force by the Investigations Division of OIOS are addressed in this Report.

34. On 7 August 2000, *L’Avenir*, in an article entitled “Bandits et criminels peuplent la MONUC” reported serious allegations of purported misconduct by MONUC staff members.³⁶ The newspaper article referred among others to Subject 1, who had allegedly

³¹ *Id.*

³² Staff Member 3 interview (23 April 2007).

³³ Staff Member 4 interview (18 April 2007).

³⁴ Subject 2 interview (21 February 2007).

³⁵ “Bandits et criminels peuplent la MONUC,” *l’Avenir*, 7 August 2000.

³⁶ “Bandits et criminels peuplent la MONUC,” *l’Avenir*, 7 August 2000.

favored a Lebanese contractor and obtained in return free accommodations and a new car. The then Chief Administrative Officer of MONUC, Mr. Hany Abdel-Aziz by memorandum dated 14 August 2000, forwarded the article to OIOS recommending that an investigation be undertaken.³⁷

35. On 15 July 2002, a former MONUC procurement assistant in an interview with OIOS investigators reported vague concerns about the fact that unsolicited bids were received from a vendor for the charter of barges for a contract which was handled by Subject 1.³⁸

36. On 28 February 2003, OIOS opened an investigation into alleged irregularities in regard to the procurement of cafeteria services for MONUC Headquarters and other Kinshasa offices.³⁹ The bidding exercise was conducted by Subject 1.⁴⁰

37. On 7 April 2004, the then CPO of MONUC, Ms. Shane, reported in a memorandum to the Chief of Staff further allegations of procurement officials being involved in corrupt activities.⁴¹ In a meeting with MONUC's Chief Resident Auditor, Ms. Shane stated that she was informed that Subject 1 had received payments from an unidentified United Nations vendor in order to facilitate processing of payments and had also demanded payment from another United Nations contractor.⁴²

38. Another investigation of Subject 1 was initiated by OIOS on 9 December 2005 based on information received from the then OIC of the Procurement Section, Staff Member 4. Staff Member 4 reported that one of her staff members was informed by a contractor, whose company was awarded the contract for the rehabilitation of the Bunia runway, that Subject 1 had approached him during the bidding process for the contract and asked for money in exchange for ensuring that the company was awarded the contract.⁴³

39. Staff Member 1 further reported to OIOS that Subject 1 had received money from another construction company for their contract for the refurbishment of the Bukavu Runway.⁴⁴

40. In the course of the investigation the following additional matters were brought to the Task Force's attention.

41. On 15 May 2006, Etablissement Ekima, a local Congolese company and a supplier of cement and other construction material for MONUC, in a letter to Ms. Hazel Scott, MONUC's Director of Administration, stated that company officials privately met with Subject 1 at his house and that Subject 1 repeatedly provided them with information

³⁷ ID/OIOS case no. 222/00; Hany Abdel-Aziz memorandum to Edwin Nhiliziyo (14 August 2000).

³⁸ ID/OIOS cases nos.331/02 and 330/02.

³⁹ ID/OIOS case no.087/03.

⁴⁰ RFP no. RFP 03/CAFETERIA/2002 (prepared by Subject 1).

⁴¹ ID/OIOS case no.125/04; Judith Shane memorandum to Jaque Grinberg (7 April 2004).

⁴² William Peterson memorandum of discussion, prepared by William Peterson (13 April 2004).

⁴³ ID/OIOS case no. 695/05.

⁴⁴ *Id.*

on bids. The vendor further stated that it was willing to explain other incidents of “impropriety” on the part of Subject 1.⁴⁵

42. Forensic evidence gathered by the Task Force revealed that several bank transfers were made from Subject 1’s UNFCU account to Belgian bank accounts of Company Representative 15, owner of the UAC Sprl. (“UAC”),⁴⁶ and Company Representatives 16 and 18, owners of Panache Sprl. (“Panache”),⁴⁷ both of which are local Congolese companies doing business with the United Nations. The investigations were subsequently extended to Subject 1’s relations to these contractors.

43. Based on the preliminary results of the investigation it became apparent that a comprehensive analysis of allegations reported to OIOS since Subject 1’s first appointment with the United Nations for the United Nations Disengagement Observer Force (“UNDOF”) was warranted. The following matters that had previously been closed were re-investigated and are addressed in this Report:

44. On 8 July 1996, Mr. Derek Coggon, a former procurement staff member at the United Nations Assistance Mission for Rwanda (“UNAMIR”) reported several other incidents of purported corruptive and fraudulent activities by Subject 1 to OIOS.⁴⁸ While cleaning computer hard drives, Mr. Per Einarson of UNAMIR’s Communications Unit found a file in the system folders of a computer that had previously been used by Subject 1. The file was entitled “[REDACTED]-MGT” and contained a spreadsheet indicating purchases from company called Maitha General Trading (“MGT”). At the bottom of the spreadsheet several payments made to Subject 1 by MGT’s representatives were noted.

45. On 15 December 2001, further allegations of Subject 1 supposedly “owning a general trading company, MGT located in Abu Dhabi or Dubai” were reported to the Investigations Division.⁴⁹ Both cases were closed by OIOS as the Investigations Division concluded that allegations were not sufficiently substantiated.

B. PROFESSIONAL AND PERSONAL BACKGROUND

46. Subject 1 was born on 8 August 1953 in Alepo, Syria. Since 1978, he has been married to [REDACTED], a Greek national with whom he has three children whose ages are ten, twenty-seven, and twenty-nine.⁵⁰ In 1997, he applied for Greek citizenship and changed his nationality from Syrian to Greek in July 2003.⁵¹ The United Nations Office of Human Resources rejected Subject 1’s application for change of country of

⁴⁵ Company Representative 10 letter to Hazel Scott (15 May 2006)

⁴⁶ UNFCU, Subject 1 wire transfer request to Company Representative 15 (6 June 2003).

⁴⁷ UNFCU, Subject 1 wire transfer request to Company Representatives 16 and 18 (20 January 2004).

⁴⁸ ID/OIOS case no. 121/96.

⁴⁹ ID/OIOS case no. 338/01.

⁵⁰ Personnel Action Form #1141255 ([REDACTED] born [REDACTED]); United Nations Status Report and Request for Payment of Dependency Benefits (24 May 1990) ([REDACTED] born [REDACTED] and [REDACTED] born [REDACTED]).

⁵¹ Greek Passport no. T 868502 (issued on 14 July 2003).

nationality as he did not meet the requirement of prolonged residence in Greece preceding his appointment with the Organisation.⁵²

47. Subject 1 was recruited as a local buyer in procurement for UNDOF in Damascus on 8 March 1982.⁵³ In March 1994, he was temporarily assigned as procurement assistant to UNAMIR and returned to UNDOF in September 1996.⁵⁴ According to Subject 1, he resigned from the United Nations in September 1997 when his wife decided to move to Greece to provide a better education for their two sons.⁵⁵ In 1998, Subject 1 came to New York where he applied again for a job with the Organisation.⁵⁶ On 9 March 2000, Subject 1 was recruited as procurement assistant under an Appointment of Limited Duration (“ALD”) in Field Service at MONUC where he has worked since.⁵⁷

48. During his time at MONUC, Subject 1 was the buyer responsible for all kinds of commodities. He has worked for all procurement units with his most recent position being in the Engineering and Transportation Unit since February 2007.⁵⁸

49. Subject 1’s current contract expires on 30 June 2007.⁵⁹

C. UNDOF

50. The first concerns regarding Subject 1’s professional integrity were raised during the time of his first assignment as a local staff member with the Organisation in Damascus. Staff Member 5, the then Chief contracts officer at UNDOF, reported to the Chief Administrative Officer that he had caught Subject 1 falsifying Receiving and Inspection Reports (“R&I Reports”).⁶⁰

51. When interviewed by the Task Force, Staff Member 5 stated that an Israeli company, located in Birsheva, Israel, but whose name he could not recall, supplied UNDOF with construction material. Subject 1 together with a Canadian Captain arranged for the delivery of these supplies. According to Staff Member 5, Subject 1 and the other individual “seemed to work out an arrangement to defraud the Organisation.” First, contracts for goods were awarded to the company. Next, when the goods were delivered they would falsify R&I Reports by certifying receipt of all goods procured while only partial shipments were received. The company would then charge the Organisation for the whole amount and the money defrauded from the Organisation would be split between them and the company.⁶¹ Staff Member 5 confirmed that he actually “caught” Subject 1 red-handed in the process of forging an R&I Report, as did his colleague, Staff Member 6.

⁵² Catherine Rolland memorandum to Subject 1 (29 December 2003).

⁵³ UNDOF Letter of Appointment (17 March 1982).

⁵⁴ United Nations, Performance Evaluation Report (7 August 1996).

⁵⁵ Subject 1 interview (27 February 2007). No documents were identified to corroborate this information).

⁵⁶ *Id.*

⁵⁷ United Nations Letter of Appointment (8 March 2000).

⁵⁸ Subject 1 interview (27 February 2007).

⁵⁹ Personnel Action – Notification (1 July 2006); Personnel Action #1362270 (20 June 2006).

⁶⁰ Staff Member 5 interview (23 April 2007).

⁶¹ *Id.*

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6. DC confirmed that he had actually seen [REDACTED] forging and changing the R&I report as did his colleague, Pornchai Kanjanakantorn. [REDACTED] USED HIS OWN NAME ON THE R&I REPORT.

Figure: Staff Member 5 interview (23 April 2007)

52. Staff Member 6 who worked as contracts officer at UNDOF with Subject 1 in 1985, in his interview with the Task Force of 9 May 2007, concurrently confirmed these statements made by Staff Member 5.⁶² He recalled a problem with an R&I Report for a delivery of cement sometime in 1985 or 1986. A company called OASIS had a contract with UNDOF for the provision of cement. A partial delivery was received and paid for by the mission. The vendor then submitted an invoice for the total purchase amount, although only partial delivery had been made and sixty tons of cement were yet to be delivered. Staff Member 6 related that he found an R&I Report in his inbox certifying that the order was received in full. The report was “authorized” by the then Deputy Chief Logistics Officer, but was handwritten and looked like Subject 1’s handwriting. Staff Member 6 recalled that the matter was reported to the Chief Administrative Officer but did not know what happened thereafter.⁶³

53. After this incident a list was requested of the names and signatures of those who were authorized to complete the R&I Report in order to compare names to ensure proper authorization of R&I reports.⁶⁴

54. Staff Member 6 further told the investigators that this was not the first time that Subject 1 had forged procurement related documents. Another incident occurred in connection with a contract for concrete foundation when Staff Member 6 found out that Subject 1 had issued a purchase order to a company using his name and initials. Staff Member 6 stated that Subject 1 had manually prepared the purchase order and signed it with his initials. When he confronted Subject 1 with what he had found and presented him with a copy of the purchase order, Subject 1 grabbed it out of his hand and ripped it up. Staff Member 6 stated that he learned from one of his friends that Subject 1 requested US\$500 from the said vendor in exchange for his assistance to the company in getting the contract awarded. Shortly after Staff Member 6 informed Subject 1 that the contract had to be rebid, he was approached by the vendor directly asking what he wanted in order to award the contract to his company.⁶⁵

55. When interviewed about these findings by the Task Force on 16 May 2007, Subject 1 denied having ever forged R&I Reports and purchase orders and stated that his

⁶² Staff Member 6 interview (9 May 2007).

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.*, p. 2 (emphasis added).

former colleagues did not like him and would have invented the story to cause him trouble.⁶⁶

56. The Task Force could not find any indication that this incident had led to further investigation or that any administrative action was taken against Subject 1 after this incident was brought to the attention of the Chief Administrative Officer. According to Staff Member 5, the Chief Administrative Officer sent Subject 1 out of the mission to Rwanda, where he was promoted and became an international staff member.⁶⁷

D. UNAMIR

57. On 8 August 1996, OIOS received a complaint from UNAMIR alleging that Subject 1 was favoring a certain vendor by the name of Maitha General Trading LLC ("MGT"), a Dubai-based supplier of health, safety and environment products that provided - among others - camp services to UNAMIR. A paper entitled "Background information" was part of the case file, which contained details about the allegation; the identity of the author however, was not indicated in the files.⁶⁸ According to the information contained in the document, Mr. Einarson, former Supervisor in the Communications Unit at UNAMIR, reported the following incident.

58. At some time during Mr. Einarson's stay in UNAMIR his office was given a computer for inventory of generator stores. However, the computers hard disk was cleaned. Borrowing diskettes from various sources, he installed the programs which he required. He noted after installing QPRO that there was a corruption of the system files with some missing files. One of his experts on computers was able to fix and retrieve the system files. In doing so, he noted a file among the system files called "████████-MTG." He opened this file and was surprised to find an attached spreadsheet (see figure below).⁶⁹ The spreadsheet indicated sixteen purchases for UNAMIR at a total amount of US\$845,171. At the bottom of the page was a detailed list of payments made to Subject 1 by representatives of MGT. The list further contained information that Subject 1 received a percentage of the total purchase amount. The space for the amount "approved by Sanjay" was left blank.⁷⁰

⁶⁶ Subject 1 interview (16 May 2007).

⁶⁷ Staff Member 5 interview (23 April 2007).

⁶⁸ ID/OIOS case no. 121/96, "Background information" (undated).

⁶⁹ *Id.*

⁷⁰ ID/OIOS case no. 121/96, List of MGT Purchase Order and Associated Payments (undated); Dun & Bradstreet Report (14 March 1997) (showing a Sanjay Pahua as Marketing Manager for MGT).

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Given to [REDACTED]	US \$	2,100.00
Given to [REDACTED]		(500.00)
Given to [REDACTED]	Drh 5,000.00 : 3.65 =	(1,370.00)
Price of the OLYMPUS Camera IS 2000		(415.00)
		(185.00)
Percentage approved by [REDACTED] on the total amount		
(US \$ 845,171.31 x % =		(185.00)

Figure: ID/OIOS case no. 121/96, List of MGT Purchase Orders and Associated Payments (undated)

59. According to the information available to the Task Force, the case was closed on 8 August 1997 as OIOS had concluded that a preliminary investigation did not produce sufficient information to render a finding.⁷¹

60. The Task Force contacted Staff Member 7, who stated in his interview of 27 April 2007 that he could recall an incident when his office was given a computer for inventory that had previously been used by Subject 1.⁷² When he opened the computer, he found files, notes, purchase orders, and spreadsheets. He also found a spreadsheet listing purchase orders for contracts that Subject 1 had worked on for the supply of cement and

⁷¹ OIOS, Investigations Section, Case Management Change Form (8 August 1997).

⁷² Staff Member 7 interview (27 April 2007).

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construction material by one of UNAMIR's vendors. The spreadsheet further listed payments and other items given to Subject 1 by the company.

61. Staff Member 7 stated that he reported this information to Mr. Willliam Clive, Chief of International Support at UNAMIR, but he was transferred back to his official duty station in Damascus thereafter.⁷³

62. During the interview Staff Member 7 recalled another incident involving Subject 1, when he had requested water pumps for generators.⁷⁴ While Subject 1, who was the procurement assistant responsible for the case, was on holiday, another procurement officer, who replaced him during his absence, came to see Staff Member 7 to confirm a purchase of pumps priced at US\$13,000 each. Staff Member 7 was in disbelief at the stated amount and decided to make his own inquiries on the market to confirm the prices. In doing so, he found that the pumps had a market price of at most US\$300. The bids that Subject 1 had in his files, however, were for US\$11,000, US\$12,000 and US\$13,000 respectively.⁷⁵

63. Subject 1 was interviewed by the Task Force about these findings and firmly denied the allegations.⁷⁶ He stated he knew that two of his former colleagues, Mr. Coggon and Mr. Kanjanakantorn had falsely accused him of being improperly involved with MGT. When presented with the spreadsheet that was found on his computer in UNAMIR -Rwanda, Subject 1 stated that he had never seen the spreadsheet before and denied that he had prepared it. He insisted that anyone could have created the spreadsheet and that the people who had accused him were lying. Subject 1 admitted that he knew Mr. Mahmoud Ali, the representative of MGT listed on the spreadsheet. He further admitted that "he had worked on some purchase orders for MGT." He was asked if he had received the amounts and items listed on the spreadsheet, which he denied. He went on to question why, if he had prepared the spreadsheet, the blank space for the percent received had not been filled out.⁷⁷

64. Subject 1 left UNAMIR in August 1996. He returned to UNDOF, but left the Organisation in September 1997.⁷⁸ Two years later, on 8 March 2000, Subject 1 was recruited as procurement assistant under an Appointment of limited Duration in Field Service at MONUC.⁷⁹

E. MONUC

65. Rumors about Subject 1's involvement in fraudulent activities began to circulate as early as August 2000, only five months after his arrival at the mission, when the Congolese newspaper *L'Avenir* in its issue of 7 August 2000 raised allegations of corrupt

⁷³ *Id.*

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ Subject 1 interview (16 May 2007).

⁷⁷ *Id.*

⁷⁸ Subject 1 interview (27 February 2007).

⁷⁹ United Nations Letter of Appointment (24 March 2000).

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activities involving several MONUC staff members. In the article it was reported, *inter alia*, that Subject 1 favored certain Lebanese companies and that he had been involved in acts of corruption with a Lebanese business man who provided him with a stylish car in exchange for Subject 1's assistance in getting contracts with MONUC.⁸⁰

66. The article was forwarded to OIOS by Mr. Abdel-Aziz, the then Chief Administrative Officer, by memorandum of 14 August 2000. In his memorandum, Mr. Abdel Aziz further reported general allegations of fraud and corruption by MONUC staff that had been brought to his attention.⁸¹ Mr. Abdel-Aziz recommended that an OIOS investigation be undertaken, adding that "failing to do so will create a dubious environment in the Mission, which is currently taking proportion in the city."⁸²

67. A preliminary report was issued by the Audit and Management Consulting Division ("AMCD") of OIOS on 12 September 2000.⁸³ The audit revealed that Subject 1 was leasing the previously mentioned car for about US\$250 per month, which according to the report was "well below market for renting a car in Kinshasa, which is around US\$1,050."⁸⁴ OIOS recommended that staff members be reminded of their procurement responsibilities and that "staff members should be transferred to other missions if their behavior does not change to avoid bad press for the Organisation and its staff."⁸⁵

68. To determine whether these recommendations had been followed and what action had been taken against Subject 1 in this context, the Task Force contacted the then CPO, Staff Member 1. In his interviews of 17 and 20 April 2007, Staff Member 1 recalled problems with Subject 1 involving a Mercedes-Benz that he supposedly had received from one of MONUC's contractors.⁸⁶ He stated that Subject 1, when first confronted with the allegations, stated that he had bought the car from "a lady he did not deal with as a buyer."⁸⁷ Later however, he admitted that he had received the car, a Mercedes-Benz, from one of MONUC's vendors, but claimed that he had only rented the car. Staff Member 1 recalled that at around the same time, while he was on leave, Subject 1 rented cars for the missions at a rate that was forty percent higher than prices previously negotiated with the contractor.⁸⁸

69. As Staff Member 1 did not recall the name of the vendor and the events in question occurred almost seven years ago, the Task Force was not able to retrieve documents that may have corroborated this information by identifying the company in question.

⁸⁰ "Bandits et criminels peuplent la MONUC," *L'avenir*, 7 August 2000 ("Il choisit de faire des affaires avec les Libanais. Il s'est fait corrompre dernièrement par un homme d'affaires libanais. Ce dernier lui a offert une voiture d'une marque en vogue").

⁸¹ Hany Abdel-Aziz memorandum to Edwin Nihiliziyo (14 August 2000).

⁸² *Id.*

⁸³ AMCD/OIOS, Preliminary Report of Newspaper Allegations and Other Matters (12 September 2000).

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ Staff Member 1 interviews (17 and 20 April 2007).

⁸⁷ *Id.*

⁸⁸ *Id.*

70. When interviewed by the Task Force on 27 February 2007, Subject 1 claimed that he was never offered, nor had he requested or received, benefits of any sort from any of MONUC's vendors, either in cash or in the form of cars or other favors.⁸⁹

71. Although investigations of these early allegations were impeded by the fact that some of the events in question occurred more than twenty years ago, it became apparent that an immediate investigation of other allegations was warranted as it could have a potential impact on MONUC's ongoing bidding exercises and contracts.

1. Etablissement Ekima

72. Etablissement Ekima ("Ekima"), a Kinshasa-based company, is a supplier for cement and other construction materials to MONUC. According to the information provided by the company's owner Company Representative 10, Ekima commenced its business activities with MONUC in 2000,⁹⁰ but was only registered as approved MONUC supplier two years later on 25 October 2002.⁹¹ Based on the information provided to the Task Force by MONUC, thirty-three purchase orders totaling the amount of US\$800,365 had been issued to Ekima from 2003 to the present.⁹²

73. On 15 May 2006, Company Representative 10 submitted a written complaint to Ms. Scott, MONUC's Director of Administration.⁹³ Company Representative 10 reported that he was invited to the house of Subject 1 on 8 April 2006 where he was told that Ekima was going to be blacklisted from the MONUC vendor roster due to Company Representative 10's improperly close relationship to Subject 3, another procurement assistant, who allegedly provided Ekima with internal information on MONUC's bidding exercises. Company Representative 10 reported that it was indeed not Subject 3 but Subject 1 who had repeatedly provided him with information on bidding exercises and added that he was willing to report other incidents of "impropriety" involving Subject 1.⁹⁴

74. Internal inquiries were made by Subject 2, the then OIC of the Procurement Section and a meeting was held on 20 May 2006. At the meeting, Subject 1 was given the possibility to comment on Company Representative 10 and Ekima's allegations.⁹⁵ According to the notes taken during the meeting by Subject 2, Subject 1 confirmed that he had met with Company Representative 10 in private but otherwise stated that he had

⁸⁹ Subject 1 interview (27 February 2007).

⁹⁰ Company Representative 10 interview (2 May 2007) The Task Force was not able to corroborate this information as the Procurement Section can only access purchase orders or procurement information in the current procurement database, which contains information from 1 July 2002 to present. Magdalene Venn email to the Task Force (15 June 2007).

⁹¹ List of ETS Ekima Purchase Orders from 2003 to 2007 (provided by MONUC to the Task Force on 15 June 2007).

⁹² *Id.*

⁹³ Company Representative 10 "Protest letter" to Hazel Scott (15 May 2006) (copied to the Chief Procurement Officer).

⁹⁴ *Id.*

⁹⁵ Subject 2 Meeting Notes – Letter from Ekima dated 15 May 2006 (5 June 2006) (describing Subject 2's meeting with Ekima).

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“nothing to say” and would prefer to wait for a meeting with the Director of Administration “where all words will be spoken.”⁹⁶

75. The notes taken during the meeting together with additional information were forwarded by Ms. Klopp to Ms. Scott by memoranda of 7 and 9 June 2006 with the “strong recommendation that [the case] be forwarded to OIOS for review and investigation.”⁹⁷ The files available to the Task Force, however, did not contain any indication that the matter was ever brought to the attention of OIOS.

76. The Task Force interviewed Company Representative 10 on 2 and 4 May 2007.⁹⁸ During his first interview, Company Representative 10 stated that the initial problems with Subject 1 began in connection with the bid for a steel contract for approximately US\$300,000 when Subject 1, although not the procurement official in charge of the contract, called him unofficially stating that he heard Ekima had problems and wanted to offer “help.”⁹⁹ Although Subject 1 did not ask for a specific amount of money, the way he expressed it made it clear that he was asking for bribes. Company Representative 10i insisted that he had declined Subject 1’s offer but that subsequently in 2001, another similar incident with Subject 1 had occurred.

77. According to Company Representative 10, during an ongoing bidding exercise for contracts for the provision of construction material at a total value of US\$170,000 he met Subject 1 by coincidence in a Greek Restaurant. Subject 1 again made a similar offer although he was not the procurement officer in charge of the contract. Company Representative 10 confirmed that he declined Subject 1’s offer again.¹⁰⁰

78. The third incident that Company Representative 10 finally brought to the attention of Ms. Scott occurred in 2006. During an ongoing bidding exercise for the provision of cement to Kisangani, when he met Subject 1 at a nightclub in Kinshasa, Subject 1 told him that he had learned of Ekima’s problems with their cement contract and offered his help in resolving these problems. The next day, Subject 1 called him and invited him to his house. During the meeting Subject 1 told him that Ekima was going to be blacklisted for its involvement in corrupt practices with another procurement assistant. Subject 1 offered to help solve these problems. After the conversation Company Representative 10 asked for an appointment with Subject 4, the procurement officer in charge of their contracts. He was then informed by Subject 4 that there were no existing problems with Ekima’s contracts. Company Representative 10 stated in the interview that although Subject 1 did not explicitly ask for bribes once again, it was clear that his only intention in making up the lies about Ekima was to receive some form of monetary payment. Company Representative 10 stated that, as a result, the bid for the Kisangani cement was canceled after the meeting and the contract was rebid.¹⁰¹

⁹⁶ Subject 1 interview (27 February 2007).

⁹⁷ Barbara Klopp memorandum to Hazel Scott (9 June 2006).

⁹⁸ Company Representative 10 interview (2 May 2007); The Task Force note-to-file (4 May 2007).

⁹⁹ Company Representative 10 interview (2 May 2007).

