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

*This Report is protected under paragraph 18 of
ST/SGB/273 of 7 September 1994*

**REPORT ON [REDACTED] PROJECT, A
[REDACTED] UNITED NATIONS STAFF MEMBER, AND
EMBEZZLEMENT AND CONVERSION OF UNITED
NATIONS FUNDS**

Report no. PTF-R009/08

**Procurement Task Force case no. PTF/028/07
Investigations Division case no. 0399/07**

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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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REPORT ON [REDACTED]
STRICTLY CONFIDENTIAL**I. INTRODUCTION**

1. The Procurement Task Force ("Task Force") was created on 12 January 2006 to address all procurement matters referred to the Office of Internal Oversight Services ("OIOS"). The Task Force has been referred more than 400 cases since its creation, many of which involved fraud and corruption in United Nations procurement at the Secretariat, various peacekeeping missions, and overseas offices. By the time of its expiration, the Task Force will have issued more than forty reports on these subjects.
2. Under its Terms of Reference, the Task Force operates as part of OIOS, and reports directly to the Under-Secretary-General for 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. This Report focuses on the involvement of United Nations staff member [REDACTED] (referred to in this Report as [REDACTED] with [REDACTED] a non-governmental organization, in connection with implementation of the [REDACTED] radio station project in [REDACTED] for which [REDACTED] was a United Nations programme implementing partner. The radio station project was an initiative of the [REDACTED] ("[REDACTED]") to strengthen and support [REDACTED] women's participation in the political process.

II. ALLEGATIONS

4. [REDACTED] initially referred this matter to the Investigations Division of OIOS, which, in turn, referred the case to the Task Force at the end of June 2007.
5. In February 2007, it was communicated to [REDACTED] that there was evidence indicating that [REDACTED], a former [REDACTED] of [REDACTED] and a United Nations staff member at the time of the communication, was involved in fraudulent banking transactions in connection to one of [REDACTED] procurement exercises. In particular, according to the allegations, [REDACTED] had steered a valuable United Nations contract to a non-governmental organization, [REDACTED] and had also embezzled [REDACTED] funds paid to [REDACTED] for the purpose of establishing a radio station in [REDACTED] as per the terms of its United Nations contract.

III. APPLICABLE UNITED NATIONS STAFF REGULATIONS AND RULES

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

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(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.”

(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.”

(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. Nor shall staff members use their office for personal reasons to prejudice the positions of those they do not favour.”

(v) **Regulation 1.2(m):** “Staff members shall not be actively associated with the management of, or hold a financial interest, in any profit-making, business or other concern, if it were possible for the staff member or the profit-making, business or other concern to benefit from such association or financial interest by reason of his or her position in the United Nations.”

(vi) **Regulation 1.2(r):** “Staff members must respond fully to requests for information from staff members and other officials of the Organization authorized to investigate possible misuse of funds, waste or abuse.”

7. The following provisions of the **Staff Rules of the United Nations** (“the Staff Rules”) are relevant:

(i) **Rule 101.2(a):** “Disciplinary procedures set out in article X of the Staff Regulations and chapter X of the Staff Rules may be instituted against a staff member who fails to comply with his or her obligations and the standards of conduct set out in the Charter of the United Nations, the Staff Regulations and Rules, the Financial Regulations and Rules and all administrative issuances.”

(ii) **Rule 101.2(i):** “Staff members shall neither offer nor promise any favour, gift, remuneration or any other personal benefit to another staff member or to any third party with a view to causing him or her to perform or delay the performance of any official act. Similarly, staff members shall neither seek nor accept any favour, gift, remuneration or any other personal benefit from another staff member or from any third party in exchange for performing, failing to perform or delaying the performance of any official act.”

(iii) **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

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result of the staff member's negligence or of his or her having violated any regulation, rule or administrative instruction."

8. The following provisions of the 2003 edition of the **Financial Regulations and Rules of the United Nations** are relevant:

(i) **Rule 101.2:** "All United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions."

(ii) **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."

(iii) **Rule 105.14:** "[P]rocurement contracts shall be awarded on the basis of effective competition."

9. The following provisions of the **Administrative Instruction on Consultants and individual contractors** are relevant:

(i) **Section 5.5:** "Consultants shall respect the impartiality and independence of the United Nations Secretariat and shall neither seek nor accept instructions regarding the services performed under the consultant contract from any Government or other authority external to the Organization. During the period of their service for the United Nations, consultants shall refrain from any conduct that would adversely reflect on the United Nations and shall not engage in any activity that is incompatible with the aims and objectives of the Organization."

(ii) **Section 5.6:** "Consultants shall exercise the utmost discretion in all matters relating to the performance of their functions. Unless otherwise authorized by the appropriate official in the office concerned, consultants may not communicate at any time to the media, or to any institution, person, Government or external authority, any information that has not been made public and which has become known to them by reason of their association with the United Nations. Consultants may not use such information without the written authorization of the Organization."

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

(i) **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."

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(ii) **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.”

IV. RELEVANT CONCEPTS OF CRIMINAL LAW

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

(i) **Aiding and Abetting an Offence:** Under the concept of aiding and abetting, the offence is committed by another. In order to aid and abet a crime, it is necessary that individuals involved associate themselves in some way with the crime, and that they participate in the crime by doing some act to help make the crime succeed. Individuals who aid and abet another in committing a criminal offence are equally as culpable as if they committed the offence themselves;

(ii) **Misappropriation:** Misappropriation is the wrong application or utilization of funds allocated for any specific purposes, by illegally diverting the money, forging the documents or otherwise misleading the beneficiaries and owners of the fund. Misappropriation is a felony crime punishable by imprisonment;

(iii) **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;

(iv) **Fraud:** Commonly, fraud is defined as an unlawful scheme to obtain money or property by means of false or fraudulent pretences, representations, or promises, or material omissions;

(v) **Money laundering:** Money laundering is the practice of engaging in financial transactions in order to conceal the identity, source, or destination of money that has been obtained in an unlawful manner. It could encompass any financial transaction which generates an asset or a value as the result of an illegal act; and

(vi) **Corruption:** Corruption is an act done with intent to give some advantage inconsistent with official duty and the rights of others. It includes bribery, but is more comprehensive.

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

V. METHODOLOGY

13. As part of this investigation, the Task Force collected, examined, and analyzed thousands of pages of documents, both in hard-copy and in electronic format. The Task Force investigators collected and reviewed extensive documentation related to [REDACTED]

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contract to implement the [REDACTED] radio station [REDACTED], [REDACTED]; background materials, such as financial and audit reports; internal United Nations memoranda; and correspondence files.

14. The Task Force's investigation discussed in this Report also included interviews with nine witnesses, including a number of individuals directly involved in the transactions described below. A written record of conversation was prepared after each interview. Staff members were then invited to review the records of conversation for accuracy and to sign them upon review. In addition, investigators provided all interviewees with the opportunity to present any further evidence to the Task Force. The Task Force also obtained and analyzed bank records pertaining to accounts held in [REDACTED].

15. The Task Force's investigation has faced a number of challenges, including incomplete and unavailable records, as well as the lack of compulsory process outside the United Nations system. It is important to emphasize that the Task Force has limited coercive powers. Therefore, cooperation from third parties is in most instances voluntary and the Task Force depends upon cooperation of an individual or a company when seeking assistance. This lack of coercive powers, particularly in relation to companies that are not engaged in a formal contractual relationship with the United Nations, has been one of the major obstacles to this investigation, and many others during the tenure of the Task Force. It is also a theme that has been repeated several times in Task Force investigations. The Task Force expended significant efforts to locate and identify all records from multiple sources in three jurisdictions, namely the [REDACTED]. Nevertheless, the fact that some materials could not be obtained due to lack of meaningful cooperation by a number of individuals, directly involved in the events described in this Report, has been an insurmountable impediment to this investigation.

VI. DUE PROCESS COMPLIANCE

16. The OIOS Manual of Investigations Practices and Policies of 4 April 2005 ("OIOS Investigations Manual"), under which the Task Force principally operates, defines the official standard of due process, to which a staff member is entitled, as "fairness." The OIOS Investigations Manual specifies that the "fairness" requirements for a fact-finding exercise are met if a staff member has been:

- (i) made aware of the scope of the possible misconduct, including any possible new instances of misconduct which arose during the investigation;
- (ii) given the opportunity to explain why his or her actions were proper; and
- (iii) given the opportunity to respond to the allegations, including presenting evidence, explanations, information, or witnesses to support their explanation.

17. [REDACTED] was afforded all of these rights in connection with the investigation. Specifically, throughout the investigative process, the Task Force ensured that [REDACTED] was:

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(i) made aware of the scope of the alleged misconduct through multiple interviews with the Task Force as well as the issuance of a Notice of Proposed Findings letter;

(ii) made aware of new instances of potential misconduct which arose during the investigation—namely, her failure to meaningfully cooperate with the Task Force investigation, as will be described below, in breach of Staff Regulation 1.2(r), according to which “[s]taff members must respond fully to requests for information from staff members and other officials of the Organization authorized to investigate possible misuse of funds, waste or abuse”;

(iii) given ample opportunity to explain her actions both in interviews with the Task Force as well as in response to numerous emails and letters. In this regard, [REDACTED] was granted multiple extensions of time to respond to these communications and was afforded the opportunity to review relevant documents gathered by the Task Force in the course of the investigation; and

(iv) given the opportunity to respond to all allegations brought against her, including presenting evidence, explanations, information, or witnesses.

18. The Task Force interviewed [REDACTED] on multiple occasions—specifically, on 12 and 13 December 2007, and again on 23, 24, and 25 July 2008. A review of the records of conversation in connection to [REDACTED] interviews, together with the Notice of Proposed Findings letter sent to her by the Task Force, demonstrate that she was made fully aware of the scope and subject matter of the Task Force investigation, as well as the matters of concern which are reported herein. In particular, the topics covered in [REDACTED] interviews included, but were not limited to: (i) her personal acquaintance with [REDACTED] of [REDACTED] (ii) the lack of a competitive bidding exercise and the appearance of favouritism in the selection of [REDACTED] for the award of the radio station project contract; (iii) the various bank transactions, described below, which pertain to the routing and use of the United Nations funds; (iv) the disbursements of the monies of the Organization which were provided for this project, the uses to which the monies were put; and the failure to account for a significant portion of these disbursements; (v) [REDACTED] fiduciary duty as [REDACTED]; and (vi) her failure to meaningfully cooperate with the Task Force. During these meetings with the Task Force, [REDACTED] was also presented with and allowed to review relevant investigation documents.

19. Further, on 12 September 2008 [REDACTED] was provided with a Notice of Proposed Findings letter, setting out the proposed findings of the Task Force. Throughout the process and again in the Notice of Proposed Findings letter, her response and views were solicited. The Notice of Proposed Findings letter detailed the scope of the investigation, including the Task Force’s intention to report on the [REDACTED] radio station project, and afforded her the opportunity to submit additional evidence for the Task Force’s consideration. [REDACTED] did not provide a response to this letter, even though the Task Force granted her an extension.

20. Indeed, not only did the Task Force act in accordance with the due process principles as articulated in the OIOS Investigations Manual, but throughout the

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investigation investigators undertook extraordinary efforts to ensure that [REDACTED] was afforded every opportunity to present her explanations and relevant evidence to substantiate her claims. For instance, the Task Force exchanged numerous letters and email communications with [REDACTED] for almost over ten months (November 2007 to September 2008), requesting that she produce information and documentation.

21. In particular, although the Task Force requested that [REDACTED] produce her personal bank records and other financial documentation relevant to the radio station project as early as December 2007 (because it was evident that she had personally received project funds and had signed on as a signatory to a bank account to which the funds were deposited), she failed to provide investigators with any such personal financial documentation until July 2008, and only after at least thirteen separate occasions on which the Task Force corresponded with her either by email communication or letter. Indeed, [REDACTED] was provided with a formal Request for Financial Information on 26 February 2008; however, at that time, she failed to comply with this request, and challenged the Task Force's authority to make such a request. Only after [REDACTED] presented herself for an interview at the Task Force's offices in New York on 23 July 2008, and, thus, several months after the original request, did she provide personal financial information to the Task Force, and conceded that the Task Force did have the authority to request this information.

22. Further, the Task Force's investigation has been delayed by the fact that during the course of this investigation, [REDACTED] provided the Task Force with four different explanations regarding the use of the United Nations radio station project funds. Whereas [REDACTED] presented her original explanations during her first interview in December 2007, shortly thereafter, in January and February 2008 respectively, she changed her position with respect to the use of United Nations funds, amending her initial claims twice. Then in her communications of 16–17 June 2008, as well as in her second interview in July 2008, [REDACTED] again gave a divergent explanation with respect to the use of United Nations funds designated for the radio station and presented documentation in support of her statements.

VII. BACKGROUND

A. [REDACTED]

23. [REDACTED] was established in [REDACTED] to provide financial and technical assistance to [REDACTED]. Through the implementation of innovative programmes and strategic interventions, [REDACTED]

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24. [REDACTED] located in [REDACTED], was responsible for [REDACTED] and put into operation a major project, entitled [REDACTED] with a budget of almost [REDACTED] in [REDACTED]. The project aimed to “encourage, strengthen, and support [REDACTED] [REDACTED] viable role in the elections process at all levels.”

25. One of [REDACTED] objectives was to advocate for [REDACTED]. Within the framework of this project, it was decided by [REDACTED] to establish a radio station in [REDACTED] dedicated to addressing women issues and raising awareness about women rights. [REDACTED] was chosen as the implementing partner for this project.

B. [REDACTED]

26. [REDACTED] is an international non-governmental organization, established and incorporated under the laws of the United States and based in [REDACTED]. The organization’s stated aim is to assist children in need, primarily in developing countries.

27. At the time of the events described in this Report, namely between 2004 and 2006, [REDACTED] principal officers were [REDACTED] and [REDACTED].

28. [REDACTED], [REDACTED], was officially [REDACTED] and, with respect to the [REDACTED] project, acted as [REDACTED] contact in the United States, often corresponding with [REDACTED] Headquarters regarding matters such as [REDACTED] submission of reports and answering queries.

29. [REDACTED], [REDACTED] of [REDACTED], was on [REDACTED] and served as its [REDACTED] in [REDACTED].

C. [REDACTED]

30. [REDACTED] is a [REDACTED] citizen of [REDACTED]. She worked as a [REDACTED] with [REDACTED] in [REDACTED] under a consultancy contract from April 2004 to May 2005. The [REDACTED] radio station project was implemented during her employment with [REDACTED].

31. [REDACTED] left [REDACTED] in [REDACTED] and [REDACTED] [REDACTED] as a United Nations staff member in [REDACTED]. During [REDACTED] and [REDACTED], while serving at [REDACTED], [REDACTED] assisted [REDACTED] with fundraising, publicity, and press relations in connection to the [REDACTED] radio station, at times even presenting herself as the station’s “founder” or “spokesperson.”

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VIII. IMPLEMENTATION OF THE RADIO STATION PROJECT

A. OVERVIEW

32. As a separate entity in autonomous association with the [REDACTED] [REDACTED] ("[REDACTED]"), [REDACTED] purchases goods and services from vendors and consultants to support the Organization's programme delivery in accordance with [REDACTED]'s procurement policies and procedures. [REDACTED] procurement is based on competitive bidding. Under its policies and procedures, the fundamental principles of fairness, integrity, and transparency through effective competition are generally applicable. As a rule for the procurement process in [REDACTED] Regional Offices, all procurements for the provision of services in excess of US\$100,000 must be forwarded to [REDACTED] Headquarters for submission to the [REDACTED] and the Chief Procurement Officer for final approval.

33. Despite this rule for procurements in excess of US\$100,000, in the case of the [REDACTED] radio station project in [REDACTED], which had a budget of approximately US\$500,000, [REDACTED] not only did not conduct a competitive procurement exercise, but also never solicited any proposals for the project; in fact, such a project had not been envisaged as part of [REDACTED] plans under the original [REDACTED] project. Rather, the idea to establish and operate a radio station in [REDACTED] that would address women's issues originated from [REDACTED] itself. As such, it was treated as a "proprietary idea" by [REDACTED], which, in turn, signified that [REDACTED] would be chosen as the implementing partner for the radio station project if it were approved. Records reflect that [REDACTED] idea for the radio station project was immediately accepted by [REDACTED] [REDACTED] on an informal basis without evidence or documentation of consultations, substantial submissions by [REDACTED], or negotiations between [REDACTED] and [REDACTED]. The agreement was verbal. Thus, in effect, [REDACTED] was chosen as the *de facto* implementing partner for the radio station project as early as [REDACTED]—five months prior to the official contract award to [REDACTED] in [REDACTED]—without consideration of any other organization or entity.

