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Message Printed on 2/14/2005 10:29:35 AM by DEY RefNum:DEY2127867

= Redacted by the Permanent
Subcommittee on Investigations

From/To: Silver Line Limited
Msg Recvd/Delivered: 2/28/2003 7:58:06 PM
ATTN: David Milligan
SUBJ: ARCADIAN 1 / MILLENIUM
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REF: MHR2127867

FROM: ODIN MARINE, INC. - LARGE TANKER DEPARTMENT
DATE: 2/28/2003
TIME: 7:58:04 PM

ATTN: David Milligan
SUBJ: ARCADIAN 1 / MILLENIUM

ARCADIAN 1 / MILLENIUM
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FOLLOWING HAS BEEN RECEIVED THIS EVENING FROM THE CHRTRS WHICH THEY
HAVE ASKED MUST BE KEPT STRICTLY PRIVATE AND CONFIDENTIAL AS PER THE
CONFIDENTIALITY AGREEMENT :-

STRICTLY PRIVATE & CONFIDENTIAL

Per your telephone conversation with Mr. Khaled Shaheen regarding the
situation of the vessels where he briefed you about the legal basis
for Jordan
s imports of Iraqi oil. The following, in no doubt, will
explain the platform on which the Government of the Hashemite Kingdom
of Jordan provided Millennium with the Power of Attorney to act on its
behalf and enter into contractual relationships with the owners and
lift crude oil from Iraq.

As stated on numerous occasions, neither the Government of Jordan nor
Millennium engaged in any transaction that is characterized as
disreputable or lacking a legitimate cover. Although some media
reports raised some questions, we reaffirm once again that those
reports are baseless, lack legitimacy, and more importantly driven by
journalistic sensation.

Our continuous reluctance and hesitation to divulge more details about
the operation were due to reasons that concern the Jordanian
Government and other international concerned parties. Although we
have verbally explained to Odin Marine the details and proxies of this
transaction, we cannot further compromise the confidentiality of this
operation. This has been the raison d'être for our insistence that
the Owners and Broker sign a confidentiality agreement in order to
maintain the privacy of the crude oil lifting. HAVING SAID THAT, WE
ARE COMPELLED TO REEMPHASIZE ONCE AGAIN THAT THE SAME REASONS STILL
APPLY AND EVEN A HIGHER LEVEL OF CONFIDENTIALITY MUST BE MAINTAINED
CONSIDERING THE INFORMATION WE ARE ABOUT TO STATE.

Jordan
s interest in and relation with Iraqi oil has been ongoing for
the past 13 years and after sanctions were imposed on Iraq and
consequently the Oil for Food Program was put in place. The facts are
as follows:

1. Article 50 of the UN Charter provides a provision for any country
that is adversely affected by the imposition of UN sanctions
against another country, to appeal for a waiver from those
sanctions and maintain their dealings with the sanctioned country.
2. The Government of Jordan has invoked Article 50 and continues to

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import all of its crude oil from Iraq without any interruption since 1990 according to a special protocol taking place bilaterally between the Iraqi and Jordanian Governments rather than through the Memorandum of Understanding Program with the knowledge and consent of the UN. The fact that Jordan receives the oil at a discounted price and pays for it at its own discretion either through providing Jordanian goods in return or by writing off debts owed to Jordan by Iraq only means that is solely left to the Jordanian Government to agree on the commercial terms with the Iraqi Government and how to structure their protocols.

3. The above has been approved by the UN in general and by the UN Sanctions Committee in particular; i.e. approved in line with the Oil for Food Program though in practical terms it is not hermetically governed by this Program. Although this is public information, very few parties are aware of it and it is of great importance to Jordan and other concerned parties not to highlight these facts.
4. Despite the fact that United States Laws prevent the US from providing foreign aid to any country that does not comply with sanctions against Iraq, the US Administration routinely waives sanctions in order to provide aid to Jordan, the third largest recipient of US foreign aid, with the approval of the United States Congress. This undoubtedly demonstrates the full endorsement of both the Executive and Legislative branches of the United States Government of Jordan
5. exemption regarding the importation of Iraqi crude oil and its approval of the special arrangements between the Iraqi and Jordanian Governments.

All these facts are available for the concerned parties to retrieve in Washington DC and are contained in a report issued by the Foreign Affairs, Defense, and Trade Division of the Congressional Research Service at the Library of Congress and can be obtained through them directly using the Order Code IB92117. For your easy reference, we will fax a copy of the page of the above mentioned report that concerns Jordan and talks about the same subject.

