
Title: RICHARD C. HOLBROOKE
U.S. Ambassador
U.S. Department of State
Washington D.C.

and

Vice Chairman
Credit Suisse First Boston Corporation
11 Madison Avenue
New York, N.Y.

OIG Case No. 98-116

Date of Report:

Type of Report: Prosecutive Referral

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TABLE OF CONTENTS

Executive Summary	Page 2
Applicable Statutes	Page 4
Details	Page 5
I. <u>Background</u>	Page 5
Ambassador HOLBROOKE's Official Employment Status	Page 6
II. <u>Intervention on Behalf of Credit Suisse First Boston</u>	Page 7
III. <u>Requests for Official Action Within One Year of Leaving the Department</u>	Page 9
1. Ambassador Thomas Siebert, U.S. Embassy Stockholm, Sweden	Page 9
2. Ambassador James Laney, U.S. Embassy Seoul, Korea	Page 12
3. Ambassador Jenonne Walker, U.S. Embassy, Prague, Czech Rep.	Page 14
4. Ambassador Rudolf Perina, U.S. Embassy Chisinau, Moldova	Page 15
IV. <u>Meals Purchased by Credit Suisse First Boston for Department Officials</u>	Page 16
1. 04/14/96 dinner at Nora Restaurant for several Department officials	Page 18
2. 04/16/96 lunch at I Ricchi Restaurant for several Department officials	Page 19
3. 10/18/96 lunch at Four Seasons Restaurant for Amb Frank Wisner	Page 20
4. 10/28/96 dinner at HOLBROOKE's residence for Dep Sec Talbott	Page 21
5. 01/17/97 lunch at Epomeo Restaurant for DCM James D. Bindenagel	Page 22
6. 02/20/97 dinner at Capriani's Restaurant for UnderSec & Mrs. Tarnoff	Page 23
V. <u>Ambassador HOLBROOKE's Book</u>	Page 24
1. b7c, b6 present at Dayton Peace talks	Page 24
2. Ambassador HOLBROOKE's receipt of classified information	Page 24
Attachments	Page 27

EXECUTIVE SUMMARY

On July 8, 1998, the Office of Inspector General (OIG), U.S. Department of State, received a letter from an anonymous source alleging that activities by Ambassador Richard HOLBROOKE violated Federal conflict of interest statutes. The first allegation was that Ambassador HOLBROOKE, while serving as Assistant Secretary for European and Canadian Affairs (EUR), intervened with the U.S. Ambassador to Hungary on behalf of Credit Suisse First Boston (CSFB), a Swiss owned firm. Upon resigning his EUR position on February 21, 1996, Ambassador HOLBROOKE went to work for CSFB. The second allegation was that during his employment with CSFB, Ambassador HOLBROOKE asked U.S. Ambassadors to accompany him to meetings with top level foreign government officials in violation of his one year post government "cooling off" period.

Regarding the first allegation, the OIG investigation determined that in May 1995, while Assistant Secretary, Ambassador HOLBROOKE intervened with Ambassador to Hungary Donald Blinken on behalf of CSFB. However, the investigation determined that Ambassador HOLBROOKE did not begin discussions with CSFB regarding possible employment until July 30, 1995. Interviews with CSFB officials and reviews of subpoenaed documents from CSFB failed to disclose any indication that Ambassador HOLBROOKE was negotiating for employment with CSFB at the time of his intervention on behalf of the firm.

Regarding the second allegation, the OIG investigation determined that during the first year after he resigned as Assistant Secretary, Ambassador HOLBROOKE made three trips (to The Czech Republic, Sweden and South Korea) on behalf of CSFB in which he requested U.S. Ambassadors take some kind of official action. In addition, the OIG investigation found one other instance in which HOLBROOKE contacted a Department official asking for official action within his one year "cooling off" period. This contact took the form of a handwritten letter to a then-Deputy Assistant Secretary.

During the investigation, OIG determined that on six occasions during the first year after he resigned as Assistant Secretary, Ambassador HOLBROOKE was reimbursed by CSFB for dinners and luncheons he bought for senior Department of State officials. When interviewed, all of these officials stated that CSFB business was not discussed with Ambassador HOLBROOKE and, that they were not asked to take any action that would have benefited CSFB.

During the investigation, OIG was contacted by a confidential source (CS-1) who alleged that [b7c, b6] was present during the Dayton Peace accords and took notes on a laptop computer though [b7c] did not possess a security clearance. Although [b7c] did attend at least one meeting on the Dayton Accords, no evidence was developed that [b7c] recorded the event in any way or misused any information obtained from such a meeting. OIG was unable to develop sufficient information substantiating this allegation. During the investigation, OIG also received a separate anonymous complaint that a [b7c, b6] [b7c, b6], provided classified material to Ambassador HOLBROOKE for use in

the publication of his memoirs. Although there was some evidence of the **b7c, b6** efforts to provide Ambassador HOLBROOKE with certain classified information, OIG was unable to substantiate that Ambassador HOLBROOKE received such classified information, or that it was the source for material which was published in Ambassador HOLBROOKE's memoirs, which were reviewed and approved for publication by the Department of State.

APPLICABLE STATUTES

18 U.S.C. 201(c): Bribery of public officials.

(1) Whoever, otherwise than as provided by law for the proper discharge of official duty --

(A) directly or indirectly gives, offers, or promises anything of value to any public official, former public official, or person selected to be a public official, for or because of any official act performed or to be performed by such public official, former public official, or person selected to be a public official; or

18 U.S.C. 207(c): One-year restrictions on certain senior personnel of the executive branch and independent agencies.

(1) Restrictions.--In addition to the restrictions set forth in subsections (a) and (b), any person who is an officer or employee (including any special Government employee) of the executive branch of the United States (including an independent agency), who is referred to in paragraph (2), and who, within 1 year after the termination of his or her service or employment as such officer or employee, knowingly makes, with the intent to influence, any communication to or appearance before any officer or employee of the department or agency in which such person served within 1 year before such termination, on behalf of any other person (except the United States), in connection with any matter on which such person seeks official action by any officer or employee of such department or agency, shall be punished as provided in section 216 of this title.

18 U.S.C. 208 (a): Acts affecting a personal financial interest

Except as permitted by subsection (b) hereof, whoever, being an officer or employee of the executive branch of the United States Government, or of any independent agency of the United States, a Federal Reserve bank director, officer, or employee, or an officer or employee of the District of Columbia, including a special Government employee, participates personally and substantially as a Government officer or employee, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in a judicial or other proceeding, application, request for a ruling or other determination, contract, claim, controversy, charge, accusation, arrest, or other particular matter in which, to his knowledge, he, his spouse, minor child, general partner, organization in which he is serving as officer, director, trustee, general

partner or employee, or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest, shall be subject to the penalties set forth in section 216 of this title.

DETAILS

I. Background

On July 8, 1998, the Office of Inspector General (OIG), U.S. Department of State (DOS), received a letter from an anonymous source which questioned Ambassador Richard HOLBROOKE's suitability for his nomination as U.S. Permanent Representative to the United Nations. The source claimed that the day after Ambassador HOLBROOKE resigned from the DOS, February 21, 1996, he became a Vice Chairman of CS First Boston, which is majority owned/controlled by Credit Suisse, a Swiss financial services conglomerate. The source wrote that the investment banking operation is now CSFB, owned/controlled by the Credit Suisse Group in Zurich. Source believed that the fact that Ambassador HOLBROOKE chose to work for a foreign company, one from the region over which he presided as the Assistant Secretary of State for European and Canadian Affairs (EUR), and that he was named Special Presidential Emissary to Cyprus while working for CSFB, showed questionable character. Source mentioned that U.S. Embassy Budapest became involved in a commercial advocacy on behalf of an American investment bank competing for a Hungarian Government privatization deal. The American firm competing was Merrill Lynch. Source also stated that CSFB was bidding for the privatization deal, but CSFB was not supported by the embassy or the Department of Commerce Advocacy center. Source claimed that Ambassador HOLBROOKE received a phone call from someone at CSFB because CSFB believed the embassy was leaning toward Merrill Lynch. Source states that Ambassador HOLBROOKE was asked to intervene, which he did by contacting Ambassador Blinken and ordering him to back CSFB's bid as well as Merrill Lynch. Source alleged that Ambassador Blinken met with or sent a letter to the Hungarian Government clarifying the U.S. did not "back any horse" in the privatization deal. Source stated that the country team in Budapest believed it to be unusual for Ambassador HOLBROOKE to become involved in a Hungarian privatization deal. The source further alleged that shortly after leaving the Department and becoming a Vice Chairman of CSFB, Ambassador HOLBROOKE made at least two sales development trips to central and eastern Europe on behalf of CSFB. During these trips, Ambassador HOLBROOKE allegedly asked U.S. Ambassadors to accompany him to meetings with Prime Ministers and Foreign Ministers, which according to the source, "almost certainly created the impression that Mr. Holbrooke still enjoyed a quasi-official status." (Tab 1)

Ambassador HOLBROOKE's Official Employment Status

Ambassador HOLBROOKE was appointed as Assistant Secretary for EUR on August 28, 1994. On February 20, 1996, Ambassador HOLBROOKE signed a CSFB letter agreeing to terms of his employment with CSFB (Tab 2). According to a Standard Form (SF) 50-B, Notification of Personnel Action, on file in Ambassador HOLBROOKE's Official Personnel Folder (OPF), he resigned from that position on February 21, 1996 (Tab 3). Ambassador HOLBROOKE's lawyers provided OIG with a chronology which reflects that Ambassador HOLBROOKE began employment at CSFB on February 22, 1996 (Tab 4). Ambassador HOLBROOKE's OPF also contained a letter addressed to him, dated February 21, 1996, from William R. Whitworth, Chief of the Personnel Operations Division, Office of Civil Service Personnel Management. The letter indicated that Ambassador HOLBROOKE was appointed as a Foreign Affairs Officer (Expert), Grade ED-130-15, in Special Government Employee (SGE) status. The letter goes on to state the following (Tab 5):

“This appointment will become effective once a conflict of interest determination is made by the Office of Ethics and Personnel (L/EP/FD) based upon your submission of a Confidential Financial Disclosure Report (SF-450).”

