

# WebMemo



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## Oil-for-Food Revisited: The U.N. Should Not Pay Benon Sevan's Legal Fees

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According to media reports,<sup>1</sup> the United Nations' own internal judicial body, the Administrative Tribunal (UNAT), has ordered the U.N. to pay "all reasonable legal fees" to Benon Sevan,<sup>2</sup> the disgraced former chief of the disastrous Iraqi Oil-for-Food Program. Sevan's lawyers are seeking 880,300 U.S. dollars plus interest from the United Nations.<sup>3</sup> Sevan, currently hiding in his native Cyprus, was charged by U.S. federal and state prosecutors in January 2007 with bribery and conspiracy to commit wire fraud. U.N. spokesman Farhan Haq has confirmed the world body will abide by the tribunal's ruling.

The U.N.'s decision to pay Sevan his legal costs is an affront to American taxpayers, who currently give over \$5 billion a year to the United Nations and deserve accountability and respect for the rule of law. For the United Nations to even consider paying what could amount to nearly \$1 million in legal fees is a disgrace and is yet another stain on the reputation of the world body.

The decision to pay Sevan's legal fees should be condemned by both the U.S. Congress and the Obama Administration. In addition, U.N. Secretary General Ban Ki-Moon should intervene and reject the tribunal's ruling.

**The United Nations Administrative Tribunal.** Established by the General Assembly in 1950 "for the purpose of resolving employment-related disputes between U.N. staff and the organization," UNAT is the highest appeals body in the U.N. It is composed of seven members, who currently come

from Europe, the U.S., Asia, and South America. The current first vice president of the tribunal, Jacqueline R. Scott,<sup>4</sup> is an American, and the president, Spyridon Flogaitis, is Greek.

The tribunal has a history of issuing controversial decisions. For example, in October 2004, UNAT awarded former United Nations Development Programme (UNDP) official Callixte Mbarushimana one year's wages in back pay after he was dismissed by the U.N. in 2001. Mbarushimana, a Rwandan Hutu, was indicted for his direct involvement in the killing of 32 Tutsis in the 1994 Rwanda genocide, including the murder of fellow U.N. employees.<sup>5</sup> Despite a public outcry over the UNAT ruling, outgoing U.N. Secretary-General Kofi Annan paid Mbarushimana in accordance with the tribunal's recommendation.<sup>6</sup>

**Sevan's Role in the Oil-for-Food Scandal.** An 18-month investigation chaired by former Federal Reserve chief Paul Volcker in 2004–2005 documented the widespread manipulation of the \$60 billion Iraqi Oil-for-Food Program by Saddam Hussein's regime. This manipulation was made possible by the complicity of more than 2,000 companies in 66 countries as well as several prominent

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international politicians and a number of senior U.N. officials. The reports of the Independent Inquiry Committee (IIC) on the program painted an ugly tableau of bribery, kickbacks, corruption, and fraud on a global scale—without a doubt the greatest scandal in the history of the U.N. The reports clearly demonstrated how the Iraqi dictator rewarded those who supported the lifting of U.N. sanctions on Iraq and who paid lip service to his barbaric regime.<sup>123456</sup>

According to the IIC,<sup>7</sup> Sevan—while administering the Oil-for-Food Program as executive director of the Office of the Iraq Program—accepted and “corruptly benefited” from bribes that were generated from illegal Oil-for-Food deals with Saddam’s regime. Iraqi records indicate that by working through an intermediary company, African Middle East Petroleum Company, Sevan was paid approximately \$150,000 in connection with several illicit oil deals. In addition, from 1999 to 2003, Sevan’s U.N. financial disclosures indicate that he received \$160,000 in cash, which he claimed was given to him by his elderly aunt who lived in Cyprus. It was later revealed that Sevan’s aunt was in fact a former civil service pensioner who had been retired for 20

years, lived in a modest, two-bedroom apartment, and was completely dependent on small monthly social insurance payments.

What Sevan did exactly for Saddam’s regime in return is not fully known. Senior Iraqi officials have explained that Sevan was bribed because “he was a man of influence” and so that he would lift holds that had been placed on certain spare parts for Iraq’s oil industry.