In conclusion, Jordan has a blanket cover from the UN and standby approval for continuous importation of Iraqi crude oil directly and according to whatever commercial and other terms they may agree on with the Iraqi Government and in line with UN regulations and in particular sanctions imposed on Iraq. Lifting places are amongst other things left to Jordan and Iraq to decide on.

Based on all the above, the Jordanian Government through the Ministry of Energy and Mineral resources, which is responsible for all oil related issues, empowered Millennium to conduct this transaction on their behalf as already provided to Brokers/Owners in February 2003.

Finally, those are the merits of the special arrangements we have been referring to all along. All actions taken on the ground recently, including but not limited to, the safe passage of the vessels going in and out loaded with Iraqi crude oil are a reflection of the legitimacy of our transaction based on all the facts stated above.

We hope we made all the facts clear and available to all parties concerned. Once again we reiterate the importance of maintaining the confidentiality of this matter for reasons already explained to Odin Marine.

Best Regards

Ahed M. Sukhon
Vice President & Assistant to the Chairman
Shaheen Business & Investment Group
Tel: [REDACTED]
Fax: [REDACTED]
Mobile: [REDACTED]

REGARDS

Message Continues...

Message Printed on 2/13/2005 7:08:08 PM by DEY RefNum:DEY2130763

From/To: Jaffe, Howard/HOME
Msg Recvd/Delivered: 3/3/2003 6:57:20 PM
SUBJ: FROM MICHAEL RICHARDS

[REDACTED] = Redacted by the Permanent Subcommittee on Investigations

01/03/2003

02:00

SBIG-CHAIRMAN & CEO OFFICE + [REDACTED]

NO.271 001

D.H. Mr. Michael Richards
ODIN MARINE INC.

IB92117

05-29-01

the reasons for this regional resistance are discussed below. See also CRS Report RL30472. Iraq: Oil-for-Food Program.

Jordan. Since 1992, and despite Jordan's economic dependence on Iraq, the United States has considered Jordan's compliance with the U.N. sanctions regime on Iraq satisfactory, even though Jordan, under King Hussein and his successor, King Abdullah, advocates U.S. engagement with Baghdad and has become increasingly vocal in advocating easing of sanctions. Recognizing Jordan's economic need, the Sanctions Committee "takes note of" Jordan's purchases of discounted Iraqi oil and oil products, which is exchanged for Jordanian goods (approved under the oil-for-food program) and write-downs in Iraqi debt to Jordan. This relationship was renewed in November 2000 at a level of about \$450 million for the year, which translates into about 105,000 barrels per day of Iraqi oil exports to Jordan. Every year since FY 1994, foreign aid appropriations laws (P.L. 103-87, P.L. 103-306, P.L. 104-107, P.L. 104-208, P.L. 105-118, P.L. 105-277, P.L. 106-119, and P.L. 106-429), have denied U.S. aid to any country that does not comply with the sanctions against Iraq, though these laws do not mention Jordan specifically. The Administration has routinely waived sanctions in order to provide aid to Jordan, a key U.S. ally in the Middle East peace process, and Congress has not objected to that waiver.

In October 2000, Jordan dismissed Lloyd's International from its role as inspector of goods bound for Iraq and arriving in Jordan at the port of Aqaba, a role enshrined in an agreement between Jordan and the United States in 1993. Since September 2000, Jordan has also become increasingly bold in sending flights to Iraq, including those carrying relief supplies, officials, and even paying passengers (November 30, 2000). Secretary of State Powell has pressed Jordan not to proceed with a planned "free trade agreement" with Iraq that, some fear, could increase the flow of unapproved civilian goods to Iraq, although virtually all trade with Iraq is, in practice, duty free. (See CRS Issue Brief IB93085, *Jordan: U.S. Relations and Bilateral Issues*).

Turkey. Turkey estimates that it has lost \$35 billion as a result of the sanctions. The Turkish government now regulates and taxes the illicit importation of about \$200 million per year in Iraqi energy products by Turkish truck drivers (about 450 trucks per day) returning from Iraq. U.S. sanctions against Turkey for this trade have routinely been waived. In April 2000, Iraq and Turkey reached agreement to increase bilateral trade twelve fold, to about \$2.5 billion per year, roughly pre-war levels. In May 2001, rail service between Iraq and Turkey resumed.