In a letter addressed to Ambassador HOLBROOKE on April 17, 1996, by [b7c, b6] [b7c, b6] Financial Disclosure Division, Office of the Legal Adviser. This letter confirms that Ambassador HOLBROOKE was granted a 45 day extension to file his Financial Disclosure Report. On May 31, 1996, [b7c, b6] sent another letter to Ambassador HOLBROOKE informing him that his Financial Disclosure Report had not yet been received and notifying him that the report needed to be received by [b7c] office before June 5, 1996, to avoid a \$200 late filing fee. (Tab 6)

Ambassador HOLBROOKE's Financial Disclosure Report was received by the Department of State on June 4, 1996 (Tab 7). Ambassador HOLBROOKE's OPF also contained a Notification of Personnel Action form dated July 15, 1996, which indicated that Ambassador HOLBROOKE was appointed on that date as a Foreign Affairs Officer - Expert (Tab 8). This document states the following:

“Conditions of temporary employment explained in statement dated 02-21-96. Reason for temporary appointment: to serve as an expert advisor to the Secy and Asst. Secretary for EUR. on issues pertaining to the Dayton Peace Accords and Bosnia and others.”

In addition, Ambassador HOLBROOKE's OPF contained an Appointment Affidavit dated July 15, 1996 (Tab 9), indicating that Ambassador HOLBROOKE took the oath of office as a Foreign Affairs Officer on that date. Ambassador HOLBROOKE's OPF contained no further documentation concerning his employment status with the Department of State between February 21, 1996, and July 15, 1996. In addition, no further documentation was provided by Ambassador HOLBROOKE concerning his employment status between those dates.

Former Secretary of State Warren Christopher was interviewed in an attempt to verify Ambassador HOLBROOKE's employment status with the Department of State between February 21, 1996, and July 15, 1996. Secretary Christopher recalled that on February 21, 1996, he attended an awards presentation for Ambassador HOLBROOKE. The following day, Secretary Christopher indicated that Ambassador HOLBROOKE called him to say good-bye. Secretary Christopher recalled that on July 15, 1996, he held a luncheon for Ambassador HOLBROOKE to welcome him back on board with the Department in his new capacity as an SGE. Secretary Christopher recalled having spoken to Ambassador HOLBROOKE on only two occasions between those two events and could not recall what those conversations entailed. (Tab 10)

Former Assistant Secretary for EUR John Kornblum was interviewed regarding Ambassador HOLBROOKE's employment status. Kornblum stated that his understanding was that Ambassador HOLBROOKE was appointed as a "consultant to the Secretary of State" after February 21, 1996, and that his role was as an unpaid informal advisor on Bosnian and Eastern European affairs. Kornblum stated that he spoke "frequently" to Ambassador HOLBROOKE during the time period immediately following his departure, usually to ask for advice regarding the Dayton Peace Accords. A copy of Kornblum's Information of Record form is included in (Tab 11)

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated that he took the oath of office for his appointment as a SGE at 5:01 P.M. on February 21, 1996. However, Ambassador HOLBROOKE stated that he did not have a document confirming that he took the oath at that time. Ambassador HOLBROOKE was unable to recall who swore him in on that date. Ambassador HOLBROOKE claimed that he was in "continuous" contact with Department officials, including Secretary Christopher from February 21, 1996, until the present. (Tab 12, pp 10-36)

II. Intervention On Behalf Of Credit Suisse First Boston - 18 U.S.C. 208(a)

On July 17, 1998, OIG interviewed former U.S. Ambassador to Hungary Donald Blinken regarding Ambassador HOLBROOKE's alleged intervention on behalf of CSFB in May 1995. Ambassador Blinken stated that the embassy was backing a U.S. firm competing for a telephone privatization contract with the Hungarian government. According to research conducted by the embassy, there was only one U.S. firm bidding for the contract. Ambassador Blinken stated that it was the determination by the Department of Commerce that CSFB was not considered to be a U.S. firm. Ambassador Blinken confirmed that then-Assistant Secretary HOLBROOKE contacted him at the behest of David Mulford, Chairman International of CSFB. Ambassador Blinken stated that Ambassador HOLBROOKE advised him that he (HOLBROOKE) was convinced that CSFB should be treated as a U.S. firm for the purpose of receiving embassy backing on an equal basis as the other U.S. firm bidding on the contract. Ambassador HOLBROOKE came to this decision after speaking with Mulford and the Department of

Commerce. Ambassador Blinken stated that Ambassador HOLBROOKE did not order him to back CSFB, but only advised him to do so. **(Tab 13)**

On July 24, 1998, OIG interviewed David Mulford who confirmed that he met with then-Assistant Secretary HOLBROOKE and asked for his assistance in dealing with Ambassador Blinken. Mulford recalled that as far as he knew, Ambassador HOLBROOKE's employment discussions with CSFB did not begin until August 1995. Mulford advised that he was not involved in the employment negotiations with Ambassador HOLBROOKE and added that the decision to hire Ambassador HOLBROOKE had nothing to do with Ambassador HOLBROOKE's intervention on behalf of CSFB. **(Tab 14)**

On July 28, 1998, OIG interviewed Terry Snell, former Office Director for the Department of State, Office of East European Affairs. Regarding Ambassador HOLBROOKE's intercession on behalf of CSFB, Snell stated that the action saved the U.S. Embassy in Hungary as well as the U.S. Government a lot of embarrassment because Mulford had threatened to go to the White House and have Ambassador Blinken's job over the issue. **(Tab 15)**

On August 12, 1998, OIG interviewed Jack Hennessey, Chairman of CSFB, who stated that employment negotiations with Ambassador HOLBROOKE did not begin until July 30, 1995. Hennessey advised that Ambassador HOLBROOKE's intervention on behalf of CSFB had nothing to do with his being offered a position with the firm. **(Tab 16)**

On August 13, 1998, OIG interviewed Charles G. Ward III, Managing Director of Corporate and Investment Banking for CSFB. Ward stated that Ambassador HOLBROOKE was not considered for employment with CSFB until the summer of 1995. **(Tab 17)**

On August 18, 1998, OIG interviewed Peter G. Peterson, Chairman of The Blackstone Group. Peterson recalled that Ambassador HOLBROOKE came to him for assistance regarding his employment search during the summer of 1995. Peterson stated that he recommended that Ambassador HOLBROOKE consider CSFB. Peterson added that he then called Hennessey to recommend Ambassador HOLBROOKE. **(Tab 18)**

On August 20, 1998, OIG interviewed Allen D. Wheat, Chief Executive Officer of CSFB. Wheat stated that Ambassador HOLBROOKE was hired by CSFB because of his background as an investment banker with Lehman Brothers. Wheat also recalled that CSFB first considered hiring Ambassador HOLBROOKE on the recommendation of Peterson. **(Tab 19)**

On August 13, 1998, OIG issued an Inspector General Subpoena to CSFB requesting that the company produce any and all documentation regarding Ambassador HOLBROOKE's employment with the firm. OIG reviewed the records furnished by CSFB in response to the subpoena and found no indication that Ambassador HOLBROOKE began employment negotiations with CSFB prior to July 30, 1995. **(Tab 20)**

Based on the foregoing (Section II, above), OIG found no evidence that Ambassador HOLBROOKE had entered into negotiations for a position with CSFB prior to intervening in this matter. Also, there was no evidence found that Ambassador HOLBROOKE was offered a position with CSFB because of his intervention in this matter.

