5.4 Our investigation partly looks into the question of the origin and the use of some Vt120 Million which was deposited into the Betsy account (Vt 67 Million) and the personal account of Mr Korman (Vt59 Million), less an allowance for some Vt6 Million for movements between the accounts, during the period 1995 - 1996.

5.5 Our investigations also revealed that the opening of the account did not follow the proper procedures set out in the Government Financial Regulations ("**GFR**")

6 METHOD OF INVESTIGATION

6.1 Examination of bank records

6.2 Correspondence with the banks

6.3 Interview under oath with representative of banks

6.4 Correspondence with Department of Finance

6.5 Correspondence with various other people

7 RELEVANT LAWS

The Constitution

7.1 Art 66(1) and (2) of the Vanuatu Constitution provides:

> (1) Any person defined as a leader in Art 67 has a duty to conduct himself in such a way, both in his public and private life, so as not to:
>
> a) place himself in a position in which he has or could have a conflict of interest or in which the fair exercise of his public or official duties might be compromised;
> b) demean his office or position;
> c) allow his integrity to be called into question; or
> d) endanger or diminish respect for and confidence in the integrity of the Government of the Republic of Vanuatu.
>
> (2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engaged in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out the duty imposed by subarticle (1).

Representation of the People Act CAP 146

Bribery, section 45

7.2 Section 45 provides:

A person commits the offence of bribery -

(a) if he directly or indirectly by himself or by other persons

(i) **gives money** or procures any office to or **for any voter** or to or for any other person on behalf of any voter or to or for any other person in order **to induce any voter to vote** or refrain from voting;

(ii) corruptly does any such act on account of any voter having voted or refrained from voting; or

(iii) makes any such gift or procurement to or for any person in order to induce that person to procure, or endeavour to procure, the election of any candidate or the vote of any voter;

or if upon or in consequence of any such gift or procurement he procures or engages, promises or endeavours to procure the election of any candidate or the vote of any voter;

(b) if he advances or pays any money or causes any money to be paid to or to the use of any other person with the intent that such money or any part thereof shall be expended in bribery at any election, or knowingly pays any money or causes any money to be paid to any person in discharge or repayment of any money wholly or in part expended in bribery at any election;

(c) if before or during an election he directly or indirectly, by himself or by any other person on his behalf, receives, agrees or contracts for any money, gift, loan or valuable consideration or any office, place or employment for himself or for any other person for voting or agreeing tor agreeing to vote or from refraining or agreeing to refrain from voting;

(d) if after an election he directly or indirectly by himself or by any other person on his behalf receives any money or valuable consideration on account of any person having voted or refrained from voting or having induced any other person to vote or refrain from voting.

(emphasis added)

Penalty for corrupt practices, section 48

(1) The offences of personation, bribery, treating and undue influence are corrupt practices for the purposes of this Act.

(2) a person convicted or a corrupt practice shall be liable on conviction to a fine not exceeding VT100,000 or to imprisonment for a term not exceeding 5 years or to both such fine and imprisonment.

Government Financial Regulations

7.3 Regulation 1 defines:

"accountable officer" means any public officer, including an accounting officer, concerned in or responsible for the collection, receipt, custody, issue or payment of public moneys, stores, stamps. investments. securities, or negotiable instruments whether the same are the property of Government or on deposit with or entrusted to the Government or to any public officer or any other person.

7.4 Regulation 274 states:

(1) **No Government bank account shall be opened without the prior written approval of the Minister of Finance.**

(2) Where it is considered necessary to open a Government bank account, **the Accounting Officer concerned shall submit a written request to the Director General of Finance giving reasons why such a facility is required.** The request shall include the following detail:

a) name and location of the bank with whom the account is to be maintained;
b) name of the officer who will be responsible for the operation of the account, together with names of the proposed signatories;
c) type of account required
d) estimated average balance that will be held on the account;
e) maximum balance that will be held on the account; and
f) any other relevant details.

(3) Upon receipt of the application, **the Director General of Finance will, if he considers it expedient and necessary, recommend to the Minister of Finance to authorise in writing the opening of the account.** The Director General of Finance will confirm in writing:

a) the name and title of the officer who will be accountable for the operation of the account;
b) the name of officers who are authorised to sign cheques and other instruments on the account; and
c) any limitation as to the maximum amount of public moneys that may be held on the account and instructions as to the distribution in excess of such a limit.
The Director General of Finance shall write to the bank and make the necessary arrangements for the opening of the account and the supply of the initial specimen signatures of the authorised signatories to the account, etc.

