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*Norm Coleman, Chairman*

*Carl Levin, Ranking Minority Member*

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**REPORT ON OIL ALLOCATIONS  
GRANTED TO  
CHARLES PASQUA & GEORGE GALLOWAY**

**PREPARED BY THE  
MAJORITY AND MINORITY STAFFS  
OF THE  
PERMANENT SUBCOMMITTEE  
ON INVESTIGATIONS**



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***OIL FOR INFLUENCE: HOW SADDAM USED OIL TO  
REWARD POLITICIANS AND TERRORIST ENTITIES UNDER THE  
UNITED NATIONS OIL-FOR-FOOD PROGRAM***

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## **I. INTRODUCTION**

This Report presents the evidence gathered by the U.S. Senate Permanent Subcommittee on Investigations (the “Subcommittee”) establishing that Charles Pasqua, the former French Minister of the Interior, and George Galloway, a newly-reelected Member of the British Parliament, were granted substantial oil allocations from the Hussein regime under the U.N. Oil for Food Program.<sup>1</sup> In particular, the Subcommittee presents documents created by the Iraqi Ministry of Oil during the reign of Saddam Hussein, interviews with senior officials of the Hussein regime that were interviewed by the Subcommittee, and interviews of Hussein regime officials conducted by the U.S. Treasury Iraqi Financial Asset Team.

That evidence shows that some of Pasqua’s allocations were personally approved by Saddam Hussein. In addition, the evidence reveals that Pasqua attempted to hide his activities for “political reasons” and because he “fear[ed] political scandals.” Similarly, an Iraqi Ministry of Oil document indicates that Galloway appeared to use a charity for children’s leukemia to facilitate at least one of his oil transactions. That evidence is presented below.

## **II. IRAQ’S MANIPULATION OF THE OIL FOR FOOD PROGRAM**

Under the Oil for Food Program, Iraq was permitted to sell its oil and use those proceeds to purchase food, medicines, and other humanitarian goods. Despite Oil for Food’s noble intentions, the Hussein regime quickly exploited the Program for its own political purposes. One of its chief manipulations was the exploitation of “oil allocations” to garner political influence around the globe.<sup>2</sup>

To understand how the Hussein regime manipulated these oil transactions, one must begin with how Iraq sold its crude oil under the Program. The arm of the Iraqi government that managed the sale of Iraqi crude oil was the State Oil Marketing Organization, commonly called “SOMO.” In order to manage the volume of oil flowing through its pipelines, Iraq divided its oil supply into discrete units, typically ranging from 1 to 10 million barrels. It then allocated these units to prospective oil purchasers, essentially giving those recipients an option to purchase that allotment of oil. These options are typically called “allocations.” Assuming that SOMO and the purchaser could agree on other contractual terms, such as the loading schedule, the purchaser would contract with SOMO and proceed to buy the oil from Iraq.<sup>3</sup> The Iraqis repeated this allocation process for each of the 13 six-month phases of the Oil for Food Program.

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<sup>1</sup> The term “Oil for Food Program” refers to the program implemented pursuant to United Nations Security Council Resolution 986, dated April 14, 1995, and the Memorandum of Understanding between the United Nations and the Government of Iraq on May 20, 1996. Throughout this Report, the Oil for Food Program may be called the “OFF Program” and the “Program.”

<sup>2</sup> For a more complete discussion of the oil allocation process and how Saddam Hussein's regime manipulated that process, please see the testimony of Mark L. Greenblatt, Counsel to the Permanent Subcommittee on Investigations, before the Subcommittee, dated November 15, 2004.

<sup>3</sup> Oil purchases under the Oil for Food Program were quite different from typical oil transactions. In particular, the U.N. was heavily involved in the sale of Iraqi oil under the Oil for Food Program. For instance, the U.N.’s Oil Overseers had to approve contracts signed between SOMO and oil purchasers, and participated in the setting and

Soon after the initiation of the Oil for Food Program, the Hussein regime manipulated this allocation process in an effort to maximize Iraq's influence around the world. As one Hussein regime official described the scheme, Saddam used oil to his geopolitical and strategic advantage.<sup>4</sup> The plan was simple: rather than granting allocations to traditional oil purchasers, Iraq gave priority to foreign officials, journalists, and even terrorist entities.<sup>5</sup> The central purpose of this tactic, according to senior officials of the Hussein regime interviewed by the Subcommittee, was to engender international support for the Hussein regime and against the U.N.'s sanctions.<sup>6</sup>

By allocating the oil to favored people or entities, the regime forced oil purchasers to obtain allocations from those favored few. Those allocation holders essentially became gatekeepers to Iraqi oil. As gatekeepers, they demanded a "commission," which typically ranged from 3 to 30 cents per barrel. In light of the fact that most allocations consisted of millions of barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation. Therefore, these allocations were extremely valuable, and by doling them out to favored individuals and entities, the Hussein regime could siphon millions of dollars to a foreign official, journalist, or terrorist entity – without actually paying a dime.

In an interview with the U.S. Treasury Iraqi Financial Asset Team, a Hussein regime official described how Saddam Hussein devised this plan in simple terms:

**[The source] stated that Saddam Hussein began to utilize the Memorandum of Understanding [the Oil for Food Program] to sell oil to people who supported him. [The source] explained that this was done in order to enhance the power of Saddam Hussein. Saddam Hussein instructed that the price [of oil] should be made as low as possible and made beneficial to his supporters. Inside SOMO this system was nicknamed the "Saddam Bribery System."**<sup>7</sup>

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approval of the price for Iraqi oil. U.N. agents were also tasked with inspecting and verifying the loading of oil at authorized oil terminals. In addition, the proceeds from oil sales were held in escrow in a U.N.-monitored account at BNP Paribas, and could be used only to purchase approved goods under the Program.

<sup>4</sup> Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

<sup>5</sup> Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005. Terrorist individuals and entities who received allocations include the Popular Front for the Liberation of Palestine, Abu Abbas, and the Mujahedeen-e Khalq.

<sup>6</sup> *Id.*

<sup>7</sup> Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on March 24, 2004 (Interview #50). According to numerous sources and documents, members of the Iraqi government would routinely refer to the Oil for Food Program as "the Memorandum of Understanding," or similar terms. This term refers to the Memorandum of Understanding executed on May 20, 1996 between the Government of Iraq and the United Nations Secretariat that governed the implementation of U.N. Security Council Resolution 986. In order to protect the sources and methods used to obtain this evidence, memoranda of interviews conducted by the Subcommittee and the U.S. Treasury Iraqi Financial Asset Team are not included as exhibits to this Report.

