

**SUBMISSION
OF
ARTHUR VENTHAM
Former Inspector - Cotecna Inspection, S.A.**

**SUBMISSION INTO COTECNA INSPECTIONS S.A. – OIL FOR FOOD
PROGRAM – IRAQ**

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1. Introduction:

Mr. Chairman and Members of the Subcommittee:

At your request, I am here to testify about my experiences as an Inspector with Cotecna Inspection, S.A., the independent inspection and authentication contractor for the Oil for Food Program.

Before I begin my testimony, I want to thank you and this Subcommittee for giving me the opportunity to travel to your Nation's capital to provide assistance to your investigation into the United Nations Oil for Food Program and I hope my testimony assists with your endeavors.

I would like to iterate that I am not here to denigrate my fellow Inspectors employed by Cotecna Inspections S.A. but to provide an insight into what occurred on the ground in Iraq at the sites that I spent time at, namely Ar'Ar, Al-Waleed, Um Qasir and Zakho.

2. Personal Details, Qualifications and Operational Customs Experience:

2.1 Personal Details and Qualifications:

My name is Arthur William Ventham, I am 54 years of age and I reside in the State of Western Australia.

I hold the following qualifications:

- ✓ Master of Business Administration;
- ✓ Graduate Certificate in Public Sector Management (Customs); and
- ✓ Queens Commission – Department of Defence (Army).

2.2 Operational Customs Experience:

My experience in relation to Customs and investigations stems from the following employment:

2.2.1 Australian Customs Service – 1977 to 1994

Senior positions held with the Service included:

- ✓ Training Officer – Customs Commercial Systems & Investigations
- ✓ Senior Operations Officer – Investigations and Compliance
- ✓ Duty Manager – Compliance and Passenger Processing
- ✓ Senior Investigator – Inland Revenue

2.2.2 ArMar Holdings International – 1994 to 1998

ArMar Holdings International was a boutique-consulting agency, specifically established to provide clients with Tariff and Trade (Customs) advice, business planning, marketing and capital raising. The position held with this organization was:

✓ **Managing Director – Business Development / Tariff and Trade**

In this position I:

- Assisted project proponents to identify Australian manufacturers capable of producing plant and equipment applicable to the project;
- Liaised with international suppliers of components and Australian Customs Service to apply for Tariff Concessions for goods not available in Australia; and
- Prepared Customs Documentation to ensure that importers met the strict guidelines applied to major projects by the Australian Government in relation to local content.

2.2.3 Power Management Australasia – 1994 to 1998

In conjunction with ArMar Holdings International I was contracted to Power Management Australasia (PMA), part of the Power Management Group (PMG). PMG was a specialized accounting (CPA) and business-consulting agency that facilitated major projects both on-shore and offshore Australia.

The position held with PMA was:

✓ **Chief Executive Officer – Business Development**

In this position I was responsible for:

- Facilitating the Government approvals process for importing specialist components to be used in major projects;
- Liaising with overseas clients for the supply of Australian manufactured components for export;
- Preparation of marketing and business plans for national and international organizations wishing to construct resort or resource projects; and
- Liaising with foreign Governments to ensure that local content remained a high priority for projects established in Australia and overseas.

3. Ar'Ar – First Site:

3.1 Dates:

3.1.1 Ar'Ar

I arrived in Iraq on 21 December 2002 and was sent to the newly completed Ar'Ar site, near the Saudi Arabian border, arriving on the 22 December 2002. I remained at the site, except for a 5 day period that I spent in Al Waleed, until 31 January 2003.

3.2 Activities:

3.2.1 Training

During my time at Ar'Ar there was no training provided by either the Team Leader or Cotecna S.A. Management. It was made quite clear, in our contract, that as an Inspector we were deemed to be "Experts in Mission" (if asked by UN) and were familiar with the procedures required by the UN.

I did ask the Team Leader for a copy of the "Standard Operating Procedures" for the site and was given a number of documents to read that related to another site. I was informed that once trucks started to arrive that we, as a team, would prepare the site operational procedures based on similar procedures that occurred at other land based sites.

3.2.2 Staffing

On arrival at Ar'Ar the staff comprised:

Cotecna Staff:

Craig Airey – Team Leader (RSA);
Romilo Obra – Deputy Team Leader (Philippines);
Chris Bourne – Inspector (NZ);
Vlado Males – Inspector (RSA);
Lars Olssen – Inspector (Sweden); and
Arthur Ventham – Inspector (Australia).

