

UN Lives on the Dark Side II, UN, impunity, 2007

In 1993 the UN's departing top manager left behind an excellent report on grave UN management problems, including in particular the Secretariat's feeble efforts to fight fraud and corruption. The General Assembly created a system of accountability for UN managers in 1993, and added a consolidated internal oversight office in 1994, combining old, small oversight groups with a new investigations unit. Its functions were to combat waste, fraud, mismanagement, and abuse of authority, and to receive reports on these matters from staff whistleblowers and protect them from retaliation.

Secretariat officials had, for fifty years, enjoyed diplomatic immunity, and had actually turned it into impunity to do whatever they wanted. The investigation unit started very slowly. It was first overwhelmed with reports of wrongdoing, most of which it ignored, and then became almost invisible in its operations and in OIOS annual reports to the General Assembly.

The first OIOS head from 1994-1999, a German diplomat, wanted to work closely with management (not oversee it), and gave short shrift to whistle-blowers. The second head, a banker from Singapore, made some efforts at independent audit and investigation and produced some useful broad management audits, but also produced "whitewashes" of managerial wrongdoing and, embarrassingly, mismanaged his own OIOS. Because effective oversight is central to UN accountability, this history is discussed extensively in the IO Watch Archive subsections on [1993 management accountability attempt](#), [Internal Oversight: The OIOS](#), and [Investigation efforts: Is the OIOS a fig leaf?](#)

In 1994 the new OIOS head, at last a qualified professional auditor, arrived. At the same time, however, the Iraq oil-for-food scandal revealed that the OIOS was understaffed, mistrusted by staff, not well used by the General Assembly, and often impeded by UN departments and programmes. The Secretariat then stumbled into a huge procurement scandal. Investigation work during 2006 and 2007 has uncovered many grave waste, corruption, and mismanagement problems.

Three important articles in 2007 are presented below. The first assessed a proclaimed Secretariat success in convicting a procurement official, which actually was a very muddled investigation process. In the second and third, a senior investigation unit official very bluntly described grave investigatory weaknesses, and a glaring refusal to address tsunami relief waste and fraud. Yet two more articles suggest that the third OIOS head may also be in trouble because of a messy effort to get a friend hired for a top job (see [UN, jobsfortheboys/girls, 2007](#).)

ANALYSIS: WILL FRAUD CONVICTION HELP U.N. REFORM ITS SECRETIVE 'CULTURE OF IMPUNITY'?

Wednesday, June 13, 2007

By Claudia Rosett and George Russell

FOX NEWS

“Justice has been done.”

That’s how United Nations Secretary-General Ban Ki-moon hailed the conviction for fraud and corruption of a former top U.N. procurement official, Sanjaya Bahel, who was found guilty on June 7 in New York federal court of steering some \$100 million worth of U.N. peacekeeping support contracts to the well-connected family of a fellow-Indian friend.

But Ban’s self-congratulatory remark is misleading.

The saga of Bahel’s extensive career of corruption extends well beyond his individual case, into a U.N. system that still is mired in murky practices and desperately lacking in dependable oversight or any normal administration of justice.

Even as Bahel faced up to 30 years in prison for his misdeeds, top U.N. officials continued to dodge questions about how and why the U.N. itself twice exonerated Bahel over a period of years, most recently in December 2004, even while the organization lethargically examined much the same evidence that persuaded a New York jury to convict the man after less than half a day of deliberations.

Moreover, an examination of U.N. documentation that did not surface during Bahel’s trial shows that even in his case, the rot extends further than the public record shows. The risk now is that Bahel’s conviction itself could become an excuse for the U.N. to cover up even deeper and more widespread problems in the U.N.’s multi-billion-dollar procurement department and in the U.N. system of justice.

According to court evidence and testimony, Bahel’s scams began at least as far back as 1999, when he secretly began scheming to help companies connected with the family of a longtime friend, Nanak Kohli, to obtain lucrative U.N. contracts for which they were not qualified.

