VIA FACSIMILE AND CERTIFIED U.S. MAIL

November 22, 2004

Margaret P. Grafeld
Director, Office of IRM Programs and Services
DEPARTMENT OF STATE
SA-2
5th Floor
Washington, DC 20522-6001
(Fax: 202-261-8579)
(Art. No.: 7002 0860 0004 9551 3536)

Re: Freedom of Information Act Request

Dear Sir/Madam:

Pursuant to the provisions of the Freedom of Information Act ("FOIA"), 5 U.S.C. § 552, Judicial Watch, Inc. hereby requests that the U.S. Department of State ("State Department") produce any and all agency records concerning, relating to, or reflecting the following subjects:

(1) United Nations (UN) audits and/or reports pertaining to the Oil-for-Food Program (OFF) that were compiled and/or produced by the UN Office of Internal Oversight Service ("OIOS")

(2) All communication and/or correspondence regarding United Nations (UN) internal audits and/or reports pertaining to the Oil-for-Food Program (OFF) that were compiled and/or produced by the UN Office of Internal Oversight Service ("OIOS")

Letter from United States Senate Permanent Committee on Governmental Affairs Chairman, Senator Norm Coleman, and Ranking Member, Senator Carl Levin, to UN Secretary General Kofi A. Annan. November 9, 2004. (Attached)
All communications and/or correspondence regarding
“Chairmans’ Letters,” that were sent in early June 2004, to the US State Department and
cosigned by the United States Senate Committee on Governmental Affairs,
Permanent Subcommittee on Investigations, Chairman Norm Coleman
and Ranking Member Carl Levin (respectively), seeking “the minutes of the ‘661
Committee’ meetings at the UN, which reviewed oil-for-food contracts.”

The contracts reviewed in the “661 Committee” meeting minutes
cited in Item No. 3, above.

All communication and/or records regarding the Independent
Inquiry Commission (IIC).

For purposes of this request, the term "record" shall mean: (1) any written, printed, or typed
material of any kind, including without limitation all correspondence, memoranda, notes, messages,
letters, cards, telegrams, teletypes, facsimiles, papers, forms, records, telephone messages, diaries,
schedules, calendars, chronological data, minutes, books, reports, charts, lists, ledgers, invoices,
worksheets, receipts, returns, computer printouts, prospectuses, statements, checks, statistics,
surveys, affidavits, contracts, agreements, transcripts, magazine or newspaper articles, or press
releases; (2) any electronically, magnetically, or mechanically stored material of any kind, including
without limitation all electronic mail or e-mail, meaning any electronically transmitted text or
graphic communication created upon and transmitted or received by any computer or other electronic
device, and all materials stored on compact disk, computer disk, diskette, hard drive, server, or tape;
(3) any audio, aural, visual, or video records, recordings, or representations of any kind, including
without limitation all cassette tapes, compact disks, digital video disks, microfiche, microfilm,
motion pictures, pictures, photographs, or videotapes; (4) any graphic materials and data
compilations from which information can be obtained; (5) any materials using other means of
preserving thought or expression; and (6) any tangible things from which data or information can
be obtained, processed, recorded, or transcribed. The term "record" also shall mean any drafts,
alterations, amendments, changes, or modifications of or to any of the foregoing.

If you do not understand this request or any portion thereof, or if you feel you require
clarification of this request or any portion thereof, please contact us immediately at 202-646-5172.

If any responsive record or portion thereof is claimed to be exempt from production under
FOIA, please provide sufficient identifying information with respect to each allegedly exempt record
or portion thereof to allow us to assess the propriety of the claimed exemption. *Vaughn v. Rosen,*

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2 William Safire. “U.N. Scandal Getting Attention from Congress,” *Desert Morning News*
484 F.2d 820 (D.C. Cir. 1973), cert. denied, 415 U.S. 977 (1974). In addition, any reasonably segregable portion of a responsive record must be provided, after redaction of any allegedly exempt material. 5 U.S.C. § 552(b).


Judicial Watch is entitled to a waiver of search fees under 5 U.S.C. § 552(a)(4)(A)(ii)(II) because it is a member of the news media. Judicial Watch, Inc. regularly obtains information about the operations and activities of government through FOIA and other means, uses its editorial skills to turn this information into distinct works, and publishes and disseminates these works to the public. It intends to do likewise with the records it receives in response to this request.