Local Staff:

Camp Manager
Waiters x 2
Cooks x 3
Cleaning Staff x 3
Drivers x 3

The majority of the time was spent either on the internet, watching DVD's (TV coverage comprised three Indian channels), reading in your room, working out in the gymnasium or in the bar.

3.2.3 986 Consignments

During my entire time at Ar'Ar I did not see or inspect any vehicles that were carrying goods under UN SCR 986 sanction.

Mid January (12th or 13th January), three trucks pulled up at the compound and presented manifests for goods that were not 986 goods. I was told that the manifest was for 1066 goods and the trucks were turned around and sent to the Iraq Customs Office. I watched the vehicles drive to the Customs Office and shortly thereafter depart Ar'Ar, heading north towards Baghdad.

When I asked why we did not inspect the goods I was informed by one of the team that we were only to inspect 986 goods, anything else was of no concern to us. Apart from these three trucks, there were no other shipments that I was aware of that arrived in Iraq via the Ar'Ar site.

At this point I began to question the worth of the UN Contract with Cotecna as it did not seem, to me anyway, that the ad-hoc inspections (986 goods only) was not going to stop the illegal importations into Iraq, especially if there was collusion between sympathetic countries.

3.3 Understanding of Oil For Food Program:

Prior to being accepted as an Inspector by Cotecna S.A. my understanding of the Oil For Food Program was somewhat limited to what I had read in the newspapers, heard and saw in the electronic media and the research that I carried out prior to applying for the position.

As I understood it:

- ✓ The United Nations, through Security Council Resolution 986 had placed an embargo on the sale of oil by Iraq to other countries;
- ✓ Iraq was only able to sell oil and buy goods that were approved by the UN (Office of Iraq Program), namely food, medicines, educational and humanitarian supplies;
- ✓ The OIP had established a procedure for the importation of those items approved under the sanctions and had appointed an independent inspection agency (Cotecna Inspections S.A.) to authenticate and approve for payment invoices provided that they complied with the strict guidelines imposed on the purchasers by the UN;
- ✓ Inspections would be carried out at selected sites within Iraq, namely: Zakho, Al-Waleed, Traybeel and Um Qasir; and
- ✓ There were systems, procedures and protocols in place to ensure that the requirements of UN SCR 986 were adhered to.

I was also of the opinion that all goods entering Iraq were subject to the same strict inspection service to ensure that no unlawful or inappropriate goods, such as military, chemicals or other potential dangerous goods were brought into the country illegally. From the procedures and processes that I witnessed as an Inspector this did not appear to be the case as we were only interested in those goods that complied with UN SCR 986 sanctions.

4. *Al-Waleed Site:*

4.1 Dates:

It was in January 2003 that, due to the boredom and lack of work at Ar'Ar, that I asked to go too Al-Waleed for a short while to learn how inspections were conducted so that I could start to write up the "Standard Operating Procedures" for the Ar'Ar site when I returned.

I am not sure of the exact dates that I spent at Al Waleed but I am fairly sure that it was between 15th to 21st January 2003.

4.2 Shifts:

During my time at Al-Waleed I completed seven (7) shifts covering 8:00 am to 2:30 am. The office was closed between the hours of 2:30 am and 8:00 am.

4.3 Operations:

The operations carried out during the shift were as follows:

- i. Drivers would present themselves at the window and hand over their documentation, including cargo manifest, shipping invoices, packing lists and any other documents that they may have had in relation to that particular consignment.
- ii. Inspectors would look at the documentation to ensure that it had been stamped by the Iraq Customs. If this had not occurred the driver was sent back to the Customs Office.
- iii. If packing lists or invoices were not present, drivers were sent away until such time as the documents arrived, this may have taken anything up to seven (7) days.
- iv. If the documentation presented was complete, the Inspector highlighted specific details on the manifest (Driver's name, Vehicle Registration, Weights, Quantities etc:), stamped three (3) copies of the manifest and handed the documents back to the driver who then proceeded to their destination.
- v. Once the documentation had been processed it was written on to a collation sheet (for each Comm:) and placed on a clip board for the data shift to enter and authenticate the next day.
- vi. Inspections were only carried out when directed by the Team Leader or Deputy Team Leader or when samples were required to be taken for analysis. I was told by a colleague that the OIP dictated which consignments were to be inspected and this was written on the collation sheet for that particular Comm:.
- vii. Goods for human consumption were identified on the collation sheet and samples taken, labeled and placed in the sample room for forwarding to the laboratory for analysis.