Bahel, who was both a U.N. employee and an Indian civil servant “seconded” to the international organization, bent and twisted U.N. rules in a variety of ways to steer contracts covering everything from skilled-labor supply to computers and short-wave radios to a number of firms, including a state-owned Indian telecommunications flagship, Telecommunications Consultants International Ltd. (TCIL).

At the same time, Bahel manipulated a spineless and incurious U.N. bureaucracy to ignore complaints from TCIL workers — backed by U.N. field staff — that the contractors were stealing

their on-site food and housing allowances in peacekeeping zones, and firing them if they complained.

In return, Bahel over the years received from Kohli thousands in cash, first-class air travel upgrades, a laptop computer, pricey tennis tournament tickets and bargain rental on a luxury apartment in midtown Manhattan, which Bahel finally purchased secretly from his friends at a cut-rate price.

In the end, the chief witness against Bahel was Nanak Kohli's son Nishan, who cut a plea-bargain that might reduce his own 10-year maximum sentence on a bribery conviction. So far, his father — a well-known figure in India — and his brother, who also were involved in the schemes, have not faced criminal charges.

Commenting on Bahel's conviction, the head of the U.N.'s watchdog Office of Internal Oversight Services (OIOS), Inga-Britt Ahlenius, told the press last week that the U.N. itself is the "victim" of "such fraud and waste."

That was true as far as it went. But the U.N. for years never seemed to mind being such a victim, so long as the scandal never saw daylight. The ultimate victims in this case included U.S. taxpayers, who were bilked by a U.N. system that allowed Bahel's scams to continue for years, even as U.N. peacekeepers and the people they were ostensibly trying to protect were short-changed of the support that taxpayer money was meant to provide.

The long road to the Bahel verdict is littered with U.N. incompetence, denials, lies, and cover-ups, while a mantle of secrecy — described by one set of auditors as a "culture of impunity" — gave cover to Bahel long after whistleblowers had tried repeatedly to raise serious questions inside the U.N. system about his conduct.

Indeed, Bahel's public conviction does not cover all of the scams and all of the companies that the U.N. believes were involved in his many schemes.

Most questionable of all the U.N.s' failings were the actions of three high-ranking officials who were well paid to oversee integrity in the U.N. procurement department. All of them failed, and none have yet been called to account for their failures.

They are the former head of OIOS, Dileep Nair, who left his job in a cloud of scandal in 2005; the former head of OIOS's investigative division, Barbara Dixon, who likewise left after being tarred with accusations of abuse of authority; and Bahel's onetime boss in procurement, Andrew Toh, who has defended the U.N. procurement process on the grounds that "I don't see how anyone could beat the (procurement) system."

Nair is now his native Singapore's consul-general in Dubai. Dixon was, for a time, a member of the board of auditors supervising the integrity of yet another costly U.N. agency, the Food and Agricultural Organization (she since has resigned). And, for more than a year now, Toh, who eventually rose to the U.N.'s fourth-highest rank of assistant secretary general, has been collecting his U.N. salary on paid administrative leave while under investigation for gross mismanagement and failing to cooperate with investigators looking into yet another multimillion-dollar procurement scandal. He has insistently denied any and all wrongdoing.

Nair, the former top U.N. watchdog, was the target in 2004 of formal allegations of favoritism and rumors of sexual misconduct. He maintains he is innocent. An independent inquiry into his behavior dragged on for almost two years, during which time the U.N.'s internal oversight division refused to cooperate with requests for documents from the investigation. Eventually, the independent inquiry found Nair guilty of improper behavior in a variety of personnel promotions,

even though the U.N. itself only proclaimed that he had been cleared on the sexual harassment issue.

Meanwhile, Nair had decamped to rejoin the diplomatic service of his native Singapore.

