

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

CO 072

INCOMING

DATE RECEIVED: JULY 30, 1991

NAME OF CORRESPONDENT: MR. JAWAD M. HASHIM

SUBJECT: FORWARDS A MEMORANDUM REGARDING SADDAM
HUSSAIN'S ASSETS HELD IN FOREIGN BANKS

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C D
JOHN SUNUNU		ORG	91/07/30		C 91/07/30
99DAS ✓	REFERRAL NOTE:				
	REFERRAL NOTE:	A	91/08/09	LJ	A 91/09/14 EC
	REFERRAL NOTE:		/ /		/ /
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COMMENTS:

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: _____

CS MAIL USER CODES: (A) _____ (B) _____ (C) _____

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|--------------------------|----------------------|----------------------|---|
| *ACTION CODES: | *DISPOSITION | *OUTGOING | * |
| * | * | *CORRESPONDENCE: | * |
| *A-APPROPRIATE ACTION | *A-ANSWERED | *TYPE RESP=INITIALS | * |
| *C-COMMENT/RECOM | *B-NON-SPEC-REFERRAL | * OF SIGNER | * |
| *D-DRAFT RESPONSE | *C-COMPLETED | * CODE = A | * |
| *F-FURNISH FACT SHEET | *S-SUSPENDED | *COMPLETED = DATE OF | * |
| *I-INFO COPY/NO ACT NEC* | | * OUTGOING | * |
| *R-DIRECT REPLY W/COPY * | | | * |
| *S-FOR-SIGNATURE | | | * |
| *X-INTERIM REPLY | | | * |
- *****

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.



United States Department of State

Washington, D.C. 20520

September 11, 1991

Mr. Jawad M. Hashim
Suite 18
South Lodge
245 Knightsbridge
London SW7 1DG

Dear Mr. Hashim:

The White House passed the Department your letter of July 24, 1991, which enclosed a memorandum on Saddam Hussein's assets outside of Iraq.

We have in turn passed your information to appropriate agencies of the U.S. Government for careful study. There is considerable interest in this issue.

Thank you for your assistance.

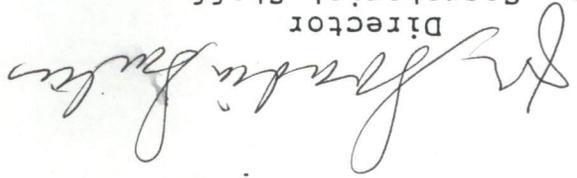
Sincerely,

A handwritten signature in cursive script that reads "David L. Mack".

David L. Mack
Deputy Assistant Secretary for
Near East and South Asian Affairs

UNCLASSIFIED

Director
Secretariat Staff



DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

UNCLASSIFIED

TRANSMITTAL FORM

S/S 9114520

Date September 13, 1991

FOR: Mr. William F. Sittmann
Executive Secretary
National Security Council Staff
The White House

REFERENCE:

To: Mr. John Sununu

From: Mr. Jawad M. Hashim

Date: July 24, 1991

Subject: Re Saddam Hussein's assets held in foreign banks

ACTION TAKEN:

- A draft reply is attached.
- A draft reply will be forwarded.
- A translation is attached.
- An information copy of a direct reply is attached.
- We believe no response is necessary for the reason cited below.
- The Department of State has no objection to the proposed travel.
- Other (see remarks).

REMARKS:

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WHITE HOUSE

91 SEP 13 PII : 27

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BY FACSIMILE AND MAIL

9114520
'91 AUG-07 7:51 PM

Mr. John H. Sununu
Chief of Staff
The White House
WASHINGTON, D.C.
U.S.A.

July 24th 1991

Dear Mr. Sununu,

Re. Saddam Hussain's Funds in foreign banks

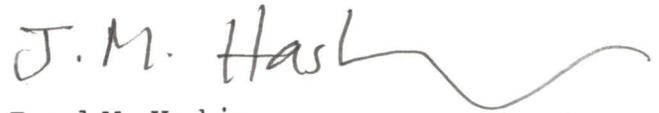
In February 1991 I sent you an opinion paper on "The Shape of the Post-Gulf War Middle East".

On February 14th 1991 you wrote to me, acknowledging receipt.

Today I am sending you a short Memorandum concerning Saddam's assets (cash) held in foreign banks. The purpose of this is to explore the possibility of encouraging the U.N. Security Council to pass a Resolution compelling Mr. Hussain to reveal the whereabouts of these funds.

If I can be of further assistance, please do not hesitate to contact me.

Yours sincerely,



Jawad M. Hashim

Enc.