Other senior members of the Hussein regime confirmed that the “Saddam Bribery System” used oil allocations in an effort to buy political influence around the world. For instance, the Vice President of the Hussein regime, Taha Yassin Ramadan, confirmed to the Subcommittee that the allocations were indeed “compensation for support.”<sup>8</sup> The Vice President also confirmed that “I know these people [i.e., allocation grantees] get [a] benefit.”<sup>9</sup> Another senior Hussein official confirmed that the allocation scheme was “buying influence.”<sup>10</sup> When asked whether allocation recipients would make a profit from the oil transactions, that official declared: “That’s the whole point.”<sup>11</sup>

The Hussein regime used these lucrative allocations in its primary political struggle – ending U.N. sanctions. To that end, it primarily favored those individuals and entities from countries on the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirm that the regime steered a massive portion of its allocations toward Security Council members that were believed by the Hussein regime to support Iraq in its efforts to lift sanctions – namely, Russia, France, and China.<sup>12</sup> For example, several Oil Ministry charts expressly separate the allocation recipients by country and specify whether the country is a permanent member of the Security Council. Russia, a permanent member of the Security Council, was consistently the largest recipient of oil allocations and, according to one Hussein regime official, this affinity for Russia resulted from Saddam’s desire to show “gratitude” to the Russians for their support at the U.N. Security Council.<sup>13</sup> To ensure that the profits of the oil transactions would remain in the favored country, allocations recipients were required to assign their oil rights to purchasers in their country.<sup>14</sup>

The recipients of the allocations were determined by a committee of Saddam Hussein’s closest advisors, including Deputy Prime Minister Tariq Aziz and the Minister of Oil Amir Muhammad Rashid.<sup>15</sup> The committee was led by the Vice President of Iraq, Taha Yassin Ramadan.<sup>16</sup> Every six months, the committee would meet to review the allocations and make

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<sup>8</sup> Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

<sup>9</sup> *Id.*

<sup>10</sup> Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005; *see also* Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

<sup>11</sup> Subcommittee Interview of Senior Hussein Regime Official No. 2, April 2005.

<sup>12</sup> Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005 (describing a “priority list” of countries that were supportive of Iraq and were granted preferential treatment in oil allocations); Comprehensive Report of the Special Advisor to the DCI on Iraq’s WMD dated September 30, 2004, Volume 1 (“Duelfer Report”), p. 31.

<sup>13</sup> Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

<sup>14</sup> *Id.*

<sup>15</sup> Subcommittee Interview of Deputy Prime Minister Tariq Aziz, April 21, 2005; Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

<sup>16</sup> Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

decisions concerning allocations in the upcoming phase.<sup>17</sup> The committee would evaluate “Special Requests” made by individuals around the world who were soliciting allocations.<sup>18</sup> The principal criterion for granting the “Special Requests” – *i.e.*, granting an allocation – was the individual’s support for Iraq.<sup>19</sup> Once the committee determined the allocations for the upcoming phase, the Vice President would generally discuss the allocations with Saddam Hussein.<sup>20</sup>

### III. CHARLES PASQUA

#### A. Pasqua’s Political Career

Charles Pasqua is a prominent and controversial French politician. His political career began in 1947, when he helped found the ultra-Gaullist political party *Rassemblement du Peuple Francais* (meaning “Rally for France”). Since then, Pasqua has represented the Hauts-de-Seine *departement* as deputy to the French National Assembly from 1968 to 1973, and as a senator from 1981 to 1986. From 1986 to 1988 and from 1993 to 1995, he served as Interior Minister in charge of law enforcement, and in 2003, he served as a deputy to the European Parliament, where he advocated France’s withdrawal from the European Union. In 2004, Pasqua ran for re-election to the European Parliament, but was unsuccessful.<sup>21</sup>

Pasqua, a long-time friend and political ally of French President Jacques Chirac, has been dogged by allegations of corruption for years.<sup>22</sup> According to an article in the Sunday Telegraph in 2004:

**A French judge wants to interview Mr. Pasqua in connection with four corruption investigations, including alleged money laundering to finance his Right-wing Rassemblement pour la France (RPF) political party and the illegal sale of arms to Angola in the late 1990s.**

Although Pasqua was under judicial investigation for this array of corrupt activities, he was immune from prosecution under French law as an elected official.

When Pasqua lost his seat in the European parliament, however, he would have lost his immunity. As a result, Pasqua reportedly wrote to French President Jacques Chirac requesting assistance in getting elected to the French Senate, which would restore his immunity:

**Charles Pasqua had let it be known that he expected a little help from his powerful friends after losing his legal immunity when he failed to be re-elected as Euro-MP in June. After his disastrous**

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<sup>17</sup> Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005.

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> See International Herald Tribune, “Both Sides Try to Spin French Senate Election; Chirac Support Slips as Opposition Gains,” September 28, 2004.

<sup>22</sup> See Sunday Telegraph, “Corrupt? Moi? Don’t Be Silly, I’m a Politician – and a Friend of Jacques,” October 3, 2004.

**showing, the former interior minister wrote to the president calling on his support. His immunity was restored when he was elected to a seat in the Senat, France's second house of parliament, last week after support from members of Mr. Chirac's UMP party.<sup>23</sup>**

#### **B. Relationship with the Hussein Regime**

As Interior Minister, Charles Pasqua was a vocal supporter of restoring economic ties with the Hussein regime. For example, in October 1993, Pasqua reportedly “stunned the French Foreign Ministry” by granting Iraqi Deputy Prime Minister Tariq Aziz a visa to visit France.<sup>24</sup> The purpose of Aziz’s visit was ostensibly for medical treatment, but Pasqua reportedly “infuriated” the Foreign Ministry by acknowledging that he met with Aziz to discuss reestablishing relations between France and Iraq once U.N. sanctions were lifted.<sup>25</sup> Six months later, at the March 18, 1994 meeting of the U.N. Security Council, France called for a statement recognizing that Iraq had taken positive steps to comply with the U.N. commission focusing on weapons of mass destruction. Referencing the Security Council meeting, the Washington Post reported: “France is seeking future agreements [with Iraq] for its oil companies and is pressing other commercial ventures in the high-tech realm.”<sup>26</sup> According to the article, U.S. intelligence sources believed that “France’s Minister of the Interior, Charles Pasqua is coaching the Iraqi’s behind the scenes.”<sup>27</sup>

In early October 1994, a senior advisor to Pasqua told the press that France had “made a mistake” in supporting coalition forces in the Gulf War, and that “the time [had] come to return to Iraq, our natural ally in the Gulf.”<sup>28</sup> Shortly thereafter, on October 11, Pasqua again met with Deputy Prime Minister Aziz, this time in New York. Aziz informed Pasqua that Iraq planned to withdraw from the Organization of Petroleum Exporting Countries and would sell oil to France and other “friendly nations” at 40% of world prices.<sup>29</sup> Approximately two weeks later, Bernard Guillet, Pasqua’s foreign affairs advisor, told a colloquium on the U.N. embargo that he hoped a “French interests section” would be opened in Baghdad and warned that if sanctions continued, Iraq would be “reduced to despair.”<sup>30</sup>

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<sup>23</sup> *Id.*

<sup>24</sup> See The Washington Post, “Christopher May Find French Foreign Policy Obscured by Political Intrigue,” January 24, 1994.