4.4 Inspections:

During my time at Al-Waleed I processed approximately 200 trucks with varying consignments and was only required to visually inspect one Comm:, namely a consignment of three (3) new trucks described on the manifest as Fire Fighting Trucks.

The information that I was required to verify was:

- ✓ Chassis Number;
- ✓ Engine Number; and
- ✓ List of Spare Parts.

I was somewhat surprised at the level and frequency of inspections being carried out as it did not seem appropriate to what I thought was expected of

an independent inspection agency, particularly when dealing with a regime such as the Ba'ath Party in Iraq.

While most Customs Services operate under a "Risk Assessment Strategy", it appears that this was not the case in Iraq. Given the reasons for imposing the sanctions in the first place, I would have thought that the UN would have required a higher level of inspections than what was currently being provided by Cotecna, however, I was not privy to the actual requirements of the contract between the parties and the comments made are from my own observations and expectations of what an independent inspection service should provide.

Several times I asked colleagues why things were done in such a way and was told that it was because it had always been done that way and we were not there to think of ways of doing the job better, we were there to only process documentation and inspect goods as directed.

During my time at Al-Waleed the number of trucks within the compound ranged somewhere between 500 to 700 per day and only those trucks that had goods subject to UN SCR 986 were processed, the remainder were not inspected nor was their cargo verified to ensure that it was as listed on the manifest.

After completing my time at Al-Waleed I returned to Ar'Ar around the 22nd January 2003.

5. Um Qasir:

5.1 Dates:

On or about 27th January 2003 I was informed by the Team Leader at Ar'Ar that Lars Olssen and I were being transferred to Um Qasir with effect 31st January 2003. I was told that this was because there were no trucks being processed at the site and that it was felt by management that staff should be rotated through the site, thereby giving everyone an opportunity to stay in Ar'Ar.

5.2 Arrival at Um Qasir:

On arrival at Um Qasir, we were joined by two Hungarian Inspectors: Laszlo Kymetyo and Karoly Takacs who had also just joined the mission. We were then interviewed by the Team Leader who put us into teams to commence work.

There were four teams operating at Um Qasir, these were:

- ✓ New Port Team (2 shifts: 0800 – 1400 and 1400 - 2000);
- ✓ Old Port Team (2 shifts: 0800 – 1400 and 1400 - 2000);
- ✓ Data Team (1 shift – officers were allowed to work either am or pm depending on their own preference); and
- ✓ Administration Team.

5.3 Port Operations:

I was placed in the “New Port Team” under the supervision of a French Inspector by the name of Richard Gay. During the shift at the “New Port” we were required to carry out the following duties:

- ✓ Identifying each “OFF” shipment in accordance with the information provided to us by the Administration Team;
- ✓ Identifying where the container cargo was located on the ship using the loading manifest supplied by the Captain;
- ✓ Selecting containers to examine based on Cotecna guidelines (10% of all Comms: had to be inspected; i.e. 1 – 10 containers meant that we opened up one container, 11 – 20 containers meant that we opened up two containers and so on).
- ✓ Drawing samples of product (for analysis to ensure that they were fit for human consumption – baby formula, chickpeas, rice, tea, wheat and so forth);
- ✓ Visiting bulk cargo discharge facilities (vegetable ghee etc) to collect weighbridge dockets of tankers loaded to compare against the vessels Daily Discharge Manifest;
- ✓ Collecting bulk liquid load sheets from the bulk liquids discharge berth to hand over to the data shift; and
- ✓ Preparing Discharge Summaries for the Data Team on return to the office.

Once the Discharge Summaries had been collated and handed to the Data Team, they would then enter them into the database prior to Authentication taking place.

Whilst I was not a member of the Data Team or privy to the authentication process, I was interested in the process and often assisted after my shift. It appeared that authentication did not take place until after the goods left the wharf.

During my time at the port, I can recall on two occasions when we were unable to locate consignments that had been discharged by the Iraq Port Team between shifts. These missing discharges were reported to the Team Leader who passed on the information to Cotecna Management.

I am unaware of what procedure took place to verify or authenticate these shipments as I was told not to interfere with the way that the Team Leader operated.