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

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79. Two days later, on 4 May 2007, when Company Representative 10 was invited to review the summary of his interview, he stated that he wanted to provide the investigators with additional information “off the records.” Additionally, he stated that he wanted to make some corrections to his first interview.

80. At that time, Company Representative 10 admitted that upon Subject 1’s request, Ekima had repeatedly provided free painting services for Subject 1’s private apartment and swimming pool.¹⁰²

81. The first time in which Ekima had provided services for Subject 1 was upon Subject 1’s request for the free painting of his private swimming pool. After the work had been completed by Ekima, Subject 1 requested a fake invoice which he intended to submit to his landlord in order to be reimbursed for his “expenses.” Company Representative 10 confirmed that he provided Subject 1 with the invoice although—as agreed at the outset—Subject 1 never paid for the services received. When asked about the market price for the services rendered, Company Representative 10 stated that the cost was approximately US\$1,000.¹⁰³

82. The second time Subject 1 requested and received free painting of his apartment was after he had moved to a new building. The approximate price for such services would have been about US\$1,500, but Company Representative 10 could not recall the exact dates of these events.¹⁰⁴

83. Company Representative 10 confirmed that he submitted to Subject 1’s requests because he feared that Subject 1 would cause him problems with his future contracts if he refused him these favors.¹⁰⁵

84. Company Representative 10 stated that on a third occasion, Subject 1 requested Ekima to perform a complete renovation of a restaurant that was owned by one of Subject 1’s friends, free of charge. This would have included not only painting, but also plumbing and the complete sanitary installation. Subject 1’s demands in this instance had an approximate market value of about US\$30,000. Because Ekima was not in the financial position to grant favors of that size, Company Representative 10 refused to grant the services to Subject 1 for the first time.¹⁰⁶

85. Shortly thereafter, Subject 1 began to spread the aforementioned rumors about Ekima that finally led to Company Representative 10’s complaint to MONUC’s Director of Administration.¹⁰⁷

86. On 18 May 2007, the Task Force interviewed Subject 3, procurement assistant at MONUC. In a letter dated 16 May 2007 to Ms. Scott, she expressed her indignation regarding Subject 1’s accusations that she had provided Company Representative 10 with

¹⁰² The Task Force note-to-file (4 May 2007).

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

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inside information of MONUC's bidding exercises and requested that the matter be referred to OIOS for a full investigation.¹⁰⁸

87. Subject 3 stated that she was aware of the fact that Subject 1 had repeatedly requested favors from Ekima.¹⁰⁹ She confirmed that Company Representative 10 told her about Subject 1's attempts to receive free painting services and added that in her opinion Company Representative 10 had no reason to invent such accusations as he had an ongoing contract with MONUC and therefore no reason to complain. Subject 3 insisted that, as far as she was aware, "Company Representative 10 had resisted all of Subject 1's overtures."¹¹⁰ She added that she did not report these incidents because she did not think that whistleblowers were fully protected in the United Nations system.

88. In his interview of 16 May 2007, when presented with these findings, Subject 1 firmly denied the accusations. He insisted that he "did nothing wrong" and that he had "no idea what had happened."¹¹¹

89. Subject 1 confirmed that he had a private swimming pool in the house which he had inhabited from 2001 to 2005 and that he moved to an apartment owned by the Greek community in February 2005. In September 2006, he moved again into a unit on the third floor of the same building.¹¹²

90. Subject 1 further confirmed that he met with Company Representative 10 in his house on several occasions, but stated that during one of these meetings it was Company Representative 10 himself who wanted to talk about his contracts with MONUC. Subject 1 insisted that he ended the conversation and asked him to inquire with his colleagues as he did not want to "interfere" with their cases.¹¹³

91. Subject 1 firmly denied having ever received anything of value from Company Representative 10.¹¹⁴ Only upon repeated inquiry by the investigators could he then recall that Company Representative 10 had indeed painted his swimming pool. According to Subject 1, he intended to pay for the services received and had in fact asked Company Representative 10 for the amount which was due for the services rendered. Company Representative 10, however, told him that the work usually costs US\$150 but that he should only give him US\$50. Subject 1 stated that although he insisted to pay the full amount, Company Representative 10 refused and only took US\$50 from the US\$150 he had held in his hand.¹¹⁵

92. After a while, Subject 1 could then further recall that Company Representative 10 had also painted his apartment. Subject 1 insisted that he had paid an amount of US\$350 for the services received and told the investigators that he had even kept Ekima's invoice

¹⁰⁸ Subject 3 letter to Hazel Scott (16 May 2006).

¹⁰⁹ Subject 3 interview (18 May 2007).

¹¹⁰ *Id.*

¹¹¹ Subject 1 interview (16 May 2007).

¹¹² *Id.*

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *Id.*

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and thus could provide evidence that he had paid for the work done. Subject 1 vehemently denied having received Ekima's services for free or having requested a fake invoice from Company Representative 10.¹¹⁶

93. Upon further questioning, Subject 1 stated that he had also asked Company Representative 10 to paint the restaurant of one of his Greek friends, but insisted that he never requested Company Representative 10 to provide these services for free nor was he aware whether Ekima finally did the work for his friend.¹¹⁷

94. Subject 1 finally claimed that he was not even the case officer for purchases from Ekima and that "he [had] never dealt with the man." However, later in the interview, he admitted that he "might have done some purchase orders."¹¹⁸

95. On three of the purchase orders issued to Ekima, Subject 1 was formally listed as the buyer. The total value of these purchases amounted to US\$46,050. Yet based upon the findings, it is evident that Subject 1 was also in the position to unduly influence procurement exercises handled by his colleagues.¹¹⁹

96. When asked if he was aware that private meetings with vendors outside the office were inconsistent with his position as procurement official, Subject 1 stated that he was never made aware of that and was never told not to do so.¹²⁰

97. To the contrary, the former OIC of the Procurement Section, Staff Member 4, in her interview with the Task Force confirmed that she had cautioned Subject 1 that it was improper to meet privately with vendors after it had been brought to her attention that Subject 1 had invited vendors to his house.¹²¹

98. Furthermore, Subject 1 himself, with his signature on various procurement circulars, certified that he had read and understood Section 4 of the Procurement Manual, and was aware of the ethics and professional responsibilities with regard to meetings with vendors.¹²²

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ Ekima purchase orders nos. 5KIN-200402/0; 5KIN-200551/0; 5KIN-200829/0.

¹²⁰ Subject 1 interview (16 May 2007).

¹²¹ Staff Member 4 interview (18 April 2007).

¹²² Barbara Klopp memorandum to All Procurement Staff (8 June 2006).

UN Staff Ethics and Professional Responsibility

2. Section 4 of the Procurement Manual defines your responsibilities as UN staff members with respect to the ethics and professional responsibilities according to which you are expected to carry out your duties. If you have any questions concerning its contents, please bring these to the attention of your Unit Chief or myself.

3. While staff should be aware of its full contents, paragraph 4.1.5 in particular is brought to your attention, as it specifically relates to staff working within UN Procurement.

4. All Procurement staff are required to sign below to indicate they have read, fully understand and abide by the contents of Section 4, regardless of the Unit in which they work.

5. Please provide this page with your original signature to Marie-Therese Ilunga of the CPO's Front Office no later than COB Monday, 12 June 2006. Staff on leave will be requested to sign upon their return. The original signed page will be placed in your Personnel files.

**I have read and understood Section 4 of the UN Procurement Manual and
abide by its contents.**

Name (write legibly): 

Signature: 

Date: 08 June 2006

Figure: Barbara Klopp memorandum to All Procurement Staff (8 June 2006)

99. At the conclusion of the interview, Subject 1 told the investigators that the tradition of Arab culture does not suit the United Nations rules and that “unfortunately, reality doesn’t follow the rules.” He further explained that there is “no harm to bend the rules from time to time but should not break the rules.”¹²³

2. Société Matina Sprl. and Catering Contracts

100. Société Matina Sprl. (“Matina”) is a Kinshasa-based company, owned by a Greek national, Company Representative 1, which had been providing catering services to MONUC’s cafeterias and snack bars since February 2003.¹²⁴

101. Cafeteria’s or snack bars are located at the various MONUC locations in Kinshasa including MONUC’s air terminal.

102. During the last four years, MONUC’s cafeterias and snack bars had been operated by two local companies, Matina and Promo 2000. After Promo 2000 left MONUC Headquarters in April 2007, Matina took over this location as well.¹²⁵ All four cafeterias

¹²³ Subject 1 interview (16 May 2007).

¹²⁴ Company Representative 1 interview (16 May 2007).

¹²⁵ Staff Member 8 interview (17 May 2007); Company Representative 1 interview (16 May 2007).

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are currently operated by Matina. As the company's contracts expire on 30 June 2007,¹²⁶ a new bidding exercise for the provision of catering services to nine MONUC locations was initiated in July 2006.¹²⁷

103. Allegations of presumed irregularities in the awarding of catering contracts were circulating not only in MONUC, but also among restaurant owners in the city for a long time. Subject 1 had handled the previous procurement exercises and is also known to be friends with Company Representative 1 (owner of Matina).¹²⁸

104. On 6 February 2003, it was reported to OIOS that the owner of a Lebanese restaurant in Kinshasa who unsuccessfully bid for the catering contract alleged that there were some "dirty things" going on.¹²⁹

105. The Task Force therefore requested all procurement files pertaining to bidding exercises for cafeteria services from 2002 to present.¹³⁰ In February 2007, the Task Force further seized electronic data on Subject 1's working computer.

106. The investigations revealed that Subject 1 improperly assisted his friend Company Representative 1, in preparing the proposal for the ongoing tender for the provision of catering services to MONUC.

a. Contract CON/MON/03/02

107. In April 2002, a request for proposal ("RFP") for the provision of cafeteria services at four MONUC locations was sent out to seven restaurants. Subject 1 was the procurement assistant responsible for the bidding exercise as indicated on the RFP.¹³¹ By the closing date of 15 May 2002, three valid proposals by Promo 2000, Al Dar Restaurant, and Matina were submitted to the Tender Opening Committee.¹³²

108. An abstract of bids was prepared by Subject 1 on 12 June 2002.¹³³ The Task Force's review of the relevant proposals revealed that the prices listed by Subject 1 on the bid abstract in several cases were lower and did not match the prices indicated on Matina's proposal.

109. A technical evaluation was conducted by General Services which resulted in the fact that Al Dar Restaurant with 302 points was the clear leader, followed by Matina with

¹²⁶ Subject 2 letter to Kyriakos Gounaris (27 April 2007) (no amendment to the original contract no. CON/MON/05-002 was found in the files available to the Task Force showing extension of the contract beyond 31 March 2007).

¹²⁷ RFP no. TEN/MON/06-066 (25 July 2006) (for Provision of Catering Services to MONUC in Kinshasa).

¹²⁸ Staff Member 9 interview (18 April 2007).

¹²⁹ ID/OIOS case no. 087/03.

¹³⁰ The Task Force request for assistance to Staff Member 13 (7 May 2007) (copy to Subject 2) (identifying Staff Member 13 as Chief Administrative Officer).

¹³¹ RFP no. 03/Cafeteria/2002 (20 April 2002) (for cafeteria services at MONUC's various locations in Kinshasa).

¹³² Faisal Ghanem memorandum to Pirojna Onmongcol (12 June 2002).

¹³³ MONUC Procurement Section Abstract of Bids (12 June 2002).

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167 points and then Promo 2000 with only 112 points. However, as it was found that none of the proposals were fully compliant with the requests of the Statement of Work, a re-bidding exercise was recommended.¹³⁴

110. On 4 October 2002, a second RFP was issued to eight companies.¹³⁵ Offers from six companies were received by the closing date of 30 October 2002.¹³⁶ The abstract of bids was prepared by Subject 1 and a technical evaluation was conducted.¹³⁷ On 23 December 2002, the Technical Evaluation Report was submitted by the Contract Management Section to the Procurement Section, and this time Matina, together with Promo 2000, were found to be technically compliant, whereas Al Dar Restaurant, along with the other bidders, were now no longer considered to meet the requirements of the RFP.¹³⁸

111. On 28 December 2002, Matina and Promo 2000 were notified of the contract award.¹³⁹

112. It was not until one month later—on 29 January 2003—that Matina’s vendor registration was prepared by Subject 1.¹⁴⁰

113. The contracts were awarded on a split award basis. While Matina was awarded a twelve-month contract for MONUC Log Base “Ex Ivecco” and MONUC Compound “Ex Alcatel,”¹⁴¹ Promo 2000 was awarded a seventeen-month contract for MONUC Headquarters and the snack bar at the MONUC terminal at N’Djili Airport.¹⁴²

114. When Promo 2000 stopped providing services at the airport in November 2003, Matina’s contract was extended by the Procurement Section on 5 November 2003 to include the provision of snack bar services at the airport.¹⁴³ The contract was subsequently amended three times to extend the services to December 2004.¹⁴⁴

115. During their visit to MONUC, investigators met with Company Representative 11, owner of the Lebanese Restaurant named Al Dar. Company Representative 11 had reported his concerns regarding the irregularities in the bidding process to the local investigators in 2003. Company Representative 11 stated that he submitted a proposal for the provision of catering services in 2002.¹⁴⁵

¹³⁴ Gilles Briere Technical evaluation of Catering Proposals to Subject 4 (24 September 2002); Gilles Briere memorandum (6 September 2002).

¹³⁵ RFP no. TEN/MON/06/02 (4 October 2002) (for provision of cafeteria services to MONUC’s various locations in Kinshasa).

¹³⁶ Faisal Ghanem memorandum to Gilles Briere (14 November 2002).

¹³⁷ MONUC Procurement Section, Abstract of Bids (14 November 2002).

¹³⁸ Gilles Briere Technical evaluation of Cafeteria offers to Subject 4 (23 December 2002).

¹³⁹ Subject 4 memoranda to Gournaris Kyriakos and Noel Camillieri (28 December 2002).

¹⁴⁰ MONUC Registration form for contractors/vendors (29 January 2003).

¹⁴¹ Contract CON/MON/03/02 (5 August 2003) (signed by Ms. Shane).

¹⁴² Contract CON/MON/03/01 (6 May 2004) (signed by Ms. Shane).

¹⁴³ Amendment no. 1 to Contract no. CON/MON/03/02 (26 December 2002) (signed by Ms. Shane).

¹⁴⁴ Amendments nos. 1–3 to Contract no. CON/MON/03/02.

¹⁴⁵ Company Representative 11 interview (27 February 2007).

116. At the time, Subject 1 was a regular patron at Al Dar. On one occasion, Subject 1 came to the restaurant and asked Company Representative 11 about the rental price for a villa that Company Representative 11 owns in Kinshasa. When told that the rental price was US\$1,500, Subject 1 responded that he was interested in renting the house for US\$800.¹⁴⁶

117. Shortly after Company Representative 11 had submitted his proposal for cafeteria services, a friend of his, a Greek national named “Niko,” approached him. “Niko” told him that it was “as good as decided in MONUC that he would win the bid” but that it would be necessary to give Subject 1 a good price for his villa. Although it was never stated directly, it was apparent that Subject 1 was attempting to request benefits for the award of the cafeteria contract. When confronted by Company Representative 11, however, Subject 1 denied the accusation.¹⁴⁷

118. Company Representative 11 stated that he refused to rent Subject 1 his villa at the suggested price in exchange for the award of the contract. After a dubious and questionable rebid process, the contract was awarded to another member of the Greek community.¹⁴⁸

119. Subject 1, in his interview with the Task Force, denied having ever asked for financial benefits from any of the bidders for the cafeteria contracts.¹⁴⁹

b. Contract CON/MON/05/002

120. In early 2004, a new bidding exercise for catering contracts for the period from 1 January 2005 to 31 December 2005 was initiated by MONUC.¹⁵⁰

121. On 5 April 2004, an RFP for the provision of Cafeteria Services at four MONUC locations was issued to fourteen companies. The closing date for this RFP was 29 April 2004. The responsible case officer listed on the RFP was Subject 4.¹⁵¹ A site visit, conducted on 16 April 2004, was attended by six companies.¹⁵²

122. On 4 May 2004, the Tender Opening Committee (TOC) convened. Five valid bids had been received.¹⁵³

123. On 23 August 2004, the Cafeteria Committee submitted the Technical Evaluation Report to the Procurement Section and concluded that none of the vendors were entirely capable of meeting all the requirements for MONUC and recommended that the award should be split. The overall score achieved by the companies was as follows:

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ *Id.*

¹⁴⁹ Subject 1 interview (27 February 2007).

¹⁵⁰ RFP no. TEN/MON/04-020 (5 April 2004).

¹⁵¹ *Id.*

¹⁵² Site Visit Attendance Sheet (16 April 2004).

¹⁵³ Saeed Ahmed Tender Opening Committee memorandum to Judith Shane (5 May 2004) (identifying Mr. Ahmed as the Alternate Chairperson).

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- (i) Promo 2000: Rank 1;
- (ii) Restaurant les Jardins du Cercle: Rank 2; and
- (iii) Matina/Etablissement Akropolis: Rank 3¹⁵⁴

124. On 11 October 2004, a best and final offer (“BAFO”) was requested.¹⁵⁵ Although requested by the Task Force, no documents were provided as to the results of the BAFO exercise.

125. On 23 December 2004, Matina—according to the technical evaluation report only the third best bidder—was notified that it was considered for a contract award for three of the four locations requested by MONUC.¹⁵⁶

126. That same day, Promo 2000 was informed that they would be awarded the fourth location, which was MONUC Headquarters.¹⁵⁷

127. Both contracts were awarded in January 2005 for twelve months from 1 January 2005 to 31 December 2005.¹⁵⁸ Promo 2000’s contract was extended until 31 December 2006 and Matina’s contract was extended four times to 30 June 2007.¹⁵⁹

128. After Promo 2000 left MONUC Headquarters in April 2007, Matina took over this location as well.¹⁶⁰

c. Tender RFP TEN/MON/06-066

129. On 21 July 2006, a Statement of Work for catering services was prepared by Staff Member 8, Chief of MONUC’s Contract Management Section.¹⁶¹ A request for expression of interest (“EOI”) was issued in a local Congolese newspaper the same day.¹⁶² Twenty-five companies responded to the request.¹⁶³

130. RFP no. TEN/MON/06-066 was issued to twenty-five potential bidders on 26 July 2006. The closing date for the submission of bids was 25 August 2006. Eight companies acknowledged receipt of the RFP.¹⁶⁴

131. A site visit took place on 4 August 2006 at Congo Bâtiment, MONUC, where the participants were taken through the key requirements of the RFP.¹⁶⁵ Although twenty-

¹⁵⁴ Lesley McInnis Cafeteria Committee memorandum to Martin Buxey (23 August 2004) (identifying Ms. McInnis as the Chairperson).

¹⁵⁵ Martin Buxey letter to bidders (11 October 2004).

¹⁵⁶ Martin Buxey letter to Gounaris Kyriakos (23 December 2004).

¹⁵⁷ Martin Buxey letter to Noel Camillieri (23 December 2004).

¹⁵⁸ Contracts nos. CON/MON/05/002 and CON/MON/05/003 (26 January 2005) (signed by Mr. Buxey).

¹⁵⁹ Amendment no. 1 to Contract no. CON/MON/05/003; Amendments nos. 1, 2, and 4 to Contract no. CON/MON/05/002. The third Amendment was missing in the files provided to the Task Force.

¹⁶⁰ Company Representative 1 interview (16 May 2007); Staff Member 8 interview (17 May 2007).

¹⁶¹ Staff Member 8 memorandum to Barbara Klopp (21 July 2006).

¹⁶² Sollicitation de Manifestation d’intérêt/prestation de services de cafétéria/snack bar (21 July 2006).

¹⁶³ Anatoli Ryaboi memorandum to Barbara Klopp (4 August 2006).

¹⁶⁴ Request for proposal, TEN/MON/06-066 (26 July 2006) (for provision of catering services to MONUC in Kinshasa).

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five companies initially responded to the EOI, only three companies were present at this site visit, including Promo 2000 and Matina, which were the current providers for cafeteria services to MONUC. Staff Member 8, in his memorandum to Ms. Klopp dated 4 August 2006, requested that another site visit be scheduled for 11 August 2006 and that the other companies be approached and invited to attend the meeting.¹⁶⁶

132. Staff Member 11, the OIC of catering contracts, told the Task Force that she had been on leave when the requests for proposals were sent out, but that to her knowledge, there were no irregularities leading to the poor attendance of the site visit.¹⁶⁷

133. However, Staff Member 8 stated that he had learned from Ms. Klopp that “there was a problem with the fax machine” and that the requests for proposals were not sent out.¹⁶⁸

134. A new RFP was therefore issued on 8 August 2006 with an amended list of fifty-three vendors. The closing date was extended to 8 September 2006 “to enable all bidders to attend the site visit which had been poorly attended.”¹⁶⁹

135. Five days after the closing date, on Wednesday, 13 September 2006, 5:42 p.m., a file was created on Subject 1’s computer, entitled “Proposal Karim + Nikos.doc.”¹⁷⁰ The named file contained Matina’s technical proposal for catering services to MONUC. The figure below shows that the file was created on Subject 1’s computer:¹⁷¹

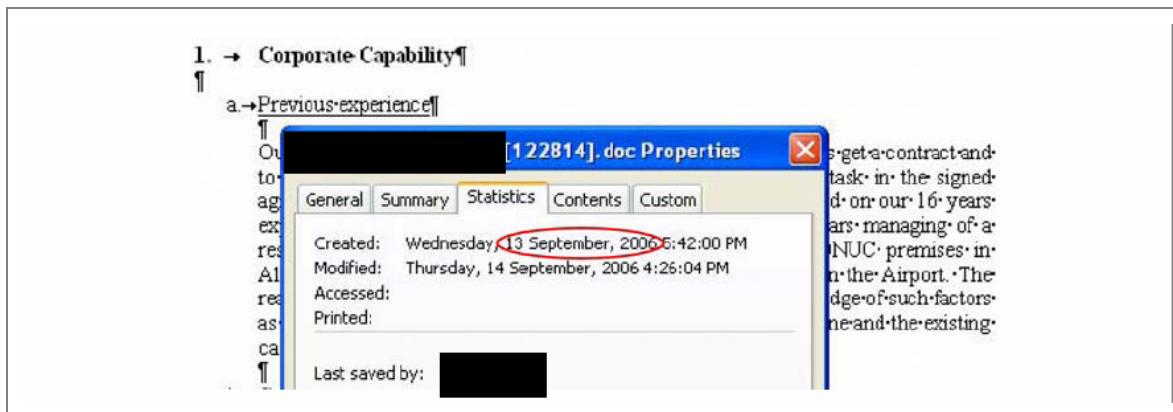


Figure: Document properties for “Proposal Karim Nikos[122814].doc” (13 September 2006) (recovered from Subject 1’s office computer at the United Nations)

¹⁶⁵ Staff Member 8 memorandum to Barbara Klopp (4 August 2006).

¹⁶⁶ Staff Member 8 memorandum to Barbara Klopp (4 August 2006).

¹⁶⁷ Staff Member 11 interview (14 June 2007).

¹⁶⁸ Staff Member 8 interview (17 May 2007).

¹⁶⁹ Barbara Klopp memorandum to Abraham Indieka (10 August 2006) (identifying Mr. Indiekia as the Chairman of the Tender Opening Committee).

¹⁷⁰ Subject 1 computer file, 152-Con-[redacted]-LPT\Part_1\NONAME-NTFS\Documents and Settings\[redacted]\My Documents\My Documents\My Files\Kyriako 2006\Proposal [redacted] + Nikos.doc (13 September 2006) (recovered from Subject 1’s office computer at the United Nations).

¹⁷¹ *Id.*

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136. One day later, on 14 September 2006, another file was created on Subject 1's computer entitled "Financial Capability.doc."¹⁷² The file contained a letter from Company Representative 1 to the Chairperson of the TOC. The figure below shows that this file also was created on Subject 1's computer:

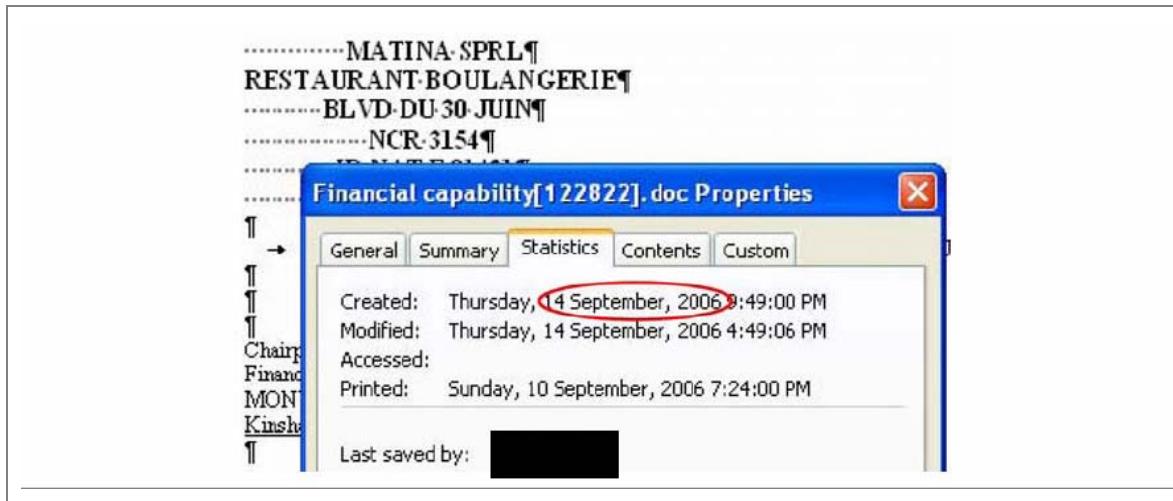


Figure: Document properties for "Financial capability[122822].doc" (14 September 2006) (recovered from Subject 1's office computer at the United Nations)

137. On the same day, Thursday, 14 September 2006—six days after the closing date for the submission of proposals—the deadline was extended again for unknown reasons to 15 September 2006.¹⁷³

138. The technical proposals were opened on 16 September 2006 by MONUC's TOC.¹⁷⁴ Twelve bids were received and forwarded to the Contracts Management Section for technical evaluation on 28 September 2006.¹⁷⁵ On 24 October 2006, the Technical Evaluation Committee submitted its report to the Procurement Section.¹⁷⁶

139. The only company found to be technically compliant for operating all nine cafeterias and snack bars requested by MONUC was Matina.