<sup>25</sup> See *id.*

<sup>26</sup> See The Washington Post, “The Saddam Lobby,” May 8, 1994.

<sup>27</sup> See *id.*

<sup>28</sup> See Times Newspapers Limited, “Saddam Heads for Final Victory in the Gulf War,” October 2, 1994.

<sup>29</sup> See The Washington Times, “France Britain Oppose Enforcing Exclusion Zone,” October 13, 1994.

<sup>30</sup> See Agence France Presse, “Iraq Pleads for ‘Solid Relations’ with France, October 27, 1994.

#### IV. EVIDENCE THAT CHARLES PASQUA WAS GRANTED OIL ALLOCATIONS FROM THE HUSSEIN REGIME

##### A. Summary

The Subcommittee has uncovered evidence that the Hussein regime granted allocations of 11 million barrels of oil to Charles Pasqua. The evidence includes internal documents of the Iraqi Ministry of Oil created during the reign of Saddam Hussein. In addition, senior Hussein regime officials that were interviewed by this Subcommittee confirmed that Iraq granted oil allocations under the Oil for Food Program to Charles Pasqua.<sup>31</sup> As reflected in the chart below, those allocations to Pasqua fell in Phases VI, VII and VIII of the Oil for Food Program.

Oil Allocations Granted to Charles Pasqua by the Hussein Regime Under the Oil for Food Program		
PHASE	DATES	ALLOCATION AMOUNT
VI	May 1999 – December 1999	4 Million Barrels
VII	December 1999 – June 2000	3 Million Barrels
VIII	June 2000 – December 2000	4 Million Barrels
<b>Total Allocations for Charles Pasqua = 11 Million Barrels<sup>32</sup></b>		

When asked by the media whether he had received allocations from the Hussein regime, Pasqua denied the allegations.<sup>33</sup> In particular, Pasqua stated: “I have never received anything from Saddam Hussein.”<sup>34</sup>

The evidence concerning the Pasqua allocations is presented and examined below.

##### B. Allocation in Phase VI

###### 1. Saddam Hussein’s Approval of the Allocation to Pasqua

On June 17, 1999, the Executive Director of SOMO sent a handwritten note to the Minister of Oil concerning “The French Personality (Charles Pasqua).”<sup>35</sup> In the first line of this

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<sup>31</sup> Subcommittee Interview of Vice President Taha Yassin Ramadan, April 18, 2005; Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

<sup>32</sup> See, e.g., Comprehensive Report of the Special Advisor to the Director of Central Intelligence on Iraq’s WMD, Annex B, September 30, 2004 (the “Duelfer Report”).

<sup>33</sup> See Fox News, “French Connection to Oil for Food Probed,” December 5, 2004, <http://www.foxnews.com/story/02C29332C1404782C00.html>.

<sup>34</sup> *Id.*

<sup>35</sup> See Letter from Saddam Zeben Hassan to “H.E. the Oil Minister,” June 17, 1999

letter, SOMO indicates that Saddam Hussein personally approved an allocation to Charles Pasqua, stating: “The president leader ... has approved the allocation of 3 million barrels to the French personality (Charles Pasqua).” SOMO then describes a problematic meeting with Pasqua’s agent and requests that the Minister of Oil provide some advice concerning Pasqua’s allocation.

In particular, SOMO stated that Pasqua’s agent, a man named Bernard Guillet, had declared that Pasqua wanted a Swiss company called Genmar to contract for his allotted oil. Guillet stated that Genmar was their “chosen company.”<sup>36</sup> In response, SOMO indicated that, since Pasqua was a “French personality,” it was “essential” that a French company lift his allocations. According to the SOMO letter, Guillet explained that this was “impossible for political reasons.” Guillet also indicated that he had previously “explained the situation to [Deputy Prime Minister] Tariq Aziz.” SOMO then requested that Guillet “provide us with a letter in which Mr. (Charles Pasqua) authorizes (Genmar) company to lift the crude oil.” According to SOMO, Guillet refused to send such a letter, explaining that “they cannot do that fearing political scandals.”<sup>37</sup>

On June 19, 1999, two days after SOMO’s June 17<sup>th</sup> letter concerning Pasqua, Tariq Aziz’s staff informed SOMO that Bernard Guillet was the authorized representative of Charles Pasqua:

**Please be informed that Mr. (Bernard Guillet) is the diplomatic and political advisor of Mr. (Charles Pasqua), the French politician and former Minister of the Interior; Mr. Guillet represents Mr. Pasqua in receiving the oil allocation allotted to the latter.**<sup>38</sup>

That same day, the Executive Director of SOMO and the Oil Minister held a telephone conference to discuss the allocation to Charles Pasqua. The substance of that conference was captured in a follow-up letter from SOMO to the Oil Minister.<sup>39</sup> That letter was entitled “The French Personality Charles Pasqua” and states:

**With reference to the telephone conversation with your Excellency this morning, 06/19/1999, the Swiss company Genmar is the authorized company by Mr. Charles Pasqua to lift the quantity allocated to him in phase 6.**

SOMO then indicated that it would execute a contract with Genmar for Pasqua’s allocation.

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<sup>36</sup> *Id.* On April 26, 2005, Pasqua’s agent Bernard Guillet was arrested by French authorities in connection with Mr. Guillet’s activities under the Oil for Food Program. See Associated Press, “French Ex-Minister Denies Scandal Ties,” April 28, 2005.

<sup>37</sup> *Id.*

<sup>38</sup> See Letter from Dr. Sami Sa’doun, Director of Deputy Prime Minister’s Office, to Saddam Zeben, dated “6/19.” Although the letter does not indicate the year it was written, its placement in chronological order with numerous documents from June 1999 confirm that it was written on June 19, 1999.