5.4 Possible Smuggling Operations:

It was at Um Qasir that I noticed that there were a lot of ship movements up and down the straits between Um Qasir and Warbay Island, particularly at night. The type of vessels that were moving freely included:

- ✓ Small Coastal Tankers (up to approximately 5000 tonnes);
- ✓ Dhows (large and small);
- ✓ Inter City Ferries (Dubai – Kuwait – Um Qasir);

- ✓ Landing Barges; and
- ✓ Other Commercial Vessels.

I mentioned this to a number of other Inspectors saying that there was plenty of scope for smuggling and what were the UN doing about it. I was extremely surprised at the response given to me by my colleagues, namely:

- ✓ That it was common knowledge that “smuggling” was going on at Um Qasir;
- ✓ That oil was being sold on the “black market” to augment the regime in Iraq;
- ✓ The UN supposedly knew of this but had decided not to do anything (no proof of this was known); and
- ✓ That Cotecna Inspections did not have any authority to inspect any vessels other than those that were reported to us by OIP.

This strategy, or more precisely a lack of strategy, was not in accordance with an effective Customs or “Risk Assessment” inspection regime because it did nothing to prevent the illegal movement of cargo into or out of Iraq. This in effect defeated the purpose of imposing sanctions against Iraq and made a mockery of SCR 986.

I must point out that I did not witness any smuggling nor did I know of anyone within Cotecna that was involved with or associated in these activities; it is only supposition on my part based on what I saw at the Port.

5.5 Staff Attitudes:

During my time at Um Qasir it became apparent that there was a certain amount of animosity and angst between the Team Leader and some of the Inspectors and I perceived that this was based on patriotism more than anything else. I queried this with a few Inspectors and was told that since the Team Leadership had changed, the team had gone “downhill” very rapidly and there was no effective leadership provided by the Team Leader or the company as a whole.

Examples of this (as given to me or witnessed by me) included:

- ✓ Placing Inspectors from African countries into the Data Team, because they did not like working in the heat on the wharves.
- ✓ Placing Inspectors from the old Soviet “block” into the Administrative Team and allowing them to come and go as they pleased.
- ✓ The Team Leader and his fellow countrymen spending the majority of the day in each other’s rooms drinking vodka as opposed to managing and leading the Team.

6. Evacuation:

6.1 Evacuation from Iraq:

On the 17th March 2003 the majority of the team was evacuated from Umm Qasr to Al Waleed or Trebil and the next day were sent to Amman Jordan to

await a decision by the United Nations as to what Cotecna was going to do during the hostilities.

6.2 Amman Jordan:

From the 18th March to the 7th April we remained in Amman Jordan and very little was done with respect to Inspections, although I believe that negotiations were ongoing between Cotecna and the OIP in relation to our future commitment to the OFF Program.

Towards the end of March 2003 we were informed that teams would be established and sent to a number of sites to re-establish the inspection and verification of goods under the OFF Program. These sites were to be located at:

- ✓ Aqaba – Jordan;
- ✓ Latakia – Syria;
- ✓ Iskenderun – Turkey;
- ✓ Dubai – UAE;
- ✓ Kuwait City – Kuwait.

I was selected to go to Iskenderun Turkey by the Team Leader, Craig Airey.

6.3 Move to Iskenderun Turkey:

On 7th April 2003 along with 28 other Inspectors I left Amman Jordan and flew out to Istanbul Turkey and finally to Iskenderun which is a port city on the Mediterranean Sea in the South of Turkey.

For the next few days we were establishing an office in the town as well as setting up procedures for operating within Turkey.

7. *Operations in Turkey:*

7.1 Establishment of Site:

During our stay in Iskenderun a satellite site was established at Mersin, approximately 400 kms west of Iskenderun. This site was manned by four Inspectors on a rotation basis with two inspectors being rotated every week.

There were a number of other locations that were visited by inspectors during our time at Iskenderun but these were done from the main base on an “as needed” basis.

7.2 Inspections:

There was some confusion relating to what was to be done and how it was to be achieved as we were only allowed to inspect cargo that was notified to us by the OIP. This was despite the fact that we received numerous requests from shipping companies and other local suppliers of goods wishing to deliver goods under UN Resolution 986.

One of the issues that arose involved the clearance of wheat shipments from a port approximately 180 kms to the west of Iskenderun. We were told by the OIP that a person from the World Food Program (WFP) was also in the area and that he would inspect the shipments and notify us if everything was OK.

