

Approved: _____
EDWARD O'CALLAGHAN/STEPHEN MILLER/MICHAEL FARBIARZ
Assistant United States Attorneys

Before: HONORABLE RONALD L. ELLIS
United States Magistrate Judge
Southern District of New York

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UNITED STATES OF AMERICA : SEALED
 : COMPLAINT
 -v- : Violation of
 : 18 U.S.C. § 371
TONGSUN PARK, :
 : COUNTY OF OFFENSE:
 Defendant, : NEW YORK
- - - - - x

SOUTHERN DISTRICT OF NEW YORK, ss.:

NICHOLAS PANAGAKOS, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation ("FBI") and charges as follows:

COUNT ONE

(Conspiracy to Act as Unregistered Agent of a Foreign Government)

1. From at least in or about October 1992, up to and including in or about December 2002, in the Southern District of New York and elsewhere, TONGSUN PARK, the defendant, and others known and unknown, unlawfully, willfully, and knowingly did combine, conspire, confederate, and agree together and with each other to commit an offense against the United States, to wit, to violate Section 951 of Title 18, United States Code.

2. It was a part and an object of the conspiracy that TONGSUN PARK, the defendant, and others known and unknown, unlawfully, willfully, and knowingly would and did act in the United States as agents of a foreign government, specifically the Government of Iraq, by, among other means, receiving and making payments on behalf of the Iraqi government, without prior notification to the Attorney General, as required by law, in violation of Title 18, United States Code, Section 951.

OVERT ACTS

3. In furtherance of the conspiracy and to effect the illegal object thereof, the following overt acts, among others, were committed in the Southern District of New York and elsewhere:

a. Beginning in the early 1990's, a co-conspirator not named as a defendant herein who later became a cooperating witness ("CW-1") acted as an agent of the Iraqi government without notifying the Attorney General of the United States.

b. Beginning in or about October 1992, TONGSUN PARK, the defendant, and CW-1 agreed to work together to promote a program under which the Government of Iraq could sell a limited quantity of oil and use the proceeds of those oil sales to purchase humanitarian goods.

c. Beginning in at least January 1993, and continuing through at least in or about April 1995, CW-1 regularly updated a former United States Government official on the progress of CW-1's efforts with TONGSUN PARK, the defendant, and others regarding passage of a United Nations oil-for-food resolution. CW-1 provided this information to the former U.S. official to aid and assist that former official's efforts to garner support for such a resolution from current U.S. Government officials.

d. In or about 1995 and 1996, TONGSUN PARK, the defendant, and other individuals, including high-ranking officials of the United Nations, met in Manhattan to negotiate an agreement between the Government of Iraq and the United Nations regarding the implementation of United Nations Security Council Resolution 986 ("Resolution 986").

e. In or about February 1996, CW-1 traveled to Baghdad, where CW-1 negotiated agreements with an Iraqi official relating to the compensation of TONGSUN PARK, the defendant, and others regarding their joint efforts on behalf of the Iraqi government with respect to Resolution 986.

f. In or about February 1996, TONGSUN PARK, the defendant, received a cash payment of approximately \$100,000 from the Government of Iraq in partial satisfaction of the agreements referenced above in paragraph 3(e).

g. In or about June 1996, TONGSUN PARK, the defendant, received a cash payment of approximately \$400,000 from the Government of Iraq in partial satisfaction of the agreements referenced above in paragraph 3(e).

h. From in or about late 1996, up to and including in or about 1997, TONGSUN PARK, the defendant, invested in a company owned by an immediate family member of a high-ranking United Nations official money paid to him from the Government of Iraq in connection with the agreements referenced above in paragraph 3(e).

i. In or about late 1996, TONGSUN PARK, the defendant, received a cash payment of approximately \$500,000 from the Government of Iraq in partial satisfaction of the agreements referenced above in paragraph 3(e).

j. In or about 1997, TONGSUN PARK, the defendant, traveled to Iraq and collected approximately \$1 million in partial satisfaction of the agreements referenced above in paragraph 3(e).

k. On or about June 26, 2000, CW-1 and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell CW-1 approximately 1.5 million barrels of oil as part of the Oil-for-Food Program, see *infra* paragraph 8(c), in partial satisfaction of the agreements described above in paragraph 3(e).

l. On or about February 12, 2001, CW-1 and a representative of the Government of Iraq signed a contract in which Iraq agreed to sell CW-1 approximately 2 million barrels of oil as part of the Oil-for-Food Program, in partial satisfaction of the agreements described above in paragraph 3(e).

m. In or about April 2001, CW-1 wrote a letter to an official of the Government of Iraq, in which CW-1 emphasized his efforts on behalf of the Government of Iraq in the United States and recommended that any required surcharges on his oil allocations under the Oil-for-Food Program be deducted from the amounts still owed to him under the agreements referenced above in paragraph 3(e).

n. In or about December 2002, representatives of the Government of Iraq agreed to participate in the Oil-for-Food Program for the 180-day period following on or about December 5, 2002, under the terms and conditions that TONGSUN PARK, the defendant, helped the Government of Iraq to obtain in or about 1995 and 1996, and in return for which TONGSUN PARK received at least \$2 million from the Government of Iraq.