B. LACK OF A COMPETITIVE BIDDING

1. [REDACTED] rules applicable to programme management

34. The [REDACTED] Programme and Operations Reference Manual ("the [REDACTED] Manual") proffers that for the purposes of implementing programmes and projects, [REDACTED] may select a partner organization to execute a specific project. The [REDACTED] Manual states the following: "Although the selection of an NGO as an executing agency is not considered a procurement action per se, *normally a competitive process similar to that for procurement should be used to select the appropriate NGO to execute the project. Frequently, however, one NGO is clearly the most suitable to execute a project (or other NGOs are not interested).*"

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35. The [REDACTED] Manual makes clear that even in the case that one organization is “clearly the most suitable” for the project, “a review of the technical and managerial capacity of the NGO is required. A written justification should be included in the project document, and clearly elaborate the reasons/considerations that dictate the particular selection and the alternatives that have been considered.”

36. The project approval process generally entails the following steps: formulation of the project proposal by the Regional Office in consultation with [REDACTED] Headquarters; evaluation of the Regional Office’s draft proposal by Headquarters; review of the proposal by the Programme Approval Committee (“PAC”); and final approval by the Executive Director at Headquarters.

2. [REDACTED] role in the selection of [REDACTED] for the project

37. The Task Force investigation identified that [REDACTED] of [REDACTED] was personally acquainted with [REDACTED] at [REDACTED], prior to the submission of [REDACTED] proposal to [REDACTED] for the radio station project. The two had worked together in [REDACTED] at the [REDACTED] the United States interim administration in [REDACTED] since the beginning of 2004.

38. [REDACTED] was first informally approached by [REDACTED] with [REDACTED] proposal for the radio station in June 2004. [REDACTED] failed to disclose her personal relationship with [REDACTED] to the United Nations and did not recuse herself from the contract award process, despite this apparent conflict of interest. On the contrary, [REDACTED] strongly supported [REDACTED] proposal to her superiors both at [REDACTED] in [REDACTED], as well as at [REDACTED] Headquarters.

39. In an email communication, [REDACTED] formally presented [REDACTED] proposal to her supervisor [REDACTED], [REDACTED], writing, “I know the involved NGO very well. They are well known for their integrity and good work.” [REDACTED] attached two documents to this communication—namely, (i) a two-page equipment purchase quotation for the total amount of US\$296,808, which [REDACTED] had received from [REDACTED], a United States-based company, and (ii) a six-page project proposal from [REDACTED], including a total budget estimate of US\$423,000.

40. Contrary to [REDACTED] endorsement of [REDACTED] proposal, [REDACTED] did not have any prior experience in managing a radio station. Neither its initial informal proposal nor its profile document, submitted to [REDACTED] through [REDACTED] on 20 July and 31 August 2004 respectively, contained any mention of such relevant experience. Rather, [REDACTED] prior experience was limited to small humanitarian aid and fundraising projects. Notably, when reference of [REDACTED] credentials for the radio station project was sought by [REDACTED] from [REDACTED] of [REDACTED], a non-governmental organization, who was one of the referees listed in [REDACTED] project proposal submitted to [REDACTED], [REDACTED] stated that “[REDACTED] does not] have the capacity to handle [the radio station] project.”

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41. During the following months, between July and December 2004, [REDACTED] was treated by [REDACTED] and by her supervisor, [REDACTED], as if it had been *de facto* awarded a contractual agreement with [REDACTED] for the radio station project, although no formal contract award process had taken place, or been finalized at this time. In an email, [REDACTED] suggested to [REDACTED] that [REDACTED] be counted as a participant for the purposes of a Media Training that was to take place at the time under the auspices of [REDACTED]. Specifically, [REDACTED] wrote to [REDACTED] "These are a few names I would like to suggest for the media training . . . [REDACTED], [REDACTED], since they will be managing the radio station in the near future." Similarly, [REDACTED] proposed [REDACTED] participation in a Focal Point Training associated with [REDACTED], writing to her supervisor and colleagues: "My only suggestion is to include [REDACTED] in the training since they will run the radio station. . . . His name is [REDACTED] and he is in [REDACTED] now." Records also reflect that [REDACTED] requested that [REDACTED] apply to the [REDACTED] for a license for the [REDACTED] radio station as early as [REDACTED]—five months prior to the contract award to [REDACTED] for the radio station project. Indeed, [REDACTED] facilitated [REDACTED] meeting with the [REDACTED] in July 2004.

42. In addition, correspondence records reflect that [REDACTED] openly supported [REDACTED] proposal in discussions with high ranking [REDACTED] officials for the purpose of securing letters of recommendation from them on behalf of [REDACTED]. In fact, a number of [REDACTED] Ministries sent letters of support in favour of [REDACTED] and the [REDACTED] radio station project as a result of [REDACTED] efforts.

43. Further, the Task Force investigation identified evidence that [REDACTED] directly assisted [REDACTED] in September and October 2004 with the drafting of its official proposal as well as its Management and Action Plans submitted to [REDACTED]. Email communication records obtained by the Task Force from [REDACTED] clearly indicate that [REDACTED] did so under the direct supervision and guidance of [REDACTED]. Notably, in an email communication to [REDACTED] of [REDACTED] with regard to [REDACTED] formal proposal to be submitted to [REDACTED], [REDACTED] made detailed comments and suggestions as to how the proposal could be improved upon, such as that [REDACTED] work in the field of media wasn't emphasized enough and it looked like [REDACTED] only worked on children's issues." In addition, in this same email communication, [REDACTED] explained to [REDACTED] that it was necessary for [REDACTED] to prepare "a bullet-proof case."

3. Introduction of the radio station project to [REDACTED] and circumvention of the requirement for a competitive bidding exercise

44. On or about 1 December 2004, [REDACTED] presented the [REDACTED] radio station project to [REDACTED] Headquarters for inclusion in the [REDACTED] project, which had, however, already been approved in its entirety by [REDACTED] Headquarters by that time.

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45. When [REDACTED] Headquarters received the [REDACTED] radio station project proposal from [REDACTED], it identified a number of serious issues in [REDACTED] proposal, including: (i) the lack of a competitive bidding exercise in connection to the radio station project; (ii) [REDACTED] background and lack of any evidence of prior experience in managing a radio station; (iii) [REDACTED] staff qualifications; and (iv) its proposed procurement of equipment.

46. Several staff members, both at [REDACTED] and at [REDACTED], raised concerns to [REDACTED] and [REDACTED] with regard to the lack of a competitive bidding exercise for the radio station project, as well as whether [REDACTED] was qualified to execute the radio station project. [REDACTED], [REDACTED], informed [REDACTED] and [REDACTED] that for a proposal with a budget as large as US\$500,000, a competitive bidding exercise was necessary. In addition, [REDACTED] questioned [REDACTED] prior experience in the media sector, as well as in gender equality issues, and expressed concerns about [REDACTED] proposed budget. [REDACTED] also requested to be informed by [REDACTED] of [REDACTED] detailed Terms of Reference and its exact deliverables, which had not been yet provided to [REDACTED] Headquarters as part of [REDACTED] radio station project proposal.

47. [REDACTED], [REDACTED] at [REDACTED] Headquarters, also expressed concerns about [REDACTED] proposal. In an email to [REDACTED] [REDACTED] emphasized [REDACTED] lack of relevant experience in radio station management, and raised questions as to: (i) [REDACTED] proposed plan to use inexperienced volunteers as staff; (ii) the proposed equipment procurement in terms of ensuring quality and competition; and (iii) the monitoring and evaluation of the project with regard to ensuring [REDACTED] adherence to [REDACTED] principles and values—specifically, gender equality. In particular, [REDACTED] noted that “the contract is quite large, the stakes are quite high and [if] anything goes wrong, we will all be held accountable.” [REDACTED] [REDACTED] at [REDACTED], echoed the concerns expressed by [REDACTED] and [REDACTED] in an email communication to [REDACTED]: “Please note that currently [REDACTED] Headquarters] do[es] not find from the write-up regarding [REDACTED] that [REDACTED] [REDACTED] has] sent any evidence of such [i.e., radio station management] experience or expertise; the only evidence is in terms of humanitarian work and advocacy. [REDACTED] Headquarters] tried to find out more about them [i.e., [REDACTED] . . . but found nothing.”

48. Despite the concerns voiced by [REDACTED] Headquarters, records reflect that [REDACTED]—with the knowledge of [REDACTED]—continued to advocate for [REDACTED] proposal and tried to reassure Headquarters that [REDACTED] had the capability to execute the radio station project. For example, [REDACTED] wrote to [REDACTED] two emails, [REDACTED], in which she praised [REDACTED] and maintained that it was qualified to execute the radio station project. [REDACTED] wrote in the first of these emails: “I want to assure you that all bases are covered and we know very well what kind of organization we are dealing with. I am not exaggerating if I say [REDACTED] one of the best organizations working in [REDACTED] right now. I am sure you heard stories about fraud organizations and corruption...This is why it was very difficult to find [an] organization that is reliable...

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[and] experienced.” Although [REDACTED] attested that [REDACTED] was “experienced” in this email communication, she did not offer any history of radio station management experience by [REDACTED] to support her statement.

49. Moreover, in her communications with [REDACTED], [REDACTED] failed to adequately explain the lack of a competitive bidding exercise in connection to the radio station project. Instead, [REDACTED] wrote [REDACTED]: “It was known from the beginning for [REDACTED] that [REDACTED] will be executing this part of the [REDACTED] project, even though their name was not spelled clearly in the [proposal document].” [REDACTED] added that “[REDACTED] already borrowed money and put [a] down payment for equipment.”

50. Apart from writing in support of [REDACTED] to [REDACTED], [REDACTED], together with [REDACTED], exerted additional pressure on [REDACTED] Headquarters to approve [REDACTED] proposal by securing a letter, set forth in the figure below, recommending the contract award to [REDACTED]. This letter was sent to [REDACTED] Headquarters by [REDACTED], [REDACTED] of [REDACTED]. In her 12 December 2007 interview with the Task Force, [REDACTED] stated that, in fact, [REDACTED] drafted the letter of recommendation on behalf of [REDACTED] which both [REDACTED] and [REDACTED] recommended that [REDACTED] sign and send to [REDACTED] Headquarters. Further, [REDACTED] acknowledged that the letter she sent to [REDACTED] Headquarters was based neither on facts nor on first-hand knowledge of [REDACTED], and stated that she regretted having sent it.

REDACTED

Figure: [REDACTED] letter to [REDACTED] ([REDACTED])

51. In a 6 December 2004 meeting between [REDACTED] and [REDACTED], [REDACTED] of [REDACTED] it was discussed that the most expedient means of proceeding with the radio station project in light of the resistance presented by [REDACTED] Headquarters would be to achieve the project’s approval through passing it as a programming action instead of a procurement exercise. The need for expediency was created because the radio station project needed to be approved by the end of the calendar year 2004 in order to fall under the [REDACTED] project’s budget. Indeed, all remaining unused resources allocated for the [REDACTED] project would return to the [REDACTED] Trust Fund on 31 December 2004. Moreover, the main purpose for establishing the [REDACTED] radio station was to supplement [REDACTED] efforts in mobilizing [REDACTED] women to vote in the forthcoming elections, scheduled for [REDACTED].

52. In particular, it was discussed between [REDACTED] and [REDACTED] at the 6 December 2004 meeting, an excerpt of the minutes for which is set forth below, that [REDACTED] could follow the standard steps for a procurement exercise, according to which, a request for a waiver of competitive bidding would have to be submitted to [REDACTED]. However, as this would be a lengthy procedure, according to the minutes of the meeting, alternatively, the matter could be resolved internally between [REDACTED] and [REDACTED] Headquarters in the event that [REDACTED] provided Headquarters with a

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detailed justification as to why [REDACTED] had been selected for the project, as required under the [REDACTED] Manual's rules on the selection of an implementing partner.

REDACTED

Figure: Excerpt of minutes of meeting held between [REDACTED] and [REDACTED] on [REDACTED] ([REDACTED])

53. In an email dated [REDACTED] from [REDACTED] to his colleagues in [REDACTED] and [REDACTED] in [REDACTED] and at Headquarters, he elaborated on his suggestion to [REDACTED] during his meeting with her as to securing approval for the [REDACTED] radio station project as a programming action instead of a procurement exercise for the sake of expediency, explaining that "technically the waiver request can be submitted to [REDACTED] . . . but . . . [i]t appears that [REDACTED] has selected and is essentially committed to [REDACTED] i.e., [REDACTED] developed the project with [REDACTED] in mind and in fact [REDACTED] has committed itself financially expecting award." Whereas [REDACTED] indicated that an evaluation would have occurred if a competitive bidding exercise had taken place, as there had been no such exercise in the case of [REDACTED] he did not view such a step as useful given the already late stage in contract award process.

54. [REDACTED] original proposal was reformulated with a total budget estimate of US\$500,474, as set forth in the figure below. As noted above, there was no competitive bidding exercise and no other organization or entity, apart from [REDACTED], was considered for this contract.

REDACTED

Figure: [REDACTED] amended proposal ([REDACTED])

55. [REDACTED] amended financial proposal to [REDACTED] included an estimate of US\$296,808 for the procurement and shipment of high quality radio station equipment from a reputable vendor in the United States to [REDACTED]. This estimate was based on a quotation, set forth in the figure below, which [REDACTED] had obtained from [REDACTED], an American company, based in New York.

REDACTED

Figure: [REDACTED] quotation ([REDACTED])

56. The estimated cost of the transmitter—namely, US\$296,808—was the single largest component of [REDACTED] proposed budget. Taking into account an estimated shipping cost of US\$25,000, the equipment component of [REDACTED] budget proposal reached an estimated amount of US\$321,808 out of a total proposed budget of approximately US\$500,500.

REPORT ON [REDACTED]
STRICTLY CONFIDENTIAL**4. Contract award to** [REDACTED]

57. Under [REDACTED] Programme and Operations Reference Manual, the selection of an implementing partner for a project requires the review of a potential partner's technical and managerial capacity, in addition to a written justification elaborating the reasons and considerations that justify the particular selection.

58. In accordance with [REDACTED] proposed course of action, described above, [REDACTED] Headquarters decided to classify the radio station project as a programming action instead of a procurement exercise. Specifically, [REDACTED] wrote to [REDACTED]: "[REDACTED] was the one to submit the proposal regarding the radio station to [REDACTED] . . . [REDACTED] was] a part of the project formulation process itself and the project document was drawn up keeping [REDACTED] in mind . . . [this] is crucial in determining that this is not so much of a procurement action but instead a programming action." [REDACTED] suggested that [REDACTED] amend their submission with regard to the radio station project to include a number of documents that would justify [REDACTED] selection by [REDACTED] as the most suitable organization for the execution of this project. According to [REDACTED], once these documents justifying [REDACTED] selection were submitted, the [REDACTED] project documents would be revised so as to include the radio station project and [REDACTED] selection.

59. On 9 and 10 December 2004, [REDACTED] sent the amended radio station project proposal documents to [REDACTED] at Headquarters. In addition, [REDACTED] also sent certain documents directly to [REDACTED] by email.

60. [REDACTED] was ultimately awarded the contract for the radio station project on 10 [REDACTED] by the Project Approval Committee and the [REDACTED] of [REDACTED] Headquarters after [REDACTED] inclusion of its proposal in the [REDACTED] project. The Task Force investigation has not identified any evidence that the contract award was finalized following any technical evaluation of [REDACTED] performance capability or scrutiny of its proposed budget for the project, as per [REDACTED] Programme and Operations Reference Manual. Rather, according to interviews and documentary evidence identified by the Task Force, [REDACTED] technical and managerial capacity was never properly evaluated; instead, [REDACTED] qualification to execute the radio station project was assessed solely on the basis of letters of support for [REDACTED] by various [REDACTED] government and United Nations officials, including [REDACTED] of [REDACTED], as noted above.

61. The agreement with [REDACTED] was signed on [REDACTED] for a one-year term for a total value of US\$500,000. It is evident that the budget allocated for this project was based solely on [REDACTED] financial proposal, since [REDACTED]s submissions were accepted by [REDACTED] at face value without any scrutiny of the specifics of [REDACTED] proposed procurements and operational costs. As per the terms of the contract between [REDACTED] and [REDACTED], a first payment of US\$350,000 designated for the radio station project was to be advanced to [REDACTED] within fourteen working days of the signature of the agreement. The balance of US\$150,000 was to be paid to [REDACTED] upon satisfactory establishment of the radio station and due submission of detailed performance and financial reports to [REDACTED].

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62. In accordance with the terms of the contract, [REDACTED] was to contribute to the project the resources indicated in the budget section of the project document, and all equipment financed by [REDACTED] would remain the property of the United Nations upon completion of the project. The contract also expressly stipulated that “[i]n its procedures for procurement of goods, services or other requirements with funds made available by [REDACTED] as provided for in the Project Budget, [REDACTED] was to ensure that, when placing orders or awarding contracts, *it will safeguard the principles of highest quality, economy, efficiency,* and that the placing of such orders would be based on an assessment of competitive quotation, bids, or proposals.” In addition, the contract proffered that “[REDACTED] shall maintain complete and accurate records of equipment, supplies and other property purchased with [REDACTED] funds.”

C. [REDACTED] DUTIES AS THE [REDACTED] FOR THE
RADIO STATION PROJECT

63. For the purposes of the project, an [REDACTED] Board of Directors (“[REDACTED]” and “[REDACTED]” respectively) were created in order to oversee the operational aspects of the radio station and assist with the proper implementation of the project.