We would not necessarily inspect the shipment, in fact I do not recall, other than a one-off meeting with the WFP representative, of any actual inspections carried out for wheat during my time at Iskenderun, instead we were just told to authenticate the shipments on the word of either OIP or WFP.

During our time at Iskenderun, it appeared that we were carrying out more inspections (mainly at Mersin) than we had done previously at any other site but this was still restricted to SCR 986 Goods.

It was at Iskenderun that we became inundated with agency goods, probably because after the hostilities the UN started to import a large range of items, usually those of a humanitarian nature. These goods were not necessarily inspected, instead we were informed (by OIP I think) that these were to be authenticated without inspection. At the time this seemed to be a reasonable request and I did not think any more of it.

7.3 Staff Problems:

It was during my stay at Iskenderun that I was made Administrative Deputy Team Leader with responsibility for all the administration, accounts and other activities associated with the establishment at the satellite site. It was also at this time that the Team Leader (Craig Airey) moved from the Mission to Nigeria where he was setting up the Scanner Contract. He was replaced by Romilo Obra as Team Leader and Ron Neufeld was appointed to the position of Deputy Team Leader.

On one particular occasion I was asked to arrange for the packaging of samples that had been collected from Mersin and delivered to Iskenderun during the changeover of staff. As was normal, I sent a mobile telephone text message to all staff to attend the office to assist (nearly every staff member had a mobile telephone). I also contacted the hotel to get those one or two Inspectors that did not have a mobile and ask them to come to the office.

One of the Inspectors (Ali Moussa) objected to me asking him to come to the office because he was not expected to work and he complained to the Team Leader (Romilo Obra) that I had no right to ask him to work.

I spoke to Romilo and was informed that Ali, along with one or two other Inspectors in the Mission was not there to work. They were friends or relatives of potential clients and only in the Mission so that the company could secure future contracts in Nigeria, Comoros and another African country. When I said that this was unfair on everyone else I was told that it was general practice in Cotecna and that even Kofi Annan's son was an employee at one stage but wasn't required to work (hearsay only).

There were a number of other issues that were raised during our time at Iskenderun involving the lack of motivation amongst some of the Inspectors who would rather stay in their hotel room or on the boardwalk drinking beer and talking to the locals.

It was at this stage that I spoke to Romilo Obra and said that I was unhappy with the way things were going and that as managers / supervisors we needed to do something quickly. As a result of our discussion, the Team was split into groups with each group given responsibility for certain activities (travel, hotel, sampling, etc). This had some effect on morale and attitudes changed.

Towards the end of June, Cotecna Head Office sent out a request for all Team Leaders to identify Inspectors that they wanted to retain as the OFF Contract was due to be renewed at the end of the month and that some Inspectors were not going to have their contracts renewed.

Romilo, Ron and I went through our team and identified a number of Inspectors that we were not happy with. We also held a team meeting where we informed everyone that contracts were up for renewal and gave Inspectors an opportunity to say whether they wanted to remain with the Mission or not and which site did they want to transfer to if their contracts were renewed. A number of them did not want to renew their contracts and departed the Mission at the end of the period.

It was at this stage that the UN (OIP) had made a decision that some of the team was required to move back to Zakho and reopen the site. As a result of the weather, I volunteered to go to Zakho on return from leave and this was accepted by Romilo and Ron.

8. Zakho:

8.1 Dates:

On my arrival in Zakho on 9th July 2003 I was made the "Site Supervisor" and there were six other Inspectors allocated to the site. We were required to have two shifts operating at the border, namely:

- ✓ Shift A – 0800 to 1300; and
- ✓ Shift B – 1400 to 1900.

Due to the ongoing security risks I established a third shift, namely an Admin Shift that would operate either am or pm. This meant that Inspectors were required to operate as follows:

- ✓ Shift A – two Inspectors (0800 – 1300);
- ✓ Shift B – two Inspectors (1400 – 1900);
- ✓ Admin – one Inspector (0800 – 1300 or 1400 – 1900); and
- ✓ Site Supervisor – ADTL (0800 – 1900).

This roster ensured that there was always someone in the office monitoring the radio and carrying out the checking of Comms: that were inspected.

8.2 Operations:

As a result of an incident that occurred with one of the Inspectors when he incorrectly calculated the number of items listed on an Inspection Report. I commenced an audit of open Comms: to determine if any other ones had been incorrectly completed and it soon became apparent that there were a large number of Comms: that were still open but in actual fact were complete because the total number of items had been incorrectly listed.