(Title 18, United States Code, Section 371.)

The bases for my knowledge and the foregoing charge are,

in part, as follows:

4. I have learned some of the facts contained in this Complaint from my personal participation in this investigation, my review of certain documents, my discussions with other law enforcement agents, and my discussions with other individuals. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include each and every fact that I have learned during the course of this investigation. Furthermore, any statements related herein are related in substance and in part only, unless otherwise indicated.

5. I have been an agent with the FBI for approximately six-and-a-half years. Currently, I am assigned to the National Security Division with the New York Field Office of the FBI.

BACKGROUND

6. I am aware that federal law requires individuals who are acting as agents for foreign governments to register as such with the Attorney General of the United States. The FBI and Department of Justice ("DOJ") maintain files of all individuals who have properly registered as agents of foreign governments. A review of FBI and DOJ files indicates that neither CW-1 nor TONGSUN PARK, the defendant, ever registered with the United States Government as an agent of Iraq.

7. TONGSUN PARK, the defendant, a citizen of South Korea, resides, among other places, in Seoul, South Korea.

8. In the course of this investigation, I have learned the following general information regarding oil sales by the Government of Iraq from in or about December 1996, up to and including in or about March 2003:

a. On or about August 6, 1990, approximately four days after the Iraqi army invaded Kuwait, the United Nations imposed economic sanctions on the Government of Iraq. These sanctions prohibited member states of the United Nations from, among other things, trading in any Iraqi commodities or products. The United Nations continued to enforce these sanctions up to and including in or about 2003.

b. On or about April 14, 1995, the Security Council of the United Nations adopted Resolution 986, which authorized the Government of Iraq to sell oil under certain conditions - principally, that the proceeds of all sales of Iraqi oil were to be deposited into an escrow bank account monitored by

the United Nations and used by the Government of Iraq only to purchase various humanitarian goods. The Iraqi Government consented to the terms of Security Council Resolution 986 after more than a year of negotiations over the particular methods of implementing this arrangement.

c. The United Nations Office of Iraq Programme, Oil-for-Food (the "Oil-for-Food Program") was subsequently established to administer, among other things, the sale of oil and purchase of humanitarian goods by Iraq. The United Nations' economic sanctions on Iraq remained in place for all trade and transactions not authorized by the Oil-for-Food Program.

d. Iraq began selling oil pursuant to the Oil-for-Food Program in or about December 1996. Between in or about December 1996 and December 2002, the Security Council of the United Nations adopted a series of resolutions that re-authorized the Oil-for-Food Program for approximately thirteen 180-day phases of operation on terms similar to those negotiated by the Government of Iraq with the United Nations in or about 1996. The last such authorization by the Security Council occurred on or about December 4, 2002, pursuant to Resolution 1447.

e. Under the Oil-for-Food Program, the Government of Iraq alone had the power to select the companies and individuals who received the rights to purchase Iraqi oil. During every phase of the Oil-for-Food Program, officials at the highest levels of the Government of Iraq selected a group of companies and individuals to receive the rights to purchase certain quantities of Iraqi oil (frequently referred to as "allocations" of oil). These companies and individuals – many of whom were not otherwise involved in the oil industry – were able to reap large profits by selling their allocations of Iraqi oil to brokers and/or companies capable of transporting the oil to a refinery.

f. From at least in or about 2000, up to and including in or about March 2003, officials of the Iraqi Government conditioned the distribution of allocations of oil under the Oil-for-Food Program on the recipients' willingness to pay a secret surcharge to the Government of Iraq. The Government of Iraq directed that these surcharges – representing a percentage of the total amount of each oil contract and totaling at least several hundred million dollars – be paid to front companies and/or bank accounts under the control of the Iraqi Government in various countries in the Middle East and elsewhere.