140. None of the other proposals were found to be technically compliant for all of the requested locations set out in the RFP.¹⁷⁷

¹⁷² Subject 1 computer file, 152-Con-[REDACTED]-LPT\Part_1\NONAME-NTFS\Documents and Settings\[REDACTED]\My Documents\My Documents\My Files\Kyriako 2006\Financial capability.doc (14 September 2006) (recovered from Subject 1's office computer at the United Nations).

¹⁷³ Barbara Klopp interoffice memorandum to Abraham Indiek (14 September 2006). No information was available in the files provided to the Task Force as to the background of this second extension.

¹⁷⁴ Bernard Pennel memorandum to Barbara Klopp (18 October 2006) (identifying Mr. Pennel as the Alternate Chairman Tender Opening Committee).

¹⁷⁵ Barbara Klopp memorandum to Anatoli Ryaboi (28 September 2006).

¹⁷⁶ Anatoli Ryaboi memorandum to Subject 2 (24 October 2006).

¹⁷⁷ *Id.*

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141. On 7 November 2006, the commercial proposals were opened by the TOC.¹⁷⁸ The thirteen bids received were forwarded for commercial evaluation to the Procurement Section on 8 November 2006.¹⁷⁹ On 29 January 2007, comparative pricing summaries of the proposals were submitted by the Procurement Section to the Contract Management Section for advice as to who could be considered for possible contract awards.¹⁸⁰ By the time of the completion of the Task Force investigation the contract was due to be awarded.¹⁸¹

142. When interviewed by the Task Force, Subject 1 confirmed that he knew Company Representative 1, with whom he had been friends for a long time and prior to the point in time when Company Representative 1 had become a MONUC contractor.¹⁸² He further confirmed that they, together with "Nikos," were part of a group of friends from the Greek community. Subject 1 stated that he had nothing further to say about the catering contracts.¹⁸³

143. When he was told that the investigators had found Matina's proposal for the cafeteria contract saved as a file in his computer, Subject 1 stated that the day before the proposal was due, Company Representative 1 had come by with a CD and had asked if he could use his computer to print out the proposal because his own computer was broken.¹⁸⁴

144. When asked why he had saved the file under the file name "proposal Karim + Nikos" onto his computer, he said that he did not know why the file was saved under this name. However, he later stated that he had to save it under a name in order to print the document from the CD, which had been damaged. He added that he had always used the name "Nikos" and that using it in the file name did not have any particular significance or meaning.¹⁸⁵

145. Subject 1 vehemently insisted that the only thing he had done for Company Representative 1 was print out the documents. He firmly denied having provided, either alone or together with his friend Nikos, any other help or assistance for the contract award to Company Representative 1. Subject 1 insisted that he had had no other choice but to help Company Representative 1 with the printing of the document and upon retrospect realized "it was a big mistake."¹⁸⁶

146. Forensic examination of the electronic evidence revealed that on 12 September 2006, Subject 1 received an email from a Mr. Nicholas Kabourakis, whom Subject 1 in a

¹⁷⁸ Bernard Pennel memorandum to Subject 2 (8 November 2006).

¹⁷⁹ *Id.*

¹⁸⁰ Subject 2 memorandum to Anatoly Ryaboi (29 January 2007).

¹⁸¹ Staff Member 11 interview (14 June 2007).

¹⁸² Subject 1 interview (16 May 2007).

¹⁸³ *Id.*

¹⁸⁴ *Id.*

¹⁸⁵ *Id.*

¹⁸⁶ *Id.*

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prior email addressed as “Nikos.” Attached to this email was a compressed file named “Kyriakos.zip”:¹⁸⁷

From: [REDACTED]
Date: 9/12/2006 10:49:13 PM
To: [REDACTED]

Message Body

Geia stou [REDACTED]
----- Original Message -----
From: [REDACTED]
To: [REDACTED]
Sent: Tuesday, September 12, 2006 1:15 PM
Subject: Test e-mail

Good day [REDACTED]

This is a test e-mail for you to get my e-mail address.

Hopping to hear from you at your earliest.

[REDACTED]

Procurement Section
Engineering & Transport Unit
[REDACTED]

Office Ext: 175 - 6160
Tel.: [REDACTED] +39 0831 44 6160 [REDACTED]
[REDACTED] +243 99 992 3628 [REDACTED]
[REDACTED] +243 81 899 5412 [REDACTED]

MONUC HQ, Kinshasa
- kyriakos.zip

Attachment

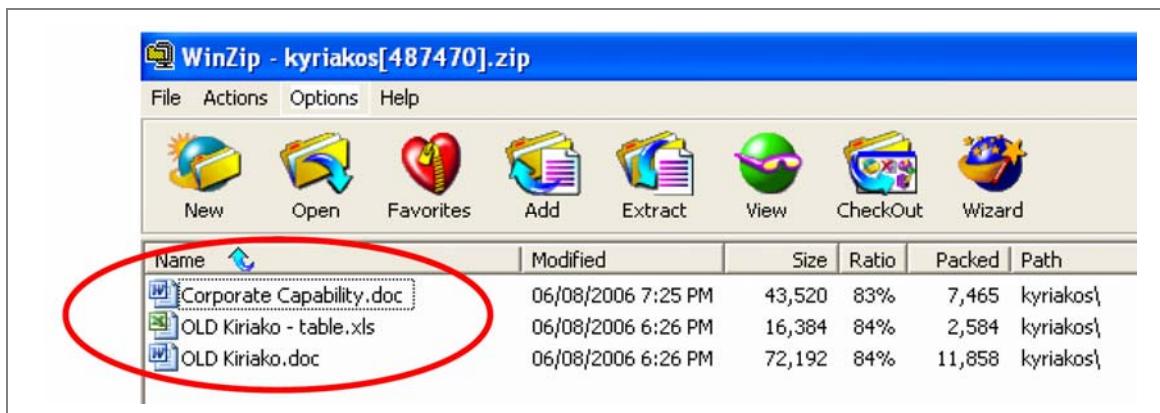
[REDACTED]

Figure: Nicholas Kabourakis email to Subject 1 (12 September 2006)

147. Contained in the compressed file titled “kyriakos.zip” were three documents named “OLD Kiriako-table.xls,” “Corporate Capability.doc,” and “OLD Kiriako.doc”:¹⁸⁸

¹⁸⁷ Nicholas Kabourakis email to Subject 1 (12 September 2006), D:\153-Con-[REDACTED]-HDD\Export\ConvertedPST\[REDACTED].pst>>Personal Folders>>Top of Personal Folders>>Notes Folders>>Mail threads>>Message0616.

¹⁸⁸ *Id.*

**Figure: Compressed file Kyriakos**

148. The word document “Corporate Capability.doc” contained a rough draft of Matina’s technical proposal.¹⁸⁹

149. The word document “Proposal Karim Nikos,” found on Subject 1’s computer, contained a final, edited version of this draft technical proposal. This final version was submitted as Matina’s technical proposal on 15 September 2006.¹⁹⁰

150. The forensic examination thus demonstrates that Subject 1’s explanation that the document was merely printed from his machine and that the file name “Proposal Karim Nikos” did not have any significance is absolutely false.

151. In fact, it is evident that Subject 1 himself drafted Matina’s technical proposal.

152. The investigations further identified that Subject 1, on 19 April 2004 and 20 May 2004, had transferred amounts of US\$800 and US\$1,600, respectively, to the Greek Bank account of a Mr. Kazakos Apostolos.¹⁹¹ The files were found on Subject 1’s hard drive and were saved under the names “Bank transfers, Kiki & Kiriakos (Euro Bank).xls”¹⁹² and “Bank transfer – Kiki & Kiriakos (Euro Bank) my ticket.xls.”¹⁹³ When presented with these findings, Subject 1 stated that he had “once or twice” borrowed money from Company Representative 1.¹⁹⁴

153. In his interview with the Task Force on 16 May 2007, Company Representative 1 stated that he had bought into Matina when he had arrived in Kinshasa from Greece in

¹⁸⁹ Nicholas Kabourakis email to Subject 1 (12 September 2006) (containing “Corporate capability.doc”).

¹⁹⁰ Société Matina proposal for RFP no. TEN/MON/06-066 (15 September 2006).

¹⁹¹ UNFCU, Subject 1 wire transfer requests to Kazakos Apostolos (19 April and 20 May 2004).

¹⁹² Subject 1 computer file, File: Bank Transfer Kiki & Kiriakos (Euro Bank).xls.

Full Path: 152-Con-[REDACTED]-LPT\Part_1\NONAME-NTFS\Documents and Settings\[REDACTED]\Desktop\My Files\[REDACTED]\Bank Transfer\Transfer to friends and others\Bank Transfer - Kiki & Kiriakos (Euro Bank).xls.

¹⁹³ Subject 1 computer file, File: Bank Transfer Kiki & Kiriakos (Euro Bank) my ticket.xls.

Full Path: 152-Con-[REDACTED]-LPT\Part_1\NONAME-NTFS\Documents and Settings\[REDACTED]\Desktop\My Files\[REDACTED]\Bank Transfer\Transfer to friends and others\Bank Transfer - Kiki & Kiriakos (Euro Bank) my ticket.xls

¹⁹⁴ Subject 1 interview (16 May 2007).

1995. When the former owner retired, Company Representative 1 purchased the company together with his wife.¹⁹⁵

154. Company Representative 1 confirmed that he was friends with Subject 1 and his Greek wife, but denied that Subject 1 held any financial interest in Matina.¹⁹⁶

155. When asked about his knowledge of Subject 1's involvement as procurement assistant in the catering contracts, Company Representative 1 claimed that he had not been aware that Subject 1 was the case officer for his first contract in 2003. He admitted that he met with Subject 1 during the time of the bidding exercise, but insisted that they "did not talk about the bid or the other companies involved."¹⁹⁷

156. When asked about Matina's proposal that had been found on Subject 1's computer, Company Representative 1 repeated what Subject 1 had already told the investigators, namely that his computer had broken the day before the proposals were to be submitted. He then stated that he had gone to Subject 1's house to ask if he could use his laptop to write and print his proposal. Company Representative 1 stated that he had initially insisted that they not speak about his proposal or the bidding exercise while he was at Subject 1's house, but later conceded that Subject 1 had "changed only the English to fix it because the English wasn't very good." He claimed to not know why the document was saved under the names of Subject 1 and Nikos and insisted that this was the only time he had used Subject 1's computer.¹⁹⁸

157. It was only when the investigators presented him with the second document found on Subject 1's computer, entitled "Financial Capability.doc," that Company Representative 1 was able to recall that this too was written on Subject 1's computer. He then amended his previous statement and conceded that he might have used Subject 1's laptop "a few times."¹⁹⁹

158. When asked about the money transfers made by Subject 1, Company Representative 1 stated that he did not remember ever having lent money to Subject 1. If there were payments made from Subject 1 to his account, he stated that it may have been because Subject 1 had borrowed money from his wife. Company Representative 1 added that it was common in Kinshasa to borrow money from one another since everything there had to be paid in cash.²⁰⁰

3. AVC Construct

159. AVC Construct, a Kinshasa-based company, is a supplier of engineering services to MONUC. AVC Construct has been awarded a contract for the Rehabilitation of the

¹⁹⁵ Company Representative 1 interview (16 May 2007).

¹⁹⁶ *Id.*

¹⁹⁷ *Id.*

¹⁹⁸ *Id.*

¹⁹⁹ *Id.*

²⁰⁰ *Id.*

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Bunia runway (“the Bunia contract”), an airfield on the Eastern Border of the Democratic Republic of Congo (“DRC”), for a total value of US\$5.5 million in July 2005.²⁰¹

160. The procurement process for the upgrading of the Bunia runway has had a long and problematic history ever since the first bidding exercise was carried out in 2003. Subject 1 was the responsible case officer for this bidding exercise.

161. Due to incomplete procurement files, the Task Force’s reconstruction of the events described below had primarily to depend upon witness’ statements.

162. A first RFP was issued on 14 August 2003.²⁰² Qualified proposals were received from three vendors, two of them ranging between US\$8.8 million and US\$8.9 million and a third one for US\$17.6 million.²⁰³ Best and final offers were negotiated with the two lowest bidders, while the third company was not considered for negotiations since it did not have a reasonable chance to be awarded the contract as stipulated in Section 11.68 of the Procurement Manual.²⁰⁴

163. Due to a misrepresentation of the case, when the case was presented to the LCC, it was requested that a second BAFO be carried out with all three bidders.²⁰⁵ New negotiations were conducted and one of the bidders’ initial offer of US\$17.6 million suddenly dropped by more than US\$10 million to US\$7.4 million. It was suspected that information had leaked to the company and it was decided that all proposals would be rejected and that a new solicitation exercise would be carried out.²⁰⁶

164. The case was referred to OIOS for investigation.²⁰⁷

165. AVC Construct did not participate in this first bidding exercise, but was listed on the list of prequalified companies for construction work for the RFP.²⁰⁸

166. In light of the persistent rumors of Subject 1’s involvement in kickbacks on aviation projects, Ms. Klopp, the then Chief of the Engineering and Transportation Unit, decided to take him off the Bunia runway project.²⁰⁹ The second procurement exercise was assigned to another case officer, Ms. Marie-Gabriel Renois.²¹⁰ However, according to Subject 2, it “somehow ended up again with Subject 1.”²¹¹

167. A second RFP was issued on 7 October 2004 to eighteen companies in five countries with a closing date of 11 November 2004.²¹² The TOC opened the sealed bids

²⁰¹ Contract no. MON/CON/05/075 (21 July 2005) (signed by Mr. Buxey).

²⁰² RFP no. TEN/MON/17/03 (14 August 2003) (for Rehabilitation of Bunia Airport).

²⁰³ Subject 2 memorandum to Marcel Savard (11 June 2004).

²⁰⁴ Subject 2 interview (15 May 2007).

²⁰⁵ *Id.*

²⁰⁶ Subject 2 memorandum to Marcel Savard (11 June 2004).

²⁰⁷ ID/OIOS case no. 188/04.

²⁰⁸ List of Prequalified Companies for Construction work at the Bunia Runway (undated).

²⁰⁹ Barbara Klopp note-to-file (30 March 2005) (phone discussion with Chief OIOS investigator).

²¹⁰ Subject 2 interview (15 May 2007); RFP no. TEN/MON/04-068.

²¹¹ Subject 2 interview (15 May 2007).

²¹² RFP no. TEN/MON/04-068, List of Invitees (7 October 2004) (listing nineteen companies and noting that that one company, although invited, did not pick up the RFP).

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for six proposals on 17 November 2004.²¹³ MONUC's Engineering Section and the International Civil Aviation Organization ("ICAO") submitted the technical evaluation to the Procurement Section on 26 November 2004, identifying six of the seven proposals as technically qualified. AVC Construct was one of the six vendors which had submitted qualified proposals.²¹⁴ The financial bids were opened on 6 December 2004 by the TOC, and the Procurement Section prepared an Abstract of Bids.²¹⁵ The Engineering Section and ICAO reviewed the abstract and submitted their final evaluation noting several questions for the other vendors but recommending AVC Construct as the lowest technically qualified bidder on 20 December 2004.²¹⁶

168. On 31 January 2005, a letter was sent from the CPO, Mr. Buxey to each of the six vendors informing them that there were a number of technical and financial queries and requesting a BAFO.²¹⁷ The Task Force did not find any documentation requesting the BAFO or any rationale for it. However, on 14 February 2005, a request for BAFO on the Bunia runway was sent to each of the six technically qualified vendors asking for clarification regarding certain issues and a new price offer as a result of some changes in the original work items to be submitted by 23 February 2005.²¹⁸ All six companies submitted their BAFO proposals on 23 February 2005 and the proposals were sent to the Engineering and Transportation Unit for another technical review.²¹⁹ Based on the Abstract of Bids for the BAFO, AVC Construct was the lowest bidder that met the technical qualifications.²²⁰

169. On 15 April 2005 the case was presented to the LCC. The LCC approved the contract to AVC Construct as the technically qualified lowest cost proposal.²²¹ The case was forwarded to the HCC on 28 June 2005 and the proposed contract award to AVC Construct was approved.²²² The contract was signed by MONUC on 29 July 2005 for US\$5,493,980.²²³

170. On 30 November 2005, Staff Member 4, the then OIC of the Procurement Section, recorded in a note to file that a staff member had told her that Company

²¹³ Bernard Pennel memorandum to Martin Buxey (18 November 2004).

²¹⁴ Bruce McCarron interoffice memorandum to Martin Buxey (26 November 2004). The first six proposals were received in Kinshasa and sent to Engineering on the 22 Nov while the 1 proposal received in Kampala was not forwarded to procurement in Kinshasa until the 24 November 2004 for a total of seven proposals.

²¹⁵ Bernard Pennel memorandum to Martin Buxey (6 December 2004) (concerning the bid opening); Martin Buxey memorandum to Bruce McCarron (8 December 2004).

²¹⁶ Bruce McCarron memorandum to Martin Buxey (20 December 2004) (concerning evaluation of financial proposals).

²¹⁷ Martin Buxey letters to vendors (31 January 2005).

²¹⁸ RFP no. TEN/MON/04-068, Request for Best and Final Offer (14 February 2005).

²¹⁹ RFP no. TEN/MON/04/068, Opening of Sealed Bids (23 February 2005); Martin Buxey memorandum to Bruce McCarron (15 March 2005) (concerning evaluation of additional technical information received through BAFO for RFP no. TEN/MON/04-068).

²²⁰ RFP no. TEN/MON/04-068, Best and Final Offer Abstract of Bids (undated).

²²¹ LCC Minutes Meeting no. MONUC/007/2005 (15 April 2005).

²²² HCC Minutes Meeting no. HCC/05/39 (28 June 2005).

²²³ Contract no. MON/CON/05-075 between MONUC and AVC Construct.

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Representative 12, a MONUC contractor whose company AVC Construct had been awarded the contract for the Rehabilitation of the Bunia Airfield Project, had informed her that Subject 1 had approached him during the bidding exercise and asked for fifteen percent of the contract price, amounting to US\$824,097 in return for ensuring that AVC Construct was awarded the contract. Subject 1 had told the vendor that he did not solicit the money for himself but on behalf of his “Chief.”²²⁴

171. By interoffice memorandum dated 5 December 2005, Staff Member 4 reported the allegations to the Chief Resident Investigator, adding that the staff member later stated that the amount requested by Subject 1 was US\$150,000.²²⁵

172. When interviewed by the Task Force, Staff Member 4 confirmed this information and stated that she had requested Company Representative 12 to submit a written complaint, which he did. However, the written complaint did not contain the same detailed and specific information previously reported to the staff member.²²⁶

173. Staff Member 4 stated that the contract with AVC Construct had later been cancelled due to the company’s mobilization and performance problems.²²⁷

174. The Task Force interviewed a confidential witness (“CW-1”). In CW-1’s interview with the Task Force on 21 February 2007, CW-1 confirmed that Company Representative 12 had approached CW-1 when the latter came back from leave, after the case was presented to the LCC. Company Representative 12 informed CW-1 that Subject 1 had invited Company Representative 12 to Subject 1’s house and had told him that if he wanted “everything to go smoothly” with the contract he should pay fifteen percent of the contract value for his “cooperation” claiming again that the money was for his “Chief.”²²⁸

175. During the conversation, Company Representative 12 further alleged that another contractor “SoTraBen,” who was awarded a contract for the Rehabilitation of the Bukavu runway (“the Bukavu contract”), an airfield in the northeast of the country, had also been asked for payments by Subject 1.²²⁹

176. Company Representative 12, in his interview with the Task Force on 4 May 2007, confirmed that during the time of the bidding exercise for the Bunia contract, he was called by Subject 1 who invited him to his house. Company Representative 12 provided a detailed description of the location, stating that Subject 1 lived in an apartment on the second floor of a house off of Avenue de l’Huillerie, close to the street leading to the Church of Fatima.²³⁰ The meeting took place in a small salon furnished with carpets and

²²⁴ Staff Member 4 note-to-file (30 November 2005) (concerning allegations of improper conduct by procurement staff).

²²⁵ Staff Member 4 memorandum to Bernard Brun (5 December 2005).

²²⁶ Staff Member 4 interview (18 April 2007). Staff Member 4 informed the Task Force that she did not keep a copy of the letter. *Id.*

²²⁷ *Id.*

²²⁸ CW-1 interview (21 February 2007).

²²⁹ For further details on the Bukavu contract, see Section VIII.E.4.

²³⁰ Company Representative 12 interview (4 May 2007). Company Representative 10 in his interview with the Task Force of 4 May 2007 confirmed that Subject 1 lived in an apartment near the Fatima Church. The

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in the presence of Subject 1's wife and two children around the age of ten, whom Subject 1 chased into the kitchen, as they were very noisy.²³¹

177. During the meeting, Subject 1 told Company Representative 12 that he could "arrange" his problems and, without specifying an amount, made it clear that he was requesting monetary payment. He claimed that he did not request the money for himself but on behalf of his "Chief" whose identity he did not specify. He further told Company Representative 12 that "we are the ones who are deciding the case; it's in our hands."²³²

178. Company Representative 12 stated that he did not understand how Subject 1 could offer his "assistance," as Subject 4 and Ms. Renois were the procurement officials in charge of the Bunia contract and Subject 1 was not even involved in the process.²³³

179. Company Representative 12 stated that he refused to do as requested by Subject 1, but was called by Subject 1 at least four or five times afterward, insisting that they meet once again at his house. Company Representative 12 refused to meet with him again and reported the incident to a United Nations staff member.²³⁴

180. In his interview of 16 May 2007 when presented with the investigative details found by the Task Force, Subject 1 denied the accusations.²³⁵

181. Subject 1 stated that he was only the case officer for the first bid which did not succeed and in which AVC Construct did not even participate. AVC Construct became involved in the second bid, when he was no longer responsible for the case.²³⁶

182. When asked if he knew Company Representative 12, Subject 1 stated that he knew a representative from AVC Construct whose name he purported to not be able to recall. He stated that he had never been in touch with the company and had only met the representative twice—once at the airport and another time at one of MONUC's premises. He said that he was able to recall that the gentleman had called him once to ask "some questions," but stated that he referred him to his colleague, Ms. Renois, as he was no longer the case officer.²³⁷

183. It was only after the Task Force informed Subject 1 that it had information that he had invited and met with an AVC Construct representative at his apartment that Subject 1 stated that "he could now recall that the gentleman had called him and had said he was near his house and wanted to talk with him."²³⁸

Task Force note-to-file (4 May 2007) (regarding the Task Force's interview with Company Representative 10).

²³¹ Company Representative 12 interview (4 May 2007).

²³² *Id.*

²³³ *Id.*

²³⁴ *Id.*

²³⁵ Subject 1 interview (16 May 2007).

²³⁶ *Id.*

²³⁷ *Id.*

²³⁸ *Id.*

184. As it was “his tradition not to decline,” he invited him in and did not see any harm in doing so as he was not involved in the contract.²³⁹ Subject 1 further stated that it was the gentleman himself who wanted to discuss the contract, seeking out additional contract information. Subject 1 insisted that he neither asked for money or percentages nor offered his assistance in getting the Bunia contract.²⁴⁰

185. Although the Task Force did not find indications that Subject 1 had interfered with the contract award for Bunia or was the responsible case officer for the second bid, it is clear that Subject 1 had access to the case files as well as relevant information regarding the bid that could have been used to request payments from a vendor.

4. Société de Transport de Bens Sprl.

186. Société de Transport de Bens Sprl. (“SoTraBen”), a Kinshasa-based civil engineering company, commenced its business in the DRC in 1981.²⁴¹ In March 2005 SoTraBen was awarded a contract for the Rehabilitation of the Bukavu airfield, another airport in the East of the DRC (“the Bukavu contract”) for a total amount of US\$5.5 million.²⁴² The contract was cancelled by MONUC due to nonperformance of the contractor in September 2006.²⁴³

187. The responsible case officer for the procurement process was again Subject 1.²⁴⁴

188. Ms. Klopp, in her report to Mr. Bernard Brun of 5 December 2005, reported information on kickbacks being paid to Subject 2 by SoTraBen in exchange for his assistance in getting the Bukavu contract.²⁴⁵

189. Company Representative 12 who supposedly was the source of the allegation, in his interview with the Task Force related that Company Representative 13, General Manager of SoTraBen once told him that AVC Construct had problems with their contract because they “didn’t have a friend in MONUC.” On the other hand, he, Company Representative 13, knew how things worked and that one could not get a contract without following “things this way.”²⁴⁶

190. In her interview with the Task Force, Mr. Klopp related that there were persistent rumors about Subject 1 and the airfield contracts.²⁴⁷ While he was taken off the Bunia contract in August 2004 due to concerns about his involvement in kickback payments for the airfield contracts, he remained in charge of the Bukavu contract. Although Ms.