A common example that I identified that had occurred on a number of occasions was;

- ✓ Comm No: XXXXX had six generators complete, including (for argument sake) back-up spares of six flywheels for each generator.
- ✓ Therefore, there would have to be thirty-six flywheels included in the shipment.
- ✓ The Inspection Report only indicated that there were six flywheels because the Inspector did not understand math's or was unable to comprehend or read a manifest, shipping invoice and packaging slip.

This was not an uncommon incident and as I investigated further I discovered more errors of a similar nature. The matter was brought to the attention of Cotecna management but I believe nothing was done about it.

8.3 OIP Initiated Investigations:

Other work that was carried out during my time at Zakho was to conduct investigations into the importation of goods during the hostilities for which there was no record of having been received.

One of these investigations involved a supposed importation of power plant equipment for a large power plant just outside of Baghdad. The total value of the shipment in dispute was in excess of US\$2.50 m. The supplier, a Turkish company, had lodged an application for payment with the OIP without having their documentation stamped by Cotecna.

After being given access to the "documents" (photo copies) from the shipping company, and conducting a number of investigations with both Turkish and Iraqi Customs, I was not convinced that they were original documents because:

- ✓ The stamps purported to be Turkish and Iraqi Customs stamps were blurred and unreadable;
- ✓ There was no transit stamps for the border crossing in the driver's passport (copy only supplied);
- ✓ The name of the person supposedly receiving the goods was unreadable;
- ✓ The stamp for the receiving location was blurred and also unreadable; and
- ✓ There was no record of the truck having crossed the border on either the Turkish or Iraqi Customs databases.

I provided an initial report to Cotecna saying that I was not convinced that the shipment had in fact entered Iraq and that payment should not proceed until further evidence was supplied to the contrary.

The supplier of the goods and a representative from the shipping company came to Zakho and spoke to me, pleading with me to sign off on the shipment. I asked to speak to the driver of the vehicle but they were unable to provide me with the details or whereabouts of the driver and at one stage they did not even know his name. After meeting with them I became more concerned in regard to the shipment and declined to sign off on the authentication process.

I was eventually told to disregard my views and to sign off the investigations but I refused to do so. I have since been told that this consignment was paid by the UN after a representation by the supplier to their UN representative, but I am unable to confirm this at this stage.

I was somewhat surprised at this as I had prepared a lengthy report on the investigation that I had carried out and had provided evidence from both the Turkish and Iraq (Kurdish) authorities that clearly demonstrated that the truck identified on the manifest did not cross either border during the time that it was reported to have been done so by the driver and supplier.

8.4 Smuggling Opportunities:

During my frequent trips to and from the border post I became increasingly concerned with the large number of trucks that were crossing the border as compared to the number of trucks being processed and/or inspected by my staff.

It was not uncommon to see in excess of 200 to 300 trucks on the transport compound at the border and only have one or two of them present manifests showing that the consignments were 986 consignments. During a return trip to Iskenderun from Zakho, I witnessed a line of trucks, three and four abreast stretching from Habur (border) to Silopi (nearest Turkish town) a distance of approximately 12 – 15 kilometres.

On return to Zakho I saw that this line of trucks had diminished somewhat as had the number of vehicles on the Iraq side of the border. I asked the team how many trucks they had inspected or processed and I was told that they had only processed two trucks, comprising demountable school units.

I passed this information on to Romilo and Ron but was told not to worry about it as those trucks that had not presented their manifests were probably not carrying SCR 986 goods. I found that this was extraordinary given the fact that the UN was still concerned with the importation of weapons of mass destruction, chemicals and other items that could be used by insurgents, however, I accepted what they said but was not 100% happy with this as I believed that we, as the independent inspection service could have, or even should have been more proactive in assessing what was coming into the country.

9. Transfer to Aqaba:

9.1 Lead up to Transfer:

During the latter part of September 2003 I was asked by the team to clarify a number of aspects relating to safety, security and conditions under which the team was operating under in Iraq.

I approached Romilo and informed him of what the team was saying and asked his direction as to what I should do. He informed me that I should send a report to Joe Saliba, outlining their concerns and ask him to clarify the issues, in particular the insurance coverage for working in Iraq as well as an allowance for working in a dangerous environment. A copy of the report was sent to Romilo before I sent it to Joe Saliba and I changed it slightly at the request of Romilo.