TONGSUN PARK'S AND CW-1's ACTIVITIES
ON BEHALF OF THE GOVERNMENT OF IRAQ

9. I learned the following information after reviewing documentary evidence and interviewing a cooperating witness ("CW-1"), an individual who has pleaded guilty to, among other things, operating in the United States as an unregistered agent of the Government of Iraq and who is cooperating in this investigation in the hope of receiving consideration on his sentence:¹

a. Beginning in or about October 1992, TONGSUN PARK, the defendant, and CW-1 agreed to work together to promote a program under which the Government of Iraq could sell a limited quantity of oil and use the proceeds of those sales to purchase humanitarian supplies.

b. In or about February 1993, PARK arranged a meeting among PARK, CW-1, and a high-ranking United Nations official ("U.N. Official #1") at the Manhattan residence of U.N. Official #1. CW-1 reported the results of this meeting to a representative of the Government of Iraq ("Iraqi Official #1") in Manhattan.

c. In or about March 1993, PARK arranged another meeting among PARK, CW-1, and U.N. Official #1 in Manhattan. CW-1 again reported the results of this meeting to Iraqi Official #1 in Manhattan.

d. In or about June 1993, CW-1 and PARK arranged a meeting in Geneva, Switzerland, involving Iraqi Official #1, another official of the Government of Iraq ("Iraqi Official #2"), and U.N. Official #1, to discuss the proposed oil-sale program promoted by CW-1 and PARK.

e. PARK and CW-1 continued to meet and to discuss the proposed oil-sale program throughout 1994 and 1995, including after the United Nations Security Council adopted Resolution 986 in or about April 1995 and after the United Nations and the Government of Iraq began negotiating the terms under which Iraq would accept Resolution 986. Throughout the discussions between CW-1 and PARK, CW-1 served as the intermediary to representatives of the Government of Iraq and to a former United States Government official, while PARK served as the intermediary to U.N. Official #1 and other U.N. representatives.

¹ At the time of the events described in this Complaint, CW-1 was not cooperating with the FBI.

f. In this regard, beginning in at least January 1993, and continuing through at least in or about April 1995, CW-1 regularly updated a former United States Government official on the progress of CW-1's efforts with PARK and others regarding passage of a U.N. oil-for-food resolution. CW-1 provided this information to the former U.S. official to aid and assist that official's efforts to garner support for such a resolution from current U.S. Government officials. PARK was made aware of CW-1's dealings with the former U.S. official.

g. In or about late 1995, PARK told CW-1 that he (PARK) needed money from the Government of Iraq to "take care" of his expenses and his people, which CW-1 understood to mean U.N. Official #1. PARK suggested the figure of \$10 million to CW-1. CW-1 brought this demand to Iraqi Official #1 in Manhattan, and Iraqi Official #1 promised to pass it along to Iraqi Official #2 and to ask for additional money to be allotted for Iraqi Official #1 and CW-1. Approximately two weeks later, Iraqi Official #1 told CW-1 that the Government of Iraq had approved the request, and that CW-1 should travel immediately to Baghdad.

h. In or about January 1996, before traveling to Baghdad, CW-1 met with PARK in or near Washington, D.C. At that meeting, PARK told CW-1 to instruct the Iraqis to wire his (PARK's) money to a certain bank account located in London, England, in the name of a particular company.

i. In or about February 1996, CW-1 met with high-ranking officials of the Government of Iraq and drafted two agreements at their direction. Under one of those agreements, the Government of Iraq agreed to pay \$5 million to the bank account designated by PARK upon an agreement between the Government of Iraq and the United Nations regarding Resolution 986. Under the second agreement drafted by CW-1 at the direction of Iraqi officials, the Government of Iraq agreed to pay \$10 million into a bank account in the Channel Islands designated by CW-1 and Iraqi Official #1 upon an agreement between the Government of Iraq and the United Nations regarding Resolution 986.

j. On that same day in or about February 1996, after the agreements referenced above in paragraph 9(i) were signed, an Iraqi official delivered to CW-1 in Baghdad a bag containing approximately \$450,000 cash as a down payment on the total amounts owed in the agreements referenced above in paragraph 9(i). After CW-1 and another individual brought that money back to the United States, CW-1 brought the cash to Iraqi Official #1 in Manhattan. Iraqi Official #1 promised CW-1 that CW-1 would receive lucrative contracts under the Oil-for-Food Program in addition to

the cash that CW-1 was then receiving. At the direction of Iraqi Official #1, CW-1 soon thereafter delivered \$100,000 of the cash to PARK near Washington, D.C.

k. In or about June 1996, Iraqi Official #1 summoned CW-1 to Manhattan to receive a shipment of approximately \$1 million in cash from the Government of Iraq, which had been delivered to Iraqi Official #1 through a diplomatic pouch. Iraqi Official #1 instructed CW-1 to deliver approximately \$400,000 to PARK and for CW-1 to keep approximately \$250,000 for himself. Soon thereafter, CW-1 delivered approximately \$400,000 in cash to PARK near Washington, D.C.

l. In or about late 1996, Iraqi Official #1 again summoned CW-1 to Manhattan to receive a shipment of approximately \$1.55 million in cash, which had again been delivered to Iraqi Official #1 through a diplomatic pouch. Iraqi Official #1 instructed CW-1 to deliver approximately \$500,000 to PARK and to keep approximately \$50,000 for himself. Soon thereafter, CW-1 delivered approximately \$500,000 in cash to PARK near Washington, D.C.