64. As [REDACTED] for the radio station project, [REDACTED] duties and responsibilities, which formed an integral part of her consultant’s contract with [REDACTED], were, *inter alia*, to manage and administer project resources so as to ensure accountability, to monitor and evaluate the project’s results, and to ensure that the project operation was in line with United Nations’ and donors’ regulations.

65. As the [REDACTED] of the [REDACTED] radio station project, [REDACTED] owed a duty of care with respect to United Nations funds and their proper use. In her interviews with the Task Force, she acknowledged she maintained such a fiduciary obligation. In accordance with the radio station’s Terms of Reference, [REDACTED] role was, among other things, to maintain accurate financial records and accounts, to ensure adequate liaisoning between [REDACTED] and the other interested parties, and to ensure that the reporting requirements were fulfilled.

66. [REDACTED] was supervised by [REDACTED]. The Task Force especially notes [REDACTED] refusal to be interviewed by investigators and provide the Task Force with her explanations as to both the selection of [REDACTED] as an implementing partner for the [REDACTED] radio station as well as the subsequent implementation of the contract in question. Although [REDACTED] was [REDACTED] and thus a United Nations staff member with a crucial role and increased responsibilities at the time the events described in this Report occurred, she refused to meaningfully cooperate with the Task Force on the ground that, at the time she was contacted by the investigators in December 2007, she no longer was a United Nations staff member. This development was a significant impediment for the Task Force, rendering the investigators unable to raise critical questions to [REDACTED] a witness with first-hand knowledge of and direct involvement in the entire process of the

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radio station project contract award and management. Such refusal is unacceptable and is a basis for a finding of misconduct to be included in her official file, as well as inclusion on the United Nations' system "Watch List."

D. FUNDS TRANSFER TO THE RADIO STATION

67. On 13 December 2004, [REDACTED], acting on behalf of [REDACTED], transferred US\$350,000 by wire from its bank account with Bank of America in New York to the [REDACTED] Citibank account in [REDACTED].

68. [REDACTED] bank account records in [REDACTED] reflect that of the US\$350,000 that was transferred by [REDACTED] to the [REDACTED] Citibank account in New York, the amount that ultimately reached [REDACTED] bank account in [REDACTED] was only US\$180,000. This amount was credited to the [REDACTED] account in [REDACTED] on 16 March 2005, as displayed in the figure below. This account was controlled by [REDACTED].

REDACTED

Figure: [REDACTED] account records ([REDACTED])

69. The [REDACTED] account record, set forth above, demonstrates that only approximately US\$180,000 of the US\$350,000 awarded by the United Nations to [REDACTED] was transmitted to this account. The statement further reflects that the entire balance in the account was thereafter withdrawn—i.e., the balance of the account as of 31 July 2005 was zero. The withdrawals were made in six instalments over a two-month period, from 16 March to 17 May 2005, in amounts ranging from US\$10,000 to US\$65,000.

70. Chart A below depicts the ten principal transactions effected in [REDACTED] account with [REDACTED] between [REDACTED], when [REDACTED] disbursed US\$350,000 to [REDACTED], when [REDACTED] contract was suspended.

Chart A: [REDACTED] account records ([REDACTED])

REDACTED

71. Based on the limited bank records provided, the Task Force was unable to determine the eventual destination and use of a substantial amount of the United Nations funds that did not arrive in [REDACTED] bank account. Moreover, the documentary evidence (including receipts and invoices) explaining the use of the US\$180,000 of United Nations funds transferred to [REDACTED] account is incomplete and inaccurate.

72. Despite several requests during the course of the Task Force investigation, [REDACTED] failed to provide the Task Force with any evidence to account for the use of all the United Nations funds remitted to [REDACTED] for the purpose of the radio station project.

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Indeed, although in his 30 January 2008 interview [REDACTED] promised to provide investigators with receipts and other documentation related to expenditure of United Nations funds, he failed to ever produce any such documentation to the Task Force. Similar requests had previously been made by project managers and auditors, also yielding no satisfactory results.

73. In light of the lack of records with regard to the [REDACTED] radio station project, the Task Force had to rely mostly on [REDACTED] statements, whose explanations will be addressed below.

E. CONTRACT IMPLEMENTATION**1. Application for a broadcast license and the procurement of the transmitter**

74. On [REDACTED], [REDACTED] applied to the [REDACTED] for an interim broadcast license for the radio station. The application submitted, an excerpt of which is set forth below, reflects an intention by [REDACTED] to install a 1 kilowatt ("kW") transmitter. (See figure below.)

REDACTED

Figure: [REDACTED] Application for an Interim Broadcast License ([REDACTED])

75. [REDACTED] intention to install a 1 kW transmitter, as stated in its [REDACTED] application for an interim broadcast license is notable in that it conflicts with [REDACTED] amended financial proposal submitted to [REDACTED] in [REDACTED] estimating the total amount of funds needed for the project on the basis of the cost of a 20 kW transmitter.

76. Not only did the capacity of the transmitter that [REDACTED] eventually procured significantly differ from that which it indicated in its amended [REDACTED] financial proposal to [REDACTED], but also, whereas [REDACTED] financial proposal to [REDACTED] stated its intention to procure high-tech equipment internationally, [REDACTED] ultimately decided to procure equipment for the radio station locally in [REDACTED]. In an email communication, set forth below, between [REDACTED] and his friend [REDACTED] [REDACTED] informed the latter of the impending funds transfer to [REDACTED] and requested that [REDACTED] "[g]o ahead with the equipment order."

REDACTED

Figure: [REDACTED] email to [REDACTED] ([REDACTED])

77. No evidence has been identified to confirm that [REDACTED], or the [REDACTED] or [REDACTED], was ever informed of [REDACTED] decision to procure radio station equipment from a local vendor.

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78. It should also be noted that [REDACTED] did not meet the originally envisaged deadline for broadcasting in time for the [REDACTED]. Originally, it was anticipated that the broadcasting would encourage women's political participation in the elections. When [REDACTED] failed to meet this deadline, broadcast was rescheduled to take place on 8 March 2005, International Women's Day, but was ultimately delayed as the radio station was not yet operational at that time.

79. [REDACTED], visited the [REDACTED] radio station's premises in [REDACTED] on 19 March 2005. In her report to [REDACTED] wrote that as of 19 March 2005 the radio station had no broadcasting tower, internet connection, or generator compatible with the requirements of continuous transmission. Her report also noted the lack of security guards and vehicles to serve the operational needs of the radio station.

80. During her field visit to the radio station, [REDACTED] requested that she be provided with all receipts and relevant financial documentation pertaining to purchases made by the radio station; however, she was not presented with any such receipts or documentation. Instead, [REDACTED] promised to deliver invoices and receipts in connection to radio station purchases at the meeting of the [REDACTED], scheduled to take place on 24 March 2005. However, [REDACTED] did not provide [REDACTED] with invoices or reports at the [REDACTED] meeting, but rather requested a further extension until 1 April 2005 to deliver these documents. The Task Force has not identified any evidence that [REDACTED] complied with this deadline.

81. [REDACTED] realized a second field visit to the radio station on [REDACTED], by which time [REDACTED] had not yet provided [REDACTED] with any receipts, invoices, or financial reports in connection to purchases for the radio station. The field visit's findings showed little progress as far as the operational condition of the radio station was concerned—whereas a generator had been installed since [REDACTED] first visit, the tower for the transmission was still not properly installed, and interviews for the hiring of staff were still taking place at the time of this second visit.

F. LACK OF PROPER ACCOUNTING AND RECORDS

82. [REDACTED] was obligated to maintain detailed records as per the terms of its contract with [REDACTED]. Under articles IX and X of the project agreement, [REDACTED] was to keep accurate and up-to-date records and documentation of all expenditures incurred with the funds made available by [REDACTED] to ensure that all expenditures were in conformity with the provisions of the project work plan and budget. For each disbursement, proper supporting documentation was to be maintained, including original invoices, bills, and receipts pertinent to relevant transactions. In addition, under its contract with [REDACTED], [REDACTED] had agreed to submit quarterly financial reports to [REDACTED] no later than thirty days after the end of each quarter. Specifically, the contract stipulated that the financial report in connection to the first payment [REDACTED] March 2005.

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83. [REDACTED] however, failed to adhere to its reporting requirements. Rather than submit quarterly reports, [REDACTED] only delivered one report to [REDACTED] and this submission was two months late—in [REDACTED], rather than [REDACTED]—without any valid justification, and despite [REDACTED] repeated requests for a report. Also, [REDACTED] financial report was not accompanied by supporting documents.

84. [REDACTED] financial report of [REDACTED] indicated that the entire amount of US\$350,000, which [REDACTED] had disbursed to [REDACTED] on [REDACTED] as the first instalment of funds for the radio station project had been expended on personnel salaries, operational costs, equipment and furniture, in addition to administrative costs, which it calculated at seven percent of total expenses. [REDACTED] indicated that it had in fact spent an additional amount of US\$17,514 out of its own funds for the purpose of covering these expenses. Nevertheless, [REDACTED] failed to present any receipts or invoices as evidence of payment for these expenses.

85. Having reviewed [REDACTED] financial report, [REDACTED], however, found this submission inadequate. In particular, [REDACTED] [REDACTED]'s preliminary remarks on the report highlighted as cause for concern the lack of receipts, invoices, or any relevant documentation in connection to radio station expenses claimed by [REDACTED] as well as the deficiencies in [REDACTED] decision-making process in terms of the [REDACTED] selection and recruitment, selection of the radio station's broadcasting programme and location in [REDACTED] and the selection and recruitment of a media consultant.

86. The Task Force encountered insurmountable difficulties in its efforts to identify any documentation concerning the use of the funds by [REDACTED] in [REDACTED]. The few documents provided to the Task Force by [REDACTED] (which, in turn, received them from [REDACTED]) were incomplete and lacked basic information on how the money was spent. Numerous invoices, receipts, and other purchase records were missing. [REDACTED] did not provide any materials to the Task Force confirming how [REDACTED] funds were expended. [REDACTED] refused to comply with repeated requests of the Task Force for relevant financial documentation relating to the radio station's expenses.

G. THE AUDIT OF THE RADIO STATION PROJECT

87. As a result of [REDACTED] failure to regularly submit technical and financial reports each quarter, [REDACTED] called for an [REDACTED] meeting in [REDACTED], to discuss the progress of the project. In the meeting held on [REDACTED], it was decided to hire independent auditors to conduct a financial and technical audit of the radio station. [REDACTED] informed [REDACTED] of its decision by letters, dated [REDACTED] and 25 July 2005 respectively.

88. [REDACTED] [REDACTED] acting in close coordination with [REDACTED] Headquarters in New York and [REDACTED] developed the auditors' terms of reference. The audit was undertaken by an independent team of consultants hired locally, including two technical experts, a radio producer, a communications engineer, and a licensed financial auditor. The auditors were asked to review the documentation submitted by [REDACTED] and to visit the

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radio station and [REDACTED] premises in [REDACTED] for both the financial and technical assessment.

89. The audit was performed during [REDACTED] and its results led to the immediate termination of [REDACTED] contract, as well as a decision by [REDACTED] not to pay to [REDACTED] the balance of the original contract award—i.e., US\$150,000. [REDACTED] filed a lawsuit against the [REDACTED] in the [REDACTED] courts requesting payment of US\$150,000 and additional damages which they claimed in the amount of US\$1 million.

90. The auditors visited the radio station in [REDACTED] and inspected the equipment that had been procured. However, the auditors were neither allowed full access to all records and documents, nor otherwise facilitated by [REDACTED] in the conduct of their investigation, as a result of which, limited information was gathered.

91. The most significant issues noted by the auditors can be summarized as follows:

(i) [REDACTED] failure to properly document and account for its project expenditures: [REDACTED] failed to document the purchasing process and keep accurate and complete invoices and receipts for materials and services purchased. The Audit Report criticized [REDACTED] for lack of proper records justifying the expenditures. The auditors stated that some of the invoices were prepared by the employees of the radio station, and not by third parties. Further, a number of purchases were made without any contracts in place and without invoices from suppliers showing information on the items supplied, such as quantity and unit price, or indicating the supplier's address. In the absence of proper records, the auditors were unable to verify the accuracy of the project expenditures. The auditors therefore found that [REDACTED] failed to abide by its obligations under articles IX and X of the [REDACTED] project agreement to maintain accurate and up-to-date records in connection to expenditures incurred, and, thereby, failed to ensure that all expenses conformed to the provisions of the project plan and budget. Further, [REDACTED] failed to provide [REDACTED] with quarterly reports in a timely manner as per the terms of the project agreement.

(ii) [REDACTED] transparency in procurement procedures was found to be utterly lacking: [REDACTED] failed to adhere to provision 11.1 of its [REDACTED] Terms of Reference, which required both that [REDACTED] obtain three offers from different suppliers for the procurement of all radio station equipment and that all purchases should be supported by original receipts and invoices, and should be duly verified with the [REDACTED].

(iii) inadequacy of the equipment and inappropriateness of the location: The technical audit concluded that neither the location of the radio station nor the equipment in place were suitable for the purposes of implementing the project plan as described in the proposal [REDACTED] had submitted to [REDACTED] on [REDACTED]. In particular, the location chosen for the [REDACTED] radio station was problematic, as it was placed next to other radio stations with more powerful transmission signals, which, in turn, affected its own frequency and broadcasting capacity. Further, whereas in accordance with its terms of reference, [REDACTED] was required to determine the radio station's location in collaboration with and the approval of the [REDACTED]

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[REDACTED], such procedure was never followed by [REDACTED]. In addition, with regard to the radio station's equipment, the auditors found that the transmitter, which was crucial for the successful operation of the radio station, was of a low quality and did not have a serial number.

(iv) registration of [REDACTED] project car: The Toyota Corolla car, registered under the plate number [REDACTED] and chassis number [REDACTED], purchased for US\$6,700 with United Nations funds, was found to be registered in the name of an individual—[REDACTED]—who was unaffiliated with either the radio station or [REDACTED]. In a letter to [REDACTED], dated [REDACTED], [REDACTED] explained that [REDACTED] registration of the car in the name of this individual was a “usual and accepted way of dealing with trading in [REDACTED].” However, [REDACTED] found this justification to be inconsequential, as it was under no circumstances in line with United Nations rules.

(v) supporting documentation for payment of staff salaries: Based on receipts identified by the auditors, the total amount of salaries paid to the employees of the radio station for the months of [REDACTED], and [REDACTED] amounted to US\$3,850. By contrast, the amount that [REDACTED] reported to [REDACTED] to have expended for salaries was US\$11,200. Nevertheless, no explanation or substantiating documentation was provided to the auditors by [REDACTED] to account for this discrepancy. Rather, the Independent Auditors Report noted that the radio station's human resources records were incomplete with regard to employees' names, positions, and contact details. The report found that there were neither terms of reference for radio station staff, nor salary scales, which, combined with the lack of a clear and precise organigram, as well as the lack of employment contracts, rendered suspect the amount reported by [REDACTED] to [REDACTED] to have paid out as staff salaries.

1. Value of the transmitter

92. The Independent Auditors Report's evaluation and comments with regard to the transmitter are of particular importance since this was the single largest component of [REDACTED] project budget. As noted above, [REDACTED] had projected a cost of US\$296,808 for acquiring a high-tech 20 kW transmitter from the United States, in addition to shipping costs, which it estimated as US\$25,000.

93. [REDACTED] financial report of [REDACTED] indicated that the radio station's transmitter package was purchased for US\$125,000, in addition to a shipping cost of US\$18,000—more than US\$150,000 less than the projected amount for the transmitter, as stipulated by [REDACTED] in its project proposal.

94. Although [REDACTED] had submitted an estimate for a 20 kW transmitter in its project proposal to [REDACTED], the Independent Auditors Report indicated that the transmitter ultimately procured by the radio station was only of 1 kW power. At this capacity, the auditors found that the radio station signal was “[v]ery distorted,” as compared with other broadcasting stations in [REDACTED] (see figure set forth below). Indeed, the auditors estimated that a transmitter with a capacity of 10 kW was needed for the radio station

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signal to reach the suburbs of [REDACTED] and a capacity of at least 5 kW was required to reach [REDACTED] alone.

REDACTED**Figure: Independent Auditors Report ([REDACTED])**

95. Further, as set forth in the figure above, the auditors found that the transmitter's origin was local, and that it was, in fact, not imported, as [REDACTED] had indicated in its financial proposal submitted to [REDACTED]. Whereas [REDACTED] had projected in its project proposal a cost of US\$296,808 for acquiring a high-tech 20 kW transmitter from a vendor in the United States, according to the auditors, the cost of procuring a 1 kW transmitting unit, similar to that of the [REDACTED] radio station from a local vendor would not have exceeded US\$25,000.

96. The Independent Auditors Report also indicated that the transmitter was not from an identifiable manufacturer, as it had no serial number, which, according to the auditors, was necessary "in order to give legality to the source and origin of this transmitter."

97. [REDACTED] failed to present to [REDACTED] an invoice for the transmitter. Rather, it provided [REDACTED] with only a price quotation for a 5 kW transmitter from a local vendor, as set forth in the figure below.