(4) The Auditor General is to be informed of all opening or closures of Government bank accounts

7.5 Regulation 275 states:

All cheques and instruments drawn upon a Government bank account will be signed by two officers, one of whom shall be the accountable officer responsible for the operation of the account"

Public Finance Act 0f 1980

7.6 In S7(3) of states:

> No accounting officer shall open any public or official account in any bank without the authority in writing of the Minister" The Minister is the Minister of Finance.

7.8 S9 (1) states:

> The Minister may make financial provision for the establishment of special funds.

Conclusion

7.9 One of the main purpose for the strictness of the regulations and Public Finance Act is to prevent fraud and to ensure control is kept and supervision of the spending of public money maintained.

8 FACTS WITH COMMENTARY

Passage of Public Finance Regulations

8.1 In early 1980 the Representative Assembly voted and passed the Public Finance Regulations. The Regulations came into operation on the day of Independence. In section 7 (3) of the Regulation it states:

> No accounting officer shall open any public or official account in any bank without the authority in writing of the Minister" The Minister is the Minister of Finance.

8.2 In September 1985 another Interim Financial Regulations was introduced. This set of regulations sets out and strengthened the financial procedures. In July 1993 a new set of Government Financial Regulations was introduced which replaced the old Interim Financial Instructions introduced in 1985. Regulation 274 and 275 stated in sections 7.4 and 7.5 clearly states all the procedures of how to open a Government Account (see 7.4 above).

Cyclone Betsy

8.3 In January 1992, tropical Cyclone Betsy severely hit most of the islands of Vanuatu. Considerable damage was done to Government houses, Government buildings, schools, public roads, urban water supply, wharfs and airports. After the cyclone, the National Disaster Management Office together with the Department of Finance coordinated the donations of money and supplies received from various countries.

8.4 The Department of Finance set up appropriate procedures to account for the relief assistance and the spending of this assistance. The assistance that was accounted for by the Department of Finance came from British Government, Chinese Government, Forum Secretariat, Vanuatu Government, USAID, Australian High Commission and private donations. There is no record at the Department of Finance of any donation from the French Government.

Cyclone Betsy Account

8.5 Mr Korman was aware of the funds from other countries and that they were being controlled by the National Disaster Management Office and the Department of Finance. However, in February 1992 Mr Korman opened a separate account with the Banque Indosuez, now Banque d'Hawaii (Vanuatu) Ltd. The account was to receive funds received from either the French Government or Paris Municipality. (We have tried, through the French Embassy in Port Vila, to confirm details of who the funds were from but have still to receive a reply). At the time Mr Korman opened this account, he did not have authority from the Minister of Finance as set out in S7(3) of the 1980 Public Finance Act, nor had he gone through the procedures set out elsewhere in the same regulation.

8.6 The opening statement of the Betsy account (**annexure "A"**) shows that Mr Korman is the sole signatory to the Betsy account and Father Gerald Leymang (**Fr. Leymang**) had power of attorney on the account, which means that he can also sign by himself. This is in breach of the Public Finance Act S7(3) and Financial Regulation number 275 which requires all cheques to be signed by two accounting officers (refer 7.5 above). Neither Mr Korman or Father Leymang were accounting officers and they were also not able to sign cheques with only one signature according to the regulation.

8.7 Mr Korman and Fr. Leymang did not consult the Minister of Finance nor have his approval to open the account. (See letter from the then Minister of Finance attached as **annexure "B"**) They did not ask the Department of Finance for details of the correct procedures for opening accounts for Public Funds. Had they followed correct procedures, they would have been advised that a regulation was in place preventing any department, Minister or other person from opening an account without written authority from the Minister of Finance.

8.8 The definition of an "accountable officer" stated in 7.2 also shows that Mr Korman and Fr. Leymang are not accounting officers. Because Mr. Korman and Fr. Leymang were acting as Prime Minister and First Secretary at the time, they were not in a position to collect, receive, keep custody of, or issue money on behalf of Vanuatu. It is not their duty to be responsible accounting officers. Even if they were accounting officers, they still needed consent of the Minister of Finance to open a government bank account.