²³⁹ *Id*

²⁴⁰ *Id.*

²⁴¹ Company Representative 13 interview (4 May 2007).

²⁴² Contract no. CON/MON/05-007 between the United Nations and SoTraBen (20 January 2005) (signed by Mr. Buxey).

²⁴³ Barbara Klopp memorandum to Company Representative 13 (7 September 2006).

²⁴⁴ List of Procurement Contracts From 2004 to February 2007 provided to the Task Force by MONUC procurement section.

²⁴⁵ Barbara Klopp memorandum to Bernard Brun (5 December 2005).

²⁴⁶ Company Representative 12 interview (4 May 2007).

²⁴⁷ Staff Member 4 interview (18 April 2007).

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Klopp intended to move him from the remaining aviation projects in March 2006, she was advised in a conversation with OIOS to keep him in place until he was proven guilty by an investigation.²⁴⁸ Although she was never able to identify any concrete evidence, in a note to file dated 30 March 2006, Ms. Klopp raised concerns about Subject 1 “aggressively” following up on payments to SoTraBen and noted in a postscript that even while she was writing this note to file, Subject 1 had come into her office and “said that he was following up with Finance on whether SoTraBen had yet received its payment.” Since the payments could not be processed the same day, he wanted Ms. Klopp “to call Finance to get this expedited.”²⁴⁹

191. Staff Member 15, Deputy Chief of MONUC’s Engineering Section, confirmed that Subject 1 demonstrated an unusual interest in the Bukavu contract, as Subject 1 had called him on several occasions to find out the results of their tests, although he was no longer the case officer and had been taken off the case.²⁵⁰

192. Staff Member 10, procurement clerk at MONUC, told the Task Force that she once witnessed an incident when she was at a local restaurant by the name “Savarnana.”²⁵¹ Staff Member 10 overheard Company Representative 13, who was sitting at the next table to her, saying “that he had Subject 1 on the inside who gave him information so that he could win the contract.”²⁵² Staff Member 10 could not recall the exact date but stated that it was shortly after the Bukavu contract was awarded to SoTraBen.²⁵³

193. Company Representative 13, as well as SoTraBen’s other representative Company Representative 14, both denied the allegations that they had paid money to Subject 1 to win the contract.²⁵⁴ Both described Subject 1 and Subject 4 as very helpful and cooperative.²⁵⁵ Company Representative 13 then stated that Subject 1 had even insisted that they had to lower their prices. He stated that after SoTraBen submitted the first proposal for US\$5.8 million, Subject 1 called him and told him that he should lower the price to US\$5.5 million.²⁵⁶

194. SoTraBen, however, enjoyed a reputation of engaging in corrupt business practices and is known for achieving contracts through bribery.²⁵⁷ In fact, later during the conversation, Company Representative 14 bluntly admitted that the company bribed another person involved in the Bukavu project. He related that Mr. Benoit Mankazu, staff member of ICAO, at the end of October 2005 requested a monthly payment of

²⁴⁸ *Id.*; Barbara Klopp note-to-file (30 March 2006) (concerning her telephone discussion with Chief OIOS Investigator).

²⁴⁹ *Id.*

²⁵⁰ Staff Member 15 interview (11 May 2007).

²⁵¹ Staff Member 10 interview (8 May 2007).

²⁵² *Id.*

²⁵³ *Id.*

²⁵⁴ Company Representative 13 and Company Representative 14 interview (4 May 2007).

²⁵⁵ *Id.*

²⁵⁶ *Id.*

²⁵⁷ See, e.g., Company Representative 12 interview (4 May 2007).

US\$10,000 in exchange for his assistance “with the contract.” Company Representative 14 stated that SoTraBen refused to pay the full amount and had “only” given Mr. Mankanzu US\$3,000.²⁵⁸

195. Subject 1 in his interview with the Task Force stated that he had nothing further to discuss with regard to the SoTraBen award. He had fought hard for the success of the case. Subject 1 stated that he had never contacted Mr. Houthooft asking him to reduce his price and denied doing anything to influence the process or to favor SoTraBen.²⁵⁹ Subject 1 told the Task Force that if Company Representative 13 had said “he had a man on the inside who gave him information so that he could win the contract,” he must have been lying.²⁶⁰

5. Payments to Vendors Described as Repayment of “Loans”

196. The Task Force’s review of forensic evidence revealed that several bank transfers were made from Subject 1’s UNFCU account to Belgian bank accounts of the companies UAC and Panache. Both are local Congolese companies doing business with the United Nations. The investigation was subsequently extended to Subject 1’s relationship with these contractors, and the circumstances surrounding these payments.

197. It should be noted at the outset that regardless of the purpose of these payments, the fact that they were made in and of itself violates a number of rules and regulations of the Organization, including financial, procurement and staff rules.

a. *UAC Sprl.*

198. On 6 June 2003, Subject 1 transferred an amount of US\$839 to the bank account of Company Representative 15 at Banque Belgolaise, Belgium.²⁶¹

199. The investigation identified that Company Representative 15 is the owner of UAC, a local Congolese electronic and furniture store that provides furniture, air conditioning units, videos and other types of electronic goods.²⁶²

200. In his interview with the Task Force, Company Representative 15 could not initially recall facts about the bank transfer. However, upon review of the ledger account statement, Company Representative 15 located the payment and stated that the money had been given in exchange for some items which Subject 1 had purchased in 2001.²⁶³ According to Company Representative 15, although Subject 1 had paid the money back in 2003, it had taken a very long time, close to two years, for him to pay his outstanding balance.²⁶⁴ Company Representative 15 added that they normally did not lend money to

²⁵⁸ Company Representative 13 and Company Representative 14 interview (4 May 2007).

²⁵⁹ Subject 1 interview (16 May 2007).

²⁶⁰ *Id.*

²⁶¹ UNFCU, Subject 1 wire transfer request to Company Representative 15 (6 June 2003).

²⁶² Company Representative 15 and Company Representative 9 interviews (8 May 2007).

²⁶³ *Id.*

²⁶⁴ *Id.*

customers unless they were customers with longstanding relationships or large customers.²⁶⁵

201. According to MONUC procurement records, UAC was issued fourteen purchase orders for approximately US\$195,000.²⁶⁶ A review of the procurement files did not identify that Subject 1 was involved in procurement exercises carried out with UAC.²⁶⁷

b. Panache Sprl.

202. On 20 January 2004, Subject 1 transferred an amount of US\$1,000 to the bank account of a Company Representative 16, again at Banque Belgolaise, Belgium.²⁶⁸

203. Company Representative 16 is the owner of Panache, a local Kinshasa plumbing company that provides tiles and other construction material and equipment.²⁶⁹ Company Representative 16 confirmed that he knew Subject 1 through his wife who was friends with Subject 1's wife.²⁷⁰ Company Representative 16 stated that he did not have a personal relationship with Subject 1 nor was he responsible for any of his contracts.²⁷¹

204. Company Representative 16 confirmed that Subject 1 would shop in his store, usually for small items, and confirmed that Subject 1 had borrowed approximately US\$1,000 on two separate occasions. Company Representative 16 further confirmed that Subject 1 had paid him back via bank transfers to his account in Belgium.²⁷²

205. According to MONUC procurement records, Panache was issued four purchase orders for approximately US\$88,381.²⁷³ A review of the procurement files did not identify that Subject 1 was involved in the procurement exercises with Panache.²⁷⁴

206. In his interview with the Task Force, Subject 1 initially denied ever having borrowed money from any vendor.²⁷⁵ When presented with the bank transfers to Company Representative 16's account, he then stated that he recalled having to borrow money for medication from Company Representative 16 which had been paid back. He

²⁶⁵ Company Representative 15 and Company Representative 9 interview (8 May 2007).

²⁶⁶ UAC purchase orders nos. 1MON 200315; 2MON-200329; 3KIN-200031; 3KIN-200192; 3KIN-200198; 4Kin-200689; 4KIN-200615; 5KIN-200171; 5KIN-200283; 6KIN-200281; 6KIN-200574; 6KIN-200925; 7KIN-200368; 7KIN-200470.

²⁶⁷ UAC purchase orders nos. 1MON 200315; 2MON-200329; 3KIN-200031; 3KIN-200192; 3KIN-200198; 4Kin-200689; 4KIN-200615; 5KIN-200171; 5KIN-200283; 6KIN-200281; 6KIN-200574; 6KIN-200925; 7KIN-200368; 7KIN-200470.

²⁶⁸ UNFCU, Subject 1 wire transfer request to Company Representative 16 and 18 (20 January 2004).

²⁶⁹ Company Representative 16 interview (7 May 2007).

²⁷⁰ Subject 1 interview note (8 March 2007).

²⁷¹ *Id.*

²⁷² *Id.*

²⁷³ Panache purchase orders nos. 3KIN-200323; 3KIN-200709; 5KIN-200537; 5KIN-200889.

²⁷⁴ Panache purchase orders nos. 1MON 200315; 2MON-200329; 3KIN-200031; 3KIN-200192; 3KIN-200198; 4Kin-200689; 4KIN-200615; 5KIN-200171; 5KIN-200283; 6KIN-200281; 6KIN-200574; 6KIN-200925; 7KIN-200368; 7KIN-200470.

²⁷⁵ Subject 1 interview (16 May 2007).

also stated that he had also borrowed money in 2001 from UAC for a washing machine.²⁷⁶ Subject 1 could not explain why it had taken him two years to repay UAC.²⁷⁷

6. Transport Fluvial et Commerce

207. The investigations revealed that Subject 1 solicited, received, and accepted cash payments of US\$10,000 from a company named Transport Fluvial et Commerce (“TFCE”) in return for his assistance in getting contracts for the provision of boat charter services for MONUC’s riverine operations.

208. These payments are discussed in detail in Section IX below, which focuses on TFCE’s payments to Subject 3, Subject 4, and Subject 1.

209. Subject 1 was notified of the Task Force’ findings on 19 June 2007. His written response of 28 June 2007 is attached as Annex A to this Report.

IX. MONUC BOAT CONTRACTS: PAYMENTS TO SUBJECT 2, SUBJECT 3, AND SUBJECT 4

A. BACKGROUND

210. MONUC’s riverine operations primarily consist of transporting humanitarian, military, and cargo convoys on the Congo River. In order to fulfill its obligations, MONUC requires contractual services for the charter of vessels and the lease of loading pier and dock handling facilities for their pushers and barges.

211. According to the records available to the Task Force, from 1 July 2002 until 30 June 2007 alone, a total of over US\$12.4 million in boat contracts was awarded to seven local Congolese companies:²⁷⁸

Table A: MONUC Pusher and Barges Contracts and Purchase Orders (2001 to 2007)

Vendor Name	No. of Purchase Orders and Contracts	Total Value (USD)
Andre Mercantei	3 Purchase Orders and 1 Contract	\$ 185,000
Domaine de la Palmeraie	18 Purchase Orders and 2 Contracts	2,624,520
Maison Mukoie & Fils	31 Purchase Orders and 3 Contracts	3,408,000
Sacor	10 Purchase Orders and 2 Contracts	765,000
Sonyho	19 Purchase Orders and 2 Contracts	1,039,879
Transfluco	21 Purchase Orders and 3 Contracts	2,060,229
TFCE	32 Purchase Orders and 3 Contracts	2,406,239
Total		\$ 12,488,867

²⁷⁶ *Id.*

²⁷⁷ *Id.*

²⁷⁸ Report on Purchase Orders/Contrast for Pushers and Barges with Statistics (15 June 2007).

B. ALLEGATIONS

212. On 7 April 2004, Ms. Shane, the then CPO, sent an interoffice memorandum to Mr. Jaque Grinberg, MONUC's Chief of Staff, reporting information regarding the case officer handling the rental of pushers, barges, and fast boats that were used by MONUC to transport cargo and military.²⁷⁹ On 10 April 2004, this memorandum was forwarded by the then Director of Administration, Mr. Marcel Savard, to the Chief Resident Auditor, Mr. William Petersen, requesting an investigation into these allegations.²⁸⁰

213. In her conversation with Mr. Petersen of 13 April 2004, Ms. Shane specified the allegations and reported that:

- (i) Subject 3 was alleged to have asked for US\$70,000 from TFCE;
- (ii) Subject 2 was alleged to have asked for US\$50,000 from TFCE and possibly another company named AGETRAF; and
- (iii) Subject 1 was alleged to have been receiving money from Safricas to facilitate the processing of payments due.²⁸¹

214. The case was referred to OIOS Investigations Division on 15 April 2004 and a preliminary investigation was conducted.²⁸²

215. In November 2005, Mr. Martin Bentz, Chief of General Services, in a conversation with OIOS investigators further reported concerns about certain staff members having luxurious life standards that did not reflect their earnings as United Nations employees. Two of the individuals reported in that context were Subject 2 and Subject 4. No further information was provided.²⁸³

216. In the course of its investigation, the Task Force received information from several sources that procurement staff members supposedly "own" some of the boats chartered by MONUC.²⁸⁴

217. On 1 May 2007, it was reported to the Task Force by CW-3 that Subject 2, OIC of the Procurement Section, requested and received cash payments from Company Representative 4, owner of a company named Maison Mukoie Fils.²⁸⁵

C. MAISON MUKOIE FILS PAYMENTS TO SUBJECT 2

218. Maison Mukoie Fils ("MMF"), a Kinshasa-based company, has provided charter services for pushers, barges, and fast boats to MONUC since 2002.²⁸⁶ Allegations of

²⁷⁹ Judi Shane interoffice memorandum to Mr. Jaque Grinberg (7 April 2004) (Confidential Information to Investigate).

²⁸⁰ Marcel Savard memorandum to William Peterson (10 April 2004).

²⁸¹ William Petersen, Memorandum of discussion (13 April 2004).

²⁸² ID/OIOS case no. 125/04.

²⁸³ ID/OIOS case no. 615/05.

²⁸⁴ Company Representative 6 interview (17 May 2007) Company Representative 5 interview (13 May 2007); CW-2 interview (8 May 2007).

²⁸⁵ CW-3 interview (1 March 2007).

payments made by MMF to the Procurement Section's staff members in exchange for contract awards, contract maintenance, and facilitating of invoices are widespread in Kinshasa.

219. Company Representative 3, the former Director of Fédération d'Entreprises Congolaises ("FEC"), stated that although none of MONUC's vendors would ever admit it to external investigators, it was known in Kinshasa that an average of ten percent of the contract value had to be paid in bribes. He offered up dealing with MMF as an example and stated that of the US\$20,000 to US\$25,000 of the company's monthly charge for the charter of boats, on average, US\$5,000 had to be paid to someone in MONUC.²⁸⁷ Company Representative 3, however, was not able to provide any further information.

220. From 2 July 2002 through 30 June 2007, purchase orders totaling US\$3,408,000 were issued to MMF:²⁸⁸

²⁸⁶ Company Representative 4 interview (3 May 2007).

²⁸⁷ Company Representative 3 interview (11 May 2007).

²⁸⁸ Report on Purchase Orders/Contract for Pushers and Barges with Statistics (15 June 2007). There were three contracts awarded and four amendments to extend the contract period. *Id.*

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Table B: MMF purchase orders (1 July 2002 to 30 June 2007)

#	PO Number	PO Vendor Name	PO Total (\$)	Buyer
1	2KIN-200078/0	MAISON MUKOIE FILS "MMF"	\$ 90,000	AKM
2	2KIN-200103/0	MAISON MUKOIE FILS "MMF"	60,000	JC
3	2KIN-200105/0	MAISON MUKOIE FILS "MMF"	97,500	JC
4	2KIN-200215/0	MAISON MUKOIE FILS "MMF"	90,000	JC
5	2KIN-200216/0	MAISON MUKOIE FILS "MMF"	72,000	JC
6	2KIN-200217/0	MAISON MUKOIE FILS "MMF"	90,000	JC
7	2KIN-200282/0	MAISON MUKOIE FILS "MMF"	-	POCX
8	2KIN-200291/0	MAISON MUKOIE FILS "MMF"	31,500	JC
9	2KIN-200292/0	MAISON MUKOIE FILS "MMF"	31,500	JC
10	3KIN-200126/0	MAISON MUKOIE FILS "MMF"	31,500	JC
11	3KIN-200207/0	MAISON MUKOIE FILS "MMF"	31,500	JC
12	3KIN-200244/0	MAISON MUKOIE FILS "MMF"	31,500	JC
13	3KIN-200401/0	MAISON MUKOIE FILS "MMF"	-	JC
14	3KIN-200420/0	MAISON MUKOIE FILS "MMF"	-	JC
15	3KIN-200506/0	MAISON MUKOIE FILS "MMF"	63,000	JC
16	3KIN-200515/0	MAISON MUKOIE FILS "MMF"	15,000	JC
17	4KIN-200086/0	MAISON MUKOIE FILS "MMF"	282,000	JC
18	4KIN-200161/0	MAISON MUKOIE FILS "MMF"	189,000	JC
19	4KIN-200489/0	MAISON MUKOIE FILS "MMF"	300,000	JC
20	4KIN-200490/0	MAISON MUKOIE FILS "MMF"	189,000	JC
21	5KIN-200125/0	MAISON MUKOIE FILS "MMF"	63,000	AKM
22	5KIN-200127/0	MAISON MUKOIE FILS "MMF"	150,000	AKM
23	5KIN-200337/0	MAISON MUKOIE FILS "MMF"	150,000	MGR
24	5KIN-200648/0	MAISON MUKOIE FILS "MMF"	267,000	MGR
25	5KIN-200649/0	MAISON MUKOIE FILS "MMF"	15,000	MGR
26	6KIN-200072/0	MAISON MUKOIE FILS "MMF"	267,000	MGR
27	6KIN-200440/0	MAISON MUKOIE FILS "MMF"	267,000	MGR
28	7KIN-200262/0	MAISON MUKOIE FILS "MMF"	267,000	SR
29	7KIN-200553/0	MAISON MUKOIE FILS "MMF"	44,500	MGR
30	7KIN-200706/0	MAISON MUKOIE FILS "MMF"	89,000	MGR
31	7KIN-200733/0	MAISON MUKOIE FILS "MMF"	133,500	MGR
TOTAL			\$ 3,408,000	

1. Personal and Professional Background of Subject 2

221. Subject 2 was born on 7 November 1968 in Burkina Faso.²⁸⁹ He is not married and has one twelve-year old son.²⁹⁰ Subject 2 holds a masters degree in business law and a post-masters degree in insurance.²⁹¹

222. Subject 2 began working for the United Nations as a procurement assistant in UNAMIR in February 1994 and was appointed as a United Nations volunteer from April 1995 to 1996.²⁹² He became a procurement officer in 1996 for the International Criminal

²⁸⁹ Subject 2 Personnel Action Form.

²⁹⁰ United Nations Designation of Beneficiary Form (24 March 2003).

²⁹¹ Subject 2 interview (21 February 2007).

²⁹² *Id.*

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Tribunal for Rwanda located in Arusha, Tanzania, until he was transferred to MONUC in March 2003.²⁹³

223. Upon his arrival at MONUC, he became the head of the Contracts Unit and then the Supply Service Unit (“SSU”) in 2004.²⁹⁴ He was promoted to Chief of the SSU in 2005 and upon the departure of the former OIC of the Procurement Section, he was appointed as OIC from October 2006 until the arrival of the new CPO in May 2007.²⁹⁵

224. Subject 2’s current contract expires on 30 June 2007.²⁹⁶

2. Investigative details

225. On 8 May 2007, a confidential witness (“CW-2”) reported that sometime in 2004, when Company Representative 4, the owner of MMF, came to the office to collect a bid for leasing barges, he told CW-2 that “it was enough now,” in that people from MONUC were constantly asking for money.²⁹⁷ He further stated that he “was tired of giving money and wasn’t going to pay anymore,” and added that he would make a complaint to the Director of Administration.²⁹⁸ Company Representative 4 did not name the people requesting bribes and CW-2 did not know which office Company Representative 4 had just come from, as CW-2 could not see the other offices from CW-2’s location.²⁹⁹

226. In an interview with the Task Force, another confidential witness (“CW-3”) reported that one day in June or July 2005, shortly after the contract for the long-term charter of pushers, barges, and fast boats was awarded to MMF, Subject 2 was heard talking on the phone with Company Representative 4 requesting money from him.³⁰⁰

227. As Subject 2 saw CW-3 passing by and realized that CW-3 overheard the conversation, he came to the desk of CW-3 shortly thereafter and claimed that he (Subject 2) had only asked Company Representative 4 to lend him some money. CW-3 stated to the Task Force that during his phone conversation Subject 2 did not mention anything about a loan but simply requested the money.³⁰¹

228. The Task Force further learned that Subject 4, who was under Subject 2’s supervision, had confided to CW-3 that Company Representative 4 told CW-3 that Subject 2 would call him every time he needed money and ask for payments.³⁰²

²⁹³ *Id.*

²⁹⁴ Subject 2 interviews (15 May and 21 February 2007).

²⁹⁵ *Id.* (Ms. Vevine Stamp arrived as the new CPO in May 2007 while the Task Force investigators were at the mission).

²⁹⁶ United Nations Personnel Action Form (1 October 2006).

²⁹⁷ CW-2 interview (8 May 2007).

²⁹⁸ *Id.*

²⁹⁹ *Id.*

³⁰⁰ CW-3 interview (1 March 2007)

³⁰¹ CW-3 interview (1 March 2007).

³⁰² *Id.*

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229. In his interview with the Task Force of 11 May 2007, Subject 4 denied being aware of “anything of that kind” and insisted that Company Representative 4 never spoke with him about payments to be made in order to receive or maintain contracts.³⁰³

230. In February 2007, the Task Force seized Subject 2’s work computer and copied the hard drives and emails. An evaluation of the files identified that on Wednesday, 3 August 2005, a file was created on Subject 2’ computer entitled “Dc26.doc.” The file was found in the computer’s recycle bin and contained an instruction for a bank transfer of US\$7,000 to be made from Subject 2’s number account at Crédit Lyonnais, Lyon, to MMF’s bank account at Banque Belgolaise, Brussels.³⁰⁴ The figure below shows that the file was created in August 2005 on Subject 2’s computer:

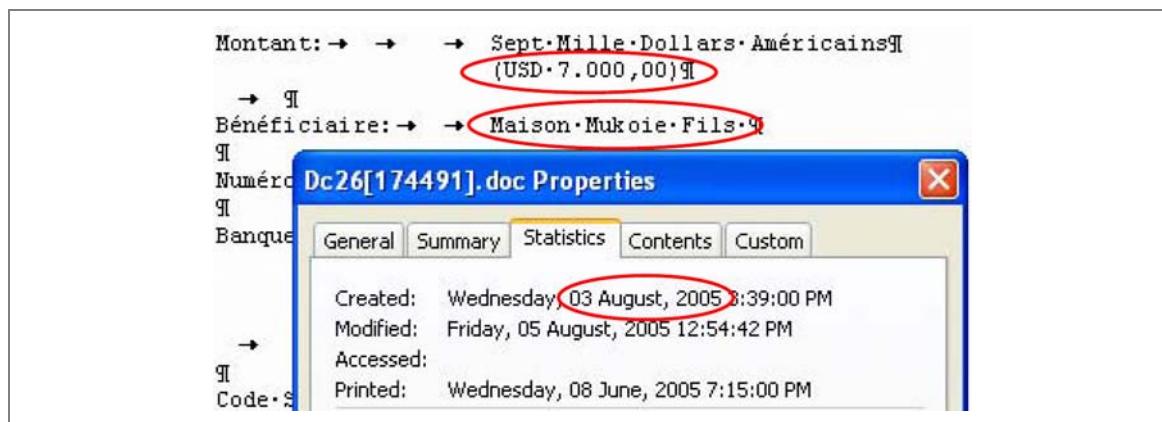


Figure: Document properties for “Dc26[174491].doc” (3 August 2005) (recovered from Subject 2’s office computer at the United Nations)

231. Company Representative 4 in his interview with the Task Force of 3 May 2007 vehemently denied having ever been asked for bribes by a MONUC staff member. Additionally, he denied ever having offered or given money or any other tangible benefit to any MONUC staff member. Although he admitted that corruption was widespread in the DRC, he stated that he had never heard of such problems occurring with regard to MONUC.³⁰⁵

232. When asked about Subject 2, Company Representative 4 initially did not seem to remember the name, but then later stated that he knew Subject 2 and that they had a purely professional relationship.³⁰⁶

233. However, after repeated inquiries by the Task Force, Company Representative 4 recalled that Subject 2 had once called him and “asked for US\$7,000 cash for a car, a Mercedes, he wanted to buy.” He stated that Subject 2 did not have the money on hand

³⁰³ Subject 4 interview (11 May 2007).