REDACTED**Figure: [REDACTED] quotation for the radio station equipment ([REDACTED])**

98. It should be emphasized that the quotation for the radio station equipment, set forth in the figure above, and which [REDACTED] submitted to [REDACTED] in lieu of an invoice, does not constitute proof of an actual purchase. Moreover, this quotation is for a 5 kW transmitter, as compared to the 1 kW transmitter that the auditors found on site at the [REDACTED] radio station, and the 20 kW transmitter that was originally envisaged by [REDACTED] in its project proposal.

99. The Task Force addressed these issues with both [REDACTED] and [REDACTED], and inquired as to (i) the actual capacity of the transmitter procured by [REDACTED]; and (ii) the reason why the transmitter was procured locally in [REDACTED] when [REDACTED]'s project proposal submitted a quotation from a company based in the United States.

100. According to [REDACTED], [REDACTED] did not import the 20 kW transmitter from the United States, as it had indicated in its project proposal to [REDACTED], due to the high cost of shipping such a transmitter from the United States to [REDACTED]. Instead, according to [REDACTED], [REDACTED] acquired three different offers—one from the United States and two from local [REDACTED] vendors—for the provision of a transmitter to the radio station, as required under the terms of its contract with [REDACTED]. From these three offers, [REDACTED] chose the least expensive option, which was a 5 kW transmitter from [REDACTED]. [REDACTED] did not identify the name of this company.

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101. Likewise, according to [REDACTED], [REDACTED] did not purchase the transmitter from the United States due to the high price of this transmitter. [REDACTED] also noted that after having received three offers from different vendors, [REDACTED] initially bought a 2 kW transmitter in [REDACTED] and then a 5 kW transmitter in [REDACTED] from an [REDACTED] national, whom he identified as [REDACTED].

102. In contrast to the statements of [REDACTED] and [REDACTED], who both stated to the Task Force that [REDACTED] received three different bids to provide the transmitter for the radio station, the Independent Auditors Report indicated that [REDACTED] had failed to obtain three offers from different suppliers for the procurement of the transmitter. Specifically, the copy of the quotation for a 5 kW transmitter from the [REDACTED] company was all that [REDACTED] presented to the auditors as documentation pertaining to the acquisition of the transmitter, and there was no evidence of bids from other vendors. In addition, the Independent Auditors Report noted the overall lack of receipts and invoices in connection to the procurement of the radio station equipment.

IX. [REDACTED] IMPROPER TRANSFERS AND USE OF UNITED NATIONS FUNDS

103. In light of the findings of the Independent Auditors Report and the fact that [REDACTED] failed to provide the Task Force with any substantiating evidence to account for [REDACTED] use of United Nations' funds, the Task Force sought to examine the actual use of the US\$350,000 of funds remitted by the United Nations to [REDACTED]. It should be emphasized that [REDACTED] principal, [REDACTED], has expressly conceded that all of the transactions described in this Report were effected using United Nations funds. The results of the Task Force's examination are presented below.

A. ROUTING OF FUNDS

104. In the process of disbursing the US\$350,000 advanced by [REDACTED], [REDACTED], through its principals, [REDACTED] transferred funds to a number of bank accounts to which, [REDACTED] respectively were signatories, including personal accounts, with no apparent or inherent connection to the radio station project. In this regard, [REDACTED] has conceded that the United Nations funds which were awarded to [REDACTED] for the radio station project were routed through a number of personal accounts to which she was a signatory, including a joint account with her husband, [REDACTED] [REDACTED], as well as other accounts to which [REDACTED] and [REDACTED] were signatories.

105. During the various stages of the funds' routing, the following nine bank accounts were primarily utilized:

(i) account no. [REDACTED], registered in the name of [REDACTED], at Citibank, New York ("[REDACTED] Citibank account");

(ii) account no. [REDACTED] registered in the name of [REDACTED] at Key Bank, New York ("[REDACTED] Key Bank account");

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(iii) account no. [REDACTED], registered in the name of [REDACTED] at HSBC, New York (“[REDACTED] HSBC account”);

(iv) [REDACTED] personal account at Charter One Bank, New York (“[REDACTED] Charter One Bank account”);

(v) [REDACTED] personal account at Citizens Bank, New York ([REDACTED] Citizens Bank account”);

(vi) [REDACTED] personal account HSBC, New York ([REDACTED] HSBC account”);

(vii) [REDACTED] personal account at M&T Bank, New York ([REDACTED] M&T Bank account”);

(viii) [REDACTED] account no. [REDACTED], at [REDACTED] Bank, Amman, Jordan ([REDACTED] account”); and

(ix) Bank account no. [REDACTED], registered in the name of [REDACTED], at [REDACTED] Bank, [REDACTED] ([REDACTED] Bank account”).

106. Chart B below demonstrates the flow of the funds that [REDACTED] received from [REDACTED] for the [REDACTED] radio station—from the initial transfer of US\$350,000 of United Nations funds to the [REDACTED] Citibank account in New York and subsequent bank transactions into seven accounts. Chart B does not include some of the transactions discussed in this Report, including cash withdrawals and wire transfers to [REDACTED] private account.

Chart B: Significant [REDACTED] related transactions**REDACTED**

107. As shown in Chart B above, the following transactions occurred between [REDACTED] and [REDACTED]:

(i) On [REDACTED], [REDACTED] withdrew US\$300,000 from the [REDACTED] Citibank account in the form of a US\$200,000 cheque issued in the name of [REDACTED] and two US\$50,000 cheques issued in her own name. [REDACTED] deposited US\$50,000 in her personal HSBC account. On this same day, [REDACTED] withdrew an additional US\$17,959 from the [REDACTED] Citibank account, which she used to open the [REDACTED] Key Bank account.

(ii) On [REDACTED], [REDACTED] deposited the amount of US\$260,000 into the [REDACTED] HSBC account.

(iii) On [REDACTED], [REDACTED] transferred US\$50,000 from her personal HSBC account to the [REDACTED] account in [REDACTED].

(iv) On [REDACTED], [REDACTED] closed the [REDACTED] HSBC account, collecting the balance of US\$260,000.

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- (v) On [REDACTED], [REDACTED] deposited US\$260,000 into the [REDACTED] Key Bank account.
- (vi) On [REDACTED], [REDACTED] wired US\$200,000 from the [REDACTED] Key Bank account to her own personal Charter One Bank account.
- (vii) On [REDACTED], [REDACTED] wired US\$200,000 from her personal Charter One Bank account to the [REDACTED] account in [REDACTED].
- (viii) On [REDACTED], [REDACTED] transferred US\$180,000 from the [REDACTED] account in Jordan to the [REDACTED] Bank account in [REDACTED].
- (ix) On [REDACTED], [REDACTED] wired US\$15,000 from the [REDACTED] Key Bank account to her personal Citizens Bank account.
- (x) On [REDACTED], [REDACTED] wired US\$8,000 from her personal Citizens Bank account to the [REDACTED] account in [REDACTED].
- (xi) On [REDACTED], [REDACTED] transferred US\$3,500 from her personal Citizens Bank account to the [REDACTED] account in [REDACTED].

108. Chart C, set forth below, depicts the chronology of these transactions:

Chart C: Chronology of key transactions

REDACTED

109. [REDACTED] explained the multitude of transactions, as set forth in Chart C above, as, in part, due to the difficulty she had in effecting a single large transfer of funds from the United States to [REDACTED] because of anti-money laundering regulations instituted by United States authorities following the terrorist attacks in the US of 11 September 2001. According to [REDACTED], she attempted numerous times to wire United Nations funds for the radio station project to [REDACTED]. However, Citibank put a hold on these wire transfers and then closed the [REDACTED] account due to the destination of the wire transfer.

110. As [REDACTED] conceded, and bank account records obtained by the Task Force also reflect, she then withdrew funds from the [REDACTED] Citibank account and divided monies into smaller amounts between different bank accounts, including the [REDACTED] HSBC account and the [REDACTED] Key Bank account. Nevertheless, according to [REDACTED], neither HSBC nor Key Bank would transfer funds to [REDACTED] account in [REDACTED]. [REDACTED] claimed that she later deposited United Nations funds into her personal Charter One Bank account in order to transfer a portion of the money to [REDACTED] via an initial transfer to the [REDACTED] account in [REDACTED]. [REDACTED] statements and related transactions are analyzed below.

B. TRANSACTIONS FOR PERSONAL BENEFIT

111. Copies of bank statements, wire transfer instructions, and checks signed by [REDACTED], obtained by the Task Force, indicate that over US\$71,000 out of the US\$350,000 of United Nations funds awarded to [REDACTED] for the radio station project was

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converted for her personal use of [REDACTED], and for the personal benefit of [REDACTED]. This personal use included: (i) repayment of [REDACTED] personal loans; (ii) payment of [REDACTED] tax dues to the American government; (iii) payment of [REDACTED] mortgage; and (iv) payment of [REDACTED] personal credit card bills. [REDACTED] has expressly acknowledged that all of the transactions identified below were made using United Nations funds designated for the Voice of Women radio station project.

1. Cash payments and cheques to [REDACTED]

112. As [REDACTED] conceded, she effected the following transactions for her own personal benefit with United Nations funds intended for the radio station project.

113. On [REDACTED], [REDACTED] made two cash withdrawals in the amount of US\$500 each from the [REDACTED] Citibank account. The Task Force investigation has not identified, and [REDACTED] did not present, any invoices, receipts, or other evidence to confirm that these monies were, in fact, used for the radio station project.

114. On [REDACTED], a cheque for US\$7,362, set forth in the figure below, was issued from [REDACTED] Key Bank account to pay [REDACTED] personal credit card dues with Chase Bank Card Services. [REDACTED] initially explained that the cheque, which was to come out of funds granted to [REDACTED] by [REDACTED], was reimbursement for items she had purchased for the purposes of the radio station project on her personal credit card, as she did not have a credit card for [REDACTED]. Nevertheless, the Task Force obtained information suggesting that this payment did not relate to either [REDACTED] or the radio station, as it covered charges effected by [REDACTED] credit card in [REDACTED] and [REDACTED]—i.e., four months before [REDACTED] was awarded the radio station project and received United Nations funds.

115. Specifically, [REDACTED] credit card statements reflect that two large balance transfer charges were paid by means of the aforementioned cheque for US\$7,362: the first balance, in the amount of US\$3,500, was paid on [REDACTED], and the second, in the amount of US\$4,500, was paid on [REDACTED]. [REDACTED] stated that she could not recall the purpose of these transactions, but conceded that the charges were “unlikely for [REDACTED], probably personal expenses.”

REDACTED

Figure: Key Bank, [REDACTED] account records, cheque no. [REDACTED] ([REDACTED])

116. The Task Force has obtained evidence suggesting that on [REDACTED], [REDACTED] wrote a cheque for the amount of US\$1,500 from the [REDACTED] Key Bank account payable to “cash.” [REDACTED] stated that this cheque “was probably paid using funds granted [to] [REDACTED] by [REDACTED]” for the radio station project. The Task Force investigation has not identified any invoices, receipts, or other relevant evidence to confirm that this expense was, in fact, related to the radio station.

REPORT ON [REDACTED]
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[REDACTED]

117. [REDACTED] proceeded with eleven payments for [REDACTED] personal benefit following communication and coordination with him. As both [REDACTED] and [REDACTED] conceded, these transactions, which are described below, were effected with United Nations funds intended for the radio station project, but instead were diverted for the purpose of [REDACTED] own benefit.

118. On [REDACTED], [REDACTED] transferred US\$20,000 from the [REDACTED] Citibank account by cheque to [REDACTED], a personal friend of [REDACTED], and on [REDACTED], she transferred US\$10,000 by wire from the [REDACTED] Citibank account to [REDACTED], who was also a personal friend of [REDACTED]. Both of these transactions are shown in the figures below.

REDACTED

Figure: Citibank, [REDACTED] account records, cheque no. [REDACTED] ([REDACTED])

REDACTED

Figure: Citibank, [REDACTED] account records, wire transfer request ([REDACTED])

119. Both [REDACTED] and [REDACTED] acknowledged that [REDACTED] had requested that [REDACTED] make the payments of [REDACTED] and [REDACTED] from the [REDACTED] Citibank account, as demonstrated in the figures above, with United Nations funds designated for the radio station project in order to settle [REDACTED] outstanding personal loans to [REDACTED] and [REDACTED]. Neither [REDACTED] nor [REDACTED] presented any claim that these payments were related to the radio station, even though both parties acknowledged that they were well aware that United Nations funds were used in these transactions.

120. On [REDACTED], [REDACTED] signed a cheque from the [REDACTED] Citibank account for the amount of US\$1,300 made out to [REDACTED] with the notation, "reimburse for travel." (See below). [REDACTED] explained that [REDACTED] budget proposal allowed for travel expenses related to the radio station and that [REDACTED], as the radio station's [REDACTED] at the time of the transaction, was entitled to this reimbursement. [REDACTED] was, however, unable to further elaborate as to the specific details of [REDACTED] travel, stating that all receipts pertaining to travel expenses were located at [REDACTED] premises in [REDACTED]. [REDACTED] has not presented any invoices, receipts, or other relevant evidence to demonstrate that this expense was, in fact, related to travel for the purposes of the radio station. [REDACTED] did not offer any explanation for this payment to him. When he was asked as to whether he had a personal credit card to which he charged travel expenses in order to be reimbursed, he responded, "I believe so, not sure."

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REDACTED

Figure: [REDACTED] Citibank account cheque issued by [REDACTED] to [REDACTED]
([REDACTED])

121. On [REDACTED], a cheque was issued by [REDACTED] from the [REDACTED] Key Bank account to [REDACTED] for the amount of US\$709.98 with the notation "payment/reimburse for clocks/website." According to [REDACTED], she had purchased gifts for certain individuals located in [REDACTED], who had been involved with the radio station project, and that this cheque was a reimbursement to [REDACTED] for this expenditure as well as for a payment he had made to a company called [REDACTED], which had been hired to develop a website for [REDACTED]. [REDACTED]'s explanation is logically untenable since she related that [REDACTED] was reimbursed for a purchase which she herself had made. In addition, [REDACTED] did not provide further details as to the names of the individuals who received the gifts, the purpose of the gifts themselves, or the date of the purported payment by [REDACTED] to [REDACTED].

122. [REDACTED] stated that [REDACTED] had ordered and purchased clocks as a "thank you" gesture for the [REDACTED], although he did not specify the reason why he felt such a gesture was necessary. However, in a later statement to the Task Force, in [REDACTED], [REDACTED] said that small gifts were offered by [REDACTED] to [REDACTED] staff member [REDACTED] to thank her, prior to the remittance of funds to [REDACTED] for the radio station project. Evidence identified by the Task Force indicates a receipt, dated [REDACTED], issued by a United States-based vendor, "[REDACTED]" - [REDACTED] to [REDACTED] for the amount of US\$300.38 and an undated order by [REDACTED] to the same vendor for the purchase of five clocks with the handwritten notation: "1) [REDACTED] 2) [REDACTED] 3) [REDACTED] [i.e., the [REDACTED] 4) [REDACTED] [i.e., presumably the [REDACTED] 5) [REDACTED] 6) ? working together is success thanks and appreciation [REDACTED]."

123. On [REDACTED], a wire transfer of US\$1,500 was made from the [REDACTED] Key Bank account to [REDACTED], [REDACTED], as demonstrated by the figure below.

REDACTED

Figure: [REDACTED] Key Bank account wire transfer by [REDACTED] to [REDACTED]
([REDACTED])

124. According to [REDACTED], this transfer of US\$1,500 of UN funds was made at the request of [REDACTED] and designated for the radio station project. The Task Force identified evidence indicating that [REDACTED], had, in fact, requested that transfer funds to her [REDACTED]. In an email communication, [REDACTED] wrote to [REDACTED] "Please find below [REDACTED] bank info. Thank you for your help . . . [REDACTED] HSBC Bank Canada [REDACTED] Branch [REDACTED] transit

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[REDACTED]. . Thank you, I really appreciate your help.” [REDACTED] replied to [REDACTED]: “I will wire the money to her.”

125. [REDACTED] conceded to investigators that she had requested [REDACTED] to send money to her [REDACTED] from New York, allegedly because transferring the money from New York to Canada would take less time than transferring the money from [REDACTED]. [REDACTED] conceded that he had requested that [REDACTED] transfer funds to [REDACTED], [REDACTED], but stated that he had not been aware that [REDACTED] used [REDACTED] money for this transfer, as he had presumed [REDACTED] would use monies from his personal bank account.

126. On [REDACTED], a cheque made out to “Cash” was issued from the [REDACTED] Key Bank account in the amount of US\$3,000 with the notation “Travel [REDACTED].” According to [REDACTED], she cashed the cheque and gave the cash in-person directly to [REDACTED], although she was uncertain as to whether [REDACTED] had submitted a receipt for this “reimbursement”. [REDACTED] stated that he had taken US\$3,000 from [REDACTED] in cash when he travelled to [REDACTED] in connection to business related to the [REDACTED] radio station. The Task Force investigation has not identified any invoices, receipts, or other evidence to confirm that this expense related to travel for the purposes of the radio station project.