As a member of the news media, Judicial Watch uses the following means, among others, to publish and disseminate its distinctive work to the public:

(1) Judicial Watch also maintains an Internet site, www.JudicialWatch.org, where the public can review records obtained through FOIA and read editorial works prepared by Judicial Watch, Inc., including news releases, based on FOIA materials. This website is viewed by over 20,000 people per day on average, and on several occasions, has logged up to 1,000,000 visitors in a single day.

(2) Judicial Watch also publishes a monthly newsletter in which it publishes its own editorial works and presents, analyzes, and explains information it obtains through FOIA. Judicial Watch, Inc.'s newsletter is sent to approximately 170,000 individuals each month. The organization also utilizes an e-mail Infonet service that sends out updates of Judicial Watch's activities over the Internet to almost 14,00 persons.

(3) Judicial Watch also periodically publishes and disseminates its own distinct works in the form of books and reports. For example, in September 1998 Judicial Watch, Inc. published the Interim Report on Crimes and Other Offenses Committed by President Bill Clinton Warranting His Impeachment and Removal from Elected Office. This 145-page report was accompanied by nearly 4,000 pages of supporting documentation and was crafted, in part, from the raw materials obtained by Judicial Watch through FOIA requests, among other regular means. In August 1999, Judicial Watch published Filegate Status Report, which is 136 pages long and is supported by nearly 1000 pages of documentation. In March 2001, Judicial Watch, Inc. published The Judicial Watch Florida Recount, an independent, non-partisan analysis of the results of Florida's hotly contested 2000 Presidential election based upon an sampling of ballots reviewed by Judicial Watch pursuant to Florida's version of FOIA. In February 2002, Judicial Watch published The Judicial Watch 2002 "State of the Union" Report, Bush Administration Ethics Enforcement: "A Failure of Leadership." In September 2002, Judicial Watch, Inc. published Fatal Neglect: The U.S. Government's Continuing Failure to Protect American Citizens from Terrorists.
Most recently on November 21, 2003, Judicial Watch produced *Analysis of GAO Testimony: US Postal Service – Clear Communication With Employees Needed Before Reopening of Brentwood Facility.* (GAO-04-2057T/October 23, 2003). Comptroller General of the United States David M. Walker, in a reply to Judicial Watch's *Analysis of GAO Testimony,* wrote on December 17, 2003, "We view Judicial Watch as an important accountability organization in Washington, D.C. and very much appreciate your offer to meet with us again to discuss our review and provide further assistance to us."

Judicial Watch, Inc. also publishes and disseminates its distinctive work by participating in public conferences and seminars, including its own "Ethics in Government" conferences held in Pasadena, California (1999), Washington, DC (2000), and Miami, FL (2001). Judicial Watch also works with other media organizations to publish and disseminate distinctive work to the public, and representatives of Judicial Watch, Inc. appear frequently on nationally broadcast television and radio programs. Judicial Watch is a member of the National Religious Broadcast Association and has been granted press credentials at a number of national conventions and other events.


Judicial Watch also is entitled to a complete waiver of both search fees and duplication fees pursuant to 5 U.S.C. § 552(a)(4)(A)(iii). Under this provision, records:

shall be furnished without any charge or at a charge reduced below the fees established under clause (ii) if disclosure of the information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of government and is not primarily in the commercial interest of the requester. 5 U.S.C. § 552(a)(4)(A)(iii).