Barbara Dixon, who worked directly under Nair, led an inquiry into Bahel's behavior after his superior — Toh's replacement — lodged a complaint against the Indian. U.N. auditors quickly found a wide variety of "fraud indicators" in Bahel's behavior involving TCIL and another Kohli company, Thunderbird LLC, that merited further investigation.

But when it came, that investigation was a farce. According to a U.N. internal report obtained by Fox News, investigators dispatched by Dixon made a visit to the alleged New York offices of Thunderbird, to which Bahel had steered a \$20 million contract to supply temporary manpower for U.N. peacekeeping missions despite signs that it was at best only marginally qualified. The auditors failed to notice that the offices — like the company's financial statements — were a flagrant front, which a Fox News team found occupied last year by a trio of chiropractors.

Kohli freely admitted in court that a variety of personal testimony as to Thunderbird's solvency was also phony. The Dixon-led investigation mainly consisted of contacting the same fraudulent sources and accepting their word at face value.

In July 2004, after accepting false references and blatantly dummed-up evidence, Dixon's team cleared Bahel — who the previous year had been moved from the procurement department to head, among other things the UN postal administration. (There, shortly before Bahel arrived, and over the signature of his boss, Andrew Toh, the U.N.'s irreplaceable stamp archive, dating back to 1951, was auctioned off in Switzerland, apparently without authorization.) In July, 2005, in the wake of Dixon's exoneration of Bahel, Toh announced a management shuffle that would have, among other things, promoted Bahel to run all of U.N. procurement

That promotion was vetoed by Christopher Burnham, a former U.S. Marine and senior U.S. State Department official who had taken over the U.N.'s top management job with the intent of actually reforming the place. In January 2006 — with the UN then reeling from the Oil-for-Food scandal and indications of hundreds of millions of potential fraud in procurement — Burnham got authorization for a special task force within OIOS that sidelined Dixon and finally began a real investigation of procurement corruption.

It was the work of the so-called Procurement Task Force that finally fingered Bahel. In the process, the task force noted that a number of key files in the case had mysteriously disappeared before they had a chance to examine them. The task force also accused Bahel of steering unwarranted contracts worth nearly \$10 million to another Indian firm, PCP International Ltd, for generators for U.N. peacekeepers that later proved faulty.

The fact that any justice was done in Bahel's case was due to Burnham's determination to listen to one brave whistleblower, a feisty woman named Jane Redfern who had worked as a procurement trainee under Bahel, and repeatedly questioned his machinations on behalf of his Indian friends as far back as 2001. Her career wilted as a result, and Burnham eventually gave her a job in his own office. She now works for UNICEF.

At the U.N., the stars will not easily align to repeat that victory for integrity — or even to reward those who have given some of that quality back to the institution.

Redfern testified as a crucial prosecution witness at the Bahel trial. But she now has been left by the U.N.'s Office of Legal Affairs, and by Burnham's successor as the head of UN management, Alicia Barcena, to pay her own legal bills for that exercise. The only option Redfern was offered

by the U.N. was to accept a lawyer whose first loyalty would have been to the U.N., with no guarantee of protection for Redfern's own interests.

In the wake of the Bahel case, the U.N.'s special procurement task force is continuing to pore over a mass of other corruption cases — about 140, by Ahlenius' estimate, of which 20 to 25 are considered major. Many of them date back to Barbara Dixon's time as chief OIOS investigator.

TCIL and Thunderbird have been banned from further dealing with the United Nations procurement department — although in one case that the task force is examining, involving a company called Trigyn Technologies Inc. USA, the subsidiary of an Indian firm, there is evidence of Thunderbird involvement as a sub-contractor, along with at least one other Kohli company.

At a press conference last week, Ahlenius noted that some \$1 billion worth of U.N. contracts are still under investigation, and millions "in fraud and waste" already have been discovered. Along with TCIL, a number of important companies, including firms from Russia, Italy, Canada and the U.S., have been removed from the U.N.'s list of authorized vendors, at least until further investigations are concluded.