**The U.S. Indictment of Sevan.** In order to avoid criminal prosecution by U.S. authorities in the wake of the IIC findings, Sevan fled to his home country of Cyprus. On January 16, 2007, the U.S. Attorney for the Southern District of New York indicted Sevan on charges of bribery and conspiracy to commit wire fraud. If convicted, Sevan would face up to 50 years in prison. In connection with the indictment, the FBI assistant director for New York, Mark J. Mershon, noted that “Benon Sevan was responsible for maintaining the [Oil-for-Food] program’s probity and propriety. Instead, his administration of the program was marked by profiteering and profligacy.”<sup>8</sup> Although U.S. authorities have filed an arrest warrant for Sevan with Interpol and continue to

1. See Edith M. Lederer, “U.N. Ordered to Pay Legal Fees of Oil-for-Food Chief,” Associated Press, February 11, 2009, at <http://www.google.com/hostednews/ap/article/ALeqM5hRJBYMYnosXd29qi5qmZ6h5Y7CrQD969HRD80> (February 23, 2009); Patrick Worship, “Panel Orders U.N. to Pay Costs for Oil-for-Food Chief,” Reuters, February 12, 2009, at <http://uk.reuters.com/article/gc05/idUKTRE51B0IM20090212> (February 23, 2009).
2. For a profile of Sevan, see “Profile: Benon Sevan,” *BBC News*, August 8, 2005, at [http://news.bbc.co.uk/2/hi/middle\\_east/4131034.stm](http://news.bbc.co.uk/2/hi/middle_east/4131034.stm) (February 23, 2009).
3. It is unclear how Sevan’s attorneys at Baach Robinson & Lewis, PLLC, could possibly have done enough work to justify attorney’s fees in excess of \$880,000 since Sevan’s personal cooperation with Oil-for-Food investigators amounted to a single, two and a half hour interview.
4. Fortney Scott, “Biography of Jacqueline R. Scott,” at [http://www.fortneyscott.com/index.php?option=com\\_content&task=view&id=110&Itemid=107](http://www.fortneyscott.com/index.php?option=com_content&task=view&id=110&Itemid=107) (February 23, 2009).
5. Jane Perlez, “Accused of Killings, He Still Gets Back Pay,” *The New York Times*, October 17, 2004, at <http://www.nytimes.com/2004/10/17/international/africa/17rwanda.html> (February 23, 2009); Betsy Pisik, “Suspect Paid,” *The Washington Times*, December 18, 2006, at <http://washingtontimes.com/news/2006/dec/17/20061217-110724-1789r> (February 23, 2009).
6. Press briefing by Stephane Dujarric, spokesman for the secretary-general, *United Nations Daily Highlights*, December 13, 2006, at <http://www.hri.org/news/world/undh/2006/06-12-13.undh.html> (February 23, 2009).
7. Independent Inquiry Committee into the U.N. Oil-for-Food Programme, “First Interim Report,” February 3, 2005, at <http://www.iic-offp.org/documents/InterimReportFeb2005.pdf> (February 23, 2009), “Third Interim Report,” August 8, 2005, at <http://www.iic-offp.org/documents/Third%20Interim%20Report.pdf> (February 23, 2009).
8. Press release, “U.S. Indicts Former Executive Director of United Nations Oil-for-Food Program and United States Businessman,” Office of the United States Attorney Southern District of New York, January 16, 2007, at <http://www.usdoj.gov/usao/nys/pressreleases/January07/sevanindictmentpr.pdf> (February 23, 2009).

seek his arrest and extradition to the U.S., Sevan has thus far managed to remain free.

**Sevan Should Be Extradited to the United States.** If the Obama Administration is serious about reforming the United Nations and combating corruption within the organization, it should condemn the U.N. tribunal's decision and demand that Sevan be brought to face justice in the United States. The Justice Department should renew its efforts to bring Sevan back to the U.S., and sustained diplomatic pressure should be applied towards Cyprus to

have him handed over. Finally, in order to send a clear message that the United Nations should not reward criminal behavior within its ranks, the United States Congress should withhold from the U.N. the exact amount of money the organization pays toward Sevan's legal fees.

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