m. After PARK, CW-1, and Iraqi Official #1 received these payments in or about 1996, Iraqi Official #1 told CW-1 that Iraqi Official #2 refused to authorize any further payments under the agreements referenced above in paragraph 9(i). CW-1 thereafter informed PARK that the Government of Iraq would not pay him (PARK) any more money, and, in response, PARK demanded a meeting with Iraqi Official #1 in Manhattan. To address PARK's concerns, a meeting was held in a Manhattan restaurant and attended by PARK, CW-1, Iraqi Official #1, and a high-ranking United Nations official ("U.N. Official #2"). U.N. Official #2 left the meal early, and PARK thereafter told CW-1 and Iraqi Official #1 that he (PARK) had used the \$5 million guarantee from the Government of Iraq to fund business dealings with U.N. Official #2. PARK claimed that he therefore needed to be paid in full, according to the agreements referenced above in paragraph 9(i), by the Government of Iraq.

n. Some time after this meeting in Manhattan, Iraqi Official #1 told CW-1 that PARK had traveled to Iraq to collect more money from the Government of Iraq.

o. In or about July 1997, CW-1 wrote a letter to officials of the Government of Iraq to explain the payment arrangements in the agreements referenced above in paragraph 9(i). CW-1's letter stated that "his" group was to receive $\frac{2}{3}$ of the total funds delivered by the Iraqis, and the "Korean" group [a reference

to PARK] was to receive 1/3 of the funds, but that both groups were supposed to "take care" of U.N. Official #1.

p. From in or about August 1997, up to and including February 2001, CW-1 received the rights from the Government of Iraq to purchase approximately 9 million barrels of Iraqi oil under the Oil-for-Food Program. Iraqi Official #1 suggested to CW-1 that these oil contracts were offered, at least in part, in consideration of the agreements described above in paragraph 9(i). For this reason, CW-1 sent a letter in or about April 2001 to Iraqi Official #1 in Baghdad protesting the Government of Iraq's demand that he (CW-1) pay a surcharge to the Government of Iraq on his February 2001 oil contract. In that letter, CW-1 recommended that any required surcharges on his oil contracts under the Oil-for-Food Program be deducted from the amounts still owed to him under the agreements referenced above in paragraph 9(i).

q. CW-1's efforts to collect the funds owed to him under the agreements referenced above in paragraph 9(i) continued into 2002. On or about May 20, 2002, CW-1 sent a letter to an official of the Iraqi Intelligence Service in which CW-1 again emphasized his efforts on behalf of the Government of Iraq in the United States, encompassing the activities on behalf of the Government of Iraq by CW-1 and TONGSUN PARK, and requested additional oil allocations without any conditions, including surcharges, placed on them.

10. Between in or about December 2004, up to and including in or about February 2005, I interviewed a witness ("W-1") about TONGSUN PARK, the defendant. W-1 reported the following:

a. In or about 1996 or 1997, W-1 accompanied TONGSUN PARK on two visits to CW-1's office near Washington, D.C. On the second trip to CW-1's office, PARK stated that he (PARK) was going to CW-1's office for the purpose of picking up money from CW-1 and that CW-1 had not paid PARK the full amount of money that was due to him (PARK).

b. TONGSUN PARK told W-1 in or about 1997 or 1998 that he (PARK) had recently traveled on two occasions to Baghdad, Iraq (via car from Amman, Jordan). PARK suggested to W-1 that he (PARK) had received something unspecified of value from Iraqi officials on these trips related to the United Nations Oil-For-Food Program. PARK told W-1 that he (PARK) later invested approximately \$1 million received on these trips to Iraq in a Canadian company established by the son of U.N. Official #2. PARK, however, told W-1 that the money was lost because this Canadian company failed soon

after PARK invested the money in it.

11. On or about December 9, 2004, TONGSUN PARK, the defendant, presented his South Korean passport to officials of the United States Department of Homeland Security at Dulles Airport near Washington, D.C., upon his entry to the United States. I have reviewed a copy of that passport. PARK's passport contains stamps—dated July 23, 1997, and October 27, 1997—reflecting two separate entries into the Kingdom of Jordan at and around the dates that W-1 remembered PARK discussing recent trips to Baghdad, Iraq (via Amman, Jordan). See *supra* at paragraph 10(b).

WHEREFORE, deponent prays that a warrant be issued for the arrest of TONGSUN PARK, the defendant, and that he be arrested, and imprisoned or bailed, as the case may be.

NICHOLAS PANAGAKOS
Special Agent
Federal Bureau of Investigation

Sworn to before me this
21st day of March, 2005

UNITED STATES MAGISTRATE JUDGE
SOUTHERN DISTRICT OF NEW YORK