Judicial Watch, Inc. is a 501(c)(3), not-for-profit, educational organization, and, by definition, it has no commercial purpose. Judicial Watch, Inc. exists to educate the public about the operations and activities of government, as well as to increase public understanding about the importance of ethics and the rule of law in government. The particular records requested herein are sought as part of Judicial Watch, Inc.'s ongoing efforts to monitor the operations and activities of the federal government and to educate the public about these operations and activities, and, in particular, as part of an investigation into the facts and circumstances surrounding the request to obtain and/or produce by diplomatic channels, the minutes of the UN "661 Committee" which reviewed contracts for the UN Oil-for-Food Program, and any diplomatic efforts underway to obtain fifty five OIOS audit reports which regard corruption in the OFF.
Courts applying the "public interest" fee waiver provision of FOIA typically take into account four factors in determining whether to grant a waiver: (1) whether the subject of the requested records concerns the operations or activities of government; (2) whether disclosure of the requested records is likely to contribute to an understanding of government operations or activities; (3) whether disclosure of the requested records will contribute to a "reasonably broad" audience and whether the requestor has the "ability and intention" to disseminate the information to the public; and (4) whether disclosure of the requested record will contribute "significantly" to the public understanding. See D.C. Technical Assistance Org. v. HUD, 85 F. Supp.2d 46, 48-49 (D.D.C. 2000); 28 C.F.R. § 16.11(k)(2)(i)-(iv). Request for "public interest" waivers are to be judged on a case-by-case basis." Larson v. CIA, 843 F.2d 1481, 1483 (D.C. Cir. 1988).

Without question, the subject-matter of the request concerns the operations and activities of government, namely, its efforts to obtain the minutes of the UN "661 Committee," as well as any diplomatic efforts to obtain the fifty-five OIOS audit reports regarding corruption in the OFF.

Disclosure of the requested records is likely to contribute to an understanding of government operations and activities and will appeal to a "reasonably broad" audience because the records relate directly to the facts and circumstances surrounding the decision to request the Committee minutes and the efforts underway at the State Department to produce such minutes to the US Congress.

Indeed, the taxpaying American public, who have been forced to subsidize the Oil-for-Food scheme, deserves the right of full disclosure as to the records sought by the Senate and of the audit reports held by the UN. Full disclosure will significantly enhance the public understanding of the operations and activities of government, specifically how their diplomatic departments go about obtaining information from a sovereign international body for a congressional investigation into historic international corruption and graft. Surely there is a substantial public interest in the full release of the requested documents in light of the national and international headlines that the Senate and House OFF investigations are receiving.

Once Judicial Watch obtains the requested records, it intends to analyze them and disseminate the results of its analysis, as well as the records themselves, to the public via its radio programs, website, and/or newsletter, among other outlets. It also will make the records available to other members of the media or researchers upon request. Judicial Watch, Inc. has a proven ability to disseminate information obtained through FOIA to the public, as demonstrated by its longstanding and continuing public outreach efforts, including its radio programs, website, newsletter, periodic published reports, public appearances, and other educational undertakings.

Finally, disclosure of the requested records will contribute significantly to the public's understanding because relatively little is known about the request that Senators Coleman and Levin sent to the State Department, or the details of the fifty-five audit reports at present still being
withheld by UN Secretary General Annan and Independent Inquiry Commission (IIC) Chairman Paul Volcker. The records requested by Judicial Watch undoubtedly will shed additional light on this important matter.

Given these compelling circumstances, Judicial Watch is entitled to a public interest fee waiver of both search costs and duplication costs. Nonetheless, in the event our request for a waiver of search and/or duplication costs is denied, Judicial Watch is willing to pay up to $350.00 in search and/or duplication costs. Judicial Watch requests that it be contacted before any such costs are incurred, in order to prioritize search and duplication efforts.

We look forward to receiving the requested documents and a waiver of both search and duplication costs within twenty (20) business days.

Sincerely,

JUDICIAL WATCH, INC.

Christopher J. Farrell

CJF/mac
His Excellency Kofi A. Annan  
Secretary-General  
The United Nations Secretariat  
One United Nations Plaza  
New York, NY 10017

Dear Mr. Secretary General:

Thank you for your belated letter of September 29, 2004 in response to our letter of June 1, 2004. We regret that the United Nations ("U.N.") has declined to produce the internal audit reports as requested in our letter to you. In addition to the U.N.'s refusal to produce relevant documents and give access to key personnel, we have become aware of another troubling issue.

Contrary to the position taken by the U.N. with respect to previously issued subpoenas and information requests to several U.N. contractors by the United States Senate Permanent Subcommittee on Investigations (the "Subcommittee"), it now appears as though the U.N. and the IIC are affirmatively preventing the Subcommittee from receiving documents from Lloyd's Registry Inspection Ltd. (See attached letter.) This change in position by the U.N. is hindering our efforts to obtain relevant documents. We strongly urge the U.N. to withdraw its objections to the production of documents by Lloyd's Registry to the Subcommittee.