<sup>39</sup> See Letter from Saddam Zeben Hassan, Executive Director of SOMO, to “H.E. The Oil Minister,” June 20, 1999.

## 2. Genmar Purchases Oil Allocated to Pasqua

Later that day, June 19, 1999, SOMO did in fact sign a contract with Genmar.<sup>40</sup> SOMO then forwarded the contractual terms to the Oil Minister for approval. In describing the contract, SOMO indicated that the allocation for the contracted oil had been granted to Charles Pasqua. SOMO also reiterates that the Pasqua allocation had been approved by Saddam Hussein:

**Based on the statement of special requests in phase 6 that was approved as per the letter of the presidency of the republic/the secretary..., please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:**

**1 – Number of Contract: M/6/74**

**2 – Date of Contract: 06/19/1999**

**3 – Name of Company Buyer: Genmar Resources GMBH, (Charles Pasqua)<sup>41</sup>**

According to senior representatives of the Hussein regime that were interviewed by the Subcommittee, this correspondence followed the customary form by which SOMO would request approval of Oil for Food contracts from the Oil Minister.<sup>42</sup> In addition, those senior regime officials confirmed that the name in parentheses following the name of the contracting company was the name of the recipient of the oil allocation.<sup>43</sup> Accordingly, this SOMO approval letter clearly indicates that Genmar had contracted for the oil allotted to Charles Pasqua. The Oil Minister approved the contract the next day. Several weeks later, two million barrels of oil were lifted by Genmar pursuant to Contract M/6/74.<sup>44</sup>

## 3. Pasqua Granted an Additional Allocation in Phase VI

Later in Phase VI, the Iraqis granted Pasqua a supplemental allocation. On October 5, 1999, the Executive Director of SOMO wrote to the Oil Minister to discuss “Additional Quantities in Phase 6.”<sup>45</sup> SOMO indicated that “All companies we do business with... have shown the desire to obtain additional quantities during this phase.” SOMO also attached a list that detailed the Phase VI allocation holders and the additional quantities of oil they sought.

A handwritten note at the bottom of the letter, presumably written by the Minister of Oil, indicated that the supplemental allocations were being considered by the Vice President of Iraq and Tariq Aziz:

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<sup>40</sup> See SOMO Crude Oil Sales Contract No. M/6/74. Because oil contracts under the Oil for Food Program contain standard language, the Subcommittee has included the entire contract for M/9/23, but will include only the cover and signature pages of subsequent contracts.

<sup>41</sup> See Letter of Saddam Zeben Hassan to Minister of Oil, June 21, 1999.

<sup>42</sup> Subcommittee Interview of Senior Hussein Regime Official No.1, April 2005.

<sup>43</sup> *Id.*

<sup>44</sup> See SOMO Commercial Invoices C/225/99 and C/231/99.

<sup>45</sup> See Letter of Saddam Zeben Hassan to Minister of Oil, October 5, 1999.

**It is still under discussion awaiting for the instructions of the vice-president of the republic... taking into consideration that the deputy prime minister endorsed the increase of 1 million barrels and 0.7 million barrels as indicated.**

Below these handwritten comments appears: "Pasqua 1 million." This notation suggests that Tariq Aziz, the Deputy Prime Minister of Iraq, had endorsed the increase of Pasqua's allocation by 1 million barrels.

Attached to SOMO's letter was the list reflecting Phase VI allocation holders. That chart, entitled "Table No. 1," indicated who the allocation recipients were, the volume of the initial allocation for Phase VI, and how many additional quantities of oil they had requested. On the second page of Table No.1, under the heading "Special Requests" for "France," the list indicates that Charles Pasqua was granted an initial allocation of 3 million barrels. The chart also indicates that Pasqua requested an additional quantity, but that the requested increase was "unspecified."

Pasqua's request for a supplemental allocation was apparently granted, as evidenced by the fact that SOMO and Genmar amended their contract to increase the volume by another 1 million barrels. On October 14, 1999, just days after Tariq Aziz approved the supplemental allocation to Pasqua, SOMO and Genmar submitted letters to the U.N. seeking approval for the additional million barrels.<sup>46</sup> The U.N. approved the 1-million-barrel increase several days later.<sup>47</sup> A couple weeks after that, one million barrels of oil were lifted by Genmar pursuant to the amended contract.<sup>48</sup>

The fact that Pasqua's Phase VI allocation was increased by an additional million barrels is confirmed in a SOMO chart written on December 17, 1999, immediately after Phase VI had ended.<sup>49</sup> That chart, entitled "Statement of Quantities Allocated in the Phase Subsequent to Phase VI (Special Requests)," provides detailed information concerning the individuals who received oil allocations. In particular, the chart divides the allocation grantees by country, and indicates the size of their allocation in Phases V, VI and the period after Phase VI. The table also designates which countries were members of the U.N. Security Council, and with even more specificity, points out which were "Permanent Member Countries." As a result, this chart illustrates how the Hussein regime singled out the permanent members of the U.N. Security Council for preferential treatment in order to undermine the U.N.'s sanctions.

With respect to Pasqua, the chart indicates that the former Minister of the Interior received a 4-million barrel allocation in Phase VI. That 4 million barrel figure was comprised of the 3 million barrel initial allotment, and the supplemental 1 million barrels approved by Tariq

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<sup>46</sup> See Letter from Saddam Z. Hassan, Executive Director General of SOMO, to U.N. Oil Overseers, dated October 14, 1999; *see also* Letter from Genmar Resources GMBH to United Nations, October 22, 1999.

<sup>47</sup> See Letter from the Oil Overseers to Genmar Resources GMBH, October 27, 1999.

<sup>48</sup> See SOMO Commercial Invoice No. C/286/99.

<sup>49</sup> See "Statement of Quantities Allocated in the Phase Subsequent to Phase Six (Special Requests)," December 17, 1999.

Aziz in October 1999. This chart provides additional evidence that Pasqua asked for, and was granted, a supplemental allocation of 1 million barrels in Phase VI.

