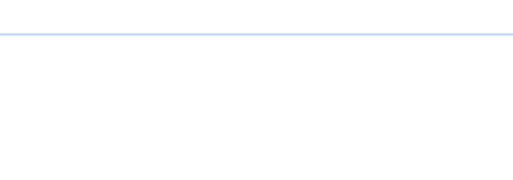


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Possible Saddam-Al Qaeda Link Seen in U.N. Oil-for-Food Program

By | Fox News



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LUGANO, Switzerland — Did Saddam Hussein use any of his ill-gotten billions filched from the United Nations Oil-for-Food program to help fund Al Qaeda?

Investigations have shown that the former Iraqi dictator grafted and smuggled more than \$10 billion from the program that for seven years prior to Saddam's overthrow was meant to bring humanitarian aid to ordinary Iraqis. And the [Sept. 11 Commission](#) has shown a tracery of contacts between Saddam and **Al Qaeda** ([search](#)) that continued after billions of Oil-for-Food dollars began pouring into Saddam's coffers and **Usama bin Laden** ([search](#)) declared his infamous war on the U.S.

Now, buried in some of the United Nation's own confidential documents, clues can be seen that underscore the possibility of just such a Saddam-Al Qaeda link — clues leading to a locked door in this Swiss lakeside resort. (To review a series of documents, audits and other stories related to Oil-for-Food, [click here.](#))

Next to that door, a festive sign spells out in gold letters under a green flag that this is the office of MIGA, the **Malaysian Swiss Gulf and African Chamber** ([search](#)). Registered here 20 years ago as a society to promote business between the Gulf States and Asia, Europe and Africa, MIGA is a company that the United Nations and the U.S. government says has served as a hub of Al Qaeda finance: A terrorist chamber of commerce.

[Editor's Note: This is the first in a series of articles about the U.N. Oil-for-Food program. Check back Sunday for the next installment and watch FOX's "Breaking Point" on Sunday at 9 p.m. EDT for an hour-long special on the Oil-for-Food program.]

In a recent interview, U.S. Assistant Treasury Secretary Juan Zarate described MIGA as "a very good example of an investment company that is used as a shell to hide and move money."

As is typical of terrorist financial webs, the details surrounding MIGA quickly become bewildering — part of the point being to camouflage the illicit flow of funds with legitimate business. Part of the problem in finding the truth is that cross-border transactions out of such financial havens as Switzerland are smothered in banking secrecy.

But even with that secrecy — and shortly after the Sept. 11, 2001, attacks on the United States — both MIGA and its chief founder and longtime president, Ahmed Idris Nasreddin, landed on the U.N. watchlist of entities and individuals belonging to, or affiliated with Al Qaeda.

Nasreddin is a member of the terror-linked **Muslim Brotherhood** ([search](#)).

Nasreddin's longtime business partner, Egyptian-born Youssef Nada, also of the Muslim Brotherhood, likewise appears on the U.N.'s Al Qaeda watchlist, as do a slew of both Nasreddin's and Nada's enterprises. Former Treasury Secretary Paul O'Neill in August 2002 described Nada and Nasreddin as "supporters of terrorism" involved in "an extensive financial network providing support to Al Qaeda and other terrorist-related organizations."

Far less attention has been paid to the small, select band of MIGA's other charter members. But one of them, Iraqi-born Ahmed Totonji, set up shop years ago just outside Washington, D.C., and is now among those named by U.S. federal authorities in an investigation into a cluster of companies and Islamic non-profits based in Herndon, Virginia, suspected of having funneled money to terrorist groups.

MIGA had other founders as well. One of them, who does not appear on the U.N. terror list, is an Arab businessman now in his early 60s, Abdul Rahman Hayel Saeed.

Described by an acquaintance as urbane, polite and fluent in English, Hayel Saeed was born into one of Yemen's most prominent business clans, owners of a family-held global conglomerate based in the Yemeni capital of Taiz and named for its founding patriarch: the Hayel Saeed Anam Group of Companies, or HSA.

From Yemen, the HSA group boasts a far-flung business empire, including a Yemen-based Islamic bank, and a host of business subsidiaries, affiliates and regional trading offices in places ranging from the United Kingdom to Egypt, Morocco, Nigeria, Ethiopia, Malaysia, Indonesia, Russia and China.

Abdul Rahman Hayel Saeed sits on the HSA board of directors, and ranks high in the management — he is currently running HSA's regional office in Jeddah, Saudi Arabia. In MIGA, Hayel Saeed holds a prominent spot, as one of four co-founders who back in 1984 delegated power of attorney to the terrorist-linked Nasreddin, giving him authority to run the company.