³⁰⁴ Subject 2 computer file, 155-Con- Subject 2\Part_1\NONAME-NTFS\RECYCLER\S-1-5-21-1845599742-3789158217-1995298939-2807\Dc26.doc (3 August 2005) (containing Subject 2’s payment order).

³⁰⁵ Company Representative 4 interview (3 May 2007).

³⁰⁶ *Id.*

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for the purchase, but immediately repaid Company Representative 4 via a bank transfer to his Belgian bank account.³⁰⁷ Company Representative 4 stated to the Task Force that this incident did not come to mind when first asked about the payments made to procurement staff because he did not “even consider it to be a loan.”³⁰⁸ He did not respond to the Task Force’s question whether it was normal business practice for him to lend such amounts of money to business partners he hardly knew.³⁰⁹

234. The Task Force requested Company Representative 4 to provide comprehensive documentation of the company’s contract files with MONUC, including all supporting material as well as all bank transactions pertaining to MMF’s bank accounts, particularly those at Banque Belgolaise, from 2002 to the present. Company Representative 4 stated that it would take a while to prepare the documents because he had sent most of the documents to Belgium for safekeeping due to the instable security situation in Kinshasa.³¹⁰

235. Upon repeated requests by the Task Force, a second meeting was scheduled for 13 May 2007 where it was agreed that Company Representative 4 would submit the requested bank statements.³¹¹ When Company Representative 4 did not show up, he was contacted by the Task Force. He responded by saying that he would send someone to deliver the requested documents.³¹² Shortly thereafter a gentleman showed up with a piece of paper where the name “Subject 2” and an amount of US\$7,000 were listed. No further information as to the bank details, account number or date of transaction was listed on the paper. The man refused to provide a copy of the document to the Task Force.³¹³ As of today, no further documentation has been provided to the Task Force by Company Representative 4.

236. In his first interview with the Task Force, Subject 2 stated that during his thirteen years of procurement experience, on occasion, vendors would try to approach him with offers of payments. Some were explicit offers while others were more subtle. Regardless, he maintained that such offers were always rejected by him.³¹⁴

237. A request for voluntary financial disclosure was sent to Subject 2 on 10 May 2007. Under paragraph 7, information was sought as to whether Subject 2 “received, directly or indirectly, anything of value, greater than US\$20 from any vendor doing business with, or seeking to do business with, the United Nations at any time.”³¹⁵

³⁰⁷ *Id.*

³⁰⁸ *Id.*

³⁰⁹ *Id.*

³¹⁰ *Id.*

³¹¹ *Id.*

³¹² *Id.*

³¹³ *Id.*

³¹⁴ Subject 2 interview (21 February 2007).

³¹⁵ The Task Force financial disclosure request to Subject 2 (10 April 2007).

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238. In his response to the Task Force of 23 April 2007, Subject 2 denied having ever received any such benefit from any United Nations vendor.³¹⁶ Subject 2's response is provided below:

7. Response to question 7. I have not received directly or indirectly anything of value greater than US\$ 20 from a vendor or a prospective supplier of the United Nations.

Figure: Subject 2 letter to the Task Force (23 April 2007)

239. When Subject 2 was re-interviewed by the Task Force on 15 May 2007, he reiterated that he had never requested nor received anything of value from any United Nations vendor.³¹⁷ Only when Subject 2 was presented with the bank transfer for US\$7,000 to MMF did he recall an incident "involving a car."³¹⁸ He stated that in 2005 he decided to buy a car. The vendor of the car insisted that he make an "immediate cash payment" of US\$6,700 in order to purchase the car. According to Subject 2, his credit card limit for withdrawals was US\$2,500 and he could have only obtained another US\$3,000 from the Congolese Rawbank, "but they charged a 10% commission."³¹⁹ Although Subject 2 could have withdrawn a total amount of US\$5,500 towards the purchase of the car, he had spoken with Company Representative 4 about his difficulties in obtaining the required cash amount.³²⁰ According to Subject 2, Company Representative 4 offered to give him an advance but he "stated that he could only accept it if it wouldn't bother him too much."³²¹ After thinking over the situation, Subject 2 said that he felt there was no other possible solution if he wanted to meet the deadline given by the vendor for payment.³²² One morning on a weekend, he decided to call Company Representative 4 and ask for the money. Company Representative 4 was asked to leave the money for him in an envelope at the Procurement Section, for which he would immediately execute a bank transfer to pay the money back.³²³ Subject 2 insisted that this was the only incident of its kind.³²⁴ When asked why he did not disclose this payment in his letter to the Task Force, Subject 2 stated that he "didn't consider it as money he has received because it was simply a cash advance under special circumstances."³²⁵

240. Subject 2 further stated that he had "nothing to do with the contracts with MMF" and that these contracts were already in place before he arrived at MONUC.³²⁶

³¹⁶ Subject 2 letter to the Task Force (23 April 2007).

³¹⁷ Subject 2 interview (15 May 2007).

³¹⁸ *Id.*

³¹⁹ *Id.*

³²⁰ *Id.*

³²¹ *Id.*

³²² *Id.*

³²³ *Id.*

³²⁴ *Id.*

³²⁵ Subject 2 interview (15 May 2007) (containing Subject 2's handwritten comments).

³²⁶ *Id.*

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241. Subject 2 provided the Task Force with a copy of a bank statement from Crédit Lyonnais dated 31 August 2005.³²⁷

✓ 10.08	O/DE TRANSFERT 1008052361025506	Mark	10.08	5 662,51
10.08	CIONS/O/TRANSF 1008052361025506		10.08	26,80

Figure: Crédit Lyonnais, Subject 2 bank statement (31 August 2005)

242. The document indicates that on 10 August 2007 an amount of €,663 was transferred from Subject 2's account.³²⁸ According to Subject 2, this is the bank transfer made to Company Representative 4 for repayment of the cash advance. The Task Force was not able to corroborate the information since the bank statement does not contain the bank account number of the transfer recipient.

243. Subject 2 was notified of the Task Force' findings on 19 June 2007. His written response of 28 June 2007 is attached as Annex B to this Report.

D. TFCE PAYMENTS TO SUBJECT 3, SUBJECT 4, AND SUBJECT 1

244. TFCE is a Kinshasa-based company that has been providing pushers, barges, fastboats, and pier facilities to MONUC since 2001 ("the boat contracts").³²⁹

245. Based on the information provided to the Task Force, thirty-two purchase orders totaling an amount of at least US\$2,406,239 had been issued to TFCE from 1 July 2002 to 31 December 2006 for the boat contracts alone.³³⁰

³²⁷ Crédit Lyonnais, Subject 2 bank statement (31 August 2005).

³²⁸ *Id.*

³²⁹ CW-4 interview (1 March 2007).

³³⁰ Report on Purchase Orders/Contract for Pushers and Barges with Statistics (15 June 2007). There were three contracts awarded and four amendments to extend the contract period. A total of thirty-two purchase orders were issued from 2002 through 2006.

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Table C: TFCE Purchase Orders (1 July 2002 to 31 December 2006)

#	PO Number	PO Vendor Name	PO Total (\$)	Buyer
1	2KIN-200019/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	\$ 168,000	AKM
2	2KIN-200081/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	90,000	AKM
3	2KIN-200102/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	60,000	JC
4	2KIN-200104/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	36,000	JC
5	2KIN-200213/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	72,000	JC
6	2KIN-200214/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	30,000	JC
7	2KIN-200264/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	295,000	JC
8	2KIN-200267/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	90,000	EP
9	3KIN-200399/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	-	JC
10	3KIN-200505/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	120,000	JC
11	3KIN-200582/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	15,000	JC
12	3KIN-200771/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	30,000	JC
13	4KIN-200019/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	72,000	JC
14	4KIN-200082/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	144,000	JC
15	4KIN-200135/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	166,668	JC
16	4KIN-200316/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	60,000	JC
17	4KIN-200469/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	36,000	MGR
18	4KIN-200496/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	60,000	JC
19	4KIN-200520/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	-	JC
20	4KIN-201094/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	105,000	JC
21	5KIN-200040/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	30,000	MGR
22	5KIN-200252/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	6,700	MGR
23	5KIN-200339/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	30,000	MGR
24	5KIN-200645/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	90,000	MGR
25	5KIN-200652/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	69,000	MGR
26	6KIN-200051/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	90,000	MGR
27	6KIN-200074/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	84,000	MGR
28	6KIN-200078/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	8,871	MGR
29	6KIN-200438/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	84,000	SR
30	6KIN-200439/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	90,000	SR
31	7KIN-200309/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	84,000	JDK
32	7KIN-200313/0	TRANSPORT FLUVIAL ET COMMERCE (TFCE)	90,000	JDK
TOTAL			\$ 2,406,239	

246. According to the information obtained during the investigation, prior to 2002 barges and pushers were rented on an *ad hoc* basis at prices above the average market price.³³¹ As the Procurement Section could not access the procurement system that had been in place prior to 2002, these contracts were not subject to the Task Force's investigation.³³²

247. When MONUC began chartering pushers and barges, TFCE additionally provided docking facilities. While the first two months of payments were provided in a lump sum of US\$7,500 per month, TFCE was awarded a one-year contract for pier facilities from

³³¹ Staff Member 14 interview (17 May 2007).

³³² Staff Member 12 email to the Task Force (20 June 2007).

January 2002 to December 2002 at a monthly cost of US\$14,000.³³³ The contract was amended in November 2003 to extend the term of the contract for another year from 1 January 2003 to 31 December 2003 at a reduced monthly rate of US\$12,000.³³⁴

1. Professional and Personal Background of Subject 3

248. Subject 3 was born on 3 October 1949 in Jamaica, but currently resides in Ft. Lauderdale, Florida.³³⁵ She has one son who lives in Miami, Florida.³³⁶ According to Subject 3's *curriculum vitae*, she has over twenty years of experience in various phases of hospitality, construction, and transportation industries, including leadership, procurement, budgeting, and customer service experience.³³⁷

249. Subject 3 began working for the Organisation as a United Nations volunteer in housekeeping in Somalia, UNOSOM on 5 April 1994, and then was transferred to the procurement unit as a procurement assistant.³³⁸ Although Subject 3 told the Task Force she worked at UNOSOM until sometime in 1995, her United Nations Personnel Data Form indicates that she worked only until 19 December 1994.³³⁹ She left UNOSOM to return to the private sector in Jamaica and Florida between 1995 until 1999, and subsequently returned to the United Nations as a procurement assistant for the United Nations Interim Administration Mission in Kosovo ("UNMIK") on 30 September 1999.³⁴⁰

250. Subject 3 was transferred to MONUC's Procurement Section in October 2001 and has worked as a procurement assistant in MONUC for the last five and a half years.³⁴¹ She is currently a procurement assistant in the Supply and Services Unit ("SSU") and prior to this had worked in the Engineering and Transport Unit.³⁴²

251. Subject 3's current contract expires on 30 June 2007.³⁴³

2. Professional and Personal Background of Subject 4

252. Subject 4 was born on 10 May 1958 in the Côte D'Ivoire.³⁴⁴ He is married and his wife currently works for the Côte D'Ivoire's embassy in Paris where she lives with

³³³ Contract no. CON/MON/02/004 between United Nations Mission in the Democratic Republic of Congo and TFCE (20 March 2002).

³³⁴ Amendment no. 1 to Contract no. CON/MON/02/004 (signed 20 November 2003 by Mr. Phillis and 17 November 2004 by Ms. Shane).

³³⁵ United Nations Personnel Data Form (27 October 2001).

³³⁶ *Id.*; Subject 3 interview (10 May 2007).

³³⁷ Subject 3 Curriculum Vitae (United Nations Personnel Files) (undated).

³³⁸ United Nations Personnel Data Form (27 October 2007); Subject 3 interview (10 May 2007).

³³⁹ *Id.*

³⁴⁰ *Id.*; Subject 3 interview (10 May 2007).

³⁴¹ *Id.*

³⁴² *Id.*; MONUC Procurement Section Organizational Chart (undated) (reflecting the organizational structure as of August 2006).

³⁴³ Subject 3 Personnel Action Notification Administrative (26 June 2006).

³⁴⁴ Subject 4 Personnel Action Notification Administrative (1 July 2006).

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their two children.³⁴⁵ Subject 4 holds an advanced degree in International Commercial Law and has a background in Human Resources. Prior to joining the United Nations, Subject 4 worked for the government in Côte D'Ivoire in supply and contract services.

253. Subject 4 joined the United Nations in September 2000 in MONUC as a contracts specialist and was the Chief of the Contracts Unit in the Procurement Section. After two and a half years he took over as Chief of the Purchasing Unit and in 2003 he became a procurement officer. Subject 4 became Chief of the Engineering and Transportation Unit in 2005 and served in that capacity until February 2007, when he became the OIC of the Logistics and Communications Unit.³⁴⁶

254. By the time the investigation had been completed, Subject 4 was expected to be transferred to the United Nations Mission in Liberia ("UNMIL").

3. Procurement Responsibilities

255. Subject 3 was assigned case officer responsible for the charter of pushers, barges, and fast boats upon her arrival at the mission in September 2001 until 2003.³⁴⁷ During this time Subject 3 issued purchase orders for boat charters valued at over US\$9.7 million dollars:³⁴⁸

Table D: Purchase Orders for Boat Charters Issued by Subject 3

Vendor	No. of Purchase Orders and Contracts	Total Value (USD)
Andrew Mercantei	3 Purchase Orders and 1 Contract	\$ 185,000
Domaine de la Palmeraie	7 Purchase Orders and 1 Contract	1,677,780
MMF	18 Purchase Orders and 1 Contract	1,957,000
Sacor	3 Purchase Orders and 1 Contract	640,000
Sonyho	8 Purchase Orders and 1 Contract	1,526,848
TFCE	14 Purchase Orders and 1 Contract	1,919,008
Transfluco	11 Purchase Orders and 1 Contract	1,885,500
Total		\$ 9,791,136

256. Subject 1, although not the formally assigned case officer, participated in the procurement exercises on several occasions. Ten purchase orders at a total value of more than US\$1 million were issued by Subject 1 from 2001 to 2003.³⁴⁹

³⁴⁵ *Id.*; Subject 4 interview (27 February 2007).

³⁴⁶ Subject 4 interview (27 February 2007).

³⁴⁷ Staff Member 14 interview (17 May 2007); Subject 2 interview (15 May 2007).

³⁴⁸ Report on Purchase Orders/Contract for Pushers and Barges with Statistics (15 June 2007) (containing available buyer information for 1 July 2002 to 30 June 2004).

³⁴⁹ *Id.*

Table E: Purchase Orders for Boat Charters Issued by Subject 1

Vendor	No. of Purchase Orders	Total Value (USD)
Domaine de la Palmeraie	3 Purchase Orders	\$ 306,420
MMF	3 Purchase Orders	303,000
Sacor	1 Purchase Orders	90,000
TFCE	2 Purchase Orders	258,000
Transfluco	1 Purchase Orders	90,000
Total		\$ 1,047,420

257. As Chief of the Contracts Unit, Subject 4 was responsible for the overall management of the procurement exercises carried out for the boat contracts under his supervision.³⁵⁰

4. Investigative Details

258. In her interview with the Task Force of 7 March 2007, Staff Member 2 confirmed that she had reported to OIOS allegations of procurement staff members demanding and receiving payments from TFCE.³⁵¹ She recounted that during her time in Kinshasa she had met members of Company Representative 2 and Company representative 17's family, which owns several transportation and construction companies in Kinshasa. During a social event, Company Representative 2 told Staff Member 2 that he had paid Subject 1 US\$1,000 to get his invoices paid. He also stated that his brother, owner of TFCE, paid bribes to procurement staff as well.³⁵² Sometime later in 2004, Company Representative 2's brother, Company Representative 17, met with Staff Member 2 and told her that prior to his purchase of TFCE, the company had made payments to MONUC staff in order to get their invoices paid. He did not know who had requested the money but his manager had informed him of what had happened.³⁵³

259. The Task Force contacted Company Representative 2 and his father. In an interview of 27 February 2007, they stated that they no longer conducted business with MONUC because of the corruption within the Procurement Section. They stated that they had been approached by several former MONUC procurement staff members such as Mr. Faisal Ghanem and Ms. Almaz Ghanem, but neither wanted to provide any further details about the payments made to other procurement staff members.³⁵⁴ The only information they were willing to share with the Task Force was that Company

³⁵⁰ Subject 4 interview (11 May 2007) (stating that he was one of the staff members responsible for the barges contract).

³⁵¹ Staff Member 2 interview (7 March 2007).

³⁵² *Id.*

³⁵³ *Id.*

³⁵⁴ Company Representative 2 interview (27 February 2007).

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Representative 2 felt that if TFCE did not pay the bribes, they would not have received the contracts.³⁵⁵

260. Company Representative 2 denied having any knowledge of payments or other benefits made to MONUC procurement staff members, but stated that the process in which contracts were awarded seem to implicate a system of bribery and favors granted since often times the contracts awarded did not make economic sense for MONUC.³⁵⁶ Company Representative 2 then explained that MONUC was renting barges for transport at a fixed price of approximately US\$30,000 to US\$40,000 per month, which did not make sense since many of the boats were left at the port unused for months at a time.³⁵⁷ In addition, the boats rented were overpowered for the cargo they were transporting and therefore cost the Organisation more than US\$2,000 per ton for transport while the going rate for transportation was US\$115 per ton.³⁵⁸ Company Representative 2 would only meet with the Task Force investigators to discuss MONUC's inefficiency, but was not willing to meet to discuss the issue of bribes.

261. Although Company Representative 2 would not confirm whether TFCE had paid any money for their contracts, the Task Force was able to interview a confidential witness ("CW-4"), who contradicted Company Representative 2 and admitted that TFCE had, in fact, paid repeated bribes to procurement staff members of MONUC in the period of 2000 to 2003.

262. CW-4 confirmed to the Task Force that TFCE had been required to pay bribes to three individual procurement staff members at MONUC in order to receive and maintain contracts. CW-4 stated that a procurement official, whose identity CW-4 could not recall, came to see CW-4 in the latter's office and said, "[Y]ou'll have the contract but it is necessary to pay commission, if you don't pay the commission you don't get the contract."³⁵⁹ CW-4 was not able to recall who this MONUC staff member was as it was over five years ago. CW-4 had informed Company Representative 17 of the incident. According to CW-4, Company Representative 2 said he was not willing to make the payments and that they would find a way to get the contract without paying the bribes. CW-4 then informed the MONUC staff member that TFCE was not willing to make cash payments but could give the procurement staff benefits such as car rentals or money for travel and accommodations.³⁶⁰ CW-4 did not state whether this offer was made at the direction of Company Representative 2.

263. CW-4 then showed the investigators an index card with handwritten notes that listed the dates and amounts paid to MONUC staff members during the period from 2000

³⁵⁵*Id.*

³⁵⁶ Company Representative 2 interview (28 February 2007).

³⁵⁷*Id.*

³⁵⁸*Id.*

³⁵⁹ CW-4 interview (1 March 2007).

³⁶⁰*Id.*

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to 2003.³⁶¹ The card listed the initials of four different individuals: JC, KM, TM and a fourth individual.

264. CW-4 explained that “JC” stood for Subject 3, “KM” for Subject 1, and “TM” for Subject 4. According to CW-4, the fourth individual listed was not a staff member at MONUC.³⁶²

265. CW-4 related to Task Force investigators that all three staff members—Subject 3, Subject 4 and Subject 1—came to TFCE’s office on different occasions to discuss the boat contracts.³⁶³ During these meetings they would inform CW-4 about pending travels or other financial issues and make comments such as “I am traveling[,] how about a bon voyage present.”³⁶⁴ CW-4 confirmed that TFCE did not pay each time one of these individuals visited the office, but when payments were made, they were usually made in cash.³⁶⁵ CW-4 did not have the impression that the three individuals were colluding, instead acting independently of one another.³⁶⁶

266. CW-4 confirmed to the Task Force that TFCE made a number of payments to Subject 3, Subject 4, and Subject 1.

267. According to CW-4, approximately US\$40,000 to US\$45,000 was requested by and paid to Subject 3 on several separate occasions. For instance, the Task Force investigators were able to identify on the index card shown by CW-4 that Subject 3 had received several payments, including US\$5,000 on 13 January and US\$22,100 on 30 December, but it was not clear in what year these payments had occurred.³⁶⁷

268. CW-4 stated that US\$7,500 was paid to Subject 4 on two separate occasions. The first time Subject 4 requested US\$3,500 for a holiday trip; a second amount of US\$2,500 was paid for a car rental in 2003.

269. CW-4 further stated that US\$10,000 was paid to Subject 1. According to CW-4, Subject 1 received payments from TFCE for only one year because he was later withdrawn from the boat contracts.

270. CW-4 stated that in July 2003, when a new contract for pushers and barges was to be tendered, Subject 3 came to CW-4’s office and requested a payment of US\$45,000 from TFCE in order to be awarded the contract. The sum she requested was ten percent of the proposed contract value of US\$450,000. CW-4 told Subject 3 that it was impossible for TFCE to pay that amount of money but that they were willing to continue doing small favors like they had in the past. When CW-4 refused to pay as requested by

³⁶¹ *Id.*

³⁶² *Id.*

³⁶³ CW-4 interview (1 March 2007).

³⁶⁴ *Id.*

³⁶⁵ *Id.*

³⁶⁶ Task Force note-to-file (4 May 2007).

³⁶⁷ *Id.* The Task Force investigators recorded this information from the index card during the interview.

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Subject 3, CW-4 was informed by Subject 3 that they would not receive the contract and subsequently TFCE lost the bid for the contract.³⁶⁸

271. It was shortly thereafter when TFCE's problems with MONUC began. When CW-4 returned from a vacation in September 2003, CW-4 found out that MONUC had not paid TFCE's outstanding invoices of US\$450,000 for the period of July 2003 to September 2003.³⁶⁹ When CW-4 asked Subject 3 why the invoices had not been paid during that period, she told CW-4 that the invoices had been lost.³⁷⁰ Subsequently TFCE hired a lawyer and after several meetings with MONUC's legal advisor and the Procurement Section, TFCE was paid their outstanding invoices.³⁷¹

272. The Task Force confirmed that TFCE indeed submitted a termination letter announcing the cancellation of their contracts with MONUC due to outstanding invoices since June 2003.³⁷²

273. In its meeting of 22 October 2003, the LCC queried why TFCE requested the termination of their contract and why the Procurement Section had not taken measures to make partial payments for the services rendered. The LCC further queried why the "non payment" had never been mentioned by the Procurement Section.³⁷³

various cargo. The Committee then enquired what was the reason as to why TFCE requested the termination of their contract with MONUC. The Procurement Officer indicated that TFCE terminated the contract because it had not been paid since June 2003. The Committee then asked why this company was not paid and what was the status of payments of the other vendors providing the same type of services. The Procurement Officer indicated that they had not made any payment because the Committee had rejected the case on two occasions since June and he confirmed that none of the Company had been paid since June 2003. The Committee then indicated that it failed to understand why Procurement Section did not take the measures to make a partial payment for the services provided and why it did not make any mention of the non payment of the pending invoices in the past two presentations and in this one as well. The Committee then advised Procurement Section to initiate the measures to make a partial payment to TFCE and the other vendors of an amount up to 70% of the total amount that is owed by MONUC for the services that has been effectively rendered so far. The Procurement Officer asked if an

Figure: LCC meeting no. MONUC/023/2003 (22 October 2003)

274. On 27 October 2003—only after LCC's recommendation—the Procurement Section requested the processing of seventy percent of TFCE's outstanding invoice.³⁷⁴

³⁶⁸ *Id.*

³⁶⁹ *Id.*

³⁷⁰ *Id.*

³⁷¹ *Id.*

³⁷² Cabinet Diumula letter Judith Shane (2 September 2003) (entitled "Résiliation des contrats de collaboration et préavis conventionnel").

³⁷³ LCC meeting no. MONUC/023/2003 (22 October 2003).

³⁷⁴ Judith Shane memorandum to King Amaben (27 October 2003) (Mr. Amaben was MONUC's Chief Finance Officer).

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The Procurement Section, acting upon the recommendation made by the Local Committee on Contracts at LCC meeting of 22 October 2003 for the partial payment of seventy (70%) percent of all outstanding and payable invoices owed to the company, TFCE, herein attach copies of the outstanding invoices to be paid.

Collectively, the [redacted] invoices total US\$452,112.00, with the 70% amounting to the equivalent of US\$302,680.00. These will be forwarded to Finance for processing as approved payments. The invoices of all other vendors have already been processed for payment.

Figure: Judith Shane memorandum to King Amaben (27 October 2003)

275. CW-4 stated that in CW-4's later conversation with Subject 4 regarding TFCE's contractual problems, the latter told CW-4 that TFCE was too expensive and added, "[V]ous ne pensez pas à nous"—"you don't think of us."³⁷⁵

276. CW-4 stated that Company Representative 17 had always been fully aware of the payments as CW-4 would not have done anything without the approval of the chief.³⁷⁶

277. The index card was shown to the investigators to review, but CW-4 refused to provide a copy of the card to the Task Force. According to CW-4, it was Company Representative 17 who had instructed CW-4 not to provide a copy of the document showing payments to the Task Force as Company Representative 17 had concerns that TFCE would face serious problems with their business in the DRC if it was known that they were providing information to investigators. Although they both wanted to help, they were concerned with what would happen after the Task Force investigators left.³⁷⁷

278. During the second mission to MONUC, CW-4 informed the Task Force that Subject 1 had called CW-4 on 10 May 2007 and inquired about CW-4 contacts with the Task Force investigators.³⁷⁸

279. The Task Force interviewed all procurement staff members who were involved with the boat contracts.

280. In her interview with the Task Force on 17 May 2007, Staff Member 14, MONUC's procurement assistant, stated that she had taken over the procurement exercises for the boat contracts in early 2004, when Staff Member 2 together with Subject 2 saw "how messy the files were" and asked her to prepare a new procurement exercise for a long term charter contract.³⁷⁹ Upon review of the old files handled by Subject 3, Staff Member 14 found that some of the vessels were chartered without proper contractual agreements. According to Staff Member 14, many pertinent documents were missing from the files and some of the vessels used by the mission were not under contract; others had initial contracts but the amendments and final amendments were

³⁷⁵ *Id.* (translated from French).