### **C. Allocation in Phase VII**

The SOMO chart created on December 17, 1999 that is discussed above also indicates that Pasqua was granted an allocation in Phase VII of the Oil for Food Program. Under the column “Allocations in the Phase Subsequent to Phase 6,” the chart indicates that Pasqua was granted another 3 million barrels.<sup>50</sup>

With this chart in mind, SOMO signed a contract with Genmar for the 3 million barrels that had been allotted to Charles Pasqua.<sup>51</sup> That contract was numbered M/7/92. Immediately after signing that contract, SOMO forwarded the pertinent contractual terms to the Oil Minister for approval.<sup>52</sup> In doing so, SOMO confirmed that this contract was on behalf of Pasqua:

**Based on the statement of allocations in phase 7 that was modified and approved on 12/17/1999, please find below the details of the contract signed with Genmar Company (Charles Pasqua) as follows:**

**1 – Number of Contract: M/07/92**

**2 – Date of Contract: 01/22/2000**

...

**5 – Quantity: 3 million barrels**

The Oil Minister approved the contract in short order.

### **D. Allocation in Phase VIII**

As in the previous two Phases, the Hussein regime granted an oil allocation to Charles Pasqua in Phase VIII. A SOMO chart, entitled “Statement of Allocations for the Phase Subsequent to Phase 7,” indicates that Pasqua was granted an allocation of 4 million barrels for Phase VIII, the “Phase Subsequent to Phase 7.”<sup>53</sup>

Later in Phase VIII, SOMO signed a contract with Genmar for those 4 million barrels that had been allotted to Pasqua.<sup>54</sup> The Executive Director of SOMO then informed the Oil Minister of the Genmar contract, indicating that the oil had been allocated to Pasqua:

**With reference to your editorial comment on 06/25/2000 regarding the statement of allocations in phase 8, please find below the details of the contract signed with Genmar Resources GMBH Company (Charles Pasqua):**

**1 – Number of Contract: M/08/113**

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<sup>50</sup> The initial entry for Pasqua’s post-Phase VI allocation was 4 million barrels. That figure, however, was crossed out by hand and replaced with a ‘3.’ It is unclear why this adjustment was made.

<sup>51</sup> See SOMO Crude Oil Sales Contract No. M/07/92.

<sup>52</sup> See Letter from Saddam Zeben Hassan, Executive Director of SOMO, to Minister of Oil, January 24, 2000.

<sup>53</sup> See “Statement of Allocations for the Phase Subsequent to Phase Seven,” June 14, 2000.

<sup>54</sup> See SOMO Crude Oil Sales Contract No. M/8/113.

**2 – Date of Contract: 09/21/2000**

...  
**5 – Quantity: 4 million barrels.<sup>55</sup>**

The Minister of Oil approved the contract just a few days thereafter. Several weeks after the contract was approved, Genmar lifted roughly 3.6 million barrels of Iraqi crude oil – oil that had been allocated to Pasqua.<sup>56</sup>

#### **V. ALLOCATIONS TO PASQUA’S ASSISTANT BERNARD GUILLET**

Additional evidence obtained by the Subcommittee indicates that Charles Pasqua’s representative, Bernard Guillet, also received oil allocations under the Oil for Food Program. SOMO documents indicate that Mr. Guillet was granted oil allocations in Phases X, XII and XIII totaling 5 million barrels.

<b>Oil Allocations Granted to Bernard Guillet by the Hussein Regime Under the Oil for Food Program</b>	
<b>PHASE</b>	<b>ALLOCATION AMOUNT</b>
X	2 Million Barrels
XI	1.5 Million Barrels
VIII	1.5 Million Barrels
<b>Total Allocations for Bernard Guillet = 5 Million Barrels<sup>57</sup></b>	

It is unclear whether those allocated amounts were for the benefit of Mr. Pasqua.

#### **VI. CONCLUSION**

Documents created by the Ministry of Oil during the Hussein regime and interviews of high-ranking Hussein regime officials conducted by the Subcommittee provide substantial evidence that Charles Pasqua was granted oil allocations for 11 million barrels of oil from the Hussein regime under the Oil for Food Program in return for his continued support.



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<sup>55</sup> See Letter from Saddam Zeben Hassan, Executive Director of SOMO, to Minister of Oil, September 21, 2000.

<sup>56</sup> See SOMO Commercial Invoice Nos. C/282/2000, C/281/2000, C/297/2000, and C/296/2000.

<sup>57</sup> See, e.g., The Duelfer Report, Annex B. In certain documents Mr. Guillet’s name is spelled “Giyeh,” reflecting the translation of the name from Arabic to English.

## VII. GEORGE GALLOWAY

### A. Background

#### 1. Outspoken Supporter of Iraq and Hussein Regime

As a Member of the British Parliament, George Galloway was an outspoken supporter of Iraq and the Hussein regime. For instance, during one of his many meetings with Saddam Hussein, Galloway told the Iraqi dictator: “I salute your courage, your strength, your indefatigability.”<sup>58</sup> Similarly, as a guest speaker at an annual international conference in May 2001 on lifting the sanctions against Iraq that was hosted by former Deputy Prime Minister Tariq Aziz, Galloway described Iraq as “the center of a crusade against globalization backed by the U.S.”<sup>59</sup> Galloway later called Mr. Aziz, “my dear, dear friend.”<sup>60</sup>



Galloway meets with Saddam Hussein

After the liberation of Iraq by the coalition led by the United States and the United Kingdom, Galloway compared the presence of U.S. and U.K. troops in Iraq with the Nazi occupation of France during World War II, and insisted that Iraqi insurgents had “a legal and moral right to resist foreign occupiers of their country.”<sup>61</sup> In October 2004, Galloway was expelled from the Labour Party because of his outspoken comments concerning the Iraq war.<sup>62</sup>



Galloway with Tariq Aziz

After his expulsion from the Labour Party, Galloway founded the Respect party, an acronym for “Respect, Equality, Socialism, Peace, Environment, Community, Trade Unionism.”<sup>63</sup> Respect espouses a belief that “there is an alternative to imperialist war, unfettered global capital, and the rule of the market.”<sup>64</sup> On May 5, 2005, Galloway was re-elected to Parliament.

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<sup>58</sup> See BBC, “Galloway Denies Saddam 'Fawning',” November 16, 2004. This article indicates that Galloway later attempted to clarify his comment, saying that it was directed at the Iraqi people in general.

<sup>59</sup> See News Bulletin, “UN Sanctions will in the end be lifted from Iraq – Deputy PM Aziz,” May 5, 2001.

<sup>60</sup> See The Times, “Globetrotter’s 14 trips paid for by appeal,” April 23, 2003.

<sup>61</sup> See The Sunday Times, “Galloway Compares Iraqi Insurgents to French Resistance,” November 23, 2003.

<sup>62</sup> See BBC, “Galloway Expelled by Labour,” October 24, 2004.