127. On [REDACTED], a cheque was issued for US\$9,000 to [REDACTED] from the [REDACTED] Key Bank account with the notation “[REDACTED] Radio”—presumably, the [REDACTED] radio station project. [REDACTED] indicated that [REDACTED] requested that these funds were either to be used for the radio station’s expenses or to pay the salaries of the station’s staff; however, she failed to present any invoices, receipts, or other relevant evidence to corroborate her explanation or the use of the funds for these purposes.

128. On [REDACTED], a cheque was issued from the [REDACTED] Key Bank account for US\$7,219 to [REDACTED], as demonstrated by the figure set forth below. [REDACTED] conceded that although the notation on this cheque is “[REDACTED] Radio,” the real purpose of the cheque was to pay for [REDACTED] property taxes, which he owed to the state of New York, and which were obviously not related in any way to the radio station project. According to [REDACTED] and [REDACTED], they were both well aware that United Nations funds were being used for this purpose.

REDACTED

Figure: Key Bank, [REDACTED] account cheque issued by [REDACTED] to [REDACTED]

129. On [REDACTED], a cheque was issued by [REDACTED] for US\$5,600 from the [REDACTED] Key Bank account to [REDACTED] with the notation of “[REDACTED].” [REDACTED] explained that this cheque was deposited into [REDACTED] personal M&T Bank account in New York as payment of his salary for the first quarter of 2005, when he was acting as the radio station’s [REDACTED], despite having initially asserted that the founders of [REDACTED] in the United States had not received a salary for services provided to the radio

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station. By contrast, [REDACTED] stated that [REDACTED] used the [REDACTED] salary, included in [REDACTED] financial proposal submitted to [REDACTED], in order to pay for expenses related to the radio station, although he did not specify what these expenses were.

130. On [REDACTED], US\$10,000 was wired by [REDACTED] from the [REDACTED] Key Bank account to [REDACTED] personal account at M&T Bank. Both [REDACTED] and [REDACTED] conceded that the purpose of this payment was wholly unrelated to the radio station project, as it was to enable [REDACTED] to settle a personal loan with a friend, [REDACTED].

131. On [REDACTED], [REDACTED] wired US\$4,200 from her personal Citizens Bank account to [REDACTED] personal M&T bank account. [REDACTED] first explained that she used [REDACTED] personal M&T bank account as a method of routing United Nations funds to [REDACTED] for the radio station project, but then retracted her statement when shown [REDACTED] M&T bank account records, saying that [REDACTED] used US\$4,200 of United Nations funds for the payment of his mortgage and his personal expenses. Likewise, although [REDACTED] initially also stated that [REDACTED] used his personal bank account to route United Nations funds to [REDACTED] for the radio station project, upon being shown his M&T bank account record, he conceded that he had used US\$4,200 of the United Nations funds remitted to [REDACTED] to make a payment towards his personal bills and loans.

132. In short, [REDACTED] transferred and diverted to [REDACTED], either directly or indirectly, more than US\$72,529 of United Nations funds designated to be used for the radio station project. Chart D, set forth below, summarizes these transactions made on behalf of and directly to [REDACTED]. These transfers constitute unlawful conversion of United Nations funds and assets.

Chart D: [REDACTED] and [REDACTED] payments directly to, or on behalf of, [REDACTED]

REDACTED

3. Additional diversion of United Nations funds originally intended for the [REDACTED] radio station

133. The Task Force investigation has identified a number of additional unauthorized payments made by [REDACTED] to third parties with the United Nations funds advanced to [REDACTED] to be used for the radio station project. It should be emphasized that [REDACTED] was unable to provide, and the Task Force investigation did not identify, any evidence to confirm that the following payments were in any way connected to the radio station project.

134. Chart E below illustrates the flow of these payments from [REDACTED] and [REDACTED] accounts in [REDACTED]—as well [REDACTED] private [REDACTED]

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account, to which she transferred UN monies—to private individuals or companies not associated with the [REDACTED] radio station.

Chart E: [REDACTED] payments to companies not connected to the radio station project

REDACTED

135. The payments described in Chart E above total US\$8,562 and represent unlawful conversions of United Nations funds. The details of these payments are as follows:

(i) Two cheques in the amounts of US\$900 and US\$708 were paid by [REDACTED] to a travel agency called “[REDACTED]” from the [REDACTED] and [REDACTED] accounts on [REDACTED] and [REDACTED], respectively. The Task Force has not identified, and [REDACTED] did not provide, any evidence that these payments were related to the [REDACTED] radio station project.

(ii) On [REDACTED], [REDACTED] issued a cheque for US\$546 from the [REDACTED] account to [REDACTED] store for the purchase of a digital camera. The Task Force has not identified, and [REDACTED] did not provide, any evidence that this purchase was related to the [REDACTED] radio station project.

(iii) An amount of US\$450 was paid from the [REDACTED] account to [REDACTED] by cheque on [REDACTED]. [REDACTED] was a company which had been hired to develop a website for [REDACTED]. The Task Force investigation identified a receipt, dated [REDACTED], issued by a [REDACTED]-based company, [REDACTED] to [REDACTED] for the amount of US\$450 for the purpose of “web development,” as well as a contract between [REDACTED] and [REDACTED], also dated [REDACTED]. As detailed in the contract, the [REDACTED] radio station was only one of the fifteen items required by [REDACTED] for which [REDACTED] was to design a website. The Task Force has not identified, and [REDACTED] did not provide, any evidence that this payment was related to the [REDACTED] radio station project.

(iv) A cheque for US\$2,000 was issued on [REDACTED] by [REDACTED] from the [REDACTED] account payable to “[REDACTED] with the notation “advertising.” [REDACTED] explained that [REDACTED] is a representative of an organization called “[REDACTED]” which was working on a joint venture with [REDACTED]. According to [REDACTED], although the cheque’s notation was “advertising,” these funds were to be used for advertising costs related to [REDACTED] joint venture with [REDACTED]. [REDACTED] did not offer any further explanation as to whether this joint venture was, in fact, related to the [REDACTED] radio station. [REDACTED] stated, however, that [REDACTED] work with [REDACTED] was not ultimately fruitful, and, although she was unable to recall exactly what happened thereafter, she explained that either [REDACTED] returned these funds to [REDACTED], or they were used for advertising costs in connection to [REDACTED] business in [REDACTED]—i.e., for a purpose entirely unrelated to the [REDACTED] radio station project.

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(v) On [REDACTED], [REDACTED] transferred US\$625 from her personal [REDACTED] account to a store called "[REDACTED]." The Task Force has not identified the purpose of this payment or any evidence that it was related to the [REDACTED] radio station project. [REDACTED] did not provide any explanations, receipts, or invoices related to this transfer.

(vi) The amount of US\$333 was paid by cheque from [REDACTED] account to "[REDACTED]" store on [REDACTED]. Again, [REDACTED] has failed to present any evidence demonstrating that this transaction was related to the radio station project.

(vii) A cheque for US\$3,000 was issued by [REDACTED] from the [REDACTED] account to [REDACTED], a public relations firm in [REDACTED], on [REDACTED]. Evidence was identified that the payment was related to a twelve-month contract between [REDACTED] and [REDACTED] for the purposes of a strategic communications plan, including message development, media, and message training, as well as national and local media outreach. [REDACTED] is a firm based in the [REDACTED] with no evident business in [REDACTED]. Indeed, there is no evidence that this expenditure was in any way linked to the radio station project. Additionally, further evidence gathered includes an invoice, dated [REDACTED], issued by [REDACTED], for the amount of US\$2,500, as compared to the US\$3,000 as per the aforementioned [REDACTED] cheque.

136. In total, [REDACTED] and [REDACTED], with the assistance of [REDACTED], misappropriated at least US\$90,954.

137. An examination of the above transactions indicates that the entire balance of the radio station project's finances were tainted and misused immediately from the point when [REDACTED] gained full control of the funds, and initiated authorization of expenditures and transfers of funds which had no connection with the radio station project. A myriad of separate transactions were effectuated [REDACTED] own personal benefit or that of [REDACTED], or for [REDACTED] operational costs, and not the intended purpose—the radio station project in [REDACTED]. The uses of the funds in this manner constitutes a misappropriation of public monies, namely United Nations funds, and the unlawful conversion of monies to [REDACTED] and [REDACTED] own use and benefit.

138. [REDACTED] explained that all of her aforementioned actions were intended to help the [REDACTED] cause and were based on the belief that [REDACTED] "would do the right thing."

139. When asked whether United Nations funds provided to [REDACTED] were used to pay for his personal bills and loans, [REDACTED] responded: "Even if I did I didn't care." [REDACTED] explained that he had asked [REDACTED] to assist him because he "was behind on bills," and that [REDACTED] did him a favour by routing United Nations funds to his accounts. [REDACTED] added: "I did it to pay back my bills. Whatever was available then I used it to pay for my loans and bills. . . . I didn't care where the money was from."

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X. [REDACTED] ACCOUNT

A. CREATION OF AND TRANSFERS TO THE [REDACTED] ACCOUNT

140. Of the total US\$350,000 of United Nations funds that [REDACTED] advanced to [REDACTED], approximately US\$261,500 was routed to the [REDACTED] account in [REDACTED]. Of that amount, only US\$180,000 ultimately made it to [REDACTED] in [REDACTED]. [REDACTED] was instrumentally involved in the transfer of these funds from [REDACTED] to [REDACTED], and the management of these funds in the [REDACTED] account, to which she and her brother were signatories. At least US\$81,500 remains unaccounted for, and no confirmation has been provided that these monies were used for the benefit of the radio station project.

141. According to [REDACTED] statements to the Task Force, the [REDACTED] account was used as an intermediary account to facilitate the transfer of United Nations funds designated for the radio station project from [REDACTED] to [REDACTED]. [REDACTED] explained that the decision to use the [REDACTED] account as an intermediary in this way was based upon the fact that transferring funds from the [REDACTED] account in [REDACTED] directly to [REDACTED] was impossible at that time due to banking restrictions in connection to the dangerous and unstable situation in [REDACTED] throughout [REDACTED].

142. In particular, [REDACTED] stated that [REDACTED] attempted to remit funds from [REDACTED] directly to a bank account in [REDACTED] immediately after the radio station project was approved by [REDACTED] in [REDACTED]. However, according to [REDACTED], at this time, the banking system in [REDACTED] was paralyzed and not functioning properly because [REDACTED]. According to [REDACTED], none of the banks in the [REDACTED] from which she purportedly tried to wire funds to [REDACTED]—namely, [REDACTED]—would complete her request to wire money to [REDACTED].

143. [REDACTED] stated to the Task Force that in [REDACTED], there were, however, a small number of banks that were in operation and conducting business with banks in [REDACTED] and [REDACTED]. Therefore, according to [REDACTED], remitting funds from either [REDACTED] or [REDACTED] to [REDACTED] was possible despite the unstable situation in [REDACTED] at the end of the calendar year [REDACTED] and into the calendar year [REDACTED]. However, according to [REDACTED], opening a [REDACTED] bank account in the name of [REDACTED] would have involved a lengthy procedure between two and four months in accordance with anti-terrorist legislation enforced in the United States after the events of 11 September 2001. Although she did not specify to what legislation she was referring, [REDACTED] noted that due to this legislation, for [REDACTED] to have opened an account in [REDACTED] substantial verification and scrutiny of the account would have been required by government authorities both in the [REDACTED] and [REDACTED].

144. When asked for additional details as to what would have been required for this process, [REDACTED] stated that [REDACTED] would have had to go through the [REDACTED] and the [REDACTED], as well as the [REDACTED]. Thus, according to [REDACTED], when [REDACTED] asked that she assist [REDACTED] with transferring United Nations funds designated for the radio

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station to [REDACTED], she suggested to [REDACTED] and [REDACTED] that [REDACTED] use the [REDACTED]—her [REDACTED]'s company—account in [REDACTED] to which she became a signatory, in order to transfer funds to the radio station's bank account in [REDACTED] in an expeditious manner. According to [REDACTED], her sole motivation in suggesting this plan was to facilitate the transfer of funds from [REDACTED] [REDACTED] bank account to the radio station project in [REDACTED].

145. According to [REDACTED] statement to the Task Force, "no bank in [REDACTED] would send money to [REDACTED] because of the situation there. . . . [REDACTED] was not a secure system." [REDACTED] also stated that he asked [REDACTED] assistance so as to overcome this obstacle. In response, [REDACTED] of [REDACTED] [REDACTED], instructed him to open a bank account in [REDACTED] under [REDACTED] name. [REDACTED] acknowledged that, instead, he opened a bank account in his own name in [REDACTED].

146. [REDACTED] has provided the Task Force with documentation, including bank vouchers, pertaining to the [REDACTED] account. As will be detailed below, these documents show that from the [REDACTED] account there were a series of cash withdrawals and non-cash transactions, such as international wire transfers and transfers between different accounts at the same bank, the [REDACTED] in [REDACTED], [REDACTED]. As [REDACTED] has acknowledged, at the time that transfers of United Nations funds were effected from [REDACTED] account in [REDACTED] to the [REDACTED] account in [REDACTED], she added her name to the [REDACTED] account with the approval of her [REDACTED], [REDACTED], the primary holder of this account.

147. Records reflect that [REDACTED] successfully transferred to the [REDACTED] account approximately US\$261,500 of the funds provided by the United Nations to [REDACTED] for the radio station project. [REDACTED] instructed [REDACTED] to transfer these funds to the [REDACTED] bank account without having sought authorization or otherwise informed the United Nations of this arrangement.

148. As reflected in an email communication sent to [REDACTED] in [REDACTED], [REDACTED] explained that it would be more time efficient and administratively easier for United Nations funds designated for the radio station project to be transferred to an account controlled by her and her [REDACTED], rather than for [REDACTED] to have opened a separate account in [REDACTED]. Although [REDACTED] referenced existing banking regulations in [REDACTED] as creating administrative barriers to [REDACTED] establishment of a bank account there, she did not cite to any particular regulation in this communication.

149. As demonstrated in an email communication sent between the last week of [REDACTED] and the first week of [REDACTED] (shown in the figure below), [REDACTED] provided [REDACTED] with detailed information pertaining to the [REDACTED] account in [REDACTED].

REDACTED

Figure: [REDACTED] email to [REDACTED] (undated)

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150. [REDACTED] initial attempts to remit funds to the [REDACTED] account were unsuccessful. Specifically, in an email, dated [REDACTED], set forth below, [REDACTED] informed [REDACTED], “[The money] had been held up in the bank’s security department . . . the bank was questioning the company . . . in [REDACTED] and the dollar amount.”

[REDACTED]

Figure: [REDACTED] email to [REDACTED] ([REDACTED])

151. However, [REDACTED] was subsequently able to make four separate wire transfers, totalling US\$261,500, of United Nations funds from [REDACTED] account in [REDACTED] to the [REDACTED] account in [REDACTED]. The transfers were made on [REDACTED], [REDACTED], [REDACTED], and [REDACTED]. The following is a copy of the [REDACTED] bank account statement for the year [REDACTED] in [REDACTED], and the corresponding translation.

[REDACTED]

Figure: [REDACTED], [REDACTED] account records [REDACTED]

[REDACTED]

Figure: [REDACTED] account statement [REDACTED]

152. Chart F below shows the major remittances to and from the [REDACTED] account. As noted above, of the US\$350,000 that [REDACTED] advanced to [REDACTED] in [REDACTED] in [REDACTED], a total of US\$261,500 was remitted to the [REDACTED] account in [REDACTED], in four separate instalments of US\$50,000, US\$200,000, US\$8,000, and US\$3,500 over a period of [REDACTED]. Bank records reflect that only US\$180,000 of the US\$261,500 from the [REDACTED] account reached [REDACTED] account in [REDACTED] with [REDACTED] Bank.

Chart F: Major transactions in the [REDACTED] account

[REDACTED]

153. Apart from US\$180,000, which reached [REDACTED] in [REDACTED] it is not evident from records obtained in connection to the [REDACTED] bank account itself what happened to the remainder of the US\$261,500 which was transferred to this account—i.e., US\$81,500, intended for the [REDACTED] radio station project. Indeed, there is no evidence of a wire transfer or cheque to any merchant, vendor, or contractor that pertains to the

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provision of goods or services to the radio station and neither, [REDACTED], [REDACTED] or [REDACTED] has provided any confirmation that the funds were properly used for the radio station project. Rather, the only explanation for the use of these funds is that provided by [REDACTED], and which will be detailed below. However, it should be noted that [REDACTED] has failed to produce receipts or any other documentation or witness to corroborate her explanations.

154. When asked as to whether the United Nations had been duly informed of this arrangement to transfer United Nations funds through the [REDACTED] account, [REDACTED] replied that she had not informed the Organization. Instead, [REDACTED] stated to the Task Force: “[I]t was not a straightforward way but a way to bring the money [i.e., to [REDACTED]].” Further, she stated that she had facilitated the routing of United Nations funds through the [REDACTED] account in her “personal capacity, not as a [REDACTED] employee.” She continued, “This . . . was between [REDACTED] and [REDACTED]. The UN dealt with [REDACTED]. [REDACTED] dealt with [REDACTED]. The UN has nothing to do [with this arrangement] because the UN did not send any money or did not receive any money from the [REDACTED].”