III. Request For Official Action Within One Year Of Leaving The Department - 18 U.S.C. 207(c)

1. *Ambassador Thomas Siebert, U.S. Embassy Stockholm, Sweden*

On August 26, 1998, Simpson Thacher and Bartlett, the law firm representing Ambassador HOLBROOKE, turned over documents to the OIG pursuant to OIG's letter of request for documents, dated August 6, 1998 (Tab 21). These documents included the following:

- Itineraries for Ambassador HOLBROOKE's visits to Stockholm, Sweden during September 2-11 and December 17-18, 1996 (Tab 22)
- A letter from Ambassador Thomas Siebert, U.S. Embassy Stockholm, to "The Honorable Richard C. Holbrooke, CS First Boston Corporation," dated April 16, 1996, in which Ambassador Siebert writes, in part: "Thanks very much for the lovely luncheon at Four Seasons this past week...Debbie and I are looking forward to your visit during the week of May 27th...This leaves the daylight hours of May 28-29 to schedule you in Stockholm. The attached memorandum provides you "multiple choice" on your activities, beginning with new PM Goran Persson. Once we hear from you, we'll proceed with scheduling." (Tab 23)
- A letter from Vice Chairman Richard Holbrooke, to Ambassador Siebert, dated May 15, 1996, on CS First Boston letterhead, in which HOLBROOKE writes, in part: "On the calls for Wednesday, May 29, can we see Prime Minister Person (sic), Finance Minister Asbrik, and the Minister of Commerce. These would be largely courtesy calls, and would not take more than 30 minutes each. From our previous discussion, I assume you would not want to set these up, but if you prefer, I can do it." Attached to this letter was the following handwritten note: "From our previous discussion, I assume you would want to set these up, but if you prefer, I can do it." (Tab 24)

On September 3, 1998, [b7c, b6] at the U.S. Embassy Stockholm, was interviewed (Tab 25). [b7c, b6] stated that [b7c] was Ambassador HOLBROOKE's control officer for several visits Ambassador HOLBROOKE made to the U.S. Embassy in Stockholm during 1996. [b7c, b6] knew that Ambassador HOLBROOKE was employed by CSFB at the time of his visits; however, [b7c, b6] thought that Ambassador HOLBROOKE was also "on retainer" with the U.S. Government. [b7c, b6] confirmed that [b7c] scheduled for Ambassador HOLBROOKE's visits. Regarding Ambassador HOLBROOKE's visit to Ericsson, as reflected on Ambassador HOLBROOKE's schedule for December 18, 1996, (Tab 22) [b7c, b6] stated that [b7c] could not recall the purpose Ambassador HOLBROOKE's

proposed visit with Ericsson, a telephone hardware manufacturer, but confirmed that Ambassador HOLBROOKE used the U.S. government car to attend this appointment and that Political Counselor Walter Andrusyszyn accompanied Ambassador HOLBROOKE to the meeting.

On September 17, 1998, OIG received all documentation on hand at the U.S. Embassy, Stockholm, related to contacts and/or visits to that embassy by Ambassador HOLBROOKE. The following pertinent documents were received:

- A letter from Ambassador HOLBROOKE's CSFB assistant [b7c, b6], to [b7c, b6], U.S. Embassy Stockholm, dated May 20, 1996, in which [b7c, b6] [b7c, b6] writes, in part: "2. The rest of the schedule looks great. Would there be any objection if Holbrooke brings Gunnar Palm, head of CS First Boston's Swedish operations to the 4:30 meeting with Gunnar Lund." (Tab 26)
- Itinerary for Ambassador HOLBROOKE's May 27-30 trip to Stockholm. (Tab 27)

On October 5, 1998, OIG interviewed Ambassador Siebert, former U.S. Ambassador to Sweden (Tab 28). Ambassador Siebert was shown a copy of the April 16, 1998 letter (Tab 23), from himself to Ambassador HOLBROOKE, in which Ambassador Siebert thanked Ambassador HOLBROOKE for a luncheon at the Four Seasons and also wrote, in part: "This leaves the daylight hours of May 28 - 29 to schedule you in Stockholm. The attached memorandum provides you "multiple choice" on your activities, beginning with new PM Goran Persson. Once we hear from you, we'll proceed with scheduling." Ambassador Siebert stated that he attended a lunch at the Four Seasons hosted by Ambassador HOLBROOKE. Some Swedish friends of Ambassador HOLBROOKE were also at the lunch. Ambassador Siebert stated that he did not know who paid for the lunch; although, he stated that he did not. Ambassador Siebert also stated that he did not recall having set-up any meetings for or having attended any meetings with Ambassador HOLBROOKE. Ambassador Siebert was also shown a copy of the May 15, 1996 letter (Tab 24), to him from Ambassador HOLBROOKE, which reads, in part: "On the calls for Wednesday, May 29, can we see Prime Minister Persson, Finance Minister Asbrik, and the Minister of Commerce." Ambassador Siebert stated that he had no specific recollection of having set-up those meetings. Ambassador Siebert stated that at Ambassador HOLBROOKE's prompting, he (Siebert), after having left Sweden, spoke to a CSFB official about potential employment with CSFB.

On October 9, 1998, OIG received Ambassador Siebert's archived correspondence files and official schedules for 1996 and 1997. A review of these files reflected the following pertinent entries (Tab 29):

- May 29, 1996, 1530 entry: "Accompany Amb Holbrooke to meet with Cabinet Secretary Jan Eliasson (MFA - [b7c, b6] notetaker)"

- May 29, 1996, 1630 entry: “Accompany Amb Holbrooke to meet with Under Secretary for Trade and EU Affairs Gunnar Lund. Joined by Gunnar Palm of CS First Boston/Sweden (MFA - b7c, b6 notetaker)”
- May 29, 1996, 1730 entry: “Accompany Amb Holbrooke to meet FonMin Hjelm-Wallen and PolDir Ulf Hjertonsso (MFA - b7c, b6 notetaker)”
- May 30, 1996, 0930 entry: “Accompany Amb Holbrooke to meet Central Bank Governor Urban Backstrom (Brunkebergstorg 11, 9th floor - b7c, b6 will meet at bank/notetaker)”

Note: A review of the files also disclosed Ambassador Siebert’s official schedule for September 3-4, 1996, and December 16-18, 1996, which included visits by then-Special Government Employee Ambassador HOLBROOKE as well as miscellaneous correspondence related to Ambassador HOLBROOKE. (Tab 30).

On November 4, 1998, b7c, b6 was re-interviewed. b7c, b6 was shown copies of Ambassador Siebert’s official schedule for May 29, 1996 (Tab 29). b7c, b6 stated that b7c had a vague recollection that the CSFB representative, Gunnar Palm, did not go to the meeting; however, b7c, b6 also stated that b7c could not recall whether the 1630 meeting actually took place. b7c, b6 did not know why CSFB had requested Palm’s presence at the meeting. Further, b7c, b6 could not recall whether b7c attended any of the three meetings b7c was scheduled to attend as notetaker. (Tab 31)

On November 15, 1998, Ambassador Siebert was re-interviewed and stated that after February 1996, he had set-up many meetings for Ambassador HOLBROOKE to meet with host-government officials and that he (Siebert) would accompany Ambassador HOLBROOKE to those meetings. The meetings included Swedish Foreign Minister Hjelm-Wallen and other officials of the foreign ministry. Ambassador HOLBROOKE also had CSFB business meetings while in Sweden. According to Ambassador Siebert, for those meetings, Ambassador HOLBROOKE “would get out of the car and go.” Ambassador Siebert stated that he never assisted Ambassador HOLBROOKE in the advancement of CSFB business. Ambassador Siebert stated that he was not sure what Ambassador HOLBROOKE’s official status was at the time of his visits to Sweden, but he assumed Ambassador HOLBROOKE was still involved in Bosnian issues. Ambassador Siebert was shown a copy of his official schedule for May 28-30, 1996 (Tab 29), and asked whether he recalled having attended the following meetings as indicated on the schedule: May 29th meeting at 1530 hrs “Accompany Amb Holbrooke to meet with Cabinet Secretary Jan Eliasson (MFA - b7c, b6 notetaker)” and 1630 hrs “Accompany Amb Holbrooke to meet with UnderSecretary for Trade and EU Affairs Gunnar Lund. Joined by Gunnar Palm of CS First Boston/Sweden (MFA - b7c, b6 notetaker).” Regarding the meeting with Jan Eliasson, Ambassador Siebert stated that Eliasson is a key foreign affairs player and that he (Siebert) probably went to that meeting with Ambassador HOLBROOKE. Regarding the meeting with Under Secretary for Trade and EU Affairs Gunnar Lund, Ambassador HOLBROOKE, and Gunnar Palm of CSFB, Ambassador Siebert stated that he had no specific recollection of the meeting. Regarding the May 30th meeting at 09:30 hrs “Accompany Amb Holbrooke to meet Central Bank Governor Urban Backstrom (Brunkebergstorg 11, 9th floor -

b7c, b6 will meet at bank/notetaker)" Ambassador Siebert stated that he recalled being together with Ambassador HOLBROOKE, and Backstrom at some point in time. Ambassador Siebert stated that Backstrom could have requested the meeting with Ambassador HOLBROOKE. OIG reminded Ambassador Siebert that in his October 5, 1998, interview he stated that he had spoken with CSFB officials about the possibility of working for CSFB. Regarding the status of negotiations for a position with CSFB, Ambassador Siebert stated that there was a "zero likelihood" of his being employed by CSFB. Ambassador Siebert further stated that any discussions of such employment was just "coffee talk" between he and Ambassador HOLBROOKE. Ambassador Siebert stated he had gone to London recently to have dinner with Gunnar Palm of CSFB and his wife; however, potential employment was not a topic of discussion (Tab 32).