<sup>63</sup> See The Constitution of Respect - The Unity Coalition, September 13, 2004.

<sup>64</sup> *Id.*

## 2. Founded Mariam Appeal, a Children's Leukemia Fund

In 1998, Galloway established and served as the first Chairman of a foundation designed to help Mariam Hamze, a 4-year old Iraqi girl suffering from leukemia. Initially, Galloway declared that funds raised by the organization, called the Mariam Appeal, would be used to pay for the girl's treatment in the U.K. and "to demand the lifting of the sanctions on Iraq."<sup>65</sup> Galloway also indicated that, once Mariam's treatment was funded, excess donations would be directed to medical aid for Iraqi children.<sup>66</sup> Later, Galloway stated that the foundation was "a political campaign that was involved in a life-or-death struggle against the might of the British and American State."<sup>67</sup>



George Galloway kisses Mariam Hamze

In April 2003, the Charity Commission of England and Wales launched an investigation into the finances of the Mariam Appeal.<sup>68</sup> Galloway indicated that the Appeal raised nearly 1 million pounds over four years.<sup>69</sup> Of that sum, the United Arab Emirates allegedly contributed 500,000 pounds, a Saudi Arabia donor gave 100,000 pounds, and "the bulk of the rest" came from Fawaz Zureikat, a Jordanian businessman.<sup>70</sup> Galloway insisted that Mariam's Appeal "received no money from Iraq."<sup>71</sup> The Commission's investigation lasted for more than one year, and it ultimately determined that the Mariam Appeal should have been registered as a charity.<sup>72</sup> The report also stated that: "Some of the activities of the Appeal were political by nature, in particular a campaign to end the sanctions against Iraq."<sup>73</sup> It also noted that the "books and records" of the Appeal had been taken out of England and moved to Amman, Jordan.<sup>74</sup> The Commission also found that, although certain salary payments to Appeal employees were unauthorized, there was no evidence of bad faith on the part of the Appeal's Executive Committee.<sup>75</sup> According to evidence from the Ministry of Oil, both Zureikat

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<sup>65</sup> See The Scotsman, "Galloway Iraq appeal cleared of impropriety over funds," June 29, 2004.

<sup>66</sup> See The Times, "Globetrotter's 14 trips paid for by appeal," April 23, 2003.

<sup>67</sup> *Id.*

<sup>68</sup> See BBC, "Probe into Galloway's Mariam Appeal," April 25, 2003.

<sup>69</sup> See The Guardian, "Charity Commission Launches Galloway Inquiry," April 25, 2003.

<sup>70</sup> See The Charity Commission of England and Wales, "The Mariam Appeal," June 29, 2004; The Guardian, "Charity Commission Launches Galloway Inquiry," April 25, 2003. The name of the Jordanian businessman has been spelled many different ways. For purposes of this Report, his name will be spelled "Fawaz Zureikat," unless it appears differently in a quoted document.

<sup>71</sup> *Id.*

<sup>72</sup> See The Charity Commission of England and Wales, "The Mariam Appeal," June 29, 2004; The Scotsman, "Galloway Iraq appeal cleared of impropriety over funds," June 29, 2004.

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

<sup>75</sup> *Id.*

and Galloway's Mariam Appeal were involved in the oil allocations granted Galloway. That evidence is examined below.

### 3. Galloway Denies Allegations

Galloway has consistently denied receiving any money or oil from the Hussein regime. He called allegations that he received hundreds of thousands of British pounds from Saddam Hussein "a lie of fantastic proportions."<sup>76</sup> In a statement issued in 2003, Galloway declared: "I have never solicited nor received money from Iraq for our campaign against war and sanctions. I have never seen a barrel of oil, never owned one, never bought one, never sold one."<sup>77</sup>

## VIII. EVIDENCE THAT GEORGE GALLOWAY WAS GRANTED OIL ALLOCATIONS FROM THE HUSSEIN REGIME

### A. Summary

As detailed below, the Subcommittee has uncovered significant evidence that George Galloway was allocated millions of barrels of crude oil under the OFF Program. The evidence of Galloway's allocations is primarily comprised of internal documents from the Hussein-era Ministry of Oil, documents from the Ministry of Oil created after the fall of the Hussein regime, interviews of senior officials of the Hussein regime conducted by the Subcommittee, and interviews of Hussein regime officials conducted by the U.S. Treasury Iraqi Financial Asset Team.

In April 2005, the Vice President of Iraq, Taha Yassin Ramadan, told the Subcommittee that Galloway had been granted oil allocations "because of his opinions about Iraq" and because Galloway "want[ed] to lift the embargo against Iraq."<sup>78</sup> In 2003, another Hussein official told investigators of the U.S. Treasury Department that "a member of the British Parliament benefited tremendously from the illegal trade of oil by Iraq," and specifically identified Galloway:

**[The source] stated that George Galloway, Labor Party, was the owner of a company [] that was involved in the Iraqi oil trade scheme.<sup>79</sup>**

According to the evidence presented in the Duelfer Report, the Hussein regime granted Galloway six oil allocations totaling 20 million barrels of oil, starting in Phase VIII of the Program (2000) and continuing through Phase XIII (2003).<sup>80</sup>

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<sup>76</sup> See BBC, "Probe into Galloway's Mariam Appeal," April 25, 2003.

<sup>77</sup> See Statement of George Galloway, reprinted in the *Guardian*, April 22, 2003.

<sup>78</sup> Subcommittee Interview of Taha Yassin Ramadan, April 18, 2005.

<sup>79</sup> Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on November 6, 2003 (Interview #17).

<sup>80</sup> See Duelfer Report, Annex B.

## Oil Allocations Granted to George Galloway by the Hussein Regime Under the Oil for Food Program

PHASE	DATES	ALLOCATION AMOUNT (MILLION BARRELS)
VIII	June 2000 – December 2000	4.0
IX	December 2000 – July 2001	1.0
X	July 2001 – November 2001	3.0
XI	December 2001 – May 2002	3.0
XII	May 2002 – December 2002	6.0
XIII	December 2002 – June 2003	3.0

**Total Allocations to George Galloway = 20.0 Million Barrels<sup>81</sup>**

For each of Galloway’s allocations, the evidence indicates that SOMO contracted with one of two entities – Aredio Petroleum-France or Middle East Advanced Semiconductor, Inc. (“Middle East ASI”). The President of Middle East ASI was Fawaz Zureikat, who facilitated several oil transactions for Galloway. For instance, one Hussein regime official confirmed:

**[H]e was aware that Galloway received an oil allowance of over 3 million barrels of oil. Galloway used a foreign company to broker the sale of the oil allowances. The name of the company was Middle East Semi-conducting Company (MESCC). [The source] identified the owner/manager of MESCC as Fawaz Zureqat.<sup>82</sup>**

The evidence presented in this Report focuses on four of the oil allocations granted to Galloway. Specifically, the Subcommittee has obtained evidence concerning allocations granted to Galloway in Phases IX, XI, XII and XIII.