155. When asked whether [REDACTED] supervisors or any other United Nations staff member at [REDACTED] were aware of the arrangement to route funds from [REDACTED] to [REDACTED] via the [REDACTED] account, [REDACTED] replied that she had discussed the idea for this arrangement with [REDACTED] in [REDACTED]. According to [REDACTED] [REDACTED] had informed her and [REDACTED] that the use of a personal bank account was not permitted for the purposes of transferring United Nations funds and that only the use of a corporate account was allowed. According to [REDACTED], she did not inform her supervisor and [REDACTED] about this discussion.

B. TRANSFERS AND WITHDRAWALS FROM THE [REDACTED] ACCOUNT

156. The investigation has revealed that in the period [REDACTED] ([REDACTED]), there were bank transfers from the [REDACTED] account, totalling US\$259,801. This included a total of US\$46,500 withdrawn in cash by [REDACTED] over a period of [REDACTED], from [REDACTED] to [REDACTED]. [REDACTED] and her [REDACTED] were signatories to the [REDACTED] account.

157. Chart G below illustrates [REDACTED] incoming and outgoing transfers.

Chart G: [REDACTED] account [REDACTED]

REDACTED

158. [REDACTED]-related transactions in Chart G above, as well as [REDACTED] explanations, are discussed in detail and analyzed in Section XI below.

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XI. [REDACTED] EXPLANATIONS FOR THE USE OF THE UN FUNDS

A. [REDACTED] INITIAL EXPLANATIONS OF [REDACTED]-RELATED TRANSACTIONS

159. When [REDACTED] was asked on separate occasions by the Task Force to explain the transfer of United Nations funds to the [REDACTED] account, she provided the Task Force with *four different and distinct versions* of the uses to which these monies were put. Her versions shifted as investigators recovered more evidence and presented this information to her. With respect to these four accounts, [REDACTED] claimed a lapse of memory as a justification for the differences between her explanations. [REDACTED] explanations are discussed below.

1. Explanation provided on 13 December 2007

160. In her [REDACTED] interview with the Task Force, [REDACTED] stated that US\$250,000 was transferred from [REDACTED] bank account in [REDACTED] to the [REDACTED] account, to which she and her [REDACTED], were both signatories. She did not specify the date of this transfer. In turn, [REDACTED] stated that she then transferred the full amount to [REDACTED] personal account in [REDACTED]. In addition, [REDACTED] indicated to the Task Force that her [REDACTED] had no knowledge of or role in the radio station project, and that her [REDACTED] involvement was only to the extent that he was the owner of the company whose bank account was used to facilitate the transaction.

161. On [REDACTED], [REDACTED] informed the Task Force that her statement of [REDACTED] was false. Specifically, investigators asked [REDACTED], "In the interview with you on [REDACTED] in [REDACTED], you stated that you received \$250,000 from [REDACTED] into the [REDACTED] account in [REDACTED] . . . You also stated that you transferred the whole amount to [REDACTED] account in the same bank in probably less than a week . . . You agree with that?" [REDACTED] replied, "Yes, I did say that." The Task Force then asked [REDACTED]: "So, the previous version that we just went over [is] not correct?" to which [REDACTED] responded that, indeed, her statement of [REDACTED] was "not correct."

162. [REDACTED] offered conflicting explanations as to why she had made this false statement. During her [REDACTED] interview, at one point she explained that she instinctively provided misinformation to the Task Force out of fear based on her past "traumatizing experience with investigators" of [REDACTED], and that she "acted without thinking, trying to protect her [REDACTED]" Immediately thereafter, however, when asked by investigators to confirm that her previous explanation of [REDACTED] was false, [REDACTED] stated: "Yes. But it was not my intention, I did not really [think] about it as . . . false. The whole thing [i.e., the radio station project] happened like [REDACTED] ago and my connection with [REDACTED] and even with the radio

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station by that time was less. And when [the Task Force] asked me about the money, honestly, what I had in mind, all the money that came in [i.e., in the [REDACTED] account] was sent to [REDACTED] . . . this is what I believed. It's not that I knew . . . another version and I wanted to conceal [it]."

2. Explanation provided on [REDACTED]

163. In an email communication to the Task Force, dated [REDACTED], set forth below, [REDACTED] took the position that she was not involved in the transfer of UN money at all. She wrote that "[I] was not involved in the US\$250,000 transfer" from [REDACTED] bank account in [REDACTED] to the [REDACTED] account in [REDACTED]. She attached a bank statement to this communication as evidence that no transaction had transpired in the [REDACTED] account in [REDACTED]—which, according to [REDACTED], was when [REDACTED] had transferred United Nations funds designated for the radio station project from its bank account in [REDACTED] to [REDACTED], and, later, [REDACTED]

REDACTED

Figure: [REDACTED] email to the Task Force ([REDACTED]) (containing an attached copy of the [REDACTED] account records for [REDACTED])

164. Below is the [REDACTED] account record for [REDACTED], attached to [REDACTED] email of [REDACTED]:

REDACTED

Figure: [REDACTED] account records [REDACTED]

165. On [REDACTED], [REDACTED] indicated to the Task Force that her statement of [REDACTED], as set forth in the figure above, was false. Specifically, the Task Force asked [REDACTED]: "[REDACTED] you sent . . . [an] email . . . to [the Task Force] [a]nd [a] bank statement from the [REDACTED] account [which] you said shows clearly that no transactions transpired through this account during this timeframe [a]nd you also stated that [you were] not involved in the US\$250,000 transfer in question. Is that correct?" [REDACTED] responded, "That's correct." The Task Force then asked [REDACTED]: "So, the previous version that we just went over [is] not correct?," to which [REDACTED] responded that, indeed, her statement of [REDACTED] was "not correct." [REDACTED] explained that she had given this statement, which she now acknowledged was false, based on information that [REDACTED] had given her in [REDACTED].

3. Explanation provided on [REDACTED]

166. On [REDACTED], [REDACTED], conceded that she was fully involved in the money transfers, and was a signatory on the [REDACTED] bank account to which the funds were deposited. [REDACTED] sent the Task Force the [REDACTED] [REDACTED] account records for

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the period of [REDACTED] as attachments to an email communication. In this communication, set forth in the figure below, she wrote that the bank statement, which she sent as an attachment, showed that the total amount of money entering the account was US\$309,038. In addition, [REDACTED] wrote that the [REDACTED] account “was strictly used for [REDACTED] money” and that “none of the transferred money went into the [REDACTED] company financial operation at all.”

[REDACTED]

Figure: [REDACTED] email to the Task Force ([REDACTED])

167. The figure below shows [REDACTED] account records for the period of [REDACTED], attached to [REDACTED] email to the Task Force.

[REDACTED]

Figure: [REDACTED], [REDACTED] account records ([REDACTED])

168. The bank statement, set forth above, which [REDACTED] provided to the Task Force, included the following hand-written note at the bottom reflected in red ink above: “Total amount entered to the [REDACTED] account from [REDACTED] = \$309,038. Total cash withdrawn from account = \$46,500. \$32,000 paid in [REDACTED] for radio building rent for two years (receipt with [REDACTED]). \$14,500 cash sent to [REDACTED] via friends (by hand) [signed list at [REDACTED]]. \$262,538 was transferred to the radio bank account in [REDACTED].”

169. However, the amounts given in the [REDACTED] bank statement provided by [REDACTED] conflict with those indicated in the hand-written note. Specifically, the bank statement belies the claim that the amount of US\$262,538 was transferred to the radio station account in [REDACTED], as the [REDACTED] account statement only has two outgoing wire transfers with the notation “transfer out”—the first, for US\$180,000, and the second, for US\$1,522. Moreover, the records from [REDACTED] bank account in [REDACTED] Bank indicate only one incoming transfer of US\$180,000 from [REDACTED]. Thus, in light of bank records, the assertion that US\$309,038 was transferred from the [REDACTED] bank account to [REDACTED] Bank account is implausible, and contradicted by the evidence.

170. On [REDACTED], [REDACTED] conceded to the Task Force that her written submission of [REDACTED] was false. Specifically, the Task Force asked [REDACTED]: “On [REDACTED] you sent another email and another statement [i.e., from the [REDACTED] account] [and] you state . . . that the total amount of money entering the account was \$309,038 and . . . that the account was used solely for [REDACTED] and no transactions dealt with the [REDACTED] affairs and all [US\$]309,000 was sent directly to [REDACTED] . . . Is that correct?” [REDACTED] said: “That is very correct.” The Task Force then asked [REDACTED]: “So, the previous version that we just went over [is] not correct?” to which [REDACTED] responded that, indeed, her statement of [REDACTED] was “not correct.” In fact, [REDACTED] conceded to the Task Force that she had arrived at the figure of US\$309,038, which she had represented as the total amount transferred from the [REDACTED] account to [REDACTED]

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[REDACTED] Bank account, by simply adding all the sums on the credit side in the bank statement. However, as she explained, after consulting with her [REDACTED], her [REDACTED], and her [REDACTED], she realized that her calculations were incorrect.

B. [REDACTED] LAST VERSION OF EVENTS

171. In contrast to her prior statements to the Task Force, in subsequent written communications, dated [REDACTED] and [REDACTED], [REDACTED] indicated that she had received US\$286,500 into the [REDACTED] account from [REDACTED] bank account and that these funds were in turn disbursed in the following manner. Below are [REDACTED] explanations as to the nature, dates, and amounts of payments:

(i) *Cash withdrawals:*

- a. US\$46,500 was withdrawn in cash by [REDACTED] and handed in-person to [REDACTED] on four separate occasions—namely, US\$16,000 withdrawn on [REDACTED]; US\$10,000 withdrawn on [REDACTED]; US\$20, [REDACTED] August 2005. On each occasion, the cash was handed to [REDACTED].

(ii) *Wire transfers:*

- a. US\$20,000 was wired on [REDACTED] to [REDACTED] bank account at [REDACTED] Bank in [REDACTED].
- b. US\$180,000 was wired on [REDACTED] to [REDACTED] account at [REDACTED] Bank in [REDACTED].
- c. US\$20,000 was transferred on [REDACTED] to [REDACTED] personal bank account at [REDACTED] Bank in [REDACTED].
- d. US\$11,866 was transferred on [REDACTED] to [REDACTED] personal bank account at [REDACTED] Bank in [REDACTED].
- e. US\$1,522 was wired on [REDACTED] to the personal bank account of [REDACTED], in [REDACTED].
- f. US\$6,433 was transferred on [REDACTED] to [REDACTED] bank account at [REDACTED] Bank in [REDACTED].
- g. US\$9,980 was transferred on [REDACTED] to [REDACTED] bank account at [REDACTED] Bank in [REDACTED].
- h. US\$10,000 (in two transfers of US\$5,000 each) was transferred on [REDACTED] to [REDACTED] bank account at [REDACTED] Bank in [REDACTED].

172. [REDACTED] provided copies of bank vouchers to support some of the aforementioned transactions in the [REDACTED] account—specifically, the wire transfer of US\$180,000 to [REDACTED] account at [REDACTED] Bank on [REDACTED], and the US\$20,000 transfer to [REDACTED] personal bank account at [REDACTED] Bank in [REDACTED], also on [REDACTED].

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[REDACTED]. With regard to the cash withdrawals, totalling US\$46,500, to which [REDACTED] referred in her [REDACTED] email communication, [REDACTED] did not provide any receipts, invoices, or any other evidence to support her explanations. With regard to the remaining five transactions to which [REDACTED] referred in her [REDACTED] and [REDACTED] communications with the Task Force, which related to the transfer of funds to her own personal bank account, as well as that of her [REDACTED], [REDACTED] presented documentation in the form of two letters from [REDACTED] to [REDACTED], dated [REDACTED] and [REDACTED] respectively, describing what was, according to [REDACTED], a loan arrangement between these two entities.

173. The Task Force examined [REDACTED] explanations with regard to each of the payments identified above, including cash withdrawals as well as wire transfers.

1. Cash withdrawals

174. First, with respect to [REDACTED] [REDACTED] claims concerning the cash withdrawals of US\$46,500 in four separate transactions of US\$16,000, US\$10,000, US\$20,000, and US\$500, there is no other evidence corroborating that the funds were used for the radio station.

175. According to [REDACTED], each one of the aforementioned four occasions that she made cash withdrawals from the [REDACTED] account—namely, US\$16,000 withdrawn on [REDACTED], US\$10,000 withdrawn on [REDACTED], US\$20,000 withdrawn on [REDACTED] and US\$500 withdrawn on [REDACTED]—was at either [REDACTED] or [REDACTED] request, who in all four instances asked that [REDACTED] proceed with these cash withdrawals on behalf of [REDACTED]. Although [REDACTED] mentioned that these requests were made either by phone or in writing by email, she did not, however, provide any documentary evidence of such requests.

176. When questioned by Task Force investigators as to the purpose of each of these withdrawals, [REDACTED] stated that she had not queried [REDACTED] as to the exact purpose of the cash withdrawals or the amount selected, and she had not sought documentation or receipts for these transactions as she trusted that [REDACTED] would account in due time for all expenses incurred by means of [REDACTED] financial reports to [REDACTED]. She stated that she believed the monies she had withdrawn and provided in cash to [REDACTED] would be used for expenses pertaining to the radio station which were incurred in [REDACTED], but she was unable to specify the exact nature of these expenses. [REDACTED] stated that on each of the four occasions that she withdrew monies from the [REDACTED] account, which she later handed to [REDACTED]—that is, on [REDACTED], [REDACTED], [REDACTED], and [REDACTED]—she went in person to the bank together with [REDACTED] and handed the cash over to him in the presence of the [REDACTED].

177. [REDACTED] stated to the Task Force that she had only questioned one of the cash withdrawals from the [REDACTED] account; although she could not specifically remember which withdrawal it was, she stated that [REDACTED] response to her was that the cash was intended for paying the radio station building's rent, which was in the amount of US\$32,000. [REDACTED], explained that she had raised questions with regard to this

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amount, because she thought that the amount of US\$32,000 was substantial and, therefore, she wanted to know details of the payment that was to be effected. According to [REDACTED], the objective of this amount was to pay for the rent of the apartments housing the radio station in [REDACTED]. Although she stated that the rent was paid in advance for a period of two years and amounted to US\$32,000, [REDACTED] did not provide the Task Force with any documentation relating either to the lease agreement in question or to the actual payment of the rent. Moreover, as will be discussed below, the Task Force investigation shows, and bank account records reflect, that there never was such a withdrawal in the amount of US\$32,000.

178. When asked what documentary evidence she had to support these cash withdrawals, [REDACTED] stated that although she had taken receipts from [REDACTED] for the cash delivered to him, she was not able to provide them to investigators, as she could not recall where they were located. When asked whether these receipts were filed with [REDACTED], [REDACTED] replied, "No, no, this is like more or less a personal thing." Asked where the receipts were, [REDACTED] stated, "Honestly, I couldn't find them. I put them somewhere in papers. I mean at the time it was a matter of trust. He [REDACTED] gave me the receipts and I never thought that a case would [a]rise out of this [because] that was something between the organization [REDACTED] and the company [REDACTED]. And I was just . . . trying to help."

179. According to [REDACTED], the concept of trust and reliance upon the word of known individuals is routine in daily commercial transactions in that region of the world, namely [REDACTED]. [REDACTED] further stated to the Task Force that the rationale for many of the transactions effected in the [REDACTED] account with United Nations funds—including, but not limited to, the cash withdrawals, for which she was not able to present credible or any records at all—was the fact that she was acting in good faith, relying upon this local concept of trust.

180. Without documentation of these transfers, the Task Force has no evidence either that [REDACTED] transferred funds to [REDACTED], or as to whether any of these funds withdrawn by [REDACTED] were applied towards the radio station's expenses.

181. Moreover, investigators obtained a copy of the radio station building lease from [REDACTED] and noted the following points:

- (i) the lease is dated and signed [REDACTED];
- (ii) the lease term runs from [REDACTED] to [REDACTED];
- (iii) the lease stipulates that "[t]he rent, in the amount of US\$32,000 for a two year term, shall be paid in cash *by means of a cheque* made out to the lessor;" and
- (iv) the lease states "done in [REDACTED] on [REDACTED]."

182. These facts conflict with [REDACTED] statement in terms of the following;

- (i) the lease was dated [REDACTED] and signed in [REDACTED], as compared to [REDACTED] statement that [REDACTED] made the payment in [REDACTED]; and

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(ii) the lease clearly defined that the payment be made by cheque, whereas [REDACTED] asserted that the rent payment was made in cash.

183. In fact, whereas [REDACTED] stated to the Task Force that she had questioned the purpose of one withdrawal, purportedly one related to the payment of the radio station's rent, which was in the amount of US\$32,000, bank records indicate that there was no single cash withdrawal of US\$32,000. Rather, according to bank records, the amounts withdrawn were: US\$16,000 on [REDACTED], US\$10,000 on [REDACTED], US\$20,000 on [REDACTED], and US\$500 on [REDACTED]. Thus, for an amount of US\$32,000 to have been collected by [REDACTED] from [REDACTED] in order for him to pay the rent, he would have had to wait for [REDACTED] to make three sequential withdrawals over a period of [REDACTED] (from [REDACTED] to [REDACTED]) in order for the cumulative amount to reach US\$32,000. This also defies common sense and logic. There was no impediment for the account holders to make the full withdrawal in the amount of US\$32,000—as the funds were available in the account.