8.9 During the time Mr Korman was Prime Minister (1991 to 1996) new regulations were issued by the Ministry and Department of Finance in July 1993. Despite these new regulations setting out the procedures for opening Government Bank Accounts, Mr Korman did not rectify the situation with the Betsy Account. Mr. Korman did not close the account and attempt to comply with the laws of Vanuatu. Instead, he continued to use this government account, as his own private account. Mr. Korman's conduct is outrageous, because as recently as February 1998 we found the account was still open and operating.

Source of Funds

8.10 The first deposit the Betsy account received was Vt1,993,000 on 27 March 1992.

Details obtained from bank transfer of FF100,000 reveal the beneficiary of the funds was to be the **committee for the cyclone Betsy relief** *"Comité Secours du cyclone Betsy"* and was being remitted by *"R.G.F. de Paris - Ville de Paris"*. **(annexure "C").** As mentioned above in 8.5 we have yet to determine if these funds were remitted from the French Government or the Paris Municipality. The funds were however specifically for meant for the committee dealing with the Cyclone Betsy relief.

8.11 Again in October 1993 a further Vt1,036,662 was received from Paris

8.12 During the period 1994 to 1997 deposits came from several other sources:

(a) Deposit of cash

(b) Proceeds from the sale of foreign currency

(c) Funds received from a company named Mascot Holdings Limited This account is an account belonging to Mr Korman as confirmed in his facsimile to Mr Lien Than, "Honorary Consul for Asia" in August 1995. Details of Mr Korman's facsimile to Mr Lien Than is as follows:

"For my election, I make this request to our Asian Trade Commissioners, Special Representative like Mr. LAI and Matsumoto, and Honorary Consuls:

Trade Commissioners:	*Mr. Ricky,*	*Malaysia*	*$ US5,000*
	Mr. Yu,	*Taiwan*	*$ US5,000*
	Mr. Wong,	*Hong Kong*	*$ US5,000*
	Mr. LAI	*TAIWAN*	*$ US 5,000*
Special Representative:	*Mr. MATSUMOTO*	*JAPAN*	*$ US 5,000*
Honorary Consul:	*Mr. Yatiskera*	*JAPAN*	*$ US 10,000*
	Mr. MOTERE	*Thailand*	*$ US 10,000*
	Forget Name	*Singapore*	*$ US 10,000*

I ask them to transfer their contribution as requested ***my ASIACITI TRUST Company in Hong Kong and Shanghai. Banking Corporation 10 Collyer Quay, # 01 Ocean Building, Singapore 0104 A/C MASCOT HOLDING INC # 141 - 246660 - 01****. (Bold added)*
I repeat the No. of A/C
A/C MASCOT HOLDINGS INC.
A/C No. 141 - 24 6660 - 01
Or In Malaysia - Kuala Lumpur
Bank BUMIPUTRA MALAYSIA BERHAD, AIRPORT BRANCH No. A/C CA 1173 - 48.
Paul, the Singapore Honorary Consul is already put 10.000 dollars US in my account. Mr. Matsumoto promises me to meet me in Tokyo and give me 5 000 dollars on 24 August.
Please Paul ask the others to do their part immediately. I we received negative answers from the others by the end of this month I will personally as P.M. and Minister of Foreign Affairs cancel their nominations as Vanuatu Government Rep in overseas.
Paul please give me reply immediately by Fax because I'm leaving on # 24 August in the morning.
Regards to you and Bon Courage et à bientot à Port-Vila."
(signed by Mr Korman)

Note

- See **annexure "D"** for a copy of the original facsimile.
- (The matter of Honorary Consuls is the subject of a separate investigation by the Office of the Ombudsman.)
- Our investigations have also revealed that Mr Korman has authority to initiate the transfer of funds from the account of Mascot Holdings Limited. See facsimile from ASIACITI Trust to Mr Korman **(annexure "E").** This facsimile was attached to the bank transfer documentation accompanying the transfer of USD36,000 about 2 December 1995
- In regards to the Mascot Holdings Limited bank account in Singapore we requested Mr Korman's signature on a letter to the bank to release information in respect of the account. In the covering letter to Mr Korman we requested him to sign the letters whether he had authority in the account or not. Should Mr Korman not have authority the bank would not release information on his signature. Mr Korman has not returned the letters thus indicating he does not want the office of the Ombudsman to view information in respect of the Singapore accounts, and that he has authority on the account. If he did not have authority on the account he would have easily returned the letters.