As you know, pursuant to its authority under Senate Resolution 66, 108th Congress, Section 11 (e), the Subcommittee is currently conducting an investigation into the U.N. "Oil-for-Food" Program ("OFF Program"). Our Subcommittee is a principal investigating body of the U.S. Senate and is charged with investigating allegations of fraud and abuse that affect the interests of the United States. The Subcommittee has a long history of conducting complex and objective investigations in a bipartisan fashion.

Since the initiation of our inquiry, Subcommittee staff have met with key officials in the U.S. Departments of State, Defense, Justice, Treasury and the Central Intelligence Agency and has obtained documents from these agencies related to U.S. participation in the OFF Program. We have issued a number of subpoenas to a wide variety of entities, and received millions of pages of evidence. Moreover, the Subcommittee has interviewed dozens of individuals, companies and entities concerning the OFF Program. In addition, we have met with members of the Independent Inquiry Commission, including Chairman Paul Volcker.

One objective of the Subcommittee's inquiry is to understand the role of the U.N. in the OFF Program. As you know, there are allegations of misconduct and mismanagement by the U.N.
and/or its agents, including allegations of bribery, conflict of interest, and fraud. The recently published report by Charles Duelfer, Special Advisor to the U.S. Director of Central Intelligence, revealed additional evidence that Benon Sevan, Executive Director of the U.N. Office of the Iraq Program, may have received oil allocations from the Government of Iraq. Accordingly, these allegations have raised serious questions concerning the management of the U.N. OFF Program and the U.N.'s capacity to enforce a similar sanction regime in the future.

In light of those concerns, we requested your consent to interview key U.N. personnel and review related documents, including the 55 internal audit reports of the Office of Internal Oversight Services ("OIOS"). The U.N.'s cooperation in making such documents and witnesses available to the Subcommittee is critical to our ability to report to the U.S. Senate on the extent to which misconduct associated with the OFF Program may have adversely affected the interests of the United States, as well as make recommendations to improve any subsequent sanctions regime.

In your response of September 29th, you declined to produce the requested documents and U.N. personnel. You specifically rejected our request for the 55 internal audits, stating that they are "internal records" and that "it is not the policy of the [U.N.] to release them." In addition, you suggested that we direct our requests to Mr. Volcker.

We are troubled by your response for a number of reasons. As a threshold matter, please know that we greatly respect the integrity and abilities of Mr. Volcker and his staff. We had hoped that our investigation would complement Mr. Volcker's inquiry, and neither impede nor interfere with his efforts. The IIC's objectives, however, are sufficiently distinct from the Subcommittee's mission that it is necessary for the Subcommittee to proceed independently from and concurrently with the IIC in order to complete our investigation in a thorough and timely manner.

We are also concerned about your decision to withhold the 55 OIOS audit reports from the Subcommittee. Although your letter asserts that the U.N. has a policy against releasing such internal records, the U.N. has shared comparable OIOS audit reports on other U.N. endeavors with congressional investigators in the past. Similarly, congressional investigators previously had access to OIOS personnel on a variety of matters. In light of such comparable disclosures in the recent past, we are concerned that the U.N.'s non-disclosure policy is being used as both a sword and a shield, i.e., sharing such "internal records" when it favors the U.N., but then declining to do so when such disclosure could have negative implications. Accordingly, we hope you reconsider our request to produce the OIOS reports related to the OFF Program.

Additionally, we have a number of OFF-related issues that we would like to discuss with various U.N. personnel. In making this request, we note that in the past congressional investigators have interviewed U.N. officials concerning certain aspects of the OFF Program. In particular, congressional investigators met with officials of the Office of the Iraq Program, the Office for the Coordinator of Humanitarian Affairs, and the Office of Project Services to discuss the OFF Program in mid-September 2003 and late November 2003. Accordingly, we have detailed below a circumscribed list of U.N. officials that we hope to interview at this stage, while reserving the right to request interviews of additional individuals at a later date.
The text content of the page is a letter from Norm Coleman, Chairman of the Permanent Subcommittee on Investigations, to Carl Levin, Ranking Minority Member of the Permanent Subcommittee on Investigations. The letter thanks the recipient for their assistance in the matter of Subcontractors in Iraq and provides contact information for any questions or concerns. The letter is signed by both Norm Coleman and Carl Levin.
Dear Mr Shepherd,

As requested, please find attached a copy of the letter I received from Bruce Rashkow, the Director of the General Legal Division of the Office of Legal Affairs of the United Nations of 31 August 2004.

