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Statement of Rep. Carolyn B. Maloney (D-NY)
Subcommittee on Oversight
"Divesting Saddam: Freezing, Seizing, and Repatriating Saddam's Money to the Iraqis"
May 14, 2003

This morning the Subcommittee examines the seizure of Saddam Hussein's assets and Administration efforts to repatriate them. These assets were the product of years of looting from the Iraqi people including the diversion of resources from humanitarian programs, such as oil for food. They are further damning evidence of the sickness of Saddam's regime.

Just prior to military action, on March 20 2003, the President issued Executive Order # 13290 – confiscating and vesting property of the government of Iraq in the U.S. The Executive Order operates under authority in Sec. 106 of the Patriot Act. The Order resulted seizure of $1.7 billion in assets by the U.S. Treasury Department from accounts held in the U.S. in the name of the Government of Iraq, the Central Bank of Iraq, Rafidain Bank, Rasheed Bank, or the State Organization for Marketing Oil. As CRS explains, this "authority becomes available when the United States is engaged in armed hostilities or has been attacked by a foreign country or its nationals. At that time, the property of any foreign person, organization, or nation which planned, authorized, aided or engaged in the hostilities or attack becomes forfeitable."[1]

Given that we have yet to find Saddam, this seizure is especially important because of flight risk and the threat that his assets could be used to assist terrorists. This morning our panelists will testify to the success of their efforts to track down Saddam's assets through his tangled web of accounts. This was difficult work and our witnesses and their departments deserve credit for a job well done. However, the job of limiting Saddam's funding sources is far from complete. Treasury's own testimony estimates that his family's wealth could be as much as $40 billion worldwide.

I also look forward to a discussion this morning of what is next for the assets seized from Saddam. The President's Executive Order stated that "such vested property should be used to assist the Iraqi people and to assist in the reconstruction of Iraq." This is a very broad statement that gives the Administration wide latitude for potential uses of the money. As this money was stolen from the Iraq, the U.S. is in sense acting as a fiduciary for the Iraqi people. Iraq is a nation

[1]CRS Report for Congress: "Terrorism: Section by Section Analysis of the USA Patriot Act"; Updated December 10, 2001; Charles Doyle, Senior Specialist, American Law Division

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that suffers massive international debts. The Iraqi people will need every resource available to them to rebuild the country and service their debt obligations.

Whatever the final determination is for the uses of this money, I believe these decisions should be made in the open, not in closed Administration meetings. This money does not belong to the U.S. and it must not be obligated in no-bid rebuilding contracts as has been the case with other Iraq projects. I think this issue is so important that last week I offered an amendment in the Government Reform Committee that would apply the highest federal contracting standards to seized Iraqi assets. I withdrew the amendment because I wanted to hear from our witnesses this morning before proceeding. I did offer an amendment that requires full and open disclosure of contracts that were awarded without open bidding. I am pleased that this amendment was accepted by the Majority and attached to the Defense Authorization. I believe a similar may be required for the assets that are the topic of this hearing. I yield back the balance of my time.