On November 20, 1998, Ambassador HOLBROOKE was interviewed. Regarding his May 27 - 30, 1996, trip to Sweden, Ambassador HOLBROOKE stated that the primary purpose for the trip was the publication of his wife's book, but Ambassador Siebert was also "insistent" on taking him (HOLBROOKE) to see Swedish government officials to update them on the crisis in Bosnia. Regarding the letter from Ambassador HOLBROOKE's CSFB assistant, b7c, b6, to the U.S. Embassy Stockholm, requesting CSFB's Gunnar Palm's presence in a meeting with Ambassadors HOLBROOKE and Siebert, along with Under Secretary Gunnar Lund (Tab 26) Ambassador HOLBROOKE stated that he had never seen the letter before and did not request the meeting. Ambassador HOLBROOKE further stated that b7c, b6 wrote this request "on b7c, own initiative for unexplained reasons." Regarding the May 30th meeting on Ambassador Siebert's schedule to "Accompany Amb Holbrooke to meet Central Bank Governor Urban Backstrom," Ambassador HOLBROOKE stated that he could not remember whether he met with Backstrom. (Tab 12, pp 159-182)

2. Ambassador James Laney, U.S. Embassy, Seoul, Korea

On August 26, 1998, Simpson Thacher and Bartlett, the law firm representing Ambassador HOLBROOKE, provided documents pursuant to OIG's letter of request, dated August 6, 1998 (Tab 21). These documents included the following:

- March 21, 1996, letter from Vice Chairman Richard HOLBROOKE, to Ambassador James Laney, U.S. Embassy Korea, on CS First Boston letterhead, in which Ambassador HOLBROOKE writes, in part: "In addition, I would like to make a courtesy call on President Kim, whom I have not seen since my last meeting with him, the week he became President of Korea. He and I have known each other since 1978, and I believe it would be appropriate to call on him. I would be honored if you would be willing to set this meeting up, and if appropriate, join me at it. The best date would be May 10 or 11" (Tab 33)
- March 22, 1996, letter from Ambassador Laney, to "Mr. Richard Holbrooke, Vice Chairman, CS First Boston," in which Ambassador Laney writes, in part: "I am

delighted that you are coming to Korea and would be pleased to join you in a courtesy call on President Kim. I will work with the Blue House to set that up" (Tab 34).

- March 22, 1996, letter from Vice Chairman Richard Holbrooke, on CS First Boston letterhead, to Ambassador Laney. (Tab 35).
- April 19, 1996, letter from Ambassador Laney, to "Mr. Richard Holbrooke, Vice Chairman, CS First Boston," in which Ambassador Laney writes, in part: "I have talked to Yoo Chong Ha at the Blue House, the NSC Senior Secretary, and he is confident that President Kim will want to see you. They haven't yet set a time but I informed him of the days of your being in Seoul." (Tab 36)
- April 26, 1996, letter from Ambassador Laney, to "Mr. Richard Holbrooke, Vice Chairman, CS First Boston," regarding the guest list for a lunch Ambassador Laney would be hosting during Ambassador HOLBROOKE's visit. (Tab 37)
- April 30, 1996, letter from Vice Chairman Richard Holbrooke, on CS First Boston letterhead, to Ambassador Laney, in which HOLBROOKE writes, in part: "May I suggest, as a courtesy, that we invite the Foreign Minister and Finance Minister to the lunch." (Tab 38)
- "Mr. Richard Holbrooke's" itinerary for his May 9 - 12, 1996, visit to Seoul, Korea. (Tab 39)

On September 14, 1998, OIG received all documentation on hand at the U.S. Embassy, Seoul, related to contacts and/or visits to that embassy by Ambassador HOLBROOKE. The following pertinent documents were received:

- Copy of Form OF-206, Purchase Order, Receiving Report and Voucher; for representational event: "Luncheon hosted by AMB in honor of The Honorable Richard C. Holbrooke at the residence." A guest list was also attached, which included two other CSFB executives. (Tab 40)

On October 19, 1998, OIG interviewed James Laney, former U.S. Ambassador to South Korea. Ambassador Laney recalled that Ambassador HOLBROOKE visited South Korea in the late Spring of 1996 to attend a meeting of the Asia Society. Ambassador Laney also recalled attending a ribbon cutting ceremony, with, and at the invitation of Ambassador HOLBROOKE at the new CSFB office in Seoul. Regarding the meeting with President Kim, Ambassador Laney stated that given the documents indicating there was a meeting, one must have taken place. However, Ambassador Laney could not recall the meeting or what was discussed. Ambassador Laney could not recall whether Ambassador HOLBROOKE brought any other CSFB representatives to the meeting with him, but doubted that he did. Ambassador Laney stated that he saw President Kim about every other week during his tenure as Ambassador. Regarding the luncheon that Ambassador Laney held in honor of Ambassador HOLBROOKE, Ambassador Laney stated that he had in mind that the luncheon would be used to discuss foreign affairs topics. Ambassador Laney stated he did not know the CSFB representatives who were present for the luncheon, and that he did not recall ever having seen them again. Ambassador Laney stated that if the luncheon had any value to CSFB, it would have been the opportunity for

Ambassador HOLBROOKE and the CSFB representatives to meet the South Korean representatives. Ambassador Laney could not recall whether CSFB business was discussed during the lunch. (Tab 41)

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated in a letter, dated March 21, 1996, that he requested Ambassador Laney set-up a meeting to include himself, Ambassador HOLBROOKE and President Kim, because it would have been inappropriate for him (HOLBROOKE) to make a courtesy call on President Kim, in which he would not discuss business, and "cut the ambassador out." Ambassador HOLBROOKE went on to say that it was an opportunity to help Ambassador Laney, since "ambassadorial access to people like President Kim Young Sam are very difficult." Ambassador HOLBROOKE also stated that the meeting never actually took place. (Tab 12, pp 182-184, 195-197)

3. *Ambassador Jenonne Walker, U.S. Embassy Prague, Czech Republic*

On August 26, 1998, Simpson Thacher and Bartlett, the law firm representing Ambassador HOLBROOKE, turned over documents pursuant to OIG's letter, dated August 6, 1998 (Tab 21). These documents included the following:

- April 17, 1996, letter from Vice Chairman Richard HOLBROOKE, to Ambassador Jenonne Walker, U.S. Embassy Prague, on CS First Boston letterhead, in which Ambassador HOLBROOKE writes, in part: "I will be visiting Prague on Tuesday, April 30 on behalf of my new firm, CS First Boston. Our representative in Budapest, Janos Bartha, will be arranging some meetings on the business side. I also hope to call on Prime Minister Klaus, per his personal invitation to me when he was in Washington. If that meeting is arranged, I would be delighted if you wish to join me. It would not involve business, but rather consist of a discussion of general issues, particularly Bosnia and NATO" (Tab 42). April 18, 1996, fax from [b7c, b6], U.S. Embassy Prague, to "Mr. Richard Holbrooke, Vice Chairman, CS First Boston, in which [b7c, b6] writes, in part: "Ambassador Walker asked me to respond to your fax of April 17 concerning your visit to Prague April 30. If your call on the Prime Minister is arranged, she would be delighted to join you." (Tab 43)

On September 8, 1998, OIG received all documentation on hand at the U.S. Embassy, Prague, related to contacts and/or visits to that embassy by Ambassador HOLBROOKE. These documents included the following:

- The scheduling form for a reception in honor of Ambassador HOLBROOKE, hosted by Ambassador Walker, dated April 11, 1996. On the form, the purpose of the event is listed as "To Welcome CS First Boston Vice Chairman Richard Holbrooke to Prague." (Tab 44)
- The guest list for the reception, which indicated that the reception was held on April 30, 1996. (Tab 45)

- An itemized cost of the reception. (Tab 46)
- Notes regarding CSFB's payment for the reception. (Tab 47)

On October 6, 1998, OIG interviewed Jenonne Walker, former U.S. Ambassador to the Czech Republic. Ambassador Walker stated that during his visit to Prague Ambassador HOLBROOKE used the CSFB representative in Prague to set up all of his appointments. Ambassador Walker added that neither she nor anyone from the embassy accompanied Ambassador HOLBROOKE to any meetings. Despite the text of the letters, Ambassador Walker stated that she did not attend the meeting with the Prime Minister.

Regarding the reception held at the embassy for Ambassador HOLBROOKE, Ambassador Walker stated that a local representative of CSFB asked the embassy if CSFB could use the Ambassador's residence to host a reception for Ambassador HOLBROOKE. Ambassador Walker indicated that she granted permission as she would for any U.S. firm. Ambassador Walker stated that CSFB reimbursed the embassy for the cost of the reception. Ambassador Walker recalled that she made some opening remarks at the reception and that Ambassador HOLBROOKE talked about the Dayton Peace Accords. (Tab 48)

On November 20, 1998, Ambassador HOLBROOKE was interviewed. Ambassador HOLBROOKE stated that CSFB set-up the meeting with Prime Minister Klaus and that he (HOLBROOKE) invited Ambassador Walker to attend the meeting. Ambassador HOLBROOKE further stated that the meeting never actually took place. (Tab 12, pp 183-188)

4. Ambassador Rudolf Perina, Deputy Assistant Secretary of State for European and Canadian Affairs

On September 16, 1998, [b7c, b6], Ambassador HOLBROOKE's secretary at CSFB, was interviewed and provided Ambassador HOLBROOKE's correspondence file to OIG for review. A review of the file revealed a handwritten letter, on Richard HOLBROOKE's CS First Boston letterhead, dated June 26, 1996 (Tab 49). The letter reads: "Dear Rudy, Can you have someone look into this? Elie Wiesel has been a big supporter, and it would be additionally nice to assist him. Please let me know asap what is going on. All the best, Dick." Attached to the letter are two additional letters, one from [b7c, b6], to [b7c, b6] [b7c, b6] and the other from [b7c, b6] to Professor Elie Wiesel. Both letters detail the general difficulty Bosnian students experience in trying to obtain student visas and the specific problem of a Bryn Mawr student named [b7c, b6].