Since receiving that letter I have been informed by the United Nations, via its Independent Inquiry Committee, (IIC), that the United Nations does not want Lloyd’s Register Inspection Limited or Lloyd’s Register to comply with any U.S. subpoena unless and until it is made enforceable on these English legal entities in England.

Yours sincerely,

J T Harrison
Legal Director.
Dear Mr. Harrison,

Re: Lloyd's Register Inspection Limited - U.S. House Inquiry

I write in reference to your e-mail dated 13 August 2004 to Ms. Susan Ringler, Counsel for the United Nations Independent Inquiry Committee (IIC), regarding a request received by Lloyd's Register Inspection Limited (hereinafter "Lloyd's Register") for co-operation with the U.S. Senate's Permanent Subcommittee on Investigations in its inquiry concerning the Oil-for-Food Programme (OFFP).

Initially, I note that Lloyd's Register is bound by the confidentiality provisions set out in Article 13.1 of the General Conditions to its contract with the United Nations, which provides as follows: “All maps, drawings, photographs, mosaics, plans, reports, recommendations, estimates, documents and all other data compiled or received by the Contractor under this Contract shall be the property of the United Nations, shall be treated as confidential and shall be delivered only to United Nations authorized officials on completion of work under this Contract.”

The Organization has no objections to a contractor responding to authorized subpoenas for records, documents, tapes or other materials, subject to certain conditions. I note, however, that in the present case, the requested co-operation would be entirely on a voluntary basis. In this respect, the IIC has endorsed the longstanding policy of the Organization not to release confidential, contractual or proprietary documentation or information in response to requests of individuals or member states, for the time being. Under the circumstances, the UN does not authorize the provision of materials or information relating to its contract with Lloyd's Register. Should Lloyd's Register receive an authorized subpoena, we would request Lloyd's Register to inform us so that the Organization may apprise Lloyd's Register of the conditions for responding to such subpoena.

Mr. Jim Harrison
Legal Director
Lloyd's Register Inspection Limited
71 Fenchurch Street
London EC3M 4BS
United Kingdom
e-mail: jim.harrison@lr.org

31 August 2004
Finally, we note that pursuant to the Secretary General’s establishment of the IIC, and the Secretary General’s commitment to fully cooperate with the IIC, Lloyd’s Register is authorized by the Organization to deal directly with the IIC staff and to provide the IIC staff with access to all relevant Lloyd’s Register records and witnesses. Under no circumstance is the production by Lloyd’s Register of records and/or witnesses to the IIC a violation of the confidentiality provision of its contract with the Organization.

Yours sincerely,

Bruce C. Rashkow
Director
General Legal Division
Office of Legal Affairs

cc: Ms. Ringler, Esq.
"This was the biggest cash cow in the history of the world," says one of the insiders familiar with the $10 billion U.N. oil-for-food scandal. "Everybody -- traders, contractors, banks, inspectors -- was milking it. It was supposed to buy food with the money from oil that the U.N. allowed Saddam to sell, but less than half went for that. Perfume, limos, a shipment of 1,500 Ping-Pong tables. . ."

Another whistle-blower, often on the "graveyard shift" of round-the-clock operations at the U.N.'s New York Office of the Iraq Program, explains the workings of the historic rip-off:

Well-connected international traders -- called "the usual suspects" by low-level U.N. staff, who knew they often fronted for sellers of luxury products -- would make their deals, including kickbacks, in Baghdad. Letters of credit, as many as 150 a day, would be issued in New York by the U.N.'s favorite bank, BNP Paribas.

But before the sellers, called "beneficiaries," could be paid (at Saddam's request, in euros, harder to trace than dollars) the bank required a COA, "Confirmation of Arrival," from the U.N.'s contracted inspector, Cotecna of Switzerland.