184. This would imply that [REDACTED], after having collected funds from [REDACTED] on [REDACTED] and on [REDACTED], had to wait until [REDACTED], when [REDACTED] withdrew US\$20,000, in order to pay the rent. However, as noted above, the lease agreement indicates that it was executed on [REDACTED].

185. Thus, [REDACTED] explanation is logically untenable; as such, she has failed to disconfirm the inference of misconduct created by the existence of *prima facie* evidence that she converted United Nations funds to her own and third party use.

2. Wire transfers unrelated to [REDACTED] loan to [REDACTED]

186. The following discussion addresses [REDACTED] explanations of the wire transfers of US\$20,000 to [REDACTED] account at [REDACTED] Bank; US\$180,000 to [REDACTED] account at [REDACTED] Bank; and US\$20,000 to [REDACTED] personal bank account at [REDACTED] Bank.

187. According to [REDACTED], the first transfer of US\$20,000 from the [REDACTED] account to an additional bank account associated with her [REDACTED] company was in error due to a mistake made by her [REDACTED], whose identity she did not divulge. She linked this entry to a credit entry in the [REDACTED] account record for the same amount, dated [REDACTED], explaining that the credit was to reverse the [REDACTED] error. Apart from pointing to the credit entry in the [REDACTED] bank statement, [REDACTED] did not provide investigators with any additional evidence or documentation concerning the explanation she offered for this transaction. [REDACTED] also failed to provide the Task Force with any evidence to demonstrate that her [REDACTED] was authorized to make transfers from the [REDACTED] account, and there is no proof that the [REDACTED] did in fact make such a transfer request.

188. With regard to the second transfer of US\$180,000, bank account records reflect, and [REDACTED] has confirmed, that \$180,000 was wired from the [REDACTED] account to [REDACTED] account in [REDACTED]. Nevertheless, both [REDACTED] and [REDACTED] have failed to provide

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adequate documentation to demonstrate that these funds were used in furtherance of the radio station project.

189. With regard to the third transfer of US\$20,000, [REDACTED] explained that the payment went to [REDACTED] personal account at [REDACTED] Bank. [REDACTED] did not specify whether [REDACTED] himself had requested this transfer. When questioned by investigators as to the fact that this was a personal account, and, as such, the transfer went against instructions [REDACTED] had received from [REDACTED], [REDACTED] stated that she had considered this transaction to be an official transfer to [REDACTED], as the [REDACTED] of [REDACTED], and not a transfer to a personal account. Both [REDACTED] and [REDACTED], failed to provide evidence that these funds were, in fact, applied towards the [REDACTED] radio station project.

3. Wire transfers related to [REDACTED] loan to [REDACTED]

190. The following discussion addresses [REDACTED] claim, which she asserted for the first time in her fourth statement to the Task Force, that certain wire transfers related to the repayment of a "loan" by [REDACTED] of US\$40,000 to [REDACTED] namely: 1) US\$11,866 to [REDACTED] J [REDACTED] personal bank account; 2) US\$1,522 to the personal bank account of [REDACTED] [REDACTED] in [REDACTED]; 3) US\$6,433 to [REDACTED] bank account at [REDACTED] Bank; 4) US\$9,980 to [REDACTED] bank account at [REDACTED] Bank in [REDACTED]; and 5) US\$10,000 (in two transfers of US\$5,000 each) to [REDACTED] bank account at [REDACTED] Bank in [REDACTED].

191. With regard to these transactions [REDACTED] explained that:

On [REDACTED] the [REDACTED] branch delivered US\$40,000 to the management of the radio station upon request by [REDACTED] to cover some important expenses, [because the station's own] fund[s] available at the time [were] only US\$3,901.14. [T]otal amount of money returned to [REDACTED] to pay for the [US\$]40,000 loan paid earlier [o]n [REDACTED] is [US\$]11,866.14 + [US\$]1,522.72 + [US\$]6,433.28 + [US\$]9,980 + [US\$]5,000 + [US\$]5,000 = [US\$]39,802.14 ([US\$]197.96 shy of the total amount of the loan).

192. In effect, [REDACTED] presented to the Task Force a claim that there had been a loan arrangement between [REDACTED] and her [REDACTED] company, [REDACTED]. Specifically, [REDACTED] related that on [REDACTED] the [REDACTED]-based branch of her [REDACTED] company, [REDACTED], lent to [REDACTED], in his capacity as [REDACTED], the amount of US\$40,000 for the purpose of covering expenses of the [REDACTED] radio station project. According to [REDACTED], the loan was offered by [REDACTED] following a request made by [REDACTED] to [REDACTED], [REDACTED], because the radio station's funds—i.e., funds which [REDACTED] granted [REDACTED]—were insufficient to pay for the station's expenses. In particular, according to [REDACTED], the radio station's funds totalled only US\$3,901.14 by [REDACTED]. [REDACTED] stated that the loan's repayment by [REDACTED] to [REDACTED] was effected thereafter over a period of [REDACTED], between [REDACTED] and [REDACTED], by means of the six separate transfers from the [REDACTED] account described above by [REDACTED], namely the

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transfer of US\$11,866 to her own personal bank account on [REDACTED], the transfer of US\$1,522 to the personal bank account of her [REDACTED], on [REDACTED], and the four transfers totalling US\$26,413 to [REDACTED] (the company of [REDACTED]) on [REDACTED].

193. The Task Force attempted to obtain records confirming [REDACTED] explanations of the arrangement between [REDACTED] and [REDACTED], and after repeated requests, photocopies of certain documents were provided to the Task Force at the very end of the investigation – which will be addressed below.

194. According to [REDACTED], the loan had been transferred in cash by [REDACTED] to [REDACTED] on [REDACTED] in [REDACTED]. She did not specify who had delivered the money to [REDACTED] on behalf of [REDACTED]. [REDACTED] stated that this loan was for exactly [REDACTED] and was free of interest and security. [REDACTED] provided the Task Force with copies of two letters [REDACTED] which she said had been produced from records from her [REDACTED] company.

195. According to the first letter, dated [REDACTED], provided by [REDACTED] to the Task Force, [REDACTED] loaned [REDACTED] the full amount of US\$40,000 without any interest for the purposes of assisting [REDACTED] with its operational costs pending disbursement by [REDACTED] of the second payment of US\$150,000, as per the project agreement.

196. In the second letter, dated [REDACTED], provided by [REDACTED] to the Task Force, [REDACTED] requested that [REDACTED] “approve the withdrawal of the amount from [REDACTED] money in the [REDACTED] account.” Handwritten notes, dated [REDACTED], which, according to [REDACTED], were made by [REDACTED], on this second letter read: “In a telephone conversation with [REDACTED] concerning the said amount, [REDACTED] and those who represent him in [REDACTED] have been authorized to withdraw said amount from our account in [REDACTED].”

197. First, the unusual nature and timing of these transactions, and explanations, is significant. [REDACTED] brought this loan arrangement to the attention of the Task Force a full [REDACTED] after the Task Force’s initial interview with her in [REDACTED], and after conflicting prior statements made by [REDACTED] about the use of these funds. Therefore, the Task Force repeatedly requested that [REDACTED] produce the original letters for the purpose of the investigation. In particular, the Task Force made five written requests on different occasions for the originals of these letters, as well as an additional request in person during [REDACTED] interview in [REDACTED]. [REDACTED] failed to comply with these requests, stating that she did not have access to the original documents, and only presented photocopies thereof, which she claimed to have been certified. Moreover, [REDACTED] attempted to shift the responsibility for producing the original documents and for answering the Task Force’s questions related to the loan agreement onto third parties, including her [REDACTED], [REDACTED] and [REDACTED], all of whom refused to cooperate with the Task Force. As a result of [REDACTED] lack of cooperation, the Task Force found it impossible under the circumstances to verify the authenticity of these letters, and, in

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turn, to confirm the validity of the explanations offered by [REDACTED] with regard to the loan arrangement.

198. [REDACTED] explained to the Task Force that [REDACTED] requested a loan from her [REDACTED] in [REDACTED] in light of the fact that all United Nations funds designated for the [REDACTED] radio station project had been expended and that the project, therefore, was in urgent need of additional funds. By contrast, records reflect that in [REDACTED] there were still funds available for the Radio station project in [REDACTED] bank accounts in both [REDACTED] and [REDACTED]. Specifically, as of [REDACTED], the balance of [REDACTED] Bank account was US\$37,860, and, as of [REDACTED], the balance in [REDACTED] Bank account was US\$10,170. When [REDACTED] was asked by the Task Force to explain this discrepancy, she stated: "I don't know . . . ask [REDACTED] . . . don't ask me . . . I was never part of [REDACTED] financial activities." Moreover, records reflect that on [REDACTED], when, according to [REDACTED], her [REDACTED] wrote to [REDACTED] asking for repayment of the US\$40,000 loan by means of granting authorization to disburse this amount from the [REDACTED] account, that account had a balance of only US\$11,866.

199. As the aforementioned "loan agreement" stipulates, [REDACTED] requested repayment in [REDACTED]—however, the repayment was to be effected not directly to [REDACTED] but rather in the form of an authorization by [REDACTED] for her [REDACTED] to withdraw funds from the [REDACTED] account. According to [REDACTED], her [REDACTED] authorized disbursement of approximately US\$40,000 from the [REDACTED] account in the form of four transfers to himself (to the [REDACTED] bank account)—on [REDACTED], and [REDACTED]—in addition to one transfer to [REDACTED] personal bank account on [REDACTED], and another to the bank account of [REDACTED], on [REDACTED].

200. The loan arrangement, as described by [REDACTED], was free of interest and totally unsecured; as such, it was contrary to normal business practice. In addition, according to [REDACTED], although the loan when originally arranged was to be repaid in one month, [REDACTED] decided to leave as much as US\$40,000 with [REDACTED] for [REDACTED]. This too, is contrary to normal business practice between two disinterested parties, and contrary to the written language of the loan document.

201. In her interview with the Task Force, [REDACTED] stated that at the time of the loan arrangement between her [REDACTED] and [REDACTED], she was completely unaware of it, and had only become aware of this arrangement and the subsequent disbursements from the [REDACTED] account in [REDACTED] after having been informed by her [REDACTED]. Given this relatively late notice, [REDACTED] related to investigators that she felt she had been deceived by her [REDACTED] and [REDACTED]. According to [REDACTED], had she been aware of this arrangement and the ensuing transactions, she would have never allowed such transactions to transpire, as she considered them to be improper given that the [REDACTED] account was supposed to be utilized solely for the purpose of expenditures relating to the [REDACTED] radio station project.

202. When the Task Force asked [REDACTED] to reconcile her statement that she was unaware of the loan arrangement until [REDACTED] with the fact that she and her [REDACTED]

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had received disbursements as a direct result of the purported loan arrangement, she explained that she had thought it had come from her [REDACTED] as repayment to a personal loan of US\$12,000 she had previously given him, but because she did not monitor the transactions in her bank account and never scrutinized her bank statements, she was, therefore, unaware at the time of the source of the monies which she and her [REDACTED] had received into their personal bank accounts.

203. The Task Force finds that it is implausible that [REDACTED] had no knowledge of this arrangement prior to [REDACTED], [REDACTED] after these transactions took place, in light of the facts that (i) she was a signatory to the [REDACTED] account, and, therefore, was privy to a record of transactions in and out of the account; and (ii) six separate transactions comprising the purported loan arrangement transpired in the [REDACTED] account, including a transfer of funds to her own personal bank account and that of her [REDACTED], [REDACTED]. The bank statement of the [REDACTED] account was physically available to [REDACTED], as signatory to the account, more than [REDACTED] prior to [REDACTED]. Thus, even if she did not monitor activity in her own bank account, she was aware of activity in the [REDACTED] account prior to [REDACTED]—at the very least, since the commencement of the Task Force's investigation in [REDACTED]. This is evidenced by the fact that months prior to [REDACTED], [REDACTED] had translated into English portions of the [REDACTED] bank statement for the Task Force, had identified specific cash transactions made in this account, and had made written notes at the bottom of the statement.

204. In light of the existence of *prima facie* evidence that [REDACTED] improperly converted United Nations funds for her own use and that of third parties, the burden of proof shifts to [REDACTED] to make an evidentiary showing to disprove the inference of misconduct therein created. However, as described above, [REDACTED] failed to provide investigators with either original documents to support her account or a cogent argument in rebuttal of this evidence so as to meet this burden. She also failed to present any evidence that funds withdrawn in the form of cash were applied towards the [REDACTED] radio station in [REDACTED].

XII. LOSSES AND DAMAGES SUFFERED BY THE UNITED NATIONS AS A RESULT OF THE SCHEME

205. In light of the evidence identified above, the Task Force concludes that the co-conspirators in the scheme to steer and benefit from a valuable United Nations project, [REDACTED], [REDACTED], and [REDACTED], unlawfully converted to their own use and benefit, and embezzled, at least US\$172,454 of the US\$350,000 awarded by the United Nations to [REDACTED] for the radio station project. This amount includes:

(i) payments made by [REDACTED] to herself, totaling US\$9,862 (US\$1,000 withdrawn in cash by [REDACTED] on [REDACTED], US\$7,362 used by [REDACTED] on [REDACTED] to pay her personal credit card dues, and US\$1,500 issued as a cheque by [REDACTED] to herself on [REDACTED]);

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(ii) payments made by [REDACTED] to, or on behalf of, [REDACTED], totalling US\$72,529 (US\$20,000 and US\$10,000 transferred to [REDACTED] on [REDACTED] and [REDACTED], US\$10,000 transferred to [REDACTED] on [REDACTED], US\$7,219 issued as a cheque on [REDACTED] and subsequently used to pay [REDACTED] property taxes, US\$4,200 issued as a cheque on [REDACTED] and subsequently used to pay [REDACTED] mortgage and personal expenses, US\$1,300 issued as a cheque to [REDACTED] on [REDACTED], US\$709.98 issued as a cheque to [REDACTED] on [REDACTED], US\$1,500 transferred to [REDACTED] on [REDACTED], US\$3,000 issued as a cheque to [REDACTED] on [REDACTED], US\$9,000 issued as a cheque to [REDACTED] on [REDACTED], and US\$5,600 issued as a cheque to [REDACTED] on [REDACTED]);

(iii) payments made by [REDACTED] to companies and individuals not related with the radio station project, totalling US\$8,563 (US\$450 paid to [REDACTED] on [REDACTED], US\$2,000 paid to [REDACTED] on [REDACTED], US\$3,000 paid to [REDACTED] on [REDACTED], US\$900 and US\$708 paid to [REDACTED] on [REDACTED] and [REDACTED], US\$546 and US\$333 paid to [REDACTED] on [REDACTED] and [REDACTED], and US\$625 paid to [REDACTED] on [REDACTED]); and

(iv) US\$81,500, that is the remainder of the US\$261,500 transferred to the [REDACTED] account out of which only US\$180,000 reached [REDACTED] account in [REDACTED].

206. Despite several requests by the Task Force throughout the course of the investigation, and despite being made aware of the serious allegations under examination, [REDACTED] and [REDACTED] failed to produce any records to the Task Force about the actual use of the United Nations funds provided to [REDACTED]. Further, [REDACTED] failed to produce satisfactory or meaningful records to [REDACTED] during the life of the project, as well as to the auditor who examined the project in [REDACTED]. As of the date of this Report, the only records provided by [REDACTED] are the grossly insufficient and fragmented records provided by it to [REDACTED]. This ongoing failure to produce accounting documentation concerning the expenditures of substantial United Nations funds not only supports the conclusion that the entire sum provided to [REDACTED] for this project was misappropriated, but also constitutes further evidence of the efforts to conceal the scheme.

207. The Task Force therefore maintains that, although it determinately established that at least US\$172,454 was embezzled as part of this scheme, in the absence of sufficient proof of proper expenditures from [REDACTED], [REDACTED], and [REDACTED], it can reasonably be determined that the financial damage suffered by the United Nations is the entire value of funds provided by the United Nations to [REDACTED], i.e., US\$350,000.

XIII. [REDACTED] FAILURE TO COOPERATE WITH THE TASK FORCE'S INVESTIGATION

208. This investigation has spanned more than [REDACTED], from [REDACTED] to [REDACTED]. [REDACTED] was first interviewed by the Task Force in [REDACTED]. Since that time, her actions have caused significant delays to the investigation, as she has informed the Task Force on multiple occasions that she was unable to assist the

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investigation, and has knowingly provided information and documentation to the Task Force which she, herself, later deemed to be inaccurate or false.

209. With regard to the provision of documents, the Task Force notes that during her interviews in [REDACTED], [REDACTED] was asked to produce bank documentation of crucial importance to the investigation. Although she promised to do so within a [REDACTED], she failed to provide investigators with any such documentation until [REDACTED], and only after at least thirteen separate occasions on which the Task Force corresponded with her. In fact, on [REDACTED] and [REDACTED], she provided documentation related to this bank account, which she later deemed was inaccurate.