Swiss registry documents show that Hayel Saeed has never resigned from MIGA, nor revoked that power of attorney. Queried about this link to MIGA, neither Hayel Saeed nor the HSA Group's chairman of the board, Ali Mohamed Saeed, has made any response.

HSA is unquestionably a company involved in legitimate business. But given the involvement of Abdul Rahman Hayel Saeed, it is striking that between 1996 and 2003, while the United Nations ran its Oil-for-Food relief program in Iraq, the HSA Group — via U.N.-approved Oil-for-Food contracts — sold at least \$400 million worth of goods to Saddam.

That might be unremarkable, had the United Nations ran Oil-for-Food with enough integrity and transparency to prevent Saddam and many of his business partners from plundering oil earnings meant to help the people of Iraq. The original United Nations plan was to let Saddam sell oil [solely](#) to buy humanitarian goods such as food and medicine, with the **U.N. Secretariat** ([search](#)) collecting a 2.2 percent commission on Saddam's oil sales to supervise the integrity of this process.

As the Oil-for-Food program actually worked, however, the United Nations let Saddam choose his own business partners. The world body also kept secret the details of those contracts and the identities of the contractors, and it let Saddam graft at least \$4.4 billion out of the program through manipulated contract prices, by estimates of the U.S. General Accountability Office.

Saddam's standard scam was to underprice oil sales and overpay for relief supplies, thus generating fat profits for his business partners. Many of those contractors would kick back part of the take to Saddam's regime — or divert it to whatever uses Saddam might fancy. By various accounts, those uses ranged from building palaces to buying arms to supplying Saddam's sadistic son Uday with equipment for torturing Iraqi athletes.

One of the big questions is whether any of the money skimmed from Oil-for-Food also slopped into terrorist-financing ventures such as MIGA.

It's important to note that in tracking terrorist financing, the simplest starting points are the visible links, the potential connections through which money might most easily have flowed. Proving that funds actually coursed through those conduits is far more difficult.

In the case of Hayel Saeed, MIGA and the HSA Group, there is no public information available about the precise flow of funds, and no proof that Saddam's money made its way to MIGA. But in looking for patterns that beg for further investigation — especially by authorities with access to detailed U.N. records and information on MIGA accounts — some items here stand out.

Most simply, there is the question of why HSA was among those companies favored by Saddam for such a fat slice of business. It is increasingly clear that Saddam did not, on average, choose his contractors either at random, or because they were the most cost-efficient suppliers of relief for the people of Iraq. While some of the deals may have been entirely legitimate, many melded payments for humanitarian goods with illicit kickbacks and payoffs. In such cases, it was a lucrative privilege to be tapped as an Oil-for-Food contractor by Saddam's regime.

The lingering question, for any individual case, becomes: Was there a quid pro quo?

For reasons still unknown, Saddam clearly smiled upon the HSA Group. Not only does HSA account for the bulk of all Saddam's business with Yemen, but dozens of deals that appear in the United Nation's generic public records to originate elsewhere were in fact signed with HSA companies in countries such as Egypt, Malaysia and Indonesia.

Within that HSA empire, one company in particular stands out: A trading house called Pacific Interlink, based in Kuala Lumpur, Malaysia. Abdul Rahman Hayel Saeed also sits on Pacific Interlink's board of directors.

From leaked copies of secret U.N. Oil-for-Food records, it appears that Pacific Interlink alone accounted for more than half the HSA group's sales of relief supplies to Saddam, with contracts for such goods as soap, ghee and construction materials totaling at least \$246 million. **Pacific Interlink** ([search](#)) also belonged to the select set of companies chosen by Saddam and approved by the United Nations as authorized to buy Iraqi oil under Oil-for-Food — though whether Pacific Interlink actually got any of Saddam's fat oil contracts is something the United Nations has so far managed to keep secret. FOX News attempted to reach Pacific Interlink for comment, but to date has received no reply.

And though there is no public proof that Pacific Interlink took part in Saddam's kickback scams, there is an intriguing item in a study of Oil-for-Food pricing methods released last year by the U.S. Defense Contract Management Agency (DCMA).

Just after Saddam fell, the DCMA, together with the **U.S. Defense Contract Audit Agency**, looked at the terms of 759 sample contracts out of the tens of thousands of deals done by Saddam's regime under Oil-for-Food. In that sample, Pacific Interlink pops up as a purveyor of \$20 million worth of palm oil to Saddam, via a contract approved by the United Nations under Oil-for-Food in mid-2001. By DCMA estimates, Saddam overpaid Pacific Interlink on that contract, to the tune of about 15 percent above market price, which would work out to some \$3 million in funds diverted from relief on that deal alone.