But will those victories reverse years, if not decades, of neglect, incompetence, inertia and deliberate wrongdoing, at times driven by the desires of various U.N. member states themselves?

Ahlenius noted last week that U.N. internal workings remain so flawed that "it's difficult to place any reliance on the system."

One case she might have pointed to was the extraordinary behavior of diplomats representing Singapore, who have loudly and repeatedly come to the defense of Bahel's boss, Andrew Toh, and in the process stalled a variety of U.N. proceedings to protest what one diplomat called a "travesty of justice" in Toh's case. Toh remains the highest-ranking Singapore native in the U.N. bureaucracy. The second highest-ranking Singaporean was the disgraced former head of OIOS, Dileep Nair.

The lobbying and obstruction of self-interested U.N. member-states can outlast individual reformers. Top-management hand Burnham, who arrived at the U.N. in mid-2005, resigned last December to work in the private sector. The mandate of the special task force he convened to investigate corruption in the procurement department expires at the end of this year.

There is no guarantee its work will be extended, or that much of it will see the light of day. And there is as yet no definite sign that the U.N. — with all its privileges, immunities, secrecy and taxpayer money — is systemically configured or even willing to police itself effectively.

Indeed, on Tuesday, June 12, Ban Ki-Moon posted a warning on the U.N.'s intranet site, telling employees of the importance of keeping confidential U.N. documents out of the hands of the media.

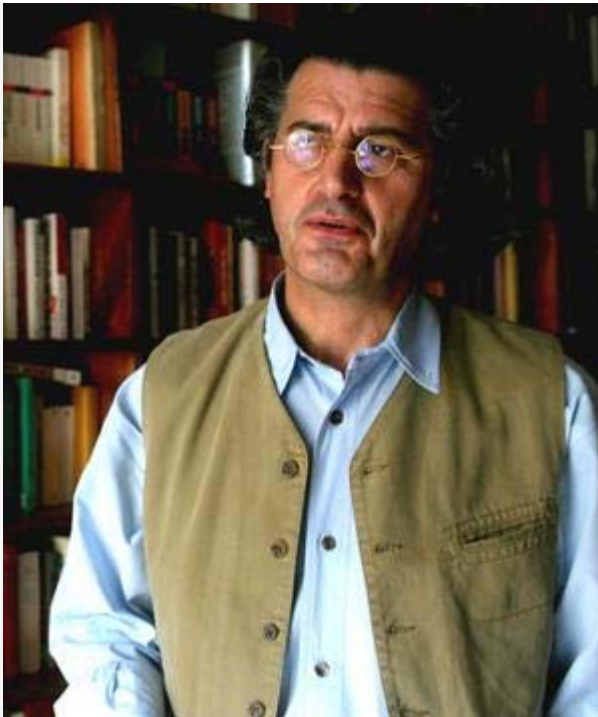
"I cannot overstate," he said, "how seriously I take this issue."

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The lies from within

October 6, 2007 Sydney Morning Herald, smh.com.au [Australia]

A former Australian investigator says only the liar, fraudster and nepotist can survive the UN's culture. Kate McClymont reports.



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WITH his round wire glasses, shoulder-length hair and leather jacket, Francis Montil looks - and sounds - more like a French film director than a globe-trotting investigator and counterespionage expert.

As the former deputy director of the United Nations' internal investigation arm, Montil has travelled the world and what he has witnessed has left him deeply troubled.

His disillusionment with the UN is palpable. "The culture" he says, is one in which "the hypocrite, the liar, the fraudster, the nepotist and the dilettante is more likely to survive and progress than the average 'thinking' reasonable man or woman".

Within the monolithic organisation, which employs 70,000 people, personal fiefdoms are fiercely guarded and petty political power plays triumph over the ideals of the UN's charter, he claims. "Whilst those who dreamt it and caused it to be created may have done so with good intentions, [the result] is akin to *Alice through the Looking Glass*."