"The key was Cotecna," says my graveyard source. "Ships were lined up at the port of Umm Qasr, stacks of containers already onshore waiting for inspection. You won't believe the grease being paid. The usual suspects got preferential treatment when the U.N. bosses in New York called the BNP bank to get Cotecna to issue a COA to release the money."

Last week, Secretary-General Kofi Annan claimed that my reporting of what he told me at a luncheon was "a private conversation" (no such ground rule was set) and that "some are jumping to conclusions without facts, without evidence. It is a bit like a lynching, actually."

However, my call for a congressional subpoena to overcome his attempt to limit investigation to his internal Volcker committee has flushed out a fact not hitherto disclosed. Annan's press aide complained to The Times that a subpoena had already been served secretly on BNP Paribas (the initials once stood for Banque Nationale de Paris) by the U.S. Senate Permanent Subcommittee on Investigations.

Although the U.N. had warned its bank, as well as Cotecna, the oil monitor Saybolt and all its other oil-for-food contractors, not to cooperate with anybody but Paul Volcker -- and had blown off the House International Relations Committee's requests -- Annan's advisers knew it would be unseemly and foolhardy to insist that its bank
fight the Senate in court.

With his subpoena and investigation thus publicly revealed by the U.N., Chairman Norm Coleman of Minnesota, a Brooklyn-born Republican, felt free to take my call. "This is a major priority for us," he says. "There's a lot of stuff to cover, a big universe of documents, and we're being aggressive about it. Yes, Cotecna, Saybolt, all of them."

He sent out four "chairman's letters," countersigned by the ranking Democrat, Carl Levin, in early June: One was to the U.S. State Department for the minutes of the "661 committee" meetings at the U.N., which reviewed oil-for-food contracts (though not yet for copies of the contracts themselves). Another to the Government Accounting Office, which had first estimated the skimming at $10 billion. Another to Paul Bremer in Baghdad for copies of documents being turned over to the interim government -- and the Senate still awaits a response; apparently the White House doesn't want to offend the U.N. Finally, a friendly letter to Annan about the subpoena that would require his bank to open its letter-of-credit files.

Now let's review the investigative bidding. The Senate seems serious; though Coleman is a freshman, the subcommittee staff is experienced and nonpartisan. The House is doing what it can. The U.N. allocated $4 million to Volcker, but he hasn't yet submitted a budget or announced a staff. The New York Fed defers to its old boss, and the New York State Banking Department is overdrawn.

But since this involves possible fraud, bribery and larceny on a grand scale, where is law enforcement? Interesting: the U.S. attorney for the Southern District of New York, David Kelley, served subpoenas last week on ExxonMobil, ChevronTexaco and Valero about Iraqi oil purchases. That deals with the income side of the scandal, the money for Iraq (less kickbacks) supposedly to buy food.

I suspect Kelley was moved to empanel a grand jury by probable competition from the Manhattan district attorney, Robert Morgenthau, on the scandal's payoff side. These two offices compete, and Morgenthau's office has expertise on global banking.

Without imputing wrongdoing to any individual, I suggest investigators supplement their document search by talking to people who should be in the know. At the U.N., these include Benon Sevan's deputy, Teklay Afeworki, and at the bank, Pierre Veyres and Eva Millas-Russo.

But defenders of U.N. malfeasance can take heart. In a counterattack, our global servants hired an accountant to warn of "fraudulent acts" by the U.S. after it took over the U.N.'s mismanaged Iraqi oil account. Now, that will get media coverage.

New York Times News Service

LOAD-DATE: June 27, 2004
Freedom of Information Act Request

To: Margaret P. Graefeld
   Director, IRM Programs

From: Mario Calabrese

Fax: 202-261-8579

Date: NOV 22 2004

PS Form 3811, February 2004
Domestic Return Receipt

1. Article Addressed to:
   Margaret P. Graefeld
   Director, Office of IRM Programs
   DEPARTMENT OF STATE
   5th Floor
   Washington, DC 20522-6001

2. Article Number
   (Transfer from service label)
   7002 0860 0004 9551 3536

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