Iran/Persian Gulf States/Smuggling. In enforcing the embargo, two U.S. ships lead a Multinational Interdiction Force (MIF) that conducts maritime searches in the Persian Gulf to prevent the smuggling of oil and other high-value exports. The United States has asserted that Iran's Revolutionary Guard has been helping Iraq smuggle out the oil exports in exchange for "protection fees," although Iran did stop some illicit shipments in March, April, and again in late June 2000, earning some U.S. praise. Despite these exceptions, Iran's cooperation helped Iraq's illicit exportation reach a high in mid-2000 of about \$80 million per month, and Iraq reportedly earned a net of about \$600 million for all of 2000, according to British military officials. It should be noted that Iraq receives only half the export value after paying off Iranian Revolutionary Guards and smugglers. Iraq openly stated in July 2000 that it will continue to export "extra" (smuggled) oil products. The U.S. Ambassador to the UAE

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Message Printed on 2/13/2005 6:57:59 PM by DEY RefNum:DEY2119531

From/To: Michael Richards
Msg Recvd/Delivered: 2/25/2003 2:11:17 PM
SUBJ: Conference call
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From: "Millennium" <jsayegh@sbig Holdings.com>
To: <MHR@odingroup.com>
Subject: Conference call
Date: Tue, 25 Feb 2003 20:30:15 +0200
Message-Id: <FC1876CEBD085847B213148B8E7ED4BD33F9@hqmail.sbig.com>

God day Micahel

Reference is made to the conference call that just took place between Mr. Khaled Shaheen, your good self, Mr. David Young, in the presence of Mr. Ahad Sukhon and myself. The following was agreed to in the conference call:

1. All chartered vessels coming into Khawr Amaya to provide the UN Naval check point with the name of the vessel, name of Charterer, and name of loading port. This communication to take place between the Master of the concerned vessel and whichever UN Naval ship on duty in the vicinity.
2. Upon completion of loading and while approaching the UN Naval check point, the Master to contact the UN Naval ship on duty at that time and give them all the details including quantity loaded, name of Charterer, the terminal of loading and then get the necessary clearance accordingly.
3. At anchorage, Master will contact Commander Harry French and get the NO OBJECTION message from him. Mr. Young of Odin Marine to contact Commander French as well in order to verify and confirm the communication between the Master and Commander French. Mr. Young will seek the NO OBJECTION message in the text and format agreed between us.
4. It is worthwhile noting the following:
 - A. It had been passed on to Charterers that Commander French has been showered by various faxes and e-mails from the Owners. Kindly ask all Owners to refrain from doing so.
 - B. Mr. Young and the ship Master are the only parties entitled to contact Commander French.
 - C. The message that should be sent by either the ship master or Mr. Young is the following: "We are loading crude oil from the terminal at Khawr Amaya for Millennium; do you have any objection?" It is very advantageous that Mr. Young served in the Coast Guard as he can relate to and understand the situation and how officers feel uncomfortable about going through unnecessary extended communications

I am very happy that we have reached a stage where we can go back to concentrate on the business at hand and everyone obtains the comfort they seek.

Charterers kindly ask the Brokers as well as Owners to refrain from giving any statements to the media as it only adds more fuel to current situation. All parties concerned (Charterers, Owners, Brokers) should simply state that they have signed a confidentiality agreement and they are bound by it.

Received: from MAIL.sbig.com ([194.165.153.115])

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Subj: **Millenium Purchase for Government of Jordan.**
Date: 3/4/2003 3:55:13 PM Eastern Standard Time
From: HJaffeESQ
To: Mrichards@Odin.com

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Dear Michael: I called the U.S. Commerce Department to ascertain their position on Millenium's charter activities and carriage of Iraqi oil to Jordan's port for the Jordanian government. I was referred to Share Lustenow at the Office of the Middle East at 202 482 4442. The number I had called at Commerce was for the promotion not restriction on trade. Ms. Lustenow referred me to The Office of Foreign Assets Control of the Treasury Department (website www.treas.gov/ofac) and referred me to Ms. Amy Schedlebauer (pronounced Shuttlebauer) or Ms. Susan Sierra at 202 622 2480. I explained the situation to Ms Schedlebauer including the fact that the Charter Party required compliance with UN and International Law and that the Owners could be advised to call a default and cease performance. She responded that she would have to get back to me. She called back in about 2 hours and said that her office was "AWARE OF THE SHIPMENTS AND HAS DETERMINED NOT TO TAKE ACTION". She did not add "at this time". I noted that a further shipment was sought by Millenium and did she have any advice on that. She repeated the quoted response and would say no more. I asked her to contact me if there was any change in position as my client's wished to act in the best interests of the U.S. It appears that they do not want to harm Jordan by interfering with its quest for oil before the impending conflict by seizing it. Let us discuss this further with Even.

Regards, Howard