"Once one enters the international civil service, one is obliged to abandon the reality that the world outside is not at peace," he says.

"The oil-for-food scandal taught them nothing," says Montil, who believes the fraud and corruption in the 2005 tsunami reconstruction period will come back to haunt the UN, which has wilfully ignored all the warning signs.

Montil is equally scathing over the selection of the secretary-general. The successful candidates, he says, are selected by the five member states on the grounds that they "are neither energetic, nor too bright, nor too troublesome. The duller and the more indecisive they are the better".

Montil maintains it was incomprehensible that Kofi Annan, "known for his legendary ability to avoid making decisions and who had effectively presided over two genocides", was rewarded with the secretary-general's job in 1997.

"It is, after all, undeniable that Kofi Annan was in charge of the department singularly concerned with peacekeeping and who presided over the Rwanda and Srebrenica massacres. Go figure!" he says.

Known as Frank to his friends, the French-born former ASIO officer has returned to Australia after a decade at the UN where he served as deputy director of the investigations division of the Office of Internal Oversight Services.

During that time, Montil crisscrossed the globe investigating procurement fraud in Syria, the trafficking of women in Sarajevo, the sexual abuse of refugees in Sierra Leone, Liberia and Guinea, money laundering in Antigua, IT fraud in Melbourne and the hunt for a con man who was operating out of the UN headquarters in New York.

Nine Kenyans, including three UN staffers, were arrested in the wake of a 2001 investigation into allegations that refugees in Nairobi were being asked to pay bribes to obtain registration and resettlement documents from the Office of the UN High Commissioner for Refugees branch office in Nairobi.

But it was his divisions's investigation into allegations of sexual harassment by Ruud Lubbers, the UN's High Commissioner for Refugees, which encapsulated all that was wrong with the UN. For the first time, Montil gives an insider's perspective of the matter that attracted world-wide headlines when the scandal broke in 2004.

THE ALLEGATIONS

- Kofi Annan appointed UN secretary-general despite presiding over two genocides.
 - American film star Angelina Jolie is inappropriately touched by the UN refugee chief.
 - A Russian UN staffer has pleaded guilty to money laundering.
 - UN officials in the secretary-general's office tried to discredit an American woman who made allegations against the UN refugee chief.
 - A Bangladeshi peacekeeper escaped prosecution despite raping a 13-year-old boy.
 - The UN ignored allegations of widespread corruption after the Indonesian tsunami.

Rudolphus Lubbers, who was the longest-serving Dutch prime minister, was a very powerful figure within the UN. As head of the UN High Commission for Refugees, Lubbers was responsible for the allocation of aid for the world's 17 million refugees.

In December 2003, Cynthia Brzak, who had worked for the high commission for 25 years, was leaving a meeting at the Palais des Nations in Geneva when the ageing refugee chief placed his hands on her waist, pulled her back towards him and pressed his groin into her.

Four months later Brzak laid a formal complaint.

While Montil's office received the complaint in writing, it also received a call from the secretary-general's office on the 38th floor. Montil says the caller was a senior member of Annan's staff. The call's purpose was to alert them to the fact that the complainant was an American woman, and therefore a neurotic attention-seeker who was no doubt exaggerating the incident.

Montil says the relationship between Annan's office and the Americans had been frosty even before the refusal of the UN to back the war against Iraq, which began nine months earlier.

Then there was the class division. Montil explains that the UN is divided into two classes: the professional and non-professional. The first are people with degrees, "who can baffle the world with greatness and knowledge", he says. "And the others are unwashed public servants who are treated like shit by the great ones." The complainant fell into the latter category.

"They were hoping for a whitewash," says Montil, pointing out that the 38th floor was keen to avoid any embarrassment.

But to Annan's horror, the investigators not only confirmed Brzak's account, they uncovered a pattern of sexual harassment with four other women complaining they had been groped by Lubbers. The investigation's office recommended that "appropriate action be taken against Mr Lubbers for misconduct and abuse of authority".