On September 22, 1998, [b7c, b6] was telephonically interviewed and asked who Ambassador HOLBROOKE knew by the name of "Rudy." [b7c, b6] stated that the only "Rudy" [b7c, b6] could think of was Rudolf Perina. [b7c, b6] thought that Perina was a Department of State employee. A review of Department of State files disclosed that Rudolf Perina was currently the U.S. Ambassador to Moldova.

On September 22, 1998, Ambassador Perina was interviewed via telephone (Tab 50). Ambassador Perina stated that he could not specifically recall being contacted by Ambassador HOLBROOKE about a Bosnian student visa issue in 1996. After having the June 26, 1996, handwritten letter (Tab 49) read to him, Ambassador Perina stated he could vaguely recall the issue, but he could not recall what he did in response to the request. Ambassador Perina indicated that most likely he would have passed the request on to the Bosnia desk and asked for a response; however, Ambassador Perina stated he had no recollection regarding the outcome of the issue.

On October 2, 1998, Professor Elie Wiesel was interviewed (Tab 51). Mr. Wiesel stated that he recalled discussing with b7c, b6 in general terms visa problems in Bosnia. Mr. Wiesel recalled that he referred b7c, b6 to the International Rescue Committee, of which he believed Ambassador HOLBROOKE was on the Board of Directors. Mr. Wiesel stated that he did not discuss visa problems with Ambassador HOLBROOKE and that he did not recall contacting anyone else at the Department of State about Bosnian student visa problems.

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated that at some point after leaving the government, he received a letter from Mr. Wiesel, which enclosed another letter concerning visa problems with some Bosnian students. Ambassador HOLBROOKE stated he simply forwarded the letter to then-EUR Senior Deputy Perina and asked Perina to take whatever action was appropriate. Ambassador HOLBROOKE further stated that he asked Perina to expedite the request because "that's what the Government's supposed to do" and also because "Elie Wiesel was a very strong supporter of the administration's policies on Bosnia as well as a Nobel Peace Prize winner and deserved special consideration, not on the outcome, but simply on the expedition of the request. And I did this as a special senior adviser on Bosnia and European security affairs to the bureau which I had once headed and which Perina was now senior deputy of." Ambassador HOLBROOKE provided OIG with a copy of a letter, dated July 12, 1996 (Tab 52), he received from Perina in which Perina detailed having looked into the request and the outcome. (Tab 12, pp 4-9).

Based on the foregoing (section III, above), OIG has reasonable grounds to believe there may have been violations of federal criminal law and is referring this matter to Department of Justice.

IV. Meals Purchased for Department Officials by Credit Suisse First Boston - 18 U.S.C. 201(c)

On August 28, 1998, OIG received the following document from Robert R. Elliott III, Director of Litigation, CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Policies and Procedures, Section 04, Expenses, marked "CONFIDENTIAL CSFBC 000864 - 000871, 000885 - 000890, and 000898." (Tab 53). Section 04.01, Purpose, reads, in part: "The Expenses section of the Policy Manual is provided to set forth company-wide guidelines for incurring and reporting travel, entertainment and other business related expenses. Business

related expense policy defined in this section is deemed to include all costs incurred by an employee while conducting business for the Firm.” Section 04.01, General Policy, reads, in part: “Business related expenses must exclude expenditures for employees’ direct or indirect personal benefit and for non-employees (e.g., relatives and friends of employees).”

On September 16, 1998, OIG interviewed Charles G. Ward III, Managing Director of Corporate and Investment Banking, CSFB. Ward stated that he was Ambassador HOLBROOKE’s boss. Ward was told that he was being interviewed regarding allegations of conflict of interest by Ambassador HOLBROOKE. Regarding CSFB’s Travel and Expense (T&E) policy, Ward stated there are limitations on what expenses an employee can claim for business purposes. As one example of a proper reimbursable expense, Ward stated that an employee could claim his wife’s expenses at an event if he were entertaining clients. Ward stated that all expenses claimed have to be related to CSFB business. (Tab 54)

On September 16, 1998, [b7c, b6], Ambassador HOLBROOKE’s CSFB Administrative Assistant, was interviewed. [b7c, b6] stated that [b7c] duties include filling out Ambassador HOLBROOKE’s T&E vouchers. [b7c, b6] stated that [b7c] fills out the vouchers using the information from the receipts Ambassador HOLBROOKE gives to [b7c]. [b7c] often knows the purpose of a T&E claim just by whom Ambassador HOLBROOKE is meeting with. [b7c, b6] stated that [b7c] sometimes would ask Ambassador HOLBROOKE if an event or trip was to be claimed as CSFB business, but often [b7c] could determine by who attended the event or who accompanied Ambassador HOLBROOKE on the trip. [b7c, b6] stated that normally [b7c] would fill out the voucher and Ambassador HOLBROOKE would sign it. [b7c, b6] further stated that on occasion, when Ambassador HOLBROOKE is out of town, [b7c] would sign the voucher for him and that [b7c] had his full authority to do so. Charles Ward normally approves and signs Ambassador HOLBROOKE’s vouchers, but [b7c, b6] recalled that this has not always been the case. [b7c, b6] could not recall when Ward began approving the vouchers and [b7c] was not certain who had responsibility for signing them prior to Ward. (Tab 55)

On November 20, 1998, Ambassador HOLBROOKE was interviewed. Regarding travel and entertainment expenses, HOLBROOKE stated that CSFB agreed that he could be reimbursed for “purely social expenses” as well as business expenses. HOLBROOKE stated that his lawyer, Richard Beattie negotiated this verbal agreement with CSFB. HOLBROOKE also stated that CSFB’s published policies and procedures for travel and entertainment expenses did not apply to him. (Tab 12, pp 37 - 66)

On December 15, 1998, Ward was re-interviewed. Ward stated that he negotiated the terms of HOLBROOKE’s employment with HOLBROOKE’s lawyer, Richard Beattie. Regarding travel and entertainment expenses, Ward stated that the intention was to reimburse for business expenses which benefit the firm. Ward also stated that as a Vice Chairman, HOLBROOKE has a great deal of latitude; however, expenses still need to be business related and that while Ward did not know specifically what CSFB’s published rules for travel and entertainment expenses were, they do apply to all CSFB employees. Ward stated that the notion was that HOLBROOKE could

be reimbursed for those things that were business related. Ward went on to state that if an expense is not business related then the employee should pay for the expense himself. HOLBROOKE could use his own judgment as to what is or is not a business expense. Ward stated an example that HOLBROOKE could be reimbursed for hosting a dinner at his home for potential clients and talk about art over dinner. However, it's clear that he works for CSFB and there would be an expectation that he would follow-up possibly the next week with the attendees of the dinner to talk about the bond market or some other CSFB related business. Ward stated that he did not enter into a verbal agreement that HOLBROOKE could be reimbursed for expenses which were solely personal with no CSFB business interest. (Tab 56)

On December 16, 1998, [b7c, b6] was re-interviewed. [b7c, b6] stated that [b7c] only completed vouchers for reimbursement on behalf of Ambassador HOLBROOKE for CSFB business related expenses. [b7c, b6] stated that [b7c] never vouchered an expense reflected on Ambassador HOLBROOKE's personal credit card, only those reflected on his CSFB business credit card. When asked whether [b7c] considered meals with Department of State employees to be a personal or a business expense, [b7c, b6] replied that if [b7c] put it on a voucher then it was considered a business expense. [b7c, b6] stated that Ambassador HOLBROOKE did not often review the vouchers. [b7c, b6] added that [b7c] usually signed Ambassador HOLBROOKE's name to the vouchers, although there have been instances in which Ambassador HOLBROOKE has signed the vouchers himself. [b7c, b6] stated that [b7c] would fill-in the "business purpose" block on the vouchers. [b7c] stated that [b7c] would determine the "business purpose" by who the event involved. [b7c, b6] added that [b7c] also filled in the "client number" and the "project number" on the vouchers. [b7c, b6] indicated that the project number is often very generic, while the client number is very specific. (Tab 74)

1. April 14, 1996 Dinner at Nora Restaurant for Several Department Officials

On August 28, 1998, OIG received the following document from Robert R. Elliott III, Director of Litigation, CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Travel and Entertainment Voucher, marked "CONFIDENTIAL CSFBC 000255- 000261." The voucher included an entry: "4/14/96; Dinner-Nora's, D.C.; See attached guest list; \$2,765.00; European cont'd relations." (Tab 57). The voucher includes a "Guests Detail Report" which list the following individuals as having attended the dinner:

Amb & Mrs. John Kornblum - Dept of State
M/M Jan Lodal - Principal Deputy of Defense
M/M Samuel Berger - Asst to the President
M/M Thomas Donilon - A/S Public Affairs State
M/M Morton Abramowitz - Pres Carnegie En
M/M James Johnson - CEO Fannie M

From September 21 to October 6, 1998, all of the above listed guests to the April 14, 1996, dinner, with the exception of Mr. Berger, were interviewed (Tab 58). All interviewees stated

that they were not aware of who paid for the dinner, but most assumed that Ambassador HOLBROOKE did. All of the interviewees stated that CSFB business was not discussed at the dinner and that Ambassador HOLBROOKE never asked them to take any action which could have benefited CSFB.

