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Southern District of New York*

**FOR IMMEDIATE RELEASE  
NOVEMBER 27, 2007**

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**TEXAS OILMAN SENTENCED TO ONE YEAR IN PRISON  
FOR CONSPIRING TO MAKE ILLEGAL PAYMENTS  
TO THE FORMER GOVERNMENT OF IRAQ**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced the sentencing today of OSCAR S. WYATT, JR., 83, of Houston, Texas, to one year in prison. Nearly four weeks into his criminal trial, on October 1, 2007, WYATT pleaded guilty to participating in a scheme to pay illegal surcharges to the former Government of Iraq in connection with the purchase of crude oil through the United Nations Oil-for-Food Program between mid-2000 and 2003. United States District Judge DENNY CHIN also ordered WYATT to pay \$11,023,245.91 in restitution to the victims of his crimes.

The United Nations established the Oil-for-Food Program in the mid-1990's as an exception to the comprehensive international sanctions on SADDAM HUSSEIN's regime in Iraq. Under the Program, the former Government of Iraq was allowed to sell a limited quantity of oil, and the proceeds from those oil sales were deposited into an escrow bank account managed by the United Nations. That money could only be used for humanitarian purposes approved by the United Nations, including food and medicine for the Iraqi people and reparations to the victims of the Hussein regime's 1990 invasion of Kuwait. Iraq was permitted to determine which purchases could obtain allocations of oil under the Program.

In 2000, the Hussein regime found a way to get money free of United Nations supervision: Iraq began conditioning the right to purchase its oil under the Oil-for-Food Program on the purchasers' willingness to make secret payments directly to the Hussein regime. WYATT and other Americans elected to pay these illegal kickbacks in order to continue to participate in the business of selling Iraqi oil under the Oil-for-Food Program. By participating in this scheme, WYATT and others diverted millions of dollars that otherwise would have been available for

humanitarian purchases under the Oil-for-Food Program.

The Government began presenting its case against WYATT to a Manhattan jury on September 10, 2007. The evidence at trial included testimony from a cooperating witness, SAMIR VINCENT, who described his work with WYATT and Iraqi officials during the early 1990's establishing the Oil-for-Food Program, as well as WYATT's relationship with high-ranking Iraqi officials (including SADDAM HUSSEIN himself).

The evidence at trial also included the testimony of two former officials of Iraq's State Oil Marketing Organization (SOMO). These officials testified that WYATT agreed to and did pay illegal surcharges to the Hussein regime. An official in SOMO's crude oil sales department testified that he attended a meeting in January 2001 at which WYATT agreed to make the illegal payments through front companies in Cyprus. Referencing volumes of his daily notes taken from 1995 through 2003, this official described WYATT's promise to pay the illegal surcharges in that January 2001 meeting, as well as WYATT's statements about how he would cause those payments to be made in a way that would avoid detection. Finally, this SOMO official described WYATT's continuing attempts to obtain Iraqi oil at a meeting in Baghdad as late as January 27, 2003.

An official in SOMO's finance department, referencing a computer database the official maintained in the course of his work in Iraq, also testified that WYATT agreed to make surcharge payments on oil purchased by a front company in Cyprus. The SOMO official's database recorded that over \$7.4 million in illegal surcharges were funneled to the Hussein regime in connection with oil contracts under the Oil-for-Food Program associated with two Cypriot companies Nafta Petroleum Company Limited and Mednafta Trading Company Limited.

Other evidence at trial included recorded telephone calls in which WYATT sought reimbursement from a U.S. oil company for an illegal surcharge payment that WYATT caused to be made on behalf of that company to the former Government of Iraq in December 2001. For example, in one of those telephone calls, WYATT complained that he wanted reimbursement for the surcharge money that "I've already paid to the bastards" and which "came out of my hip pocket." In another recorded call, WYATT noted that the oil company should reimburse him through a foreign company run by his co-conspirator, CATALINA del SOCORRO MIGUEL FUENTES, a/k/a "Cathy Miguel." In a letter dated November 20, 2001, WYATT updated the Iraqi Minister of Oil on his efforts to collect this reimbursement: "I will try to get it collected and have worked on it constantly for the past 90 days and I believe

ultimately I will."

Judge CHIN ordered WYATT -- who pleaded guilty to one count of conspiracy to commit wire fraud -- to surrender to the custody of the Bureau of Prisons no later than January 2, 2008.

To date, the criminal investigation into the United Nations Oil-for-Food Program has produced cases against 12 individuals and 7 entities. Six individuals (including WYATT) and 2 entities have pleaded guilty, 1 individual was found guilty after trial, and 2 entities reached agreements with this Office. The remaining cases are pending. Also as a result of the investigation, over \$47.5 million in criminal proceeds has been forfeited or has been agreed to be forfeited, which this Office will seek to transfer to the Development Fund of Iraq (established on May 21, 2003, by United Nations Security Council Resolution 1483) as restitution for the benefit of the people of Iraq.

Mr. GARCIA praised the work of the Federal Bureau of Investigation, Criminal and Counterintelligence Divisions. He also expressed appreciation to the United States Treasury Department, Office of Foreign Assets Control; the United States Department of State; the United Nations Office of Legal Affairs; and the former Independent Inquiry Committee into the United Nations Oil-for-Food Program for their assistance in this investigation.

Assistant United States Attorneys EDWARD O'CALLAGHAN, MICHAEL FARBIARZ, MARK D. LANPHER, and SHARON LEVIN are in charge of the prosecution.

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