The investigators also noted that Lubbers had tried to intimidate staff members to prevent them co-operating with the investigators. On learning of the complaint, he had sent a two-page letter to Brzak asking her to drop the charges and promising her career would not suffer as a consequence.

Perhaps the most astonishing revelation to emerge during the investigation was an allegation that Lubbers had also groped American movie star Angelina Jolie, who had been appointed as a UN goodwill ambassador by Lubbers in a ceremony in Geneva in 2001.

Staff who witnessed the incident told investigators that minutes before coming down in the lift to be introduced to staff in the building's Geneva headquarters, Lubbers had grabbed Jolie from behind. The incident was followed up by Jolie's UN minder who contacted her about whether she wished to make a statement to investigators. They were informed, through her minder, that she did not. Jolie's agent did not reply to the *Herald's* email seeking verification of the incident.

In July 2004, Annan publicly buried the report of the internal investigation, claiming there was insufficient evidence. "We are wondering, 'Why the heck is he trying to protect Lubbers?' " Montil asks. He says a senior official told him: "Kofi Annan owes Lubbers for the Srebrenica massacre."

In 1995 Dutch peacekeepers failed to prevent the largest civilian massacre in Europe since the Holocaust when about 8000 Muslims were slaughtered by Bosnian Serb forces led by General Ratko Mladic.

While Lubbers was not prime minister at the time, he had been when the Dutch troops were deployed to Bosnia in the first place. Annan had been the under-secretary in charge of the peacekeepers. Critics blamed both for their roles in the massacre

Lubbers's case might have ended when Annan stymied the report's findings, but in early 2005 the highly confidential internal UN report was leaked to *The Independent* newspaper in Britain. The paper revealed there were five instances where Lubbers had made unwelcome advances to female subordinates. His behaviour, said the report, indicated "a pattern of sexual harassment".

Montil says one of those cases involved a 22-year-old Muslim woman who was invited to Lubber's home on a weekend. "He started to caress her. She is frightened and ... rushes out of the apartment. Immediately she contacts a male friend and repeats the whole story to him," he says.

"The whole thing is hushed up and she is asked what posting she would like to go to, she is transferred to Beirut. We interviewed her and got the whole story."

Days after the leaked report appeared, Lubbers was forced to resign.

Annan, who was now facing the oil-for-food scandal, could no longer protect Lubbers. "The continuing controversy has made the high commissioner's position impossible," Annan said at the time.

Lubbers replied: "For more than four years I gave all my energy to UNHCR. To be frank, despite all my loyalty, insult has now been added to injury and therefore I resign as high commissioner."

Lubbers angrily claimed his accusers were liars and that the report was "a miserable report, no proof at all, it's insinuations".

Montil arrived at the UN in 1996, having grown up in Australia. One of six children, he was 14 when his family migrated from France to Fremantle in February 1968.

"My first recollection of Perth was walking out of the ship and down the gangplank and I felt as though I had always been here. There was an explosion of sunlight, bright blue skies," he says.

Montil's father, a metallurgist, got a job at the Kwinana refinery and Montil, who did not speak English, was enrolled at Bob Hawke's *alma mater*, Perth Modern. He was assigned to teach French to a table of young girls, while they helped him with his English. Montil couldn't believe his luck.

Due to his military background (his grandfather had been an admiral in the French Navy and his father had fought in Indochina), Montil joined the West Australian police force after leaving school. At 21 he was posted to Laverton for a 12-month stint. "You have Laverton and then you have nothing - it's the last outpost between the Great Victoria Desert and the Gibson Desert," he says.

There were four junior officers and a sergeant. Their patrol, which took 10 days in a four-wheel-drive, took them as far as the Northern Territory border, inspecting sheep stations, geological outposts, the Giles Weather Station and Aboriginal missions on the way.

"Our work mainly was everything from murder to drunkenness and quite often the two of them were mixed," Montil says.