On September 16, 1998, OIG interviewed Charles G. Ward III, Managing Director of Corporate and Investment Banking, CSFB. Ward was shown the T&E voucher for the April 14, 1996, dinner at Nora Restaurant, Ward identified Jim Johnson, as an executive of Fannie Mae, which is a CSFB client. Ward stated he did not recognize any of the other names on the list and said that they were "irrelevant." Ward surmised that because Johnson was present, then the dinner was organized around him for CSFB business. Ward advised that he did not know the specific purpose of the dinner. When shown that the purpose listed on the voucher was "European continued relations," Ward was unable to answer what that meant. (Tab 54)

On November 20, 1998, Ambassador HOLBROOKE was interviewed. Ambassador HOLBROOKE stated that the April 14, 1996, dinner at Nora Restaurant was a social dinner for the purpose of "gathering some old friends, cherished friends, some of whom were in the Government, some of whom were not." Ambassador HOLBROOKE stated that no business was discussed at the dinner. Ambassador HOLBROOKE indicated that one person in attendance, Jim Johnson, was a client of CSFB. Ambassador HOLBROOKE stated that he did not ask any of the government officials in attendance at the dinner to take any actions which would have benefited himself or CSFB. Ambassador HOLBROOKE also stated that he was not aware of any prior actions taken by the government officials in attendance at the dinner which would have benefited himself or CSFB. Ambassador HOLBROOKE stated that the term "European continued relations" listed on the voucher to describe the purpose was not accurate. Ambassador HOLBROOKE stated the voucher should have reflected the purpose as "social event or dinner with -- dinner with guest list." (Tab 12, pp 66-67, 75, 79-84, 95-111)

On December 16, 1998, [b7c, b6] was re-interviewed. Regarding the voucher for the April 14, 1996, dinner at Nora Restaurant (Tab 57), [b7c, b6] stated that [b7c] filled out and signed the voucher for Ambassador HOLBROOKE. When asked about the purpose of the dinner, [b7c, b6] stated that Jim Johnson, who appears on the guest list, is the President of Fannie Mae, a CSFB client. (Tab 74)

2. April 16, 1996 Lunch at I Ricchi Restaurant for Several Department Officials

On August 28, 1998, OIG received the following document from CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Travel and Entertainment Voucher, marked "CONFIDENTIAL CSFBC 000821 - 000832." The voucher includes an entry: "4/16/96; Lunch, I Ricchi, D.C.; See attached; \$423.72; UnderSecy & Asst Secy lunch." The voucher includes a "Guests Detail Report" which lists the following individuals as having attended the lunch (Tab 59):

John Kornblum - State Department, D.C.
Toby Gati - State Department, D.C.
John Shattuck - State Department, D.C.
Richard Moose - State Department, D.C.
Amb. Collins - State Department, D.C.
Amb. Larkin - State Department, D.C.

From September 22 to October 16, 1998, all of the above listed guests to the April 16, 1996, lunch were interviewed, with the exception of Toby Gati. All interviewees stated that they were not aware of who paid for the lunch, but most assumed that Ambassador HOLBROOKE did. All of the interviewees stated that CSFB business was not discussed at the dinner and that Ambassador HOLBROOKE did not request any action from them which could have benefited CSFB. (Tab 60)

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated that the purpose for the April 16, 1996, lunch at I Ricchi Restaurant was "to gather together friends, in this case at a lower level, and mainly Assistant Secretaries, and one Under Secretary, just to get caught up on old times, to reminisce, and because I was wearing a Government hat, specifically in the case of some of them, probably to discuss ongoing issues related to the crisis in Bosnia." Ambassador HOLBROOKE stated that he did not ask any of the government officials in attendance at the lunch to take any actions which would have benefited himself or CSFB. (Tab 12, pp 111-118)

On December 16, 1998, [b7c, b6] was re-interviewed. Regarding the voucher for the April 16, 1996, lunch at I Ricchi Restaurant (Tab 59), [b7c, b6] stated that [b7c] filled out and signed the voucher for Ambassador HOLBROOKE. [b7c, b6] also confirmed that [b7c] listed the business purpose on the voucher as being "Assistant Secretary Lunch." [b7c, b6] stated that as far as [b7c] knew, there were no CSFB clients or potential clients on the guest list. When asked why this lunch constituted a CSFB business expense, [b7c, b6] stated [b7c] did not know. (Tab 74)

3. October 18, 1996 Lunch at Four Seasons Restaurant for Ambassador Frank Wisner

On August 28, 1998, OIG received the following document from CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Travel and Entertainment Voucher, marked "CONFIDENTIAL CSFBC 000376 - 000383." The voucher includes an entry: "10/18/96; Lunch; Four Seasons Rest.; US Amb. Frank Wisner (India), [b7c, b6], CS; \$343.72; India branch office." The voucher includes a receipt and handwritten note: "10/18/96 - US Amb Frank Wisner (India) MD21." (Tab 61)

On November 20, 1998, Ambassador HOLBROOKE was interviewed. Ambassador HOLBROOKE stated that the purpose for the October 18, 1996, lunch at Four Seasons Restaurant with Ambassador Wisner and [b7c, b6], who also happens to be a CSFB colleague, was: "Frank Wisner is my oldest friend in the Government and one of my closest. [b7c, b6] is one of my colleagues at CS First Boston. He was in town. We just

wanted to get together, and [b7c, b6] and I just wanted to take him out to a really nice lunch and talk about family matters.” Ambassador HOLBROOKE stated that he did not ask Ambassador Wisner to take any actions which would have benefited himself or CSFB. (Tab 12, pp 119-129)

On December 16, 1998, [b7c, b6] was re-interviewed. Regarding the voucher for the October 18, 1996, lunch at Four Seasons Restaurant (Tab 61), [b7c, b6] stated that [b7c] filled out and signed the voucher for Ambassador HOLBROOKE. [b7c, b6] also confirmed that [b7c] listed the business purpose on the voucher as being “India Branch Office.” (Tab 74)

4. October 28, 1996, Dinner at Ambassador HOLBROOKE’s Residence for Deputy Secretary Talbott

On August 28, 1998, OIG received the following document from CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Travel and Entertainment Voucher, marked “CONFIDENTIAL CSFBC 000473 - 000485.” The voucher includes an entry: “10/28/96; Dinner hosted at residence; See attached list; \$1,235.02; Harriman Institute Speech.” The voucher includes a guest list, titled: “Dinner in honor of Deputy Secretary of State Strobe Talbott October 28, 1996,” which list the following individuals as having attended the dinner (Tab 62):

Deputy Secretary Strobe Talbott and wife Brooke Shearer
Richard Holbrooke and Kati Marton
Dr. & Mrs. George Rupp, President, Columbia University
Henry and Louise Grunwald, former U.S. Ambassador
Phil Goldberg, assistant to Dep. Secy Talbott

On September 16, 1998, OIG interviewed Charles G. Ward III, Managing Director of Corporate and Investment Banking, CSFB. Ward was provided with the T&E voucher for the dinner held for Deputy Secretary of State Talbott and asked why CSFB paid for the dinner. Ward stated he did not know why the dinner was held and did not know what the topic of discussions were. Ward identified his signature on the T&E voucher as having approved the voucher for payment. (Tab 54)

On October 6 and 7, 1998, Deputy Secretary Talbott, Dr. Rupp, Ambassador Grunwald, and Goldberg were interviewed. All interviewees were in agreement that Dr. Rupp and Goldberg were not present for the dinner. Deputy Secretary Talbott and Ambassador Grunwald were also in agreement that CSFB business was not discussed at this dinner and that Ambassador HOLBROOKE did not ask either one of them to take any actions which would have benefited himself or CSFB. (Tab 63)

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated that the purpose for the October 28, 1996, dinner at Ambassador HOLBROOKE’s home was: “Just a dinner with a very dear friend and some of his friends.” Ambassador HOLBROOKE stated that the dinner

was a social event and had no business purpose. Ambassador HOLBROOKE also stated that the guest list was not correct. He stated that Goldberg was not present, he had no recollection of the Rupps being present, and stated that other people may have been present who did not appear on the list. (Tab 12, pp 129-134)

On December 16, 1998, [b7c, b6] was re-interviewed. Regarding the voucher for the October 28, 1996, dinner at Ambassador HOLBROOKE's residence in honor of Deputy Secretary of State Strobe Talbott (Tab 62), [b7c, b6] stated that [b7c] filled out and signed the voucher for Ambassador HOLBROOKE. [b7c, b6] also confirmed that [b7c] listed the business purpose on the voucher as being "Harriman Institute Speech." [b7c, b6] could not specifically recall the purpose for the dinner, but stated that at the time [b7c] obviously understood it to be a business expense. (Tab 74)