M E M O R A N D U M

on

SADDAM'S SECRET FUNDS ABROAD

BACKGROUND

1. In June 1972 Iraq nationalized oil and the process was completed by October 1973.
2. As Iraq's Minister of Economic Planning and Personal Advisor to Mr. Hussain, I was involved in various confidential matters, including the nationalization process and the allocation of the resulting revenue.
3. Shortly after the nationalization of oil, Mr. Hussain required the setting aside of 5% of the annual oil revenue for political purposes. The money was to be held outside Iraq in Swiss banks. The justification given by Mr. Hussain was that he and the Ba'ath Party leadership wanted to accumulate sufficient funds, held abroad, to be used to finance their return to power:
 - (i) in the event the Party was ousted by a coup; or
 - (ii) if the country were invaded.
4. A secret "Decree" was promulgated by the ruling Revolutionary Command Council (RCC) by which 5% of Iraq's oil revenue was allocated to secret accounts and Saddam Hussain was authorized to "take the necessary steps to implement" that Decree.
5. To the best of my recollection, an account was opened first in a major Swiss bank and three members of the RCC became the signatories, namely:
 - (i) Saddam Hussain
 - (ii) Adnan Al-Hamdani
 - (iii) Adnan Khairallah (Saddam's brother-in-law).

6. In August 1979 Mr. Al-Hamdani was executed, and in 1989 Mr. Khairallah died in a helicopter crash, thus yielding sole control of the account or accounts to Saddam Hussain.
7. Between 1972 and 1989 the 5% skimmed from Iraq's oil revenue would amount to some \$9.4 billion. Today the accumulated fund will stand at some \$31.3 billion, as shown in the attached table.
8. Iraq normally received its oil revenue in U.S. Dollars via the U.S. Federal Reserve and other American banks. Chase Manhattan was, as far as I recall, one of Iraq's correspondent banks in New York. Five per cent was regularly (every 90 days, 120 days and at the end of the year) transferred to Switzerland via American financial institutions.
10. The system therefore followed the normal routine for collecting oil revenue, which was deposited in full before 5% was allocated and dealt with separately.
11. Identifying the early recipient bank or banks will almost certainly lead to others being identified and, for as long as records exist, to all banks involved. I believe Japanese banks will be found to have been involved also.
12. There should therefore be a number of official records of these funds and there must be merit in reviewing the banks' satellite system for evidence, especially as the allocation, if not observed, can be calculated with some precision as to value and as to time.
13. Banking secrecy should not be a problem because the transfers to the secret accounts/or accounts were made through official channels and, certainly the chain begins in a jurisdiction where banking secrecy is less of a problem than in some others.
14. A U.N. Resolution should circumvent any legal obstacles preventing disclosure.
15. Swiss, Japanese and European banks should abide by the U.N. Resolution because, as I understand it, all such banks are subject to

the supervision of the State, acting through its regulatory body, usually its Central Bank. In some jurisdictions, the size of individual deposits and loans require disclosure to the supervisory body.

Proposal

I therefore propose the following:

1. That the U.N. Security Council adopt a Resolution requiring Saddam Hussain to reveal the whereabouts of the accumulated 5% set aside from Iraq's oil revenue as being the property of the people of Iraq.

This Resolution in itself will have a positive impact on the Iraqi people and will expose Saddam Hussain as a thief as well as a tyrant. The Resolution should state explicitly that the funds, once located, will be used by the U.N. for the benefit of the people of Iraq (and not to pay war reparations). This will show the U.S. and its allies as defenders of the interests of Iraqis.

2. That the funds should be used to pay for food and medicine and other emergency supplies for the Iraqi people, under the auspices of the U.N.
3. That the funds should not be seized but arrested or frozen. This proviso addresses the financial safety of the institutions holding the funds where withdrawal could obviously severely damage the liquidity of banks.

Such a Resolution would increase pressure on Saddam Hussain and further expose his crimes.

24th July 1991

(Attachment: Table)

SADDAM HUSSEIN

Estimate of Personal Funds

Column	1	2	3	4	5	6
	Year	Petroleum Exports \$m	At 5% (5% of col 2) \$m	Capital Accumulated \$m	Interest Rate %	CUMULATIVE FUNDS \$m
	1972	1,027	51	51	8	55
	1973	1,842	92	143	8	159
	1974	6,543	327	471	8	525
	1975	8,227	411	882	8	1,012
	1976	9,201	460	1,342	8	1,590
	1977	9,560	478	1,820	8	2,233
	1978	10,913	546	2,366	18	3,279
	1979	21,382	1,069	3,435	18	5,130
	1980	26,296	1,315	4,750	18	7,605
	1981	10,422	521	5,271	18	9,589
	1982	10,096	505	5,775	18	11,911
	1983	7,816	391	6,166	10	13,532
	1984	9,354	468	6,634	10	15,400
	1985	10,685	534	7,168	10	17,527
	1986	6,905	345	7,513	10	19,660
	1987	11,416	571	8,084	10	22,254
	1988	10,952	548	8,632	10	25,081
	1989	15,000	750	9,382	10	28,414
	1990	?	?	28,414	10	31,256

Sources:

Petroleum Exports from OPEC Annual Statistical Bulletin [1989, table 5]
 Interest rates are approximate US rates averaged to show conservative return