During his time in the force, unbeknown to his colleagues, Montil completed an economics degree majoring in maths. "I was tipped to go to the Criminal Investigations Branch and an old detective sergeant found out I was going to university and he said, 'We don't take academics in the CIB.' "

Montil, who was stationed at Kalgoorlie at the time, asked his boss for four days off so he could catch the train to Perth to see the commissioner. "And I did. I was told I would be in the next intake."

In 1985, after 16 years in the police force, Montil joined ASIO where he became head of the Middle Eastern desk. There he planned counter-terrorism operations and spent some time in counterespionage against former Communist bloc targets.

While at ASIO Montil completed a law degree at Macquarie University followed by a masters of law at Sydney University specialising in constitutional and administrative law and international jurisprudence.

In 1996 Montil joined the UN. There were 11 investigators attached to the UN's investigative division, which had been established only two years earlier. "It was disturbing for a lot of people because we were about 'catching crooks' and of course there are no crooks at the UN," he laughs. The role of the investigations division was to delve into the misuse of funds, bribery, fraud and misconduct within the UN and its related agencies.

Their unit was regarded with deep suspicion by other employees. They were variously called the Man from Uncle, the Men in Black and Paschke's Police (after the first head of their division Karl Paschke, a German diplomat).

His investigations often uncovered human misery on a grand scale. Montil's most personally troubling case was the rape of an orphaned 13-year-boy by UN peacekeepers in Sierra Leone.

It was raining heavily in Sierra Leone. Montil, who was recovering from a serious bout of cerebral malaria, was about to fly to Paris when aid workers drew his attention to a boy who had been sodomised by a Bangladeshi peacekeeper. When asked why nothing had been done, the aid workers replied: "We reported it, but no one seems to want to do anything."

Montil delayed his flight to investigate the matter. The Pakistani military police told Montil they had heard of the case but had been unable to investigate the matter because they had not received the complaint in writing. Montil ensured that a written complaint was

delivered and, as he was leaving, the military police assured him the matter would be attended to. Montil was not so sure. "This child has no parents, then gets raped. What sort of life is he going to have?"

Russian Alexander Yakovlev was a long-serving member of the UN's procurement department. He had come to the attention of the UN investigators during the oil-for-food scandal. After a tip-off, Montil flew to Antigua where he discovered that Yakovlev had a bank account with almost \$US1 million in it. He also had money being wired into this account from an account in the tax haven of Jersey.

By the time Montil's office had finished its investigation, it discovered \$US1 million in bribes had been paid to Yakovlev by companies keen to secure contracts with the UN.

The day after being questioned, Yakovlev resigned. Two months later, in August 2005, Annan waived Yakovlev's diplomatic immunity. Later that same day Yakovlev pleaded guilty to charges of wire fraud, money laundering and for accepting hundreds of thousands of dollars in bribes from UN contractors.

One of Montil's more intriguing cases arrived via a tip-off from the US Attorney's office in Manhattan. Authorities had received a complaint from an elderly woman who had been conned into investing almost \$US300,000 in a poverty eradication program in Africa supposedly authorised by the UN.

Montil inspected the business card given to the woman by the con man. The business address on the card referred to an office on the 10th floor of United Nations Plaza One, First Avenue, Manhattan. The office was not only in the UN headquarters but it was only three floors above Montil's.

"As I walked through the main entrance door of the Office for the Development of Landlocked Countries in Eastern Africa - which naturally enough for the United Nations was not staffed with Eastern Africans but with Western Africans, everyone went quiet and immediately stood there on the spot," Montil says.

"Then I looked around and saw this face peering at me from one of the offices ... I knew this face. It belonged to a United Nations staffer from West Africa - a project officer - who had been investigated previously by our office for allegations of employee benefit fraud." At the time Montil left the UN, the man was being investigated by American authorities for securities fraud.

While the UN can take disciplinary action against staff members as a result of its internal investigations, any criminal prosecutions (diplomatic immunity must be waived) are undertaken by the nation in which the offence has occurred. This is not always easy.