5. January 17, 1997 Lunch at Epomeo Restaurant for DCM James D. Bindenagel

On August 28, 1998, OIG received the following document from CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Travel and Entertainment Voucher, marked "CONFIDENTIAL CSFBC 000402 - 000411." The voucher includes an entry: "1/17/97; Lunch, Berlin; JD Bindenagel, US Embassy; \$60.09; German new business." The voucher includes a receipt from "Ristorante EPOMEIO" with a handwritten note: "USD 60.09 Lunch w/JD Bindenagel, DCM US Embassy (MG95)." (Tab 64)

On October 5, 1998, James D. Bindenagel, former DCM, U.S. Embassy Bonn, and currently Director of Washington Office of the Holocaust-Era Assets, DOS, was interviewed and stated that although he could not recall the date, he did recall having a meal with Ambassador HOLBROOKE at a Greek-style restaurant in Berlin. Bindenagel could not recall whether this meal took place while Ambassador HOLBROOKE was still ambassador to Germany or at a later time. Bindenagel could not recall what the topics of discussion were during the meal, but stated that the only time Ambassador HOLBROOKE ever talked about CSFB business to him was when Ambassador HOLBROOKE mentioned that CSFB was considering setting up a Holocaust fund. Bindenagel stated that he neither participated in setting-up any meetings for, nor attended any meetings with Ambassador HOLBROOKE while Ambassador HOLBROOKE was visiting Germany on CSFB business. Bindenagel concluded by stating that Ambassador HOLBROOKE never asked him to take any actions which could have benefited CSFB. (Tab 65)

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated that the purpose for the January 17, 1997, lunch with James D. Bindenagel was: "Same reasons as for the I Ricchi lunch. He had been my DCM. I had chosen him for the job. He was a friend, good Foreign Service officer. We were getting together to discuss policy issues and get caught up on social things, and I picked up the tab." Ambassador HOLBROOKE stated that he did not ask Bindenagel to take any actions on behalf of CSFB. (Tab 12, pp 138-144)

On December 16, 1998, [b7c, b6] was re-interviewed. Regarding the voucher for the January 17, 1997, lunch at Epomeo Restaurant (Tab 62), [b7c, b6] stated that [b7c] filled out and signed the

voucher for Ambassador HOLBROOKE. **b7c, b6** stated that **b7c** did not know the purpose of the lunch and **b7c** did not recall why **b7c** put "German new business" on the voucher as the business purpose. (Tab 74)

6. February 20, 1997 Dinner at Capriani's Restaurant for UnderSecretary Tarnoff

On August 28, 1998, OIG received the following document from CSFB, pursuant to the Inspector General Subpoena (Tab 20): CS First Boston Travel and Entertainment Voucher, marked "CONFIDENTIAL CSFBC 000371 - 000375." The voucher included an entry: "02/20/97; Dinner - Capriani's-NYC; UnderSecy & Mrs. Tarnoff, Dept of State; \$255.04; Diplomatic Relations." The voucher included a receipt with a handwritten note: "Dinner w/Under Secretary of State & Mrs. Peter Tarnoff, (1234) General." (Tab 66)

On September 16, 1998, OIG interviewed Charles G. Ward III, Managing Director of Corporate and Investment Banking, CSFB. Ward was shown the T&E voucher for this dinner with UnderSecretary of State Tarnoff and asked about the CSFB purpose of the dinner. Ward stated that he had no idea who Tarnoff was and stated he did not know the purpose of the dinner. (Tab 54)

On November 2, 1998, Peter Tarnoff, former UnderSecretary of State for Political Affairs, was interviewed and stated that he could not specifically recall having dinner with Ambassador HOLBROOKE at Capriani's restaurant on February 20, 1997. Tarnoff stated that he was not denying the dinner occurred, he just could not recall the event. When asked why CSFB paid for the dinner, Tarnoff stated that he did not know what CSFB's rules are regarding entertainment. Tarnoff stated that he assumed he and Ambassador HOLBROOKE would have discussed world affairs during the dinner. Tarnoff added that Ambassador HOLBROOKE has never asked him to take any action on behalf of CSFB, nor have they ever discussed specific CSFB projects. (Tab 67)

On November 20, 1998, Ambassador HOLBROOKE was interviewed and stated that the purpose for the February 20, 1997, dinner with UnderSecretary and Mrs. Tarnoff was: "Tarnoff was another one of my oldest friends. He was one of the key people I interacted with during the wearing of my special government employee hat. I hadn't seen him in a long time. They were in New York. I took them out to dinner. Business was never discussed." (Tab 12, pp 149-151)

Based on the foregoing (section IV, above), OIG is referring this matter to Department of Justice for a determination of whether there has been a violation of federal criminal law or other ramifications of this conduct.

V. Ambassador HOLBROOKE's Book

1. [b7c, b6] *Present During Dayton Accords*

On October 13, 1998, OIG interviewed a confidential source (CS-1), who stated that during the Dayton Peace Accords, Ambassador HOLBROOKE had [b7c, b6] present with him during the negotiations. CS-1 alleged that [b7c, b6] took notes using a laptop computer and there was a problem because [b7c] did not have a security clearance. CS-1 believed that Deputy Legal Adviser James H. Thessin was contacted regarding the issue at the time. CS-1 told OIG that this information came to him/her second hand and he/she was concerned because Ambassador HOLBROOKE authored a book, *To End a War*, about the Accords after he left the Department. (Tab 68)

On October 15, 1998, OIG interviewed James Thessin, who stated that after the Dayton Accords were completed, he was called into a meeting in the office of Deputy Secretary of State Strobe Talbott to discuss the [b7c, b6] issue. The primary concern of the DOS, as discussed in the meeting, was that [b7c, b6], would write an unauthorized book or article about the Accords. Thessin stated that it was ultimately decided that DOS would ask [b7c, b6] to sign a non-disclosure agreement, which [b7c] agreed to do. (Tab 69)

When interviewed by OIG regarding this issue, Ambassador HOLBROOKE emphatically denied that [b7c, b6] used a laptop computer to take notes during the Dayton Accords and added that [b7c, b6] did not take notes of any kind during the negotiations. Ambassador HOLBROOKE stated that [b7c, b6] was present for one meeting with Secretary of State Warren Christopher and that [b7c] had a notepad on which [b7c] made some doodles, but did not take any notes. (Note: This portion of Ambassador HOLBROOKE's interview transcript with OIG is classified CONFIDENTIAL and is not included as an exhibit to this report.)

Although [b7c, b6] did attend at least one meeting on the Dayton Accords, no evidence was developed that [b7c] recorded the event in any way or misused any information obtained from such a meeting.

2. *Ambassador HOLBROOKE's Receipt Of Classified Information*

During the investigation, OIG received an anonymous complaint alleging that [b7c, b6] [b7c, b6], passed classified material to Ambassador HOLBROOKE for use in Ambassador HOLBROOKE's "memoirs." The complainant further alleged that [b7c, b6] prepared the material in question for publication by Ambassador HOLBROOKE by photocopying it and cutting off the classification markings.

On [b7c, b6], Ambassador HOLBROOKE and [b7c, b6] met in [b7c, b6] with [b7c, b6] [b7c, b6] to discuss an issue involving the [b7c, b6]

b7c, b6
b7c, b6 . The OIG further determined that after the b7c, b6 , meeting, b7c, b6 sent an "official informal" reporting telegram, classified SECRET, to b7c, b6 .

On October 20, 1998, OIG interviewed and obtained a sworn written statement from b7c, b6 b7c, b6 . In b7c statement, b7c, b6 stated that on February 26, 1997, b7c, observed b7c, b6 use a paper cutter to snip the top and bottom classification markings off a classified telegram and deposit the clippings in the wastebasket. b7c, b6 further stated that b7c, overheard b7c, b6 portion of a telephone conversation in which b7c indicated that b7c had the information in question and that b7c would meet Ambassador HOLBROOKE in the courtyard in front of the embassy. During b7c interview, b7c, b6 stated that b7c reported this incident to b7c, b6 shortly after it occurred. (Tab 70)

On October 22, 1998, OIG interviewed b7c, b6 , who confirmed that b7c, b6 brought the matter of b7c, b6 passing the classified telegram to Ambassador HOLBROOKE to b7c, attention shortly after the incident occurred in February 1997. b7c, b6 stated that b7c neither raised the issue to b7c, b6 nor to anyone else, even though b7c was aware that had b7c, b6 turned over the cable to Ambassador HOLBROOKE as stated by b7c, b6 , this was a technical violation of the rules concerning disclosure of classified information. b7c, b6 b7c, b indicated that b7c, b6 was not disclosing to Ambassador HOLBROOKE any information of which b7c was not already aware. (Tab 71)

On October 22, 1998, OIG interviewed b7c, b6 b7c, b6 stated that b7c, recalled that b7c, b6 had retrieved a telegram from the embassy files with the intention of giving it or sending it to Ambassador HOLBROOKE. b7c, b6 did not know the classification level of the telegram, nor did b7c see b7c, b6 remove the classification markings from the telegram. (Tab 72)

On October 29, 1998, OIG interviewed b7c, b6 , who denied that b7c cut the classification markings from the telegram in question for the purpose of giving it to Ambassador HOLBROOKE. b7c, b6 remembered discussing the b7c, b6 , meeting with Ambassador HOLBROOKE during Ambassador HOLBROOKE's February 1997 trip to b7c, b6 . (Tab 73)

When interviewed by OIG, Ambassador HOLBROOKE stated that he was unaware of the existence of the official informal telegram sent to b7c, b6 by b7c, b6 . Ambassador HOLBROOKE stated that he had instructed b7c, b6 that he did not want an official reporting of the negotiations on b7c, b6 b7c, b6

Ambassador HOLBROOKE stated that the information in his book was based upon his own personal memory of the events in question. Ambassador HOLBROOKE added that b7c, b6

b7c, b6, "is the kind of day you remember forever in great detail." (Note: This portion of Ambassador HOLBROOKE's interview transcript with OIG is classified CONFIDENTIAL and is not included as an exhibit to this report.)