³⁷⁶ The Task Force note-to-file (4 May 2007).

³⁷⁷ *Id.*

³⁷⁸ The Task Force note-to-file (11 May 2007).

³⁷⁹ Staff Member 14 interview (17 May 2007).

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missing.³⁸⁰ Staff Member 14 further related that in certain instances, she actually had to ask the vendors themselves for copies of the contracts that were missing from MONUC's files.³⁸¹ Upon further review, Staff Member 14 found that *ad hoc* purchase orders had been issued by Subject 3 and Subject 1 in early 2002 for boat charters for twenty days at rental costs of US\$50,000 per boat, which was much higher than the average market price for comparable boats.³⁸² Staff Member 14 did not know who had negotiated these prices or why this was the case.³⁸³

281. Staff Member 14 stated that Subject 4, upon arrival at the mission, was not yet fluent in English and used to complain that he signed contracts and documents prepared by Subject 3 that he should not have signed because they could cause him problems.³⁸⁴

282. Subject 2, in his interview of 15 May 2007, confirmed the information provided by Staff Member 14.³⁸⁵ He stated that the first portfolio that caught his attention when he arrived at the mission was a case file named "Annotation for the LCC for the lease of additional pushers." The case officer responsible for the lease of the boats was Subject 3 who, in the past, had made a number of separate awards although the total amount had long since passed the threshold of LCC approval and thus needed HCC approval. He then decided to rotate the case officer and withdrew Subject 3 from the boat contracts because the review of the files had shown that she had not handled the case properly and in accordance with the procurement rules and regulations. For example, potential vendors were selected by word of mouth as some contracts had been awarded in 2001 or early 2002. No advertisements were announced either in the local newspapers or on the procurement website and no one knew how the vendors were chosen.³⁸⁶ The selection process itself was flawed, as the Scope of Work was extremely vague and did not describe the minimum performance specifications necessary for a proper technical evaluation. Technical evaluations were not conducted on each boat and each solicitation was done in a different manner for each of the contract awards.³⁸⁷

283. Staff Member 5, former MONUC procurement officer, further reported an incident in which he was involved in a procurement exercise for pushers and barges in 2002 or 2003.³⁸⁸ He was able to negotiate the contract price down to US\$15,000 per month from the original US\$70,000 from all the vendors including TFCE and had issued an initial contract for six months.³⁸⁹ Thereafter, Staff Member 5 was sent to Kisangani

³⁸⁰ *Id.*

³⁸¹ *Id.*

³⁸² *Id.*

³⁸³ *Id.*

³⁸⁴ *Id.*

³⁸⁵ Subject 2 interview (15 May 2007).

³⁸⁶ *Id.*

³⁸⁷ *Id.*

³⁸⁸ Staff Member 5 interview (23 April 2007).

³⁸⁹ *Id.*

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for several months. However, when he returned he found that the boat contracts had gone back up to the original price of US\$70,000 per trip on an *ad hoc* basis.³⁹⁰

284. Subject 3 in her interviews with the Task Force confirmed that she was in charge of procurement exercises, contract and price negotiations for the boat contracts since she arrived at the mission in 2001. She further confirmed that Subject 4 was her supervisor, while Mr. Ghanem was the CPO. When Mr. Martin Buxey arrived as CPO, he assigned the boat contracts to Ms. Renois.³⁹¹ Subject 3 stated repeatedly that she had experience with shipping and logistics from her own private business, a wholesale liquor store, in Jamaica.³⁹² Subject 3 confirmed that she had been to TFCE's office on two occasions where she met both with the company's manager "Mr. Costas" and the company's owner Company Representative 17.

285. The Task Force identified that "Mr. Costas" is Mr. Constantinos Phillis, Director General of TFCE.

286. In both interviews with the Task Force, Subject 3 denied that she had ever directly or indirectly received or requested payments or other tangible benefits from TFCE or any other MONUC vendor.³⁹³

287. Subject 4 confirmed that he was one of the procurement officers responsible for the boat contracts and stated that he first began dealing with the contracts when he was the Unit Chief of Contracts.³⁹⁴ In both of his interviews, Subject 4 denied having ever requested or received money or anything of value from TFCE or any other MONUC vendor.³⁹⁵ He stated that the only person he dealt with was "Mr. Costa," whom he met only officially in the Procurement Section and never outside the office. Subject 4 claimed not to recall any irregularities in regard to TFCE's contract and stated that they were like all the other contractors. He added, however, that in hindsight "there were certain files that he would not have now accepted." Subject 4 did not elaborate upon this statement in detail.

288. When interviewed by the Task Force on 16 May 2007, Subject 1 stated that he could not recall anything regarding the boat contracts, as he had only dealt with these contracts while another staff member was absent. Subject 1 claimed to know the company name TFCE "only from the file." Subject 1 denied having ever met with TFCE's representatives outside of the office and also denied ever having requested or received anything of value from TFCE or any other boat contractor.³⁹⁶

³⁹⁰ *Id.*

³⁹¹ Subject 3 interview (18 May 2007) (containing her handwritten comments).

³⁹² Subject 3 interviews (10 and 18 May 2007).

³⁹³ *Id.*

³⁹⁴ Subject 4 interview (11 May 2007).

³⁹⁵ Subject 4 interviews (27 February and 11 May 2007).

³⁹⁶ Subject 1 interview (16 May 2007).

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289. Although the Task Force repeatedly requested all procurement files for the charter of pushers, barges and fast boats, the documents obtained were incomplete and inconsistent.³⁹⁷

290. Important information such as contract amendments and other relevant documents were often missing from the files. Even more disturbing, contract prices often did not correspond to the prices presented to the LCC and HCC. The documents obtained thus did not allow for a comprehensive analysis of the boat contracts awarded by MONUC since the inception of the Mission.

291. Due to the poor condition of the procurement files obtained, the Task Force was unable to reconstruct the chronology of the contracts awarded to TFCE for the time period from 2001 to 2003, the period during which Subject 1 and Subject 3 were the assigned case officers for the boat contracts.

292. It is therefore impossible to examine the contract information given by CW-4 and to determine the exact contracts or purchase orders for which payments have been requested and accepted by Subject 3, Subject 4, and Subject 1. Based upon the information received during the investigation, as well as reasonable inferences that are to be drawn, the Task Force believes that certain records were intentionally kept in poor condition to conceal the illegal activities in which procurement staff members were engaged, and further to prevent a thorough analysis of the contracts which would have revealed that many of the contracts were overpriced and procurement rules and regulations had not been followed.

E. OTHER ALLEGATIONS AGAINST SUBJECT 3 AND SUBJECT 4

293. On 25 April 2007, Mr. Coggon sent an email to the Task Force reporting information on “some specifics or known facts on personnel in MONUC Procurement.”³⁹⁸ In this email Mr. Coggon stated, *inter alia*, that Subject 4 and Subject 3 are known to own two of the river barges on contract to the United Nations for cargo operations.³⁹⁹

294. The Task Force interviewed boat owners, dock workers and staff members about these allegations. Where available the Task Force further reviewed ownership certificates of the vessels chartered by MONUC.

295. No indication could be found that Subject 4 either directly or through a third party owned one of the boats operated by MONUC.

³⁹⁷ The Task Force requested all procurement files for the charter of pushers, barges, and fast boat from the beginning of the mission to the current RFP in 2007 during its first mission to MONUC from 20 February through 1 March 2007. On 7 May 2007, the Task Force further requested the Procurement Section to prepare a comprehensive chronology of the contract awards with supporting documentation. The documents provided by the Procurement Section began with the Invitation to Bid for the long-term lease of barges and pushers in late 2001.

³⁹⁸ Staff Member 5 email to the Task Force (25 April 2007).

³⁹⁹ *Id.*

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296. Although several witnesses unanimously confirmed that it was known that Subject 3 was the owner of one of the boats chartered from MMF, no documents could be located to further confirm this information.⁴⁰⁰

297. Company Representative 5 is the owner of Société Marquin, a company that provided charter services for fast boats until 2003, when the company's contract was cancelled by MONUC. Company Representative 5, in his interview with the Task Force of 25 June 2007, stated that it was common knowledge throughout Kinshasa that Subject 3 had owned shares in one of the fast boats leased from MMF and that while the lease amounts for the boat had been paid, the boat never left the port.⁴⁰¹ Company Representative 5 did not provide further details as to the name or type of the vessel.

298. Company Representative 6, boat captain for Société Marquin, related that he worked at Kinshasa's ports everyday from 2001 until the company's contract with MONUC was cancelled in 2003. Company Representative 6 elaborated on the riverine operations and stated that all pushers and barges chartered by MONUC were escorted by a smaller fast boat on their trips on the Congo River.⁴⁰²

299. Company Representative 6 related that in 2002 or 2003, Company Representative 4 came to purchase one fast boat at the Nautical Yacht Club in Kinshasa. When he was asked why he was buying another boat—MMF already had fast boats under contract with MONUC—Company Representative 4 responded that this time the boat was not for him but for Subject 3.⁴⁰³ The boat was subsequently chartered by MONUC as escort boat no. UN09A. Company Representative 6 stated that Subject 3 was not the legal proprietor and that Company Representative 4 held and operated it on her behalf. Company Representative 6 himself was not present at the Nautical Yacht Club when the boat was purchased but said that his staff member was and would be able to confirm the information.⁴⁰⁴

300. The Task Force tried to arrange a meeting with the staff member, but was unable to do so as the staff member was in Brazzaville and did not return to Kinshasa prior to the departure of the Task Force investigators. In a telephone conversation with the Task Force on the following day, Company Representative 6 stated that he had spoken to his staff member and had confirmed the information previously stated, but stated that the escort boat owned by Subject 3 was boat no. UN10A.⁴⁰⁵ The Task Force confirmed that fast boat no. UN10A was owned by MMF.⁴⁰⁶

301. CW-4 had also informed the Task Force that Subject 3 had owned one of the speed boats operated by MMF, but was not sure which vessel it had exactly been.⁴⁰⁷

⁴⁰⁰ The Task Force was told that no ownership documents are kept for speed boats in the DRC.

⁴⁰¹ Company Representative 5 interview (13 May 2007).

⁴⁰² Company Representative 6 interview (17 May 2007).

⁴⁰³ *Id.*

⁴⁰⁴ *Id.*

⁴⁰⁵ *Id.*

⁴⁰⁶ Staff Member 14 email to the Task Force (28 June 2007).

⁴⁰⁷ CW-4 interview (4 May 2007).

CW-4 stated that Subject 3, although not legally the proprietor, would be the factual owner of MMF's boat. CW-4 added that Subject 3 was present at the nautical club during the purchase of this boat.⁴⁰⁸

302. CW-2 also had been informed by the local staff that Subject 3 had owned a boat and was a partner in one of the barge companies. CW-2 was not sure as to the exact company.⁴⁰⁹

303. As discussed above, Company Representative 4 adamantly denied having given benefits to any staff member at MONUC.⁴¹⁰

304. Subject 3 in her interview of 18 May 2007 denied having ever directly or indirectly owned a boat or having ever received anything of value from MMF.⁴¹¹

305. The Task Force investigators made inquiries, both at the Nautical Club and the Nautical Yacht Club at Kinshasa. However, no one was able to further substantiate the information provided to the Task Force.

F. OTHER COMPANIES

306. The Task Force contacted representatives and employees of Transfluco and Domaine de la Palmeraie, two other companies providing boat charter services to MONUC.

307. Although the Task Force repeatedly received information that both companies were making payments to MONUC staff members, none of the companies' representatives were willing to confirm this information with the investigators.

1. Transfluco

308. According to the information provided to the Task Force purchase orders totaling approximately US\$2.1 million were issued to Transfluco from July 2002 through February 2006.⁴¹²

⁴⁰⁸ *Id.*

⁴⁰⁹ CW-2 interview (8 May 2007).

⁴¹⁰ Company Representative 4 interview (3 May 2007).

⁴¹¹ Subject 3 interview (18 May 2007).

⁴¹² Report on Purchase Orders/Contract for Pushers and Barges with Statistics (15 June 2007).

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Table F: Transfluco Purchase Orders (1 July 2002 to 28 February 2006)

#	PO Number	PO Vendor Name	PO Total (\$)	Buyer
1	2KIN-200071/0	TRANSFLUCO	\$ 90,000	AKM
2	2KIN-200117/0	TRANSFLUCO	49,200	JC
3	2KIN-200118/0	TRANSFLUCO	19,889	JC
4	2KIN-200156/0	TRANSFLUCO	33,800	JC
5	2KIN-200218/0	TRANSFLUCO	90,000	JC
6	2KIN-200266/0	TRANSFLUCO	342,300	JC
7	4KIN-200130/0	TRANSFLUCO	212,990	JC
8	4KIN-200385/0	TRANSFLUCO	90,000	JC
9	4KIN-200493/0	TRANSFLUCO	213,000	JC
10	4KIN-200497/0	TRANSFLUCO	90,000	JC
11	5KIN-200041/0	TRANSFLUCO	106,500	MGR
12	5KIN-200042/0	TRANSFLUCO	45,000	MGR
13	5KIN-200275/0	TRANSFLUCO	7,500	JC
14	5KIN-200293/0	TRANSFLUCO	14,550	JC
15	5KIN-200335/0	TRANSFLUCO	45,000	MGR
16	5KIN-200342/0	TRANSFLUCO	106,500	MGR
17	5KIN-200653/0	TRANSFLUCO	213,000	MGR
18	6KIN-200075/0	TRANSFLUCO	106,500	MGR
19	6KIN-200269/0	TRANSFLUCO	106,500	MGR
20	6KIN-200436/0	TRANSFLUCO	71,000	MGR
21	7KIN-200468/0	TRANSFLUCO	7,000	JDK
TOTAL			\$ 2,060,229	

309. Company Representative 7, President of “Transporteur Fluviaux, Fédération du Congo,” a commission representing the interests of Kinshasa’s riverine enterprises.⁴¹³ In his interview with the Task Force, Company Representative 7 stated that Company Representative 8, the owner of Transfluco, had confided to him that he had to pay ten percent of the contract value to MONUC staff members in order to receive payment on his invoices.⁴¹⁴ Company Representative 8 however denied ever having paid or having been requested to pay money to MONUC staff.⁴¹⁵

310. In 2002, Subject 3 issued a purchase order for a one time trip for a total price of US\$49,200 to Transfluco, which, according to the information obtained during the investigation, was above the market price for comparable vessels.⁴¹⁶ The purchase order is shown below:

⁴¹³ Company Representative 7 interview (9 May 2007).

⁴¹⁴ *Id.*

⁴¹⁵ Company Representative 8 interview (13 May 2007).

⁴¹⁶ Purchase order no. 2MON – 200258 (29 June 2002); Staff Member 14 interview (17 May 2007).

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UNITED NATIONS		NATIONS UNIES						
 MONUC PURCHASE ORDER 2MON - 200258								
Delivery Due: 29/06/2002								
Ship To: General Services - Kinshasa		Bill To: General Services - Kinshasa						
Vendor: MON36 TRANSFLUCO 228, AVE. BOBÔZÔ (PORT NOCAFEX) N.R.C. 25.507 B.P. 1424 KINSHASA 1 KINSHASA Phone: + 9905555 FAX: Fax:		Payment Terms: Net 15 Days Upon Receipt Invoice Payment Mode: Delivery Terms: NONE - None Delivery Mode: Account: 4701 NUA02 7074 0258 4894 Buyer: [REDACTED] Stated In: USD						
Line No.	Item Number Description	QTY	U/M	Unit Price	Tax	Freight	Discount	Total Price
1	715219	49,200.00	SVC	1.00	0.00	0.00	0.00	49,200.00
[REDACTED]								

Figure: Purchase order no. 2MON – 200258 (29 June 2002)

2. Domaine de la Palmeraie

311. According to the information provided to the Task Force, purchase orders totaling approximately US\$2.6 million were issued to Domaine de la Palmeraie between July 2002 and June 2007.⁴¹⁷

⁴¹⁷ Report on Purchase Orders/Contract for Pushers and Barges with Statistics (15 June 2007).

Table G: Domaine de la Palmeraie Purchase Orders (1 July 2002 to 30 June 2007)

#	PO Number	PO Vendor Name	PO Total (\$)	Buyer
1	2KIN-200079/0	DOMAINE DE LA PALMERAIE	\$ 90,000	AKM
2	2KIN-200219/0	DOMAINE DE LA PALMERAIE	90,000	JC
3	3KIN-200243/0	DOMAINE DE LA PALMERAIE	96,420	JC
4	3KIN-200400/0	DOMAINE DE LA PALMERAIE	50,000	JC
5	4KIN-200088/0	DOMAINE DE LA PALMERAIE	192,840	JC
6	4KIN-200089/0	DOMAINE DE LA PALMERAIE	240,000	JC
7	4KIN-200491/0	DOMAINE DE LA PALMERAIE	192,840	JC
8	4KIN-200492/0	DOMAINE DE LA PALMERAIE	240,000	JC
9	5KIN-200124/0	DOMAINE DE LA PALMERAIE	96,420	AKM
10	5KIN-200126/0	DOMAINE DE LA PALMERAIE	120,000	AKM
11	5KIN-200336/0	DOMAINE DE LA PALMERAIE	120,000	MGR
12	5KIN-200340/0	DOMAINE DE LA PALMERAIE	46,000	MGR
13	5KIN-200647/0	DOMAINE DE LA PALMERAIE	240,000	MGR
14	6KIN-200052/0	DOMAINE DE LA PALMERAIE	240,000	MGR
15	6KIN-200441/0	DOMAINE DE LA PALMERAIE	240,000	MGR
16	7KIN-200261/0	DOMAINE DE LA PALMERAIE	240,000	SR
17	7KIN-200501/0	DOMAINE DE LA PALMERAIE	45,000	JDK
18	7KIN-200731/0	DOMAINE DE LA PALMERAIE	45,000	MGR
TOTAL			\$ 2,624,520	

312. Company Representative 3, former General Director of FEC, in his interview of 11 May 2007, stated that it was known that ten percent of the contract value had to be paid to MONUC procurement staff in order to be awarded contracts. He added that none of the companies would ever be willing to admit that in an official investigation.⁴¹⁸ However, he suggested meeting with Mr. Albert Buisine, owner of Domaine de la Palmeraie, stating “he may tell [the investigators] what is happening.”⁴¹⁹

313. The Task Force was unable to contact Mr. and Mrs. Buisine, owners of Domaine de la Palmeraie as they were out of Kinshasa on a boat trip and were not expected to be back until sometime in June 2007.

314. Subject 3 and Subject 4 were notified of the Task Force’ findings on 20 June 2007. Their written responses of 28 and 29 June 2007, respectively, are attached as Annexes C and D to this Report.⁴²⁰ In the Task Force’s view, the responses do not compel any change to the proposed findings and conclusions.

⁴¹⁸ Company Representative 3 interview (11 May 2007).

⁴¹⁹ *Id.*

⁴²⁰ Subject 4’s response, dated 20 June 2007, was provided to the Task Force on 29 June 2007.

X. SUBJECT 5

A. PROFESSIONAL AND PERSONAL BACKGROUND

315. Subject 5 was born on 3 January 1949 in Jamaica.⁴²¹ He is divorced and has “at least eight children.”⁴²²

316. Subject 5 is a permanent staff member who has worked for the United Nations for over thirty years.⁴²³ He began working for the United Nations on 5 May 1979, in the Security Department of the United Nations Truce Supervision Organization (“UNTSO”), located in Jerusalem. From that mission, Subject 5 proceeded to work at various other United Nations peacekeeping missions throughout the world, including Cyprus, Namibia, Cambodia, Syria, Somalia, Rwanda, Liberia and Pakistan. For most of the missions, he worked in the Property Control Inventory Unit or the Claims Unit. His first procurement assignment was in 1998 when he was reassigned to Pakistan. From there he was transferred to Bangui Central Africa and worked in the Claims and Property Survey Unit. When Bangui was absorbed into MONUC, he was initially transferred to the procurement unit. In April 2000, Subject 5 was transferred to MONUC’s Procurement Section.⁴²⁴

317. He currently works as a procurement assistant in MONUC at a Field Support Staff. Subject 5’ contract expires on 31 January 2009.⁴²⁵

B. ALLEGATION

318. The Task Force began investigating Subject 5 for allegations made in 2005 that he and several other procurement staff members were soliciting bribes from vendors in return for their assistance with contract awards and invoice payments.⁴²⁶ Although the Task Force did not find any evidence that Subject 5 had requested bribes from vendors for contracts or invoice payments, the investigation revealed that Subject 5 had requested money from a MONUC vendor by the name of UAC.⁴²⁷

C. INVESTIGATIVE DETAILS: LOAN FROM UAC

319. When interviewed by the Task Force about the payments made by Subject 1, UAC’s representatives were asked if they were familiar with any other staff members at MONUC’s Procurement Section.⁴²⁸

⁴²¹ Subject 5 Personnel Action Notification Administration (11 July 2006).

⁴²² Subject 5 interview (10 May 2007).

⁴²³ *Id.*

⁴²⁴ *Id.*

⁴²⁵ Subject 5 Personnel Action Notification Administration (11 July 2006).

⁴²⁶ ID cases nos. 180/05 and 615/05.

⁴²⁷ Company Representative 15 and Company Representative 9 interview (8 May 2007).

⁴²⁸ *Id.*

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320. Company Representative 9, a UAC sales manager, stated that Subject 5 would come to buy music equipment.⁴²⁹ Once Subject 5 had owed UAC US\$1,600 for music equipment he bought and did not pay for more than a year.⁴³⁰

321. On another occasion, Subject 5 had asked if he could borrow US\$800 for a deposit on an apartment because he had to move out of his current apartment and did not have money for the deposit. Company Representative 9 stated that he had loaned Subject 5 the amount on 9 December 2004. He further confirmed that Subject 5 had paid back the amount in full.⁴³¹ Company Representative 9 provided the Task Force with a copy of the UAC ledger for Subject 5 that purported to show that UAC was paid back US\$1,650 that included the US\$800 loan for the deposit in July 2006:⁴³²

U.A.C, S.P.R.L - Yr 2006					
B.P. 9928 Kinshasa 1					
Rep. Dem Du Congo					
N.R.C. 33927-Id Nat.K 27511 N					
Impot K02A0504M, Tel: 0813141777					
Evon Parque					
Ledger Account					
1-Jan-2006 to 31-Dec-2006					
Date	Particulars	Vch Type	Vch No.	Debit	Credit
1-1-2006	To Opening Balance			1,650.00	
1-6-2006	By 2.Caisse Du Vente - G.M	RECU	Jun/11004/06R	200.00	
6-7-2006	By 1.Cash Principal	Receipt	1279	400.00	
25-7-2006	By 2.Caisse Du Vente - G.M	RECU	Jul/11350/06R	1,050.00	
				1,650.00	1,650.00

02-8-2004	SONY CHAINE HIFI SYSTEM				
"	TRADE IN WITH SONY/CHAIN				
9-12-2004	CASH WITHDRAWAL				
		1200		350	
		800			
			(BAL) 1650		
			2000	350	

Figure: UAC Ledger Account (1 January 2006 to 31 December 2006)

322. In his interview with the Task Force on 10 May 2007, Subject 5 first stated that he never received money from a vendor doing business with MONUC. When presented with the facts identified by the Task Force, Subject 5 stated, "Now after you refresh my memory." Subject 5 could recall needing money for the deposit to move into a new apartment and asked Company Representative 9 from UAC if he would help him out, which Company Representative 9 did.⁴³³

323. Subject 5 further stated that he did not consider it a conflict of interest or a violation of United Nations regulations and rules since it was a purely private matter which was not related to any contract award and he did not ask for any favors in return.⁴³⁴

⁴²⁹ *Id.*

⁴³⁰ *Id.*

⁴³¹ *Id.*

⁴³² *Id.*; UAC Ledger Account (1 January 2006 to 31 December 2006) (reflecting payment to "Subject 5").

⁴³³ Subject 5 interview (10 May 2007).

⁴³⁴ *Id.*

324. According to MONUC procurement records, UAC was issued fourteen purchase orders for approximately US\$195,000 from June 2001 until December 2006.⁴³⁵ v was listed as the buyer on three of these purchase orders for a total of US\$36,380.⁴³⁶

325. The “loan” was given on 9 December 2004—only eight months after the last purchase order issued by Subject 5 and approximately two weeks after 26 November 2004, when purchase order no. 5KIN-200283 was issued to UAC for US\$11,000.