210. The nature and extent of [REDACTED] failure to meaningfully cooperate with the investigation is presented in detail and in chronological order in Annex A. The following is a summary of the key events described in this chronology.

211. [REDACTED] was provided with a formal letter of Request for Financial Information on [REDACTED]. Instead of complying with this request, she sent an email to the Task Force in which she challenged the Task Force's authority to make such a request. The Task Force provided her with a detailed response in a formal letter, outlining its mandate and authority to make such a request under various United Nations rules and regulations, and stressing the [REDACTED]'s and [REDACTED]' support for its position. Nevertheless, by the time [REDACTED] presented herself for an interview at the Task Force's offices in [REDACTED] on [REDACTED], she had not yet complied with the request. Only after this interview, on [REDACTED], several [REDACTED] after the original request, did she provide some personal financial information to the Task Force.

212. The Task Force repeatedly emphasized to [REDACTED] that for purposes of the investigation it was necessary to speak with [REDACTED] at the [REDACTED] Bank in [REDACTED], about the [REDACTED] account. Although [REDACTED] agreed that she would facilitate a Task Force interview with the [REDACTED] when investigators were in [REDACTED], she impeded any meaningful interview by failing to produce a waiver for the [REDACTED] full cooperation with the investigation in connection to the relevant account. Although she did eventually produce a waiver—notably, [REDACTED] after investigators were scheduled to meet and did actually meet with the [REDACTED]—it was in connection to her personal account, not the [REDACTED] account. In addition, this waiver included the caveat that she would have to be present for any discussion of her personal accounts with the bank [REDACTED]. As a result of these delays, when investigators interviewed the [REDACTED], he was only able to provide general information on applicable banking procedures in [REDACTED], without any mention or details regarding not only the [REDACTED] account, but also [REDACTED] account.

213. [REDACTED] knowingly and purposefully provided the Task Force with false information, including bank statements, which she later declared to be inaccurate. First, although in her [REDACTED] interview, [REDACTED] stated that her [REDACTED] had no knowledge or role in the radio station project, in her [REDACTED] interview, she indicated to the Task Force that her prior statement with regard to her [REDACTED] was false, since, by this time, she had explained to the Task Force that her [REDACTED]

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had entered into a loan agreement with [REDACTED]. Moreover, within [REDACTED] after her first interview with the Task Force in [REDACTED], [REDACTED] shifted from a position of involvement in the transfer of funds from [REDACTED] to the [REDACTED] account to the extent of US\$250,000, to having no involvement in connection to the transfer of funds from [REDACTED] to the [REDACTED] account, to an involvement in the transfer of funds from [REDACTED] to the [REDACTED] account to the extent of US\$309,038. In fact, on [REDACTED] and [REDACTED], [REDACTED] provided documentation related to the [REDACTED] account that she later conceded was misleading and incomplete information. In particular, on [REDACTED], in the context of her second interview with the Task Force, [REDACTED] confirmed to the Task Force that her statements given in [REDACTED], and [REDACTED] and [REDACTED] were incorrect.

214. [REDACTED] presented a crucial new explanation about some of the transactions in the [REDACTED] account—namely, the loan arrangement between her [REDACTED] and [REDACTED]—at a very late stage of this investigation, in [REDACTED], [REDACTED] after her initial interview. In support of her explanations, [REDACTED] presented to the Task Force photocopies of two letters. Despite repeated requests by the Task Force, [REDACTED] has failed to provide investigators with the originals of these letters. As a result, it was impossible for the Task Force to verify the authenticity of these letters, and, in turn, to confirm the validity of [REDACTED] statement.

XIV. FINDINGS

215. The Task Force finds that [REDACTED], a United Nations staff member, [REDACTED] and [REDACTED], and others known and unknown, knowingly and wilfully conspired to engage in a scheme to defraud the Organization and embezzle United Nations funds allocated for a humanitarian project aimed at assisting the people of [REDACTED] radio station project. The scheme was achieved through efforts by [REDACTED] to steer the contract to [REDACTED], fraudulent representations and omissions, various transfers of United Nations funds to a number of bank accounts owned or controlled by the participants of the scheme, and their associates, the use of the monies in a myriad of circumstances for the direct and personal benefit of the participants.

216. As part of, and in furtherance of the scheme, and as conceded by both [REDACTED] and [REDACTED], United Nations funds were converted to the personal use of the co-conspirators and those they favoured, including repayment of [REDACTED] personal loans, taxes, and mortgage, as well as [REDACTED] personal credit card bills, as well as cash disbursements to [REDACTED] and the [REDACTED]. Additionally, bank account records reflect conversion of United Nations funds by [REDACTED] for project advertising, website development, and public relations management, for which there is no evidence to indicate any relation to the radio station project.

217. The scheme continued throughout the investigation as the co-conspirators attempted to conceal the fraud through the creation of false and fictitious documents, destruction of records, the failure to maintain accurate invoices and receipts confirming

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the purposes to which they put UN funds, and by making false statements to investigators. As a result of the scheme, the Organization suffered losses in excess of US\$174,000, a conservative estimate, and damages of at least US\$350,000.

218. The co-conspirators' actions are in violation of numerous criminal laws, including common law fraud, conspiracy, aiding and abetting, embezzlement, misappropriation, money laundering, as well as United Nations procurement, financial, and staff rules. As a result of the scheme, [REDACTED], [REDACTED], and [REDACTED], and individuals associated with them unlawfully collected monies not rightfully due and owing to them which were designated by the Organization in the first instance for sole purpose of the [REDACTED] radio station project. The scheme was furthered by the co-conspirators through unauthorized payments of funds to themselves and to third parties and family members, through bank account transfers and cash withdrawals.

219. The Task Force finds that the co-conspirators, [REDACTED], [REDACTED], and [REDACTED] embezzled at least US\$172,454 of the funds awarded by the United Nations to [REDACTED] for the radio station project. The Task Force further finds that the actual financial damage suffered by the Organization is the entire value of the funds provided by the Organization to [REDACTED], namely, US\$350,000.

220. The Task Force notes that despite its extensive efforts to locate and identify all critical records with regard to the eventual use of the US\$350,000 of United Nations funds granted to [REDACTED], the Task Force was unable to establish—and the participants of the scheme were unable to demonstrate—that these funds were, in fact, spent on the radio station project.

221. In the absence of sufficient proof of proper expenditures from [REDACTED], [REDACTED] and [REDACTED], and in light of the extensive evidence of fraud and embezzlement of more than half of the entire balance of the funds, the financial damage suffered by the United Nations is properly calculated as the entire sum provided to [REDACTED] for this project, i.e., US\$350,000. Such a conclusion is further supported by the fact that the scheme involved widespread criminal and corrupt conduct and resulted in the failure to account of a portion of the funds.

A. [REDACTED]

222. The Task Force finds that, between [REDACTED] and [REDACTED], [REDACTED] knowingly and wilfully assisted and favoured [REDACTED] in securing the radio station contract with [REDACTED]. As such, [REDACTED] failed to act in an independent and impartial manner, and failed to protect the best interests of the Organization. [REDACTED] failed to disclose her personal relationship with [REDACTED] to the United Nations and recuse herself from the contract selection and award exercise as a result of her prior relationship and association with [REDACTED] and [REDACTED]. Instead, [REDACTED] strongly recommended [REDACTED] proposal to [REDACTED] and [REDACTED] staff members, despite the fact that she was aware that [REDACTED] had no prior experience in radio station management. [REDACTED] then improperly assisted [REDACTED] in modifying its proposal to [REDACTED] in order to ensure its selection.

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223. The Task Force finds that the selection of [REDACTED] by [REDACTED] without a competitive bidding exercise was made, *inter alia*, based upon misleading representations by [REDACTED], which created a false appearance that [REDACTED] was highly qualified to implement the radio station project, a conclusion not supported by the facts.

224. The Task Force further finds that [REDACTED] was an active participant and co-conspirator in a scheme to defraud the United Nations and embezzle United Nations funds allocated for a humanitarian project aimed at assisting the [REDACTED] of [REDACTED]. [REDACTED] initiated, facilitated, and participated in a number of transactions not known to the United Nations and aimed at diverting substantial funds to the private use of individuals associated with [REDACTED] and [REDACTED]. Among the payments facilitated by [REDACTED] were transfers to the bank accounts controlled by her [REDACTED] and her [REDACTED], as well as cash payments to [REDACTED].

225. Further, the Task Force finds that [REDACTED] consistently failed to provide meaningful cooperation with the Task Force investigation in violation of her obligation as a United Nations staff member. She presented the Task Force with four conflicting versions of events with regard to United Nations funds remitted to [REDACTED] by [REDACTED]. [REDACTED] conceded that some of her statements to the Task Force were false. As a result of her false statements to the Task Force, [REDACTED] obstructed and delayed the investigation while also impugning the credibility of her statements.

226. The Task Force further finds that [REDACTED] breached her fiduciary responsibility to [REDACTED] and the Organization by grossly failing to monitor the uses to which UN funds were put in connection with the radio project. As [REDACTED] readily conceded, she owed a fiduciary duty arising from her position with [REDACTED], as well as her voluntary and intentional act of becoming a signatory to the [REDACTED] bank account used by the co-conspirators to deposit a substantial portion of the UN funds earmarked for the radio project. [REDACTED] severely breached her fiduciary duty of care by failing to monitor the uses to which project funds were put and ensure that monies obtained by [REDACTED] were used solely for the purposes of the radio station project.

B. [REDACTED]

227. The Task Force finds that [REDACTED], and [REDACTED] and [REDACTED] were active participants and co-conspirators (with [REDACTED]) in a scheme to defraud the United Nations and embezzle United Nations funds allocated for a humanitarian project aimed at assisting the people, and particularly the [REDACTED], of [REDACTED]. [REDACTED] and [REDACTED] initiated, facilitated, and participated in a number of transactions not known to the United Nations and aimed at diverting substantial funds to the private use of individuals associated with [REDACTED] and [REDACTED].

228. The Task Force further finds that [REDACTED] through its representatives [REDACTED] and [REDACTED], failed to adhere to the terms and conditions of its agreement with [REDACTED]. Specifically, [REDACTED] (i) it made misleading representations in its budget proposal submitted to [REDACTED] in relation to the procurement of equipment; (ii) it failed to maintain valid, accurate, and up-to-date

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records in connection to expenditures incurred, and, thereby, failed to ensure that all expenses conformed to the provisions of the project agreement; and (iii) it failed to ensure proper and adequate financial reporting to [REDACTED], as per the terms of its United Nations contract.

C. [REDACTED]

229. The Task Force finds that although [REDACTED] Headquarters raised concerns as to [REDACTED] qualifications to execute the radio station project, there is no evidence that either [REDACTED] managerial or technical capacity, or its budget proposal, was formally evaluated at any stage of the selection process.

230. The Task Force finds that [REDACTED] should have exercised a greater degree of care in the review of [REDACTED] qualifications, as well as the validity of its references, especially in light of the fact that [REDACTED] was an unknown organization, without any evident prior experience in large scale project management in the media sector, or an established record of professional experience.

231. Although [REDACTED] knowingly misled [REDACTED] regarding [REDACTED] qualifications and capacity to execute the radio station project, the [REDACTED], did not engage in any effort to confirm the merits of representations provided by [REDACTED], [REDACTED], United Nations staff member [REDACTED]; and third parties such as the [REDACTED]. Rather, [REDACTED], together with [REDACTED], actively supported [REDACTED] proposal despite the fact that it lacked the requisite qualifications to execute the radio station project. While [REDACTED] subsequent efforts to rectify the situation, such as concurring with the [REDACTED]'s decision to request the performance of an independent audit of the [REDACTED] radio station, are commendable, they do not absolve her of her responsibility to have protected the best interests of the Organization in the contract selection process.

232. It should be noted that [REDACTED] refused to be interviewed by the Task Force for the reason that she is no longer a United Nations staff member. As a result, the Task Force was unable to examine and verify certain aspects of the radio station project under examination. Thus, the Task Force considers [REDACTED] failure to meaningfully cooperate with the investigation to be unacceptable in light of the fact that she is a [REDACTED] and was in a [REDACTED] in connection with this project and its implementation. [REDACTED] intentional refusal to cooperate with an official United Nations investigation is to the detriment of the United Nations, and against the Organization's interests, and posed impediments to the investigation.

XV. CONCLUSIONS

A. [REDACTED]

233. Based on the totality of evidence, the Task Force concludes that [REDACTED] engaged in fraud, conspiracy and embezzlement through her active, intentional, and

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knowing participation in the scheme to divert United Nations funds designated for the [REDACTED] radio station project, for her own personal enrichment and that of others, both known and unknown, including [REDACTED] and [REDACTED] of [REDACTED], her [REDACTED], [REDACTED], and her [REDACTED].

234. The Task Force concludes that through her participation in the scheme, [REDACTED] knowingly and purposefully violated Staff Regulations 1.2(b) and 1.2(g), as well as Financial Regulation 5.12. Further, [REDACTED] conduct was in violation of her fiduciary duty owed to the United Nations with regard to the United Nations funds designated for the radio station project.

235. The Task Force concludes that [REDACTED] conduct falls under Staff Rule 112.3 which states that “[a]ny 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.”

236. The Task Force concludes that [REDACTED] failed to cooperate with the Task Force in its investigation into the disposition and use of United Nations funds, and made false statements and material omissions in connection with her involvement with the scheme. As such, the Task Force therefore concludes that [REDACTED] also acted in violations of Staff Regulation 1.2(r), which requires that staff members cooperate with investigations of “possible misuse of funds, waste or abuse.”

B.

[REDACTED]

237. The Task Force concludes that [REDACTED] and [REDACTED], representatives of [REDACTED], a non-governmental organization based in the [REDACTED], knowingly and wilfully conspired to engage in a scheme to defraud the United Nations, through the embezzlement of at least US\$172,454 in United Nations funds. The scheme was designed to, and in fact did, unjustly enrich the co-conspirators, participants, and those they favoured, at the expense of the Organization. The Task Force finds that the total damage suffered by the Organization was the entire value of United Nations funds provided to [REDACTED], i.e., US\$350,000.

238. With respect to [REDACTED] as a project implementing partner of [REDACTED], the Task Force concludes that [REDACTED] has demonstrated both a failure to perform in accordance with the terms of its United Nations contract, as well as abusive, unethical, and unprofessional conduct, including corrupt practices, submission of false information, and fraud.

XVI. RECOMMENDATIONS

A. RECOMMENDATION PTF-R009/08/1

239. The Task Force recommends that in light of the findings in this Report, the [REDACTED] take immediate [REDACTED].

B. RECOMMENDATION PTF-R009/08/2

240. The Task Force recommends that the [REDACTED] take all the necessary steps, including civil, administrative, and criminal processes to seek restitution from [REDACTED], [REDACTED], and [REDACTED] for the damages suffered by the United Nations—i.e., US\$350,000, including US\$172,454 embezzled by them.

C. RECOMMENDATION PTF-R009/08/3

241. The Task Force recommends that the [REDACTED] immediately debar [REDACTED], as well as place the individuals associated with it—including [REDACTED] and [REDACTED]—on the United Nations Procurement Division's "Watch List" to ensure that both this entity as well as these individuals associated with it are barred from any further business with the United Nations, directly, or indirectly.

D. RECOMMENDATION PTF-R009/08/4

242. The Task Force recommends that the [REDACTED]

E. RECOMMENDATION PTF-R009/08/5

243. The Task Force recommends that [REDACTED], in cooperation with [REDACTED], undertake a review of the current applicable rules and processes pertaining to the formulation, approval, and implementation of programmes and projects, in particular with regard to the selection of, and award of contracts to, implementing partners, with a view to promoting transparency, accountability, and competition, while also effectively precluding abuse of power and manipulation of the system.

244. The [REDACTED] Programme and Operations Reference Manual should be amended to reflect and emphasize the fundamental principles of fairness, integrity, and transparency ensured through effective competition. In particular, the Manual should be updated to clearly stipulate the application of competitive bidding processes in all project

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implementing procedures. Further, it is necessary to clearly define the amount thresholds for contracts awarded under the programme management procedure (which is different from the procurement procedures). The Manual should also clearly define the evaluation procedures to be followed for the selection of project implementing partners, as well as the records that need to be produced for the purposes of reviewing and justifying a prospective partner's technical and managerial capacity.

F. RECOMMENDATION PTF-R009/08/6

245. The Task Force recommends that the [REDACTED] immediately refer this report to the [REDACTED] for contemplation of criminal prosecution with regard to [REDACTED] and its officials—specifically [REDACTED] and [REDACTED]—as both are [REDACTED], [REDACTED] is a [REDACTED], and many of the significant acts in furtherance of this scheme, as identified in this Report, occurred in [REDACTED].

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**ANNEX: CHRONOLOGY OF [REDACTED]
FAILURE TO MEANINGFULLY COOPERATE WITH
THE TASK FORCE'S INVESTIGATION**

REDACTED