There were a number of Inspectors in Turkey who did not want to rotate through Zakho as it meant that they would lose their \$30.00 a day living allowance as everything in Zakho was supplied by the camp management. It was at this time that those Inspectors who were at Zakho contacted Romilo and stated that they were quite prepared to remain at Zakho with me as they felt that I was an effective leader and had their interests at heart.

9.2 Move to Aqaba:

Shortly after I had sent the report to Joe Saliba there was a Team Leader's meeting in Amman Jordan to which Romilo attended. It was whilst he was there that he received information from Joe Saliba that I was to be removed from Zakho and sent to Aqaba, effectively a demotion. Romilo took the opportunity of contacting me (even though he was forbidden to do so) to inform me of that decision.

On his return to Turkey I discussed the issue with Romilo and Ron and some other Inspectors, all of whom were amazed that Cotecna were doing it as they had all stated that if I stayed in Zakho then they would also stay with me as they felt that I was doing an excellent job as well as looking after their safety and security.

At the end of September I was moved from Zakho to Aqaba.

10. RESIGNATION & REASONS

10.1 Resignation:

I resigned from Cotecna Inspections SA in October 2003 whilst stationed at Aqaba, Jordan.

10.2 Reasons for Resignation:

There were a number of reasons for my resignation, among them were:

- ✓ I felt that Cotecna was badly managed, certainly at the upper level;

- ✓ That Cotecna did not provide adequate training to Inspectors, instead left them to find out for themselves how to do the job properly;
- ✓ That they did not have a performance management or appraisal system in place which I thought would have been essential if dealing with the UN;
- ✓ The company was not performing an adequate function in accordance with UN Resolution 986;
- ✓ Management were unwilling to listen to others, even if their knowledge and customs experience were at a higher level;
- ✓ That the duties of the job were not consistent with best practice for Inspections under the OFF Program; and
- ✓ That I felt that given the lack of work being handled by Cotecna in Zakho, Iskenderun and Aqaba that it was inappropriate to accept remuneration in return for very little work.

I departed Aqaba early in October 2003 and returned to Australia after spending a day in Amman where I held discussions with Milan over the reasons for my resignation.

10.3 Post Resignation:

During these discussions with Milan I was told there were concerns amongst Cotecna Management when I was appointed to the position given my experience, qualifications and customs knowledge, however, due to the fact that Cotecna were unable to recruit qualified and competent inspectors, I was employed.

He went on further to say that Cotecna did not really want people with Customs Management experience, preferring instead to employ non-Customs people, who had little or no knowledge of Customs. I asked about some of the other Customs trained people and he told me that they did not question what Cotecna was doing, instead they did what the company wanted them to do, namely inspect goods or enter data in a database.

I felt that this was a bit strange given that Cotecna was supposed to be in Iraq to be an independent inspection and verification service for the UN. Our contracts with Cotecna stated that Inspectors were supposedly "Experts in Mission" in particular with Customs procedures but I found that, in most cases, many of the Inspectors had little or no knowledge of Customs procedures.

11. CONCLUSION

The period that I spent with Cotecna in Iraq, Turkey and Jordan was an experience that I would not have missed. I went to Iraq to try and do something for the people of that country as well as assisting an organization that I had a lot of respect for, namely the UN.

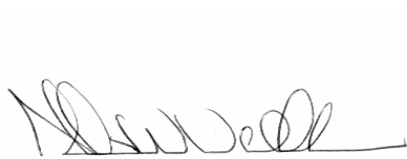
As an ex-military officer and business consultant, I am aware of and have been trained in logistics, security and service delivery. The activities that I undertook whilst employed with Cotecna was contrary to everything that I had been taught, be that through university, the military or Customs.

As a professional Customs Manager and Business Consultant, I was somewhat surprised at how Cotecna operated when dealing with a major UN activity such as the Oil For Food Program. To my dismay, I found that the inspections being performed by Cotecna (inspections which I found to be inadequate) were in fact, appropriate based on the instructions provided to them by the OIP-UN.

I could not allow myself to continue to be a part of such an inspection program or to be associated with a company who conducted inspection business in that manner.

Whilst I am disappointed that I was unable to work with the UN to achieve a desired outcome, I am not sorry to have left Cotecna when I did as I believe that the way they operated was contrary to "Best Practice".

I will now attempt to answer any questions that you may have.

A handwritten signature in black ink, appearing to read 'Arthur W. Ventham', written in a cursive style.

Arthur W. Ventham RFD MBA AFAIM CD