326. Subject 5 was notified of the Task Force’s findings on 20 June 2007. Subject 5 provided his response to the Task Force’s adverse finding letter on 3 July 2007. His written response was considered, and is attached as Annex E to this Report. After consideration of Subject 5’ response, the Task Force concludes its findings are warranted.

XI. FINDINGS AND CONCLUSIONS

A. SUBJECT 1

1. Findings

327. The Task Force finds that MONUC procurement assistant Subject 1 engaged over many years in an extensive pattern of bribery and scheme to solicit payments from a number of MONUC vendors and companies doing business in Kinshasa, and unlawfully and improperly received and accepted sums of money and other tangible benefits from numerous vendors doing or seeking to do business with the Organisation in the Congo. The solicitation of Subject 1 of payments of sums of money was accompanied by promises of favourable treatment on the vendor’s behalf in MONUC bidding exercises or threats extended by him that the vendor would not achieve the contracts without making such payments to him. In this regard, Subject 1’s unlawful and corrupt activities included:

- (i) Solicitation of bribery payments from Ekima, a MONUC vendor, in exchange for favourable treatment with various cement contracts which Subject 1 handled on behalf of MONUC procurement;
- (ii) Efforts to secure painting services for his private apartment and swimming pool for him by Ekima, a United Nations vendor participating in a series of bidding exercises handled by Subject 1;
- (iii) Assistance on behalf of the company Société Matina, and its owner, Company Representative 1, a personal friend, in connection with ongoing bidding exercises for catering services contracts the company was bidding on with the Mission, including assistance in preparing and submitting bidding documents for contracts with MONUC, and accepting sums of money from the company;

⁴³⁵ UAC purchase orders nos. 1MON 200315;2MON-200329; 3KIN-200031; 3KIN-200192; 3KIN-200198; 4KIN-200689; 4KIN-200615; 5KIN-200171; 5KIN-200283; 6KIN-200281; 6KIN-200574; 6KIN-200925; 7KIN-200368; 7KIN-200470.

⁴³⁶ UAC purchase orders nos. 3KIN-200192; 4KIN-200689; 4KIN-200615.

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(iv) Request for payment sometime between in or about October 2004 and July 2005, from AVC Construct, and its owner, Mr. Alain VanCustem, in exchange for securing the contract for the company for the Rehabilitation of the Bunia runway, contract no. CON/MON/05/075, worth approximately US\$5.5 million;

(v) Solicitation and receipt of US\$10,000 from TFCE, a MONUC vendor, in exchange for his assistance in securing contracts on behalf of the company with MONUC;

(vi) Solicitation of a bribery payment, a kickback, and other tangible benefits from SoTraBen, a United Nations vendor in MONUC, in exchange for assistance in steering a contract to the company for the Rehabilitation of the Bukavu runway, CON/MON/05/007, with an approximate value of US\$5 million; and

(vii) The solicitation for, and the acceptance of, sums of money from three individual vendors doing business with MONUC characterised as “loans,” albeit without interest and any accompanying formal documentation, in excess of US\$4,200.

328. The investigations also identified that Subject 1 had commenced these illegal activities as early as 1986 during his first assignments with the Organisation at UNDOF and UNAMIR, and continued his illegal and corrupt pursuits uninterrupted and unimpeded despite complaints to United Nations officials by vendors and their representatives. The initiation of investigations also did not deter or dissuade his conduct.

329. The Task Force further finds Subject 1’s denials of these circumstances not credible and his explanations without merit as such denials are belied by overwhelming evidence to the contrary, including forensic evidence gathered on his computer, Subject 1’s inconsistent and false statements, as well as contrary statements provided by a plethora of witnesses more fully described in the Report. In that regard, the Task Force finds Subject 1 made misleading and false material statements to the Task Force, namely:

(i) When questioned about solicitation of bribes of Ekima, Subject 1 initially stated that he never dealt with Company Representative 10, the owner of Ekima, and then later conceded that such interaction was a possibility. Records reflect, however, that Subject 1 was unequivocally the case officer on three separate Ekima contracts and clearly solicited bribes from the company as confirmed by company officials. Such statements by company officials are corroborated by other evidence, and other similar episodes reported by other vendors, and the fact that such statements are inherently credible as there is no identified motive for such officials to offer false statements about such incidents. To the contrary, Subject 1’s false exculpatory statements are uncorroborated, lack any support, and are contradicted by a host of witnesses. Subject 1’s false statements were made against the backdrop of a series of inconsistent and other false statements.

(ii) Subject 1’s adamant denials that he received anything of value from Company Representative 10 are unpersuasive. This statement is contradicted by the

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evidence that Company Representative 10 painted Subject 1's residence and swimming pool—facts which Subject 1 later conceded.

(iii) Subject 1's falsely denied offering and providing any assistance to Company Representative 1 in connection with MONUC's catering contracts. Subject 1's statement is directly contradicted through forensic retrieval of Company Representative 1's company's technical proposal which was *created* on Subject 1's computer.

(iv) Subject 1's falsely asserted that Company Representative 12 of AVC Construct had not been to his house to discuss payment of sums of money to secure the contract for the rehabilitation of the Bukava runway project. Subject 1's statement is contradicted by Company Representative 12, who provided a detailed description of the event, and an accurate description of Subject 1's home and family. Subject 1 later conceded to the meeting when confronted with conflicting information by Task Force investigators.

(v) Subject 1 falsely denied payments of any sums of money to United Nations vendors. Subject 1's claim is flatly contradicted by electronic evidence gathered from Subject 1's computer which reflects that payments were made to two United Nations vendors, UAC and Panache. After presented with such evidence, Subject 1 described the payments as repayments for "loans" extended by these two companies. The Task Force does not find these representations credible either, in light of the circumstances more clearly set forth herein and the fact that the payments were without interest and without any supporting documentation, and were purportedly made two years after the event.

(vi) As a result of the foregoing, the Task Force finds that Subject 1 made knowingly false, misleading and inaccurate material statements to Task Force investigators as reflected above.

330. As a result of Subject 1's scheme to solicit bribes and kickbacks from United Nations vendors in exchange for favourable treatment and other efforts on behalf of such companies and their officials, Subject 1 severely corrupted the procurement exercises in connection with the award of these contracts, completely undermined the integrity of the bidding exercises, and contributed substantially to the poor reputation of the mission's procurement service and the damage to the Organisation's reputation as a whole in the Mission. As a result of Subject 1's acts, as well as the acts of the other procurement officials described herein, it is evident that goods and services were, and continue to be, routinely procured for the Organisation without the use of a fair, transparent, objective, and truly competitive process, and through bribery, kickbacks, corrupt and illegal acts. Subject 1's acts over the course of at least the past twenty years have perpetuated the stark and clear reality that vendors are required to pay sums of money to United Nations officials to secure contracts with the Organisation in this Mission.

331. Based upon these findings, it is evident that Subject 1's illegal conduct also resulted in substantial financial losses to the Organisation, as the costs of bribes granted are generally not borne by the company making the payments but are included in the contract prices offered to and paid by the Organisation. From 2006 to 2007 alone,

purchase orders totaling more than US\$6.2 million have been issued by Subject 1. Although the Task Force is unable to quantify the full extent of the loss caused to the Organisation by Subject 1's illegal activities, it can be conservatively estimated to be in the hundreds of thousands of United States dollars.

2. Conclusion

332. The Task Force concludes that Subject 1 knowingly and purposefully violated the following provisions of the Staff Regulations:

- (i) Regulation 1.2(b), by failing to uphold the highest standards of efficiency, competence, and integrity;
- (ii) Regulation 1.2(e), by not regulating his conduct with the interests of the Organisation only in view;
- (iii) Regulation 1.2(f), by engaging in inappropriate activities with a United Nations vendor, which adversely reflected on the integrity, independence, and impartiality that are required by his status as a procurement official with the United Nations;
- (iv) Regulation 1.2(g), by using the office or his knowledge gained from his official functions for private financial gain;
- (v) Regulation 1.2(i), by communicating to vendors doing or seeking to do business with the Organisation information known to him by reason of his official position as procurement assistant; and
- (vi) Regulation 1.2(l), by accepting favours and gifts (including sums of money characterised as interest free "loans" from vendors doing business with the Organisation).

333. Subject 1 purposefully and knowingly breached the general principles set down in Regulation 5.12 of the Financial Rules and Regulations of the United Nations, which provides that the procurement process shall be carried out with fairness, integrity, transparency, and effective competition in order to best serve the financial interests of the Organisation.

334. In addition, Subject 1 purposefully and knowingly violated the following sections of the United Nations Procurement Manual:

- (i) Section 4.1.5(4)(a), which provides that United Nations staff shall not allow any vendors access to information on a particular acquisition before such information is available to the business community at large;
- (ii) Section 4.2(1), which states that a procurement officer in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment to an individual or entity by accepting offers or gifts and hospitality or other similar considerations; and

(iii) Section 4.2(2), which stipulates that it is inconsistent for a procurement officer to accept any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations. All staff members involved in procurement shall decline offers of gifts.

335. Subject 1 knowingly and purposefully engaged in the corrupt activities described above by soliciting and accepting payments and other tangible benefits from vendors doing or seeking to do business with the Organisation in return for being improperly influenced in the performance of his duty as a procurement official.

336. Further, the aforementioned acts, namely the solicitation of bribes and kickbacks, the receipt of sums of money in exchange for favourable treatment in official bidding exercises, are clearly criminal acts and can be prosecuted in a court of law. In that regard, Subject 1 has committed criminal acts of bribery, conspiracy, and solicitation and acceptance of unlawful gratuity.

B. SUBJECT 2

1. Findings

337. The Task Force finds that MONUC procurement officer Subject 2 engaged in corrupt and unlawful activity in connection with his role as United Nations procurement official in MONUC, in that he solicited, received and accepted sums of money in 2005 from Maison Mukoie Fils, a vendor doing business with the Organisation. Although Subject 2 characterised the receipt of the sum of money as a “loan,” he conceded that he received the money to purchase a car that he could not otherwise afford to buy with available funds. Company officials confirmed the payment to Subject 2. Even if the money was subsequently paid back to Company Representative 4, Subject 2 received a clear and tangible benefit since the payments were made without interest and repayment terms. Even Subject 2 himself admitted that he would have been charged a ten percent commission if he sought to secure a loan from the local Congolese bank. Such conduct, even accepting Subject 2’s ultimate explanation, contravenes the Organisation’s procurement and financial rules governing conduct with vendors.

338. The Task Force further finds that Subject 2 made false statements to the Task Force about the circumstances of his interaction with Maison Mukoie Fils and the receipt and repayment of the money, falsely asserting that he had not received anything of value from a vendor greater than US\$20. This statement was materially false in that the evidence, including Subject 2’s own statements, as well as electronic evidence retrieved from Subject 2’s computer, reveals clear evidence that Subject 2 made a US\$7,000 payment to MMF. After presented with such evidence, Subject 2 conceded that he had received US\$7,000 from the company in August 2005. Subject 2 acknowledged that the principal of the company, Company Representative 4, left an envelope of cash for him at the Procurement Section’s offices, and ultimately asserted that the electronic record retrieved by the Task Force reflected his repayment to company officials for what he described was a “loan” to purchase a car.

339. Based upon the evidence gathered during the investigation, the Task Force further finds that Subject 2 may well have requested and received other payments and tangible benefits in return for his improper assistance to Maison Mukoie Fils in obtaining and maintaining contracts with the Organisation. The investigation is continuing as to these matters.

340. As a result, Subject 2's corrupt actions, which have increased gravity as he served in a supervisory capacity within the Procurement Section, contributed to the decay and compromise of the integrity of the procurement process in procurement exercises in MONUC, and in particular, the bidding exercises in which Maison Mukoie Fils was involved.

2. Conclusion

341. The Task Force concludes that Subject 2 knowingly and purposefully violated the following provisions of the Staff Regulations:

- (i) Regulation 1.2(b), by failing to uphold the highest standards of efficiency, competence, and integrity;
- (ii) Regulation 1.2(e), by not regulating his conduct with the interests of the Organisation only in view;
- (iii) Regulation 1.2(f), by engaging in inappropriate activities with a United Nations vendor, which adversely reflected on the integrity, independence, and impartiality that are required by his status as a procurement official with the United Nations;
- (iv) Regulation 1.2(g), by using the office or his knowledge gained from his official functions for private financial gain; and
- (v) Regulation 1.2(l), by accepting favours and gifts (including sums of money characterised as interest free "loans" from vendors doing business with the Organisation).

342. Subject 2 purposefully and knowingly breached the general principles set down in Regulation 5.12 of the Financial Rules and Regulations of the United Nations, which provides that the procurement process shall be carried out with fairness, integrity, transparency, and effective competition in order to best serve the financial interests of the Organisation.

343. In addition, Subject 2 purposefully and knowingly violated the following sections of the United Nations Procurement Manual:

- (i) Section 4.2(1), which provides that a procurement officer in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment to an individual or entity by accepting offers or gifts and hospitality or other similar considerations; and

(ii) Section 4.2(2), which provides that it is inconsistent that a procurement officer accepts any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations. All staff members involved in procurement shall decline offers of gifts.

344. The Task Force further finds that, as a result of the foregoing, Subject 2 engaged in corrupt and illegal acts.

C. SUBJECT 3 AND SUBJECT 4

1. Findings

345. The Task Force finds that, based upon the information received during the investigation, as well as reasonable inferences to be drawn therefrom, MONUC procurement assistant Subject 3 solicited, received, and accepted sums of money from Transport Fluvial et Commerce, a vendor doing business with the Organisation, in exchange for providing improper and unlawful assistance in contract selection exercises involving this company in the Mission on several occasions between 2001 and 2003.

346. The Task Force finds that, based upon the information received during the investigation, as well as reasonable inferences to be drawn therefrom, MONUC procurement assistant Subject 4 solicited, received, and accepted sums of money from TFCE, a vendor doing business with the Organisation, in exchange for providing improper and unlawful assistance in contract selection exercises involving this company in the Mission on several occasions between 2001 and 2003.

347. Although both individuals emphatically denied the allegations, the Task Force credits the information provided by CW-4 in connection with this matter. The Task Force finds this witness truthful, without any inherent bias or motive to provide false information. The Task Force further finds that CW-4's statements are corroborated by the surrounding circumstances, including the fact that the information inculpates this witness and is consistent with the well-known environment in MONUC, in which it is a condition to do business with the Organisation to pay sums of money. CW-4's statements are further corroborated by the information provided by other witnesses, including four witnesses stating that Subject 3 received a personal benefit from another vendor in the form of a boat.

348. As a result of Subject 3 and Subject 4's involvement, the procurement exercises with TFCE were severely tainted by fraud and corruption.

349. As described above, it is evident that Subject 3 and Subject 4's involvement in this criminal scheme also resulted in substantial financial losses to the Organisation. Contracts and purchase orders totaling approximately US\$2.4 million were issued by Subject 3 to TFCE under the supervision of Subject 4. Although the Task Force is not able to determine the total extent of the damage and loss caused by their illegal activities, it is clear that the amounts of US\$40,000 and US\$7,500 received by Subject 3 and

Subject 4, respectively, constitute the minimum amount of loss caused to the Organisation.

2. Conclusion

350. The Task Force concludes that Subject 3 and Subject 4 knowingly and purposefully violated the following provisions of the Staff Regulations:

- (i) Regulation 1.2(b), by failing to uphold the highest standards of efficiency, competence, and integrity;
- (ii) Regulation 1.2(e), by not regulating his conduct with the interests of the Organisation only in view;
- (iii) Regulation 1.2(f), by engaging in inappropriate activities with a United Nations vendor, which adversely reflected on the integrity, independence, and impartiality that are required by his status as a procurement official with the United Nations;
- (iv) Regulation 1.2(g), by using the office or his knowledge gained from his official functions for private financial gain; and
- (v) Regulation 1.2(l), by accepting favours and gifts (including sums of money characterised as interest free “loans” from vendors doing business with the Organisation).

351. Subject 3 and Subject 4 purposefully and knowingly breached the general principles set down in Regulation 5.12 of the Financial Rules and Regulations of the United Nations, which provides that the procurement process shall be carried out with fairness, integrity, transparency, and effective competition in order to best serve the financial interests of the Organisation.

352. In addition, Subject 3 and Subject 4 purposefully and knowingly violated the following sections of the United Nations Procurement Manual:

- (i) Section 4.2(1), which provides that a procurement officer in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment to an individual or entity by accepting offers or gifts and hospitality or other similar considerations; and
- (ii) Section 4.2(2), which provides that it is inconsistent that a procurement officer accepts any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations. All staff members involved in procurement shall decline offers of gifts.

353. Further, Subject 3 and Subject 4 committed criminal acts in that they each knowingly and purposefully engaged in the corrupt activities described above by soliciting and accepting payments from a vendor doing and seeking to do business with the Organisation in return for being improperly influenced in the performance of their

duty as procurement officials with the United Nations. Such activity constitutes criminal acts of bribery, conspiracy, and unlawful gratuity.

D. SUBJECT 5

1. Findings

354. The Task Force finds that MONUC procurement assistant Subject 5 accepted sums of money from UAC Sprl., a vendor doing business and seeking to do business with MONUC, and thereby engaged in corrupt, improper, and unlawful acts. Such conduct also runs afoul of numerous rules and regulations of the Organisation which govern conduct between procurement staff and vendors and prohibit the exchange, receipt, or transfer of things of value, gifts, and sums of money to and from staff and vendors.

2. Conclusion

355. The Task Force concludes that Subject 5 thereby knowingly and purposefully violated the following provisions of the Staff Regulations:

- (i) Regulation 1.2(b), by failing to uphold the highest standards of efficiency, competence, and integrity;
- (ii) Regulation 1.2(e), by not regulating his conduct with the interests of the Organisation only in view;
- (iii) Regulation 1.2(f), by engaging in inappropriate activities with a United Nations vendor, which adversely reflected on the integrity, independence, and impartiality that are required by his status as a procurement official with the United Nations; and
- (iv) Regulation 1.2(l), by accepting favours and gifts (including sums of money characterised as interest free “loans” from vendors doing business with the Organisation).

356. Subject 5 further purposefully and knowingly breached the general principles set down in Regulation 5.12 of the Financial Rules and Regulations of the United Nations, which provides that the procurement process shall be carried out with fairness, integrity, transparency, and effective competition in order to best serve the financial interests of the Organisation.

357. In addition, Subject 5 purposefully and knowingly violated the following sections of the United Nations Procurement Manual:

- (i) Section 4.2(1), which states that a procurement officer in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favourable treatment to an individual or entity by accepting offers or gifts and hospitality or other similar considerations; and

(ii) Section 4.2(2), which provides that it is inconsistent that a procurement officer accepts any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations.

358. As a result, the integrity of the procurement process in bidding exercises with UAC Sprl. was severely compromised.

E. MONUC PROCUREMENT

359. The Task Force finds that corruption has existed in procurement in the Mission for a number of years, and continues to pervade the procurement processes and culture in MONUC. The payment of sums of money, typically a fixed percentage (which varied) of the gross contract amount, is required to be paid to staff in the Procurement Section to secure a contract with the Organisation. This fact is well known throughout the business community in Kinshasa and by the vendors that do, and seek to do, business with the Organisation. Despite repeated complaints and referrals by vendors, staff, and others to MONUC officials, the conduct continues uninterrupted in an open and obvious manner. Mission officials have been derelict in their responsibility to address this problem that plagues the Mission and severely undermines the reputation of the Organisation and the integrity of all procurement processes.

360. The Task Force further finds that the record and file keeping in procurement is at best dismal, and at worst, infused by an intentional effort to destroy and conceal from investigators significant documents. The Task Force finds that MONUC's Procurement Section lacks an organised and efficient filing system, and maintains merely an *ad hoc* gathering of miscellaneous papers that are often missing critical documents. In a number of procurement exercises, Task Force investigators were unable to locate and find the contracts themselves, the submissions of the vendors, and the evaluations of bids.

361. The Task Force's investigation of the procurement activities in MONUC is ongoing and the Task Force will issue a subsequent report addressing additional matters under investigation.

362. The Task Force has not yet fully completed its investigation into all matters pertaining to Subject 2, Subject 3, and Subject 4. Thus, this Report should be considered interim as to these staff members.

XII. RECOMMENDATIONS

A. RECOMMENDATION PTF-R011/07/1

363. The Task Force recommends that appropriate action be immediately taken against Subject 1, Subject 3, Subject 5, Subject 4, and Subject 2 for the violations identified herein, and that any authority these staff members may exercise over procurement be immediately removed and divested from them.

364. The Task Force further recommends that these staff members, Subject 1, Subject 2, Subject 3, Subject 5, and Subject 4 be immediately removed from the Mission and placed on administrative suspension.

B. RECOMMENDATION PTF-R011/07/2

365. Due to the widespread and inherent corruption in procurement, which permeates all business in the Mission, the Task Force recommends that significant overhaul of procurement be undertaken immediately, or that procurement authority be completely removed, and that the Mission be divested of responsibility for this function. The Task Force recommends that, at least in the short term, procurement authority for the Mission be transferred in full to the United Nations Headquarters and the Department of Management, or outsourced to a competent and integrous third party.

366. The Task Force recommends that all procurement staff undergo anti-corruption and ethics training, and that a competent and ethical official be appointed to manage procurement in the mission.

C. RECOMMENDATION PTF-R011/07/3

367. The Task Force recommends that Subject 1, Subject 3, Subject 5, Subject 4, and Subject 2 be required to disclose all personal financial information to the Task Force, and respond to all requests for documents and information by Task Force investigators, consistent with Staff Rule 1.2(r) in order to clearly establish the extent of the fraud and corruption. These staff members should be required to produce all bank records, records of assets, transfers, bank and financial accounts, and receipts of funds and tangible goods in any form and to any degree from at least 2000 to present.

D. RECOMMENDATION PTF-R011/07/4

368. The Task Force recommends that the Organisation, as a victim of crime, refer the matter to the appropriate authorities, including prosecutorial authorities in the Democratic Republic of Congo, for any and all action such authorities deem appropriate.

E. RECOMMENDATION PTF-R011/07/5

369. The Task Force recommends that Subject 1, Subject 3, Subject 5, Subject 4, and Subject 2 be held financially liable to the United Nations for any and all financial loss suffered by the Organisation as a result of the violations of its regulations and rules, pursuant to Staff Rule 112.3.

F. RECOMMENDATION PTF-R011/07/6

370. The Task Force recommends that the Organisation make efforts through all available means to seek restitution from these staff members in courts in the Democratic Republic of Congo and other relevant jurisdictions, through the civil or criminal law process.

371. The Task Force further recommends that appropriate legal action be taken by the Organisation with regard to tangible and intangible assets of Subject 1, which were acquired using the proceeds of his illegal activities.

G. RECOMMENDATION PTF-R011/07/7

372. The Task Force recommends that a full and detailed examination of all procurement exercises not only handled by, but also undertaken with participation of, these staff members be conducted in order to determine the total extent of the loss caused to the Organisation through the inflated contract prices, overpayments and other related irregularities and corrupt acts.

H. RECOMMENDATION PTF-R011/07/8

373. The Task Force recommends that the ongoing procurement exercise for the provision of catering services be cancelled and that a new bidding exercise be instituted.

I. RECOMMENDATION PTF-R011/07/9

374. The Task Force recommends that the current provider of catering services for MONUC, Société Matina Sprl., and any other company directly or indirectly related to Company Representative 1 be excluded from this procurement exercise and permanently removed from the United Nations vendor roster.

J. RECOMMENDATION PTF-R011/07/10

375. The Task Force recommends that the following vendors be permanently removed from the United Nations vendor roster: Maison Mukoie Fils (“MMF”), Société Matina Sprl (“Matina”), and Société de Transport de Bens Sprl. (“SoTranBen”), as well as the principals of these companies.

K. RECOMMENDATION PTF-R011/07/11

376. The Task Force recommends that no action be taken at this time against Ekima or TFCE as these entities are cooperating with the Task Force and their removal would severely and irreparably harm ongoing investigations carried out by the Task Force. The Task Force recommends that any action contemplated against these vendors be considered after the completion of the Task Force’s investigations. At such time, the Task Force will recommend that the Organisation and the Vendor Review Committee take into consideration the cooperation these entities have provided to the Task Force.

ANNEX A: SUBJECT 1 LETTER TO THE TASK FORCE (28 JUNE 2007)

Kinshasa, Thursday 28 June 2007

Mr. Robert Appleton
Chairman Procurement Task Force
Office of Internal Oversight Services

I refer to your communication dated 19 June 2007, which was transmitted via email. I thank you for giving me the opportunity to provide my comments on the four points raised. Before I do so however, it will be useful to point out to the investigators that they have failed completely to understand the environment we work in. The white community in Kinshasa is very small and everybody knows everybody. The Greek and Lebanese community is even smaller. Most of the questions by investigators focused on who I know and how many times they had visited with me etc. Anyone who is a member of the expatriate community here would know that we all know each other either through business, social, church or family contact.

Secondly, some of the questions revolved around small amounts of money like whether or not I paid the full \$150 or just \$50 for a paint job on my apartment. That is less than the amount of money one would spend to take a couple out to dinner in Kinshasa. Trying to weave together such petty interactions to prove that somebody is taking bribes is really unfair.