Although there was some evidence of **b7c, b6** efforts to provide Ambassador HOLBROOKE with certain classified information, OIG was unable to substantiate that Ambassador HOLBROOKE received such classified information, or that it was the source for material which was published in Ambassador HOLBROOKE's memoirs, which were reviewed and approved for publication by the Department of State. Based on the foregoing (section V, above), there does not appear to be a violation of federal criminal law.

ATTACHMENTS

- Tab 1. Anonymous letter of complaint received by the Office of Inspector General on July 8, 1998.
- Tab 2. CSFB letter dated February 14, 1996, signed by Ambassador HOLBROOKE, February 20, 1996
- Tab 3. Standard Form 50-B, Notification of Personnel Action, Resignation, 02-21-96.
- Tab 4. Chronology provided by Ambassador HOLBROOKE's lawyers.
- Tab 5. February 21, 1996, letter from Chief, Personnel Operations Division, to Ambassador HOLBROOKE.
- Tab 6. April 17, 1996, letter from Deputy Agency Ethics Official, to Ambassador HOLBROOKE; and 5/31/96 letter from Financial Disclosure Division to Ambassador HOLBROOKE.
- Tab 7. Cover page of Ambassador HOLBROOKE's Financial Disclosure Report, signed June 4, 1996.
- Tab 8. Standard Form 50-B, Notification of Personnel Action, Excepted Appointment, 07-15-96.
- Tab 9. Ambassador HOLBROOKE's Appointment Affidavit, signed and dated July 15, 1996.
- Tab 10. Information of Record Form, Interview of Secretary Warren Christopher, September 21 & 22, 1998.
- Tab 11. Information of Record Form, Interview of Ambassador John Kornblum, December 1, 1998.
- Tab 12. Transcript of Ambassador HOLBROOKE's interview, November 20, 1998.
- Tab 13. Information of Record Form, Interview of Ambassador Donald Blinken, July 17, 1998.
- Tab 14. Information of Record Form, Interview of David Mulford, CSFB, July 24, 1998.
- Tab 15. Information of Record Form, Interview of Terry Snell, July 28, 1998.
- Tab 16. Information of Record Form, Interview of Jack Hennessey, CSFB, August 12, 1998.
- Tab 17. Information of Record Form, Interview of Charles Ward III, CSFB, August 13, 1998.

- Tab 18. Information of Record Form, Interview of Peter Peterson, August 18, 1998.
- Tab 19. Information of Record Form, Interview of Alan Wheat, CSFB, August 20, 1998.
- Tab 20. Inspector General Subpoena to CSFB, August 13, 1998.
- Tab 21. August 6, 1998, OIG letter to Ambassador HOLBROOKE's lawyer, Richard Beattie.
- Tab 22. Itineraries for Ambassador HOLBROOKE's visits to Sweden, September 2-11 and December 17-18, 1996.
- Tab 23. April 16, 1996 letter from Ambassador Siebert to Ambassador HOLBROOKE, with attachment.
- Tab 24. May 15, 1996 letter from Ambassador HOLBROOKE to Ambassador Siebert, with attachment.
- Tab 25. Information of Record Form, Interview of [b7c, b6] September 3, 1998.
- Tab 26. May 20, 1998 letter from [b7c, b6] to [b7c, b6].
- Tab 27. Itinerary for Ambassador HOLBROOKE's May 27-30, 1996 visit to Stockholm, with attachment.
- Tab 28. Information of Record Form, Interview of Ambassador Siebert, October 5, 1998.
- Tab 29. Ambassador Siebert's official schedule for May 28 - 30, 1996.
- Tab 30. Ambassador Siebert's official schedule for September 3 - 4, 1996; December 16 - 18, 1996; and miscellaneous correspondence.
- Tab 31. Information of Record Form, Interview of [b7c, b6], November 4, 1998.
- Tab 32. Information of Record Form, Interview of Ambassador Siebert, November 15, 1998.
- Tab 33. March 21, 1996 letter from Ambassador HOLBROOKE to Ambassador Laney.
- Tab 34. March 22, 1996 letter from Ambassador Laney to Ambassador HOLBROOKE.
- Tab 35. March 22, 1996 letter from Ambassador HOLBROOKE to Ambassador Laney.
- Tab 36. April 19, 1996 letter from Ambassador Laney to Ambassador HOLBROOKE.

- Tab 37. April 26, 1996 letter from Ambassador Laney to Ambassador HOLBROOKE.
- Tab 38. April 30, 1996 letter from Ambassador HOLBROOKE to Ambassador Laney.
- Tab 39. Ambassador HOLBROOKE's itinerary for May 9-12, 1996 visit to Seoul, Korea.
- Tab 40. Form OF-206, Purchase Order, Receiving Report and Voucher.
- Tab 41. Information of Record Form, Interview of Ambassador Laney, October 19, 1998.
- Tab 42. April 17, 1996 letter from Ambassador HOLBROOKE to Ambassador Walker.
- Tab 43. April 18, 1996 letter from [b7c, b6] to Ambassador HOLBROOKE.
- Tab 44. April 11, 1996 scheduling form for a reception in honor of Ambassador HOLBROOKE.
- Tab 45. Guest list for April 30, 1996 reception.
- Tab 46. At-Home Representational Itemized List of Costs.
- Tab 47. Handwritten notes on [b7c, b6] stationary.
- Tab 48. Information of Record Form, Interview of Ambassador Walker, October 6, 1998.
- Tab 49. June 26, 1996 handwritten note from Ambassador HOLBROOKE to "Rudy"; May 30, 1996 letter from [b7c, b6] to Elie Wiesel; and May 29, 1996 letter from [b7c, b6] [b7c, b6]
- Tab 50. Information of Record Form, Interview of Ambassador Perina, September 22, 1998.
- Tab 51. Information of Record Form, Interview of Elie Wiesel, October 2, 1998.
- Tab 52. July 12, 1996 letter from Ambassador Perina to Ambassador HOLBROOKE.
- Tab 53. CSFB Policies and Procedures, Section 04, Expenses.
- Tab 54. Information of Record Form, Interview of Charles Ward, CSFB, September 16, 1998.
- Tab 55. Information of Record Form, Interview of [b7c, b6], CSFB, September 16, 1998.
- Tab 56. Information of Record Form, Interview of Charles Ward, CSFB, December 15, 1998.

- Tab 57. CSFB Travel and Entertainment Voucher, CSFB 000255 - 000261.
- Tab 58. Information of Records Form, Interviews of Ambassador John Kornblum, October 6, 1998; Thomas Donilon, September 28, 1998; Morton Abramowitz, September 21, 1998; and James Johnson, September 22, 1998.
- Tab 59. CSFB Travel and Entertainment Voucher, CSFB 000821 - 000832.
- Tab 60. Information of Records Form, Interviews of Ambassador John Kornblum, October 6, 1998; Richard Moose, September 22, 1998; Ambassador James Collins, October 15, 1998; and Barbara Larkin, October 16, 1998.
- Tab 61. CSFB Travel and Entertainment Voucher, CSFB 000376 - 000383.
- Tab 62. CSFB Travel and Entertainment Voucher, CSFB 000473 - 000485.
- Tab 63. Information of Records Form, Interviews of Dr. George Rupp, October 7, 1998; and Philip Goldberg, October 6, 1998.
- Tab 64. CSFB Travel and Entertainment Voucher, CSFB 000402 - 000411.
- Tab 65. Information of Record Form, Interview of J.D. Bindenagel, October 5, 1998.
- Tab 66. CSFB Travel and Entertainment Voucher, CSFB 000371 - 000375.
- Tab 67. Information of Record Form, Interview of Peter Tarnoff, November 2, 1998.
- Tab 68. Information of Record Form, CS-1, October 13, 1998.
- Tab 69. Information of Record Form, James H. Thessin, October 15, 1998.
- Tab 70. Information of Record Form, [REDACTED], October 20, 1998, 1998.
- Tab 71. Information of Record Form, [REDACTED], October 22, 1998.
- Tab 72. Information of Record Form, [REDACTED], October 22, 1998.
- Tab 73. Information of Record Form, [REDACTED], October 29, 1998.