Cynthia Brzak, the American woman at the centre of the Lubbers case, claims UN officials retaliated against her for the Lubbers matter by sidelining and shunning her on the job and illicitly releasing her confidential medical records.

She filed an action in the US Supreme Court against Lubbers and Annan "for indecent battery, for intentional infliction of emotional distress, for constructive termination, and for civil substantive violations of RICO [racketeering offences]".

But a year ago, the Supreme Court denied her application as it did not have the power to hear her case.

As for Montil, now back in Australia working in his business advising on corporate fraud and counterespionage, he considers himself lucky to have lasted 10 years at he UN.

"If you really want to be a professional investigator in the UN, you can't have a UN career," he says. "If you are an investigator and say, 'Hey listen, this is waste, this is wilful mismanagement'", it doesn't make you popular.

And as for the investigations division, Montil says that it has become just another UN office designed not to rock the boat. "It is another *Looking Glass*. What you see is not what it was designed for."

UN turns a blind eye to reports of million-dollar aid fraud

Kate McClymont

October 6, 2007 Sydney Morning Herald, smh.com.au [Australia]

TSUNAMI reconstruction funds worth \$US500 million are being lost to fraud and corruption because of the failure by the United Nations to implement its own anti-fraud measures.

This claim is made by the UN's former deputy director of investigations, Frank Montil, a former ASIO officer who for a decade was the deputy director of the UN's internal watchdog unit, set up to investigate fraud and corruption within the UN and its agencies.

In an exclusive interview with the *Herald*, Mr Montil said "the oil-for-food scandal taught them nothing". The fraud and corruption which had been occurring during the tsunami reconstruction period would come back to haunt the UN, which had wilfully ignored all the warning signs.

As a senior UN investigator, Mr Montil was sent to the devastated areas of Indonesia after the tsunami. His task was to assess the risks of fraud, waste and mismanagement to the public funding that the tsunami public appeal generated and for which the UN was responsible for allocating. "When you have a disaster zone, you have all sorts of drifters and conmen walking in. It is the equivalent to the old goldrushes," Mr Montil said.

His findings made for frightening reading. His inquiries revealed that every project would automatically attract a 10 per cent premium to cater for bribes "to a variety of parties who may have an influence on whether or not a project will go ahead."

In large infrastructure and building procurement, his team learnt that there was almost always collusion between the winning company and public officials. In the instances where there was no government involvement, there was collusion between large contractors who operated an invisible roster.

Mr Montil's report says the company which won the contract through a "fake" lowest bid - inevitably overpriced as it had already been determined it would win - would then offer subcontracting jobs on the project to the unsuccessful bidders.

"These government bodies are duplicating, tripling and even quadrupling their approaches to the various foreign aid and UN agencies for the very same equipment," Mr Montil warned the UN General Assembly in his report.

"As such there is a risk for fraud, in that a government body could secure excess office space, and twice, three times or even four times its equipment requirement - including motor vehicles."

But the report lay on the desk of the former secretary-general, Kofi Annan, for eight months, Mr Montil said.

"My estimations of fraud were that at the bare minimum in Banda Aceh alone there would be at least \$US80 or \$US90 million disappearing in fraud and corruption. That's only in emergency funds. That doesn't include the half a billion that will be lost to fraud and corruption in reconstruction funds," he said.

When the *Herald* contacted the UN, a spokesman provided the General Assembly's response to Mr Montil's report. Tabled last December, it read in part: "The Deputy Secretary-General indicated that a number of funds and programs had expressed the view that their tsunami activities had already been extensively audited and that a further consolidated report would be superfluous."

Mr Montil said this response was one of "wilful abdication of the UN's obligations" and followed its failure to act when rumours of the oil-for-food scandal emerged. It was later revealed to the UN's embarrassment that the Australian Wheat Board was paying kickbacks to Saddam Hussein.