If similar arrangements went on within other Pacific Interlink Oil-for-Food contracts, which totaled close to a quarter of a billion dollars, then even at the more modest rate of what has been widely described as Saddam's typical 10 percent over-pricing scam, that would suggest well over \$20 million diverted from relief.

If so, where did it go? The question is vitally important, because much of the money grafted out of Oil-for-Food by Saddam remains unaccounted for.

Both HSA's and MIGA's offices overlap in locations that are hubs of normal commerce, but also served as hotspots of Al Qaeda meetings and finance, such as Dubai (where Hayel Saeed reportedly ran an HSA company, Frimex, in the late 1990s) or Kuala Lumpur (where some of the Sept. 11 hijackers gathered for a planning conference in January 2000). Pacific Interlink boasts offices or agents in places thick with terror networks, such as Algeria, Sudan, and Syria. MIGA, on its Lugano side, lists offices in places such as Italy, Turkey, Syria, Nigeria and Kuwait, and both HSA and MIGA list offices in Morocco, Malaysia and Jeddah, Saudi Arabia, where Hayel Saeed is now based.

MIGA is now under active investigation by the U.S. Treasury and prosecutors in Switzerland and Italy. But there is no sign that any of these investigations have been tracking funds specifically via Oil-for-Food contracts or that any of the multiple investigations into Oil-for-Food have zeroed in on possible terror connections. It's not even clear that the United Nations has allowed terrorist-tracking authorities full access to its records.

And though MIGA's door in Lugano may be locked, and its president and some of his associates posted on the U.N. terror watchlist, none of these figures has been arrested. Nasreddin, long a resident in Lugano and neighboring Milan, Italy, is believed by Italian investigators to have moved about two years ago to Morocco. From there, says an Italian state investigator who asked to stay anonymous, Nasreddin maintains a global business network that includes some 2,000 links so far identified to businesses and individuals worldwide, some tied to terror, and some not.

It is precisely that mix of legitimate and sinister business that makes it so difficult to prosecute Nasreddin, or shut down his businesses, says this Italian investigator. Among Nasreddin's holdings, for instance, is a four-star hotel in Milan, Hotel NASCO, which opened — ironically enough — in September 2001, at the same address as Nasreddin's longtime residence. That is also the same address used by a precursor of MIGA, an outfit called the Arab Gulf Chamber. Hotel NASCO remains open for business, serving tea and crescent-moon shaped sugar cookies at its non-alcoholic lobby bar. MIGA remains active in the Lugano business registry, and listed in the Lugano phone book.

A recent phone call to MIGA's shuttered office in Lugano, Switzerland, was answered by someone who picked up the phone in Milan, Italy — in the **Hotel NASCO** ([search](#)). MIGA's network, it seems, migrates as needed.

Nasreddin's longtime partner, Al Qaeda-linked Youssef Nada, still lives in his plush hillside villa in a small Italian enclave on Lake Lugano, just a short drive from MIGA's office. Right next door to MIGA's Lugano office, on the same floor of the same building, is the Islamic Center of the Canton of Ticino, founded by Nasreddin in 1992 - and operated initially out of his former Lugano residence a few blocks away. The Islamic Center later moved next door to MIGA.

Swiss registry documents show that in 2003, after Nasreddin made it onto the U.N. terror watchlist and moved to Morocco, he resigned as president of his Lugano Islamic center. He was replaced this year by the center's current president, a man called Ali Ghaleb Himmat, who attended one of MIGA's founding meetings 20 years ago, and since 2002 has been designated by the United Nations as affiliated with, or belonging to Al Qaeda.

At that **Lugano Islamic Center** ([search](#)), which also serves as a mosque, a spokesman denies that the center has any links to Al Qaeda, and says of Nasreddin: "He was a Muslim rich man, and he prays, and he loved God, and that's it." Just down the road, Swiss businessman Fulvio Passardi, who at one point served as corporate secretary for MIGA, says he knew nothing about the chamber, saying it was "an empty box."

According to U.S. officials and the United Nations itself, MIGA is less an "empty box" than a container of Al Qaeda-related mysteries. One of those mysteries appears to be Abdul Rahman Hayel Saeed, with his charter MIGA membership and his prominent part in a Yemen conglomerate doing hundreds of millions worth of business with Saddam.

Unraveling the mystery requires much greater access to Oil-for-Food records than the United Nations currently allows.

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