### **B. Allocation in Phase IX**

The first allocation for which the Subcommittee has documentary evidence of Galloway’s involvement took place in 2001. On January 13, 2001, a company called “Aredio Petroleum – France” executed an oil purchase contract with SOMO.<sup>83</sup> That contract was numbered M/9/23. The next day, SOMO requested approval of Contract M/9/23 from the Oil Minister. In describing the contract, SOMO stated that the contract was signed with “Aredio

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<sup>81</sup> *Id.*

<sup>82</sup> Memorandum of Interview of former regime official by U.S. Treasury Iraqi Financial Asset Team on January 16, 2004 (Interview #13).

<sup>83</sup> See SOMO Crude Oil Sales Contract No. M/09/23.

Petroleum Company (Fawaz Zuraiqat – Mariam’s Appeal).<sup>84</sup> According to senior Hussein regime officials that were interviewed by the Subcommittee, SOMO’s letter followed the traditional form used to request approval from the Oil Minister.<sup>85</sup> At least one regime official also confirmed to the Subcommittee that the name in parenthesis after the name of the oil purchaser was the name of the allocation recipient.<sup>86</sup>

In this case, the letter indicated that the oil had been allotted to “Mariam’s Appeal,” Galloway’s purported charity to help the 4-year old leukemia victim. This document indicates that Galloway may have used the charitable organization to conceal payments from the oil allocation he had received from the Hussein regime.

Another SOMO document makes a more direct link between the oil underlying Aredio’s January 2001 contract and George Galloway. That document is a chart created after the fall of the Hussein regime entitled, “Crude Oil Allocations during Phase 9 of the Memorandum of Understanding.” It lists every oil contract in Phase IX of the Program and indicates the person or entity that had been allocated that oil.<sup>87</sup> The entry for Contract M/9/23 indicates that the contract was executed with “Mr. Fawaz Zuraiqat/George Galloway/Aredio Petroleum – French.” This SOMO document shows that the allocation for Contract M/9/23 was not just for Mariam’s Appeal, but also for George Galloway.

Roughly two weeks after the contract was signed, Aredio Petroleum lifted 1,014,403 barrels of oil pursuant to M/9/23.<sup>88</sup> SOMO documents reveal that, in connection with this oil transaction, Iraq demanded an under-the-table payment totaling about \$300,000 to be paid to the Hussein regime.

This payment was part of a larger Iraqi effort to obtain illegal surcharges on oil sold under the Oil for Food Program. The SOMO chart examined above, called “Crude Oil Allocations during Phase 9 of the Memorandum of Understanding,” states that the Hussein regime “imposed” a surcharge on each contract in Phase IX:

**Due to the special nature of this phase as the former regime imposed commission on the contractors (surcharge amount) and since many companies refused to pay said surcharge, therefore, instructions were given to contract with any company willing to pay the surcharge.**

Since this chart also lists Aredio as a contractor on M/9/23, it suggests that Aredio was “willing to pay the surcharge.”

Another SOMO document created after the fall of Hussein regime indicates that Aredio did, in fact, pay the demanded surcharge to the Hussein regime in connection with this contract.

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<sup>84</sup> See Letter from Saddam Zeben Hassan to Oil Minister, January 14, 2001.

<sup>85</sup> Subcommittee Interview of Senior Hussein Regime Official No.1.

<sup>86</sup> Subcommittee Interview of Senior Hussein Regime Official No.1.

<sup>87</sup> See SOMO Chart, “Crude Oil Allocations during Phase 9 of the Memorandum of Understanding,” undated.

<sup>88</sup> See SOMO Commercial Invoice No. B/13/2001.

That document, a Ministry of Oil chart entitled “List of Surcharges,” details (i) each contract for the purchase of oil in Phases VIII through XII of the Oil for Food Program, (ii) the name of the purchasing entity, (iii) the amount of oil lifted, (iv) the rate of the surcharge as agreed by the purchaser and SOMO, (v) the amount of the surcharge owed, (vi) the amount of the surcharge paid by the purchaser, and (vii) any outstanding balance.<sup>89</sup> The entry for Contract M/9/23 confirms that Aredio lifted precisely 1,014,403 barrels of oil. Next, the chart reveals the “Surcharge per Agreement” was 30 cents per barrel. The amount owed, according to the chart, was \$304,320.90. Finally, the chart shows that Aredio paid the entire amount in full.

According to the senior Hussein regime officials interviewed by the Subcommittee, every single individual who received oil allocations throughout the surcharge period (September 2000 through late 2002) knew of and were responsible for paying the illegal surcharges.<sup>90</sup> These officials further stated that, although the allocation recipient knew of the surcharges, the actual oil purchasers may have facilitated or made the illegal payments. According to the senior Hussein regime officials interviewed by the Subcommittee, George Galloway would have known of – and perhaps facilitated – the illegal, under-the-table payment of \$304,320.90 that was made to the Hussein regime.

### **C. Allocation in Phase XI**

On December 12, 2001, SOMO signed a contract with Middle East ASI for 3 million barrels of oil in Phase XI of the Oil for Food Program.<sup>91</sup> That contract, numbered M/11/04, was signed for the purchaser by Fawaz Zureikat. A few days later, the Acting Executive Director of SOMO wrote to the Oil Minister, requesting approval of Contract M/11/04.<sup>92</sup> In describing the contract, SOMO indicated that the oil had been allocated to George Galloway:

**Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company (Mr. George Galloway)/Fawaz Zuraiqat.**

At the end of the letter, SOMO indicated that Middle East ASI had apparently failed to pay its surcharges from previous contracts, and that the Minister of Oil instructed SOMO to reject any of the company’s proposals unless it paid off its outstanding surcharges:

**Surcharge: As per the instructions of your Excellency over the phone on 12/11/2001 of not accepting the company’s proposals unless they pay the debt incurred since phase eight.**

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<sup>89</sup> See Ministry of Oil List of Surcharges (excerpt).

<sup>90</sup> Subcommittee Interview of Senior Hussein Regime Official No.1.