The theoretical part of bribe taking is based on 10 percent, give or take. None of the allegations raised even suggests that I took anything close to these amounts. Everything is based on my social contacts, conversations and other interactions with people I know, meet over drinks or have other social interactions with. To top it off, I now have to deal with allegations by colleagues who also suspect I am on the take or claim to have been told by a prospective vendors that I asked for a bribe. It should be clear from my financial disclosures that as a staff member, I have tried to live within my means and I have not accumulated riches that would give credence to these allegations that have literally dogged my whole career with the UN.

With this as background, let me focus on your allegations.

1. **Requested, received payments / favors from MONUC vendors:**

As I have already pointed out, procurement staff in the UN are always suspect when it comes to the issue of kickbacks. In my case, by nature, I am a very friendly and open person, always meeting people and making friends. Such situations create lots of friends as well as enemies. The community I belong to in Kinshasa is considered very tight and closed society, where every body is fully aware about every body else's business. Add to that the fact that MONUC is not well liked. A person like me, a Procurement staff member therefore becomes an easy target. I have been accused of corruption and/or receiving a kickback doing business with the market and the like. These accusations generally come from people who have lost a bidding contest and the premise for them is the company that won must have paid a bribe.

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In order to close this issue, I again reiterate that I am innocent of these allegations. They are based on rumor and innuendo and are a disservice to those of us who are trying to work hard so the UN can accomplish its goals.

2. **Improperly assisting vendor preparing/submitting his offer**

With regard to the assistance of the contractor, as we discussed during our meeting on 16 May 2007, I belong to the Greek community here and I could not refuse the requested assistance of one of my communities; to print his technical offer. While trying to print for unknown reason the CD didn't respond to the printing order, I was obliged to save his file in my Laptop which we, then, succeeded to print. I was not the case officer on this requirement and therefore it never occurred to me that I might be doing something wrong. There is a requirement that Procurement staff should assist and show "supplier/contractor" the way that they have to present their offer, but not to be involved in its presentation and preparation.

As I have said, I was not the case officer and no financial issue was involved. To tell you the truth, I did not even think twice before agreeing to help print out the proposal. Looking back on it now, maybe I should have been more careful. However, your conclusion that what I did had something to do with bribes taking or other illegal acts is not correct.

3. **Requested and accepted loans from MONUC vendors**

I don't recall having requested and/or received any loans from any of my vendors who are working with MONUC. I am on whole life medication for cholesterol pills which doesn't exist in Kinshasa; it is available in RSA and/or in Europe. I have asked people known to me to bring me such medications when they travel abroad. Is it really a big sin, to request a vendor visiting Europe to bring me this medicine and then reimburse them by bank transfer? You will note that on the basis of the Bank transfer document I submitted to you, this is money paid from me as opposed to monies received by me. I therefore do not understand why this has become an issue. To date I have not been shown any evidence that I received a loan from a vendor.

4. **Illegal activities since 1986**

Issues that are more than 20 years old are being resurrected here. If UNDOF had a case against me, they would not have kept me until I resigned on 30 September 1997. Even during this period I was promoted to G6 and then G7, also offered TDY first to Kuwait in April 1990 then a second one to UNAMIR in February 1994. Clearly, this would not have happened had there been such issues.

The UNAMIR issue that has been raised in connection with the MGT is rather disturbing to me because I cannot figure out who wrote it and for what purpose. It could have been done by someone investigating the issue because the table at the bottom does not make sense. It does not explain for example why I would have paid the \$2,100 to Mohamed Ali or why Sanjay would have paid me \$500. From the document, it is suggested I was paid a net \$185 as a bribe, something that does not make any sense. In the world of bribe taking, my take at 10% would have been around \$85,000. From

studying the document, this could involve two separate documents pieced together, and each telling a different story.

While I understand what the PTF is trying to do, making allegations that are based on rumour and innuendo does not really help. As and when you are ready to produce the evidence on the basis of which these allegations have been made, I will confront such evidence at that time as I am innocent of these allegations.

[REDACTED]

MONUC HQ

Kinshasa – DRC



ANNEX B: SUBJECT 2 LETTER TO THE TASK FORCE (28 JUNE 2007)

Date: 28 June 2007

Dear Mr. Appleton,

Reference is made to your letter dated 19 July 2007 (received via electronic mail of 19 June 2007), submitting notice of the proposed draft findings of the Task Force, for my comments and response.

You have indicated that during the interviews on these matters on 21, 26 and 27 February 2007 and 15 May 2007, I was presented with the investigative details upon which the Task Force intends to rely in reaching its conclusions and that I was provided with an opportunity to comment on them. During the meetings, I was not provided with the investigative details upon which the Task Force intends to rely on in reaching its conclusions. I would like to provide my comments to the proposed draft findings of the Task Force, as follows:

The Task Force finds that [REDACTED] Officer-in-Charge Procurement, MONUC by requesting and accepting payments from a UN vendor doing business with the Organization knowingly and purposefully violated the following Staff Regulation(s).

I would like to clarify that I was not Officer-in-Charge Procurement MONUC at the time of the matter, and therefore, I should be referred to as Procurement Officer, which was my functional role and title at the time.

Also, by referring to the explanation of the matter as provided to the Investigators during the meeting of 15 May 2007, I was in the process of acquiring a private vehicle in end-July 2005, which had to be paid in cash within a 2-day deadline as the seller did not possess a bank account. In that regard, I tried avenues to gather the cash for the price (US\$ 6,700) through various sources, but the limits of credit card withdrawal and cheque withdrawal in Kinshasa was not sufficient, and as a result my attempts to gather the cash did not succeed. I was now faced with a personal difficult situation of the need to secure the car rapidly. During that short period of time, and "out of the blue", I explained the situation and sought information from the businessman on the possibilities of getting cash in Kinshasa. I borrowed the cash (US\$ 7,000) against a refund by bank transfer to his account.

The refund was done by bank transfer in early-August 2005. Please refer to my bank statement from Credit Lyonnais for the month of August 2005 which was given to the Investigators. I would like to comment that if the banking system in Kinshasa was different, the car owner would have been paid directly. This was not a resultant of relation with the person or his company.

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Failing to uphold the highest standards of efficiency, competence, and integrity.

I would like to comment that, the matter did not in anyway affect the efficiency, competence and integrity in the performance of my duties, as I have no interest in the vendor, and the matter was not related to the contracts. Indeed, the contracts were established long before my arrival in the Mission, and the contract at the time was also awarded and handled by another Unit of the Procurement Section, and I such I was not responsible for the awards made to the vendor. The matter did not affect integrity, and it did not influence the procurement activities with the vendor.

Not regulating his conduct with the interests of the Organization only in view.

I would like to comment that, I have always discharged my functions with the interests of the Organization in view, that I have been loyal to the Organization by regulating my conduct in performing my duties in strict compliance with the procurement procedures and always ensuring fair and transparent processes without personal interest. The matter was not a personal interest from the vendor, it did not influence the procurement activity with the vendor, and it did not result from favorable treatment to the vendor.

I would like to also inform the Task Force, that I believe that by keeping the interests of the Organization in view in my work, and to that if I may cite few examples in this response, I would recall an instance where I intervened to stop a multi-million dollar procurement process (Bunia runway rehabilitation) in early-June 2004, to protect the interests of the Organization when I noticed that integrity of the process had been compromised, and reported it to my hierarchy immediately. In the view of interest of savings for the Organization, I believe that this was also achieved on numerous occasions based on negotiations of major leases, various long-term contracts, claims, which resulted in savings for the Organization in substantial amounts, all without personal interest in view; if I may cite one example in mind was the lease of the Batiment Congo site in Kinshasa where my negotiations resulted in savings of US\$ 1,200,000 for the Organization. Overall, I believe that I have been performing my duties and conduct with the interests of the Organization in view and not my interest.

Being engaged in inappropriate activities with a UN vendor, which adversely reflects on the integrity, independence and impartiality that are required by his status as a procurement official with the United Nations.

I would like to comment that, the loan with the businessman who also happens to have a contract with MONUC did not affect integrity, independence and impartiality in my work. I would like to inform the Task Force that the matter did not in any way influence any procurement activity and contracts with the vendor, and I was not responsible for processing the awards made to the vendor and I did not have a role in that. I would also like to inform the Task Force that I had initiated corrective actions in the methods and processes for the procurement of the commodity, and in doing so, I believe that I have performed my duties with the required independence and impartiality.

Providing that staff members should not use their office for private gain, financial, or otherwise.

I would like to comment that I did not use my functions or knowledge from my work for private gain as the refund was made, I did not yield a gain, and as such I believe that I did not use my office for private financial gain.

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By accepting favors from a vendor doing business with the Organization.

I would like to comment that the matter should not be perceived as acceptance of favors as I did not have a financial gain from the vendor because the refund was made.

[REDACTED] purposefully and knowingly breached the general principles set down in Regulation 5.12 of the Financial Regulations and Rules of the United Nations, providing that the procurement process shall be carried out in a fair, integer and transparent manner based on effective competition in order to best serve the financial interests of the Organization.

I would like to comment that I have always ensured that all procurement processes under my supervision are done in a fair, integer and transparent manner, by ensuring that equal opportunity is given to vendors in the competitive solicitation process, that effective competition is applied, that formal offers are submitted in a manner to protect the integrity of the procurement process, that offers are evaluated in a transparent manner, and contracts are awarded accordingly and in compliance with the Financial Regulations and Rules. I am not aware of an instance where the general principles set in Financial Regulation 5.12 have not been adhered to by myself.

[REDACTED] purposefully and knowingly violated the following sections of the United Nations Procurement Manual:

Section 4.2 (1): providing that a Procurement Officer in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favorable treatment to an individual or entity by accepting offers or gifts and hospitality or other similar consideration.

I would like to comment that an act of loan refunded should not be perceived as acceptance of offers, gifts and hospitality as I did not have financial gain, and this did not happen as resultant of favorable treatment to the vendor. I would like to inform the Task Force that I was not responsible for the awards made to the vendor, that I do not have interest in the vendor, that there are no grounds for me to treat the vendor favorably, and that I always ensure that all vendors are treated equally in the procurement process.

Section 4.2 (2): providing that it is inconsistent that a Procurement Officer accepts any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations. All staff members involved in procurement shall decline offers of gifts.

I would like to comment that the matter was not acceptance of gifts as my condition of the refund was fulfilled. I would like to inform the Task Force that, I have avoided and declined propositions of offers of gifts from vendors.

As a result of [REDACTED] actions, the integrity of the procurement process in bidding exercises with this MONUC vendor was severely compromised.

I have not received information on the bidding processes referred to. However, I would like to inform the Task Force that there was no bidding process with this MONUC vendor at the time.

OIOS PROCUREMENT TASK FORCE
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I would like to inform the Task Force that I have sent my bank statements from Credit Lyonnais by pouch dispatched on 22 June 2007.

I look forward to the Task Force giving due consideration of my comments and response, in their evaluation and review of the matter.

Yours sincerely,

A large black rectangular redaction box covering a signature.

Mr. Robert Appleton
Chairman
Procurement Task Force
Office of Internal Oversight Services

ANNEX C: SUBJECT 2 LETTER TO THE TASK FORCE (28 JUNE 2007)

RESPONSE TO PROCUREMENT TASK FORCE CLAIMS OF 10 & 18 MAY
2007, ON ALLEGATIONS OF IMPROPRIETY [REDACTED]
PROCUREMENT ASSISTANT, MONUC, DRC

B..

1. Before I respond to your statement, let me comment on the process that is used here by the PTF. It is one thing to make allegations against staff members where there is conclusive evidence that something has gone wrong. It is another thing entirely to make such sweeping allegations most of them on the basis of rumours that have been circulating here in D.R. Congo since some of us got here.
2. Secondly, for some of us who live here, some of our vendors are also the same people we buy our own supplies from. This being a small community, we also meet them at churches, during recreation and other social gatherings. The PTF approach has not given due consideration to these normal and routine day-to-day events that is normal for us. I have had dealings with some of my vendors that are entirely legitimate, like buying a car through them. All of a sudden, I find I have to explain such legitimate business transactions to the PTF. It is like asking someone who handles the Staples stationery supply account in New York to explain every personal purchase they made from Staples. The whole approach is offensive to some of us.
3. In response to item # 21, page 5 of PTF statement report dated 18/06/07, I categorically refute this allegation. At no time did I meet with, Mr. Elwin Blattner, or have I ever requested/demanded money from him to facilitate payment of sums of money legitimately owed to him by the Organisation. I reiterate that I met Mr. Blattner in the office of the then CPO - [REDACTED] and subsequently spoke with him on maybe two other occasions, over the telephone in the MONUC office on up-date on payments for his company. Alleged request for payment of US\$40,000-\$45,000.00 in July 2003 to extend his contract is ludicrous. One can only question the veracity of his claim, further to which, I also do

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not believe this is the first time the Blattners have made such claims, because every time things do not go their way they have a story to tell.

- P.
4. I do not own and have never owned a fleet of boats in DRC.
 5. In reference to item #29 – documents for [REDACTED] on my computer. There being no separate computer for the functions of the Field Staff Union, the computer was used for both UN business and Field Staff Union affairs. [REDACTED] sought the intervention of the FSU in obtaining recognition of his Greek citizenship by the UN as his right and to be no longer classified as a Syrian national. These documents were provided to me, which in turn I forwarded to the FSU Secretariat for their assistance in dealing with OHRM & PMSS/DPKO.
 6. Regarding item #30 - I categorically deny owning a Hotel anywhere in the world.
 7. I have never operated, or do I have access to any Bank account /s in Brussels, Belgium or Paris, France.
 8. Referencing item #33 – This issue was quite volatile at the time i.e. the non-payment of invoices by the Mission to these boat owners. However, Procurement was not in a position to pay without the approval of UNHQ and only when the owners contacted higher management and the SRSG, did the DOA approve payment under “special circumstances” that Finance would make good on payment. Each vendor was then paid a percentage of the amount owed and had to await NY approval. (Research of files can provide this information as it was clearly a part of each file and subsequent LCC/HCC submissions should be a record to these facts). This was accepted by all.
 9. In the case of TFCE they had questioned the non-payment of a purchase order in its entirety but as the end-user refused to certify all but one month for actual usage, no procurement action could be taken.

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JL

The CPO argued that they should be paid the full amount since the vendor, TFCE, was not responsible if MONUC failed to task the boats, which had been positioned for MONUC. This view was made known to the vendor by the CPO. Obviously, this created an impasse. It also created a situation that could be construed by TFCE as something I, as the case officer was blocking the payment since the CPO had already approved. The truth is my own immediate supervisor did not agree with the CPO on this.

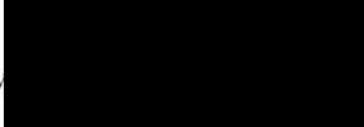
- D.
10. It was at this juncture that I believe I visited the OIOS to register my concerns. Whatever the outcome I do believe that a compromise was made but I do not recall the issue beyond that. The amount in question was \$40,000.00 per month, for a 3 month period. I was not provided with any documentation by the investigators, to jar my memory, they were instead accusatory, demonstrated immense hostility, and aggressiveness. I will access the archive file to refresh my memory on the full extent of the case.
 11. The additional financial information requested of me on 10 April 2007 was never responded to as I only returned to the Mission on 04 May 2007 from sick leave. I contacted [REDACTED] informing them that UNFCU with whom I operated my account advised that it would take some time to provide bank statements for the period 2001 thru 2007. Requests to banks in Jamaica where I have bank accounts also advise that there will be a waiting period for the documentation. As the letter indicates that this information is not mandatory but voluntary one assumes that when the documentation is received it may be turned over to the PTF.
 12. I have also contacted Western Union through whom I remitted monies over the years to USA & Jamaica using their services to obtain statement of the transactions which will be available by Monday, 02 July 2007. This will be forwarded to the PTF

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13. The investigators aggressive and rude attitude in expecting that a staff member should possess total and instant recall on all the minute details of cases of previous years is unrealistic. In order to obtain credible information, the staff member/s should be given time to refresh themselves with the case-files which most times they have not handled for a while. Incidents of inappropriate behaviour, is of course another matter.
14. Finally, there is one issue that has not so far come up but will in future. I bought a car from one of my vendors and paid for it with my own money. I will provide the details of this transaction as soon as I have the necessary documentation ready.

Signed by



Date: 28 June 2007

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ANNEX D: SUBJECT 4 LETTER TO THE TASK FORCE (29 JUNE 2007)

Date: 20 June 2007

Response by: [REDACTED]

Subject: Response to Procurement Task Force proposed draft findings dated 20
June 2007

Dear Mr. Appleton,

Reference to the above-mentioned subject, please be advised that I have taken note of the Procurement Task Force proposed draft findings and below are my comments, observations and remarks.

In the paragraph 4 and 5 of your findings, it is stated that, I am quoting them:

"The Task Force finds that [REDACTED] Procurement Officer at MONUC, by accepting payment from Transport Fluvial et Commerce (TFCE), a MONUC vendor doing business with the Organization, severely corrupted the procurement exercises in which this company participated, and the integrity of the process generally" and

"As such payments are generally not borne by the company making the payments, but are included in the contract prices offered to and paid by the Organization, [REDACTED] conduct also resulted in substantial financial losses to the Organization"

With all respect, I would like to bring to the attention of the Task Force that as previously said during our 11 and 17 meeting, I have never requested and received the mentioned amount of US \$ 3,500.00 and 2,500.00 from the company TFCE in a view of awarding a contract to them and I can not believe that the company TFCE made such assertion.

The Procurement Task Force is requested to note that from 7 March 2002 to 30 June 2003, I was Unit Chief of the Purchasing Unit which in fact was not dealing with the contracts for the provision of Pusher/Barges and that it is only on 30 June 2003 I joined the Procurement's Supplies & Services Unit, the Unit in charge of the Pusher/Barges cases, where I performed my duty as Buyer till 21 August 2005, working in turn on PX, POL, Catering, etc. but not on Pusher/Barges cases.

The Procurement Task Force may also note that the first contracts with the company TFCE covered the period from 1 July 2002 to December 2002, with two subsequent extensions made for the contract No. CON/MON/02-041, (respectively from 1 January 2003 to 31 September 2004 for Amendment#1 and from 1 October 2004 to 31 December 2005 for Amendment #2) and, for the contract No. CON/MON/02-045 (from 1 January 2003 to December 2003 for Amendment # 2). I have never been the case officer or the Chief of the Unit in charge of Pusher/Barges during the periods where contracts were awarded to the company TFCE or renewed. I restarted being in charge of the requirement for Pusher/barges only when I took over the Engineering and Transport Unit in August 2005.

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Therefore, with all respect, I do not think that I have at any time corrupted or compromised the procurement process in which the company TFCE participated and have acted against the Organization's interest.

In the paragraph 6 of your findings, it is indicated that, I am quoting it:

"The investigation identified that [REDACTED] knowingly and purposefully violated the following Staff Regulations:

- *Regulation 1.2(b): by failing to uphold the highest standards of efficiency, competence, and integrity.*
- *Regulation 1.2(e): by not regulating his conduct with the interests of the Organization only in view.*
- *Regulation 1.2(f): by being engaged in inappropriate activities with UN vendor, which adversely reflects on the integrity, independence and impartiality that are required by his status as a procurement official with the United Nations.*
- *Regulation 1.2(g): by using the office or his knowledge gained from his official functions for private financial gain.*
- *Regulation 1.2(l): by accepting favors from a vendor doing business with the Organization.*

I would like to say that I have never knowingly and purposefully violated the UN Staff Regulations as states in the Procurement Task Force findings; I have certainly made some mistakes in my work and I do not deny that, but never intentionally bent the rules by asking money to the company TFCE in view of a contract award or asking for any favor to the company TFCE with promises for a contract for the provision of Pusher/Barges to MONUC.

The Procurement Task Force should also note that the contract with the company TFCE was terminated according to the UN Financial Rules and Regulations, on the selection basis of the lowest cost for the Organization, and not because I had requested money for the renewal of the contract. The case file of the company TFCE could show that their contract was not extended simply because they were not the lowest according to the cost comparison matrix. For example the monthly cost of the TFCE fast boat was US\$ 4,500.00 while the others were costing US\$ 3,000.00 per month, and therefore by not extending the contract with TFCE, resulted in a saving of US\$ 1,500.00 per month for the Organization. That is why the contract with this company was not extended, and therefore pretend that I have asked money for the contract is not true and I consider that to be unfair from the company TFCE.

In the paragraph 7 followed by the paragraph 8 of your findings it is stated that, I am quoting them:

[REDACTED] further purposefully and knowingly breached the general principles set forth in Regulation 5.12 and Rule 105.14 of the Financial Rules and Regulations of the United Nations. These provisions provide that the procurement process shall be carried out in a

INTERIM REPORT ON MONUC PROCUREMENT

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fair, objective and transparent manner based on effective competition in order to best serve the financial interest of the Organization."

I addition [REDACTED] purposefully and knowingly violated the following section of the Procurement Manual:

Section 4.2(1): providing that a Procurement Officer in an official procurement capacity should not be placed in a position where their actions may constitute or could be reasonably perceived as reflecting favorable treatment towards an individual or entity by accepting offers or gifts and hospitality or other similar considerations.

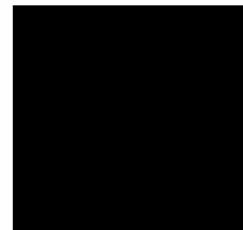
Section 4.2(2): providing that it is inconsistent that a Procurement Officer accepts any gift from any outside source regardless of the value and regardless of whether the outside source is or is not soliciting business with the United Nations. All staff members involved in procurement shall decline offer of gifts"

I would like to inform the Procurement Task Force that, I have never purposefully and knowingly breached the general principles set forth in Regulation 5.12 and Rule 105.14 of the Financial Rules and Regulations of the United Nations as I do not think that some irregularities were found in the company TFCE case file, in which case I was implicated as case officer or Unit Chief and which could lead a such conclusion.

Concerning the violation of the Section 4.2(1) and 4.2(2), I would like to say that, in my capacity of Procurement Officer, I have never been placed in a position where my actions was constituted or perceived as reflecting favorable treatment towards the company TFCE, as in November 2006, I was the one who recommended the termination of their contract in accordance with the UN Financial Rules and Regulations and the Procurement Manual, again in the interest of the Organization, which by the way, is now consider by the company as unjustified decision by arguing that the termination of their contract was done because they had refused to give me money for the contract, despite the fact that I had not seen or spoken to any TFCE manager since more two to three years.

In view of the above and with all due respect, I would like to request the Procurement Task Force to reconsider its findings which I consider to be extremely grave and severe.

Yours Sincerely,



Mr. Robert Appleton
Chief
United Nations Procurement Task Force
Via electronic mail: [REDACTED]

ANNEX E: SUBJECT 5 LETTER TO THE TASK FORCE (3 JULY 2007)

UNITED NATIONS
United Nations Organization Mission in
The Republic Democratic of the Congo



NATIONS UNIES
Mission de l'Organisation des Nations Unies en
République Démocratique du Congo

MONUC

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

3 July 2007

To: Procurement Task Force
ID/OIOS
[REDACTED]

From: [REDACTED]

Attention: [REDACTED]
Mr. Robert Appleton

Subject: Statement on PTF findings dated 20 June 2007.

After reviewing your findings based on the interview conducted on the 10 May 2007 which is the only evidence presented to me, please be advised as follows:

It is clear to me that the investigators have not worked in a mission setting and therefore have this idea that the UN community in these areas is so completely separate from the community they serve. This is so far from reality. We live normal lives while on mission. We develop new relationships with the local community and some of us are even married to individuals from the community.

I for one have developed normal friendships with members of the local community the UN serves and it was through one of these friendships that I obtained an \$800 loan in connection with an apartment rental security deposit. There was no quid pro quo of any kind. This was a straightforward loan that I have since repaid.

When queried about this loan, I admitted to it. A friend who works with the company UAC and not from UAC, Mr. Nadir Amlani gave me the loan. As I said and have provided documentary evidence, the loan has been repaid and I have no further obligation to the named person. The loan was repaid as documented, on the 11 July 2006, which is long before the PTF investigation began. Since then I have not dealt with Mr. Amlani officially but have met several times by co-incidence in stores and on the street and exchanged greetings. I have also not purchased any equipment for my personal use from the company UAC since then. I must reiterate, that Mr. Nadir Amlani is not a UN vendor but works for a UN vendor.

I denied receiving money from a vendor as a kickback in relation to my assignment as a Procurement assistant. My response was so because I was not offered money by any vendor for such and have never received money from any vendor for such. If the initial question of receiving money from a vendor as a loan was asked, I would have denied it as

well, since I did not obtain the loan from a vendor. It was only when the investigator mentioned a loan for rent that I realized what they were after. I then admitted and named the person from whom I got the loan.

Until this question came up, I never thought for a moment that obtaining a loan from a friend would raise questions related to kickbacks and the like. I am therefore still surprised that this issue is being pursued as if I did something gravely wrong.

In hindsight, maybe I exercised poor judgment in asking for the loan, but Mr. Amlani is someone I have known for many years, someone I have been dealing with socially for a long time that it never occurred to me that asking for a favour from him would raise these questions. I do not even believe obtaining a loan from a vendor qualifies as receiving something of value. I had no idea that my action would be in contravention of Staff Regulations and sections of the Procurement Manual stated in the PTF findings. In fact I still do not understand how the PTF came to this conclusion.

