



*United States Attorney
Southern District of New York*

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U.S. INDICTS FORMER EXECUTIVE DIRECTOR OF
UNITED NATIONS OIL-FOR-FOOD PROGRAM,
AND UNITED STATES BUSINESSMAN

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, MARK J. MERSHON, the Assistant Director-in-Charge of the New York Office of the Federal Bureau of Investigation ("FBI"), and ROBERT M. MORGENTHAU, the New York County District Attorney, announced the indictment of BENON V. SEVAN, 69, of Nicosia, Cyprus, and EPHRAIM NADLER, a/k/a "Fred Nadler," 79, of New York, New York, on charges of bribery and conspiracy to commit wire fraud, in connection with the United Nations Oil-for-Food Program. According to the Indictment unsealed in Manhattan federal court earlier today:

From approximately mid-2000 until March 2003, the Iraqi Government's regime conditioned the right to purchase oil under the Oil-for-Food Program on the purchasers' willingness to pay a secret surcharge to Iraq. These secret payments were illegal kickbacks, made in violation of United Nations sanctions and United States criminal law.

NADLER allegedly participated in a scheme to make unlawful payments to the former Government of Iraq in connection with the purchase of oil under the Oil-for-Food Program. SEVAN, who at the time was the Executive Director of the United Nations Office of Iraq Programme (the Office that operated the Oil-for-Food Program), allegedly received approximately \$160,000 -- money

generated from the sale of Iraqi oil under the Program -- from NADLER on behalf of the Government of Iraq.

Specifically, NADLER is alleged to have helped a co-conspirator ("CC-1") to obtain the right to buy Iraqi oil under the Oil-for-Food Program in exchange for commissions from the oil sales, and then allegedly funneled approximately \$160,000 of these oil commissions to SEVAN.

NADLER and SEVAN are charged with wire fraud, based on their depriving the United Nations of its right to SEVAN's honest services; bribery concerning an organization (the United Nations) that receives more than \$10,000 annually from the federal government; and conspiracy to commit these offenses. NADLER is also charged with conspiracy to commit wire fraud by engaging in prohibited financial transactions with Iraq and violating the International Emergency Economic Powers Act. If convicted, NADLER faces a maximum sentence of 112 years' imprisonment. If convicted, SEVAN faces a maximum sentence of 50 years' imprisonment.

Mr. GARCIA said that the United States has lodged warrants for the arrest of NADLER and SEVAN with Interpol, and will seek their arrest and extradition to the United States.

Messrs. GARCIA and MORGENTHAU praised the efforts of the FBI and investigators in the Manhattan D.A.'s office in conducting the investigation. Messrs. GARCIA and MORGENTHAU also praised the investigative work of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme, and thanked the Committee for its assistance.

Mr. GARCIA said: "The Oil-for-Food Program was created to provide critical humanitarian aid to the Iraqi people. But prior prosecutions by this Office demonstrate that the former Government of Iraq thoroughly corrupted the Program -- by employing undisclosed Iraqi agents in the United States to try to influence the terms under which the Program was adopted, and by demanding secret kickbacks from participants in the Program during its operation. The allegations in this current indictment that the Executive Director of the very program that was created to provide humanitarian aid to the Iraqi people was involved in such a scheme demonstrates how pervasive the corruption was, and how that corruption undermined the operation of the Program."

FBI Assistant Director MERSHON stated: "This indictment -- which brings to 14 the number of individuals charged or convicted in our far-reaching investigation -- strikes at the heart of the corruption that pervaded the Oil-for-Food program. As

Executive Director of the program and Undersecretary General of the U.N., Benon Sevan was responsible for maintaining the program's probity and propriety. Instead, his administration of the program was marked by profiteering and profligacy."

Mr. MORGENTHAU said: "The Oil for Food Program was established to provide humanitarian relief to the Iraqi people, not to line the pockets of corrupt officials. The U.S. Attorney's Office and the Manhattan District Attorney's Office have joined forces to uncover and prosecute any corruption or other illegal activities connected to that program. Today's indictment of the top U.N. official in charge of the Oil-for-Food Program and his business partner is an important step in our continuing investigation."

Mr. GARCIA also stated that the investigation into criminal wrongdoing in the United Nations Oil-for-Food Program is continuing. For further information on the prosecutions related to the Oil-for-Food Program, please see the Indictment captioned United States v. Chalmers, S5 05 Cr. 59 (DC), and prior press releases from this Office dated April 14, 2005; January 6, 2005; January 18, 2005; August 8, 2005; September 2, 2005; and July 13, 2006.

Assistant United States Attorneys STEPHEN A. MILLER, MICHAEL FARBIARZ, and LISA P. KOROLOGOS, and Assistant District Attorneys RAHUL KALE and PAMELA DICKSON, who have been designated Special Assistant United States Attorneys for this matter, are in charge of the prosecution.

The charges and allegations contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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