<sup>91</sup> See SOMO Crude Oil Sales Contract No. M/11/04.

<sup>92</sup> See Letter from Ali Rajab Hassan to Oil Minister, December 19, 2001.

A few weeks later, Middle East ASI loaded 2,360,860 barrels of Iraqi crude oil onto an oil tanker pursuant to Contract M/11/04.<sup>93</sup> This action implies that Middle East ASI paid its outstanding surcharge balance.

Although Middle East ASI apparently paid its outstanding balance for previous surcharges, a SOMO document indicates that the company failed to pay the agreed-upon surcharge for Contract M/11/04. That document, the Surcharge Chart described above, shows that the company lifted 2,360,860 barrels of oil in connection with M/11/04 and that it had agreed to pay a 30-cent surcharge for each barrel.<sup>94</sup> Accordingly, the chart indicates that the company owed \$708,258 in surcharges for that contract. The chart then indicates that the company did not pay the surcharge.

#### **D. Allocation in Phase XII**

On June 3, 2002, SOMO executed another oil contract with Middle East ASI for 3 million barrels of oil in Phase XII of the Oil for Food Program.<sup>95</sup> That contract, numbered M/12/14, was again signed by Fawaz Zureikat for the purchaser. The next day, SOMO informed the Iraqi Financial Department of Contract M/12/14.<sup>96</sup> Tellingly, the Acting Executive Director of SOMO indicated that the oil for this contract had been allocated to George Galloway, referring to the contract as “Contract No. M/12/14 with Middle East ASI (Mr. Galloway).” As noted above, senior officials in the Hussein regime confirmed to the Subcommittee that the name in parenthesis next to the purchasing company identified the recipient of the allocation.

Another SOMO document also indicates that the oil underlying Contract M/12/14 had been allocated to Galloway. That document, a letter from SOMO requesting approval of M/12/14 from the Oil Minister, states as follows:

**Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway).<sup>97</sup>**

Not only does this letter confirm that the oil had been allocated to Galloway, it also indicates “Surcharge: payable within (30) days from the date of loading.”

Several months after the contract was signed, 1.4 million barrels of oil was lifted pursuant to M/12/14.<sup>98</sup> Although the parties had agreed to pay surcharges within 30 days of the loading of the oil, it appears that no such payments were made in connection with this contract. One possible explanation for this discrepancy is that the United States and the United Kingdom, as members of the U.N. committee monitoring the Oil for Food Program, had instituted a policy

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<sup>93</sup> See SOMO Commercial Invoice No. B/238/2001.

<sup>94</sup> See SOMO Surcharge Chart (excerpt).

<sup>95</sup> See SOMO Crude Oil Sales Contract No. M/12/14.

<sup>96</sup> See Letter of Ali Rajab Hassan, Acting Executive Director of SOMO, to “The Financial Department,” June 4, 2002.

<sup>97</sup> See Letter from Ali Rajab Hassan, Acting Executive Director of SOMO, to Oil Minister, June 4, 2002.

<sup>98</sup> See SOMO Commercial Invoice Nos. B/196/2002 and B/208/2002.

called “retroactive pricing” that made payment of the illegal surcharges uneconomical.<sup>99</sup> That retroactive pricing policy was implemented during Phase XII of the Program, precisely when this contract was executed.

#### **E. Allocation in Phase XIII**

In the final phase of the Oil for Food Program, Middle East ASI signed contract M/13/48 for the purchase of 2 million barrels of oil.<sup>100</sup> Soon after Contract M/13/48 was signed, a senior SOMO official informed the Financial Department of the contract.<sup>101</sup> SOMO identified the contract as “Contract No. M/13/48 with Middle East ASI (Mr. Galloway).” In addition, according to the senior Hussein officials interviewed by the Subcommittee, Mr. Galloway had been allocated the oil purchased under M/13/48.

Altogether, SOMO documents and interviews of Iraqi officials provide substantial evidence that Mr. Galloway was granted allocations for millions of barrels of oil by the Hussein regime.



On December 2, 2004, Galloway won a libel suit against a British newspaper, the *Daily Telegraph*, relating to an article on Galloway’s involvement in the Oil for Food Program.<sup>102</sup> The article that instigated the lawsuit apparently included forged documents concerning Mr. Galloway that were purported to be found in the Iraqi Foreign Ministry after the fall of the Hussein regime.<sup>103</sup> The documents in that article included correspondence from 1992 and 1993. The British court ruled that the documents were “seriously defamatory,” that the newspaper was obligated to provide Galloway with an opportunity to respond to the allegations in the documents, and that its failure to do so entitled Galloway to damages.

The documents presented in this Report have no relation to those discussed in the *Daily Telegraph* piece. First, the *Daily Telegraph* article cited documents from 1992 and 1993, whereas the earliest document examined here dates from 2001. In addition, the seemingly forged documents in the article were connected to the Iraqi Foreign Ministry, while the documents examined by the Subcommittee were prepared by the Iraqi Ministry of Oil and its subdivision SOMO. Finally, the *Daily Telegraph* documents reportedly included allegations that Galloway was on the payroll of the Hussein regime, receiving a salary or direct payments. In contrast, the evidence examined by the Subcommittee indicates that Galloway was granted oil allocations that would have to be monetized through complex oil transactions.

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<sup>99</sup> See UPI, “Analysis: Iraq Complains About Oil Prices,” June 19, 2002.

<sup>100</sup> See SOMO Crude Oil Sales Contract No. M/13/48.

<sup>101</sup> See Letter of Ali Rajab Hassan, Head of Oil Marketing Second Department, to “The Financial Department,” January 25, 2003.

<sup>102</sup> See New York Times, “British Lawmaker Wins Libel Suit Against Daily Telegraph,” December 2, 2004.

<sup>103</sup> See BBC, “Galloway Wins Saddam Libel Case,” December 2, 2004; see also Reuters, “British MP to sue over Iraqi Payoff Report (Galloway),” April 22, 2003.

## **IX. CONCLUSION**

Despite Galloway's denials, the evidence obtained by the Subcommittee, including Hussein-era documents from the Ministry of Oil and testimony from senior Hussein officials, shows that Iraq granted George Galloway allocations for millions of barrels of oil under the Oil for Food Program. Moreover, some evidence indicates that Galloway appeared to use a charity for children's leukemia to conceal payments associated with at least one such allocation. Lastly, according to senior Hussein officials, the oil allocations were granted by Iraq because of Galloway's support for the Hussein regime and his opposition to U.N. sanctions.