(d) Funds received from an account at Bank Bumiputra Malaysia Berhad Airport Branch. This is the other account mentioned in Mr Korman's facsimile to Mr Lien Than requesting funds from the Honorary Consuls.

(e) Transfers from the personal account of Mr and Mrs Korman.

8.13 The total funds credited to the Betsy account during the years 1992 to 1996 are as follows:

1992	Vt1,993,000
1993	Vt2,254,928
1994	Vt5,132,950
1995	Vt47,431,590
1996	Vt20,368,029
1997 (Jan - April)	Vt1,047,354

Details of major deposits, together with copies of some bank deposits, made into the Betsy account during 1994-1997 are attached as **annexure "F"**

8.14 Investigations into the account revealed a number of transactions are connected with the personal account of Mr and Mrs Korman, as follows:

(a) Funds were transferred from Betsy account to Mr Korman's account and from Mr Korman's account to Betsy account

(b) Funds from the same source were credited to both Mr Korman's account and the Betsy account on the same day.

Movement of funds between accounts

8.15 The following table shows some of the movements of funds between the Betsy Account and Mr Korman's account:

Date	Vatu amount	Account transferred from	Account transferred to
6.10.95	3,139,054	Betsy- 20536	Korman - 19400
19.12.95	500,000	Korman - 19400	Betsy - 20536
26.2.96	50,000	Korman - 19400	Betsy - 20536
27.2.96	837,410	Korman - 19400	Betsy - 20536
21.3.96	110,800	Korman - 19400	Betsy - 20536
26.4.96	350,150	Korman - 19400	Betsy - 20536
14.10.96	199,428	Korman - 19400	Betsy - 20536
17.2.97	250,000	Korman - 19400	Betsy - 20536
14.4.97	145,638	Korman - 19400	Betsy - 20536

Note: 20536 is the Betsy Account number and 19400 is Mr Korman's account number.

8.16 The following table shows funds received from the same source for the credit of Mr and Mrs Korman's account and the Betsy account:

Date	Vatu amount in Korman's Account	Vatu amount in Betsy Account	Source of funds and details
19.7.95	1,000,000	1,050,000	Vatu Cash
18.9.95	2,000,000	1,250,000	Vatu Cash
13.10.95	1,000,000	3,000,000	Vatu Cash
13.5.96	914,175	1,075,500	Proceeds from the sale of $ US - cash
24.5.96	1,000,000	2,453,839	Funds transferred from Noumea
1.8.96	327,600	1,037,400	Proceeds from the sale of $ US - cash
5.8.96	656,400	437,600	Proceeds from the sale of FF (French Franc)- cash
21.8.96	644,100	429,400	Proceeds from the sale of FF cash
27.8.96	600,000	300,000	Cash Deposit
27.9.96	1,197,240	1,197,240	Proceeds from the sale of $ US - cash

Payments from Betsy account

8.17 The investigations revealed that there were no records maintained at the Prime Minister's Office (**"PM's Office"**) in respect of the use of the Betsy account. Accordingly there is no supporting documentation for payments made from the Betsy Account. The PM's Office confirmed that there was no documentation in the letter attached as **annexure "G"**

8.18 During December 1995 (the month after the 30 November 1995 elections) some 256 payments were made from the Betsy account. Many of these were cash cheques and were for amounts between Vt15,000 and Vt80,000. A copy of the Cyclone Betsy account bank statement for the month of December 1995 is attached as **annexure"H".**

8.19 It appears that these payments relate to the purchase of votes for the November 1995 general elections. Many of the cheques were dated 28 November 1995, two days before the elections. These facts taken together with the request for money from the Honorary Consuls points to conduct by Mr Korman to encourage the receivers of that money to vote for either himself or his party. Such payments are contrary to the provisions of the Representation of the People Act as stated in section

7.2 of this report and may amount to the offence of bribery. Why else would 256 cheques be signed by Korman at the time of the elections?

8.19a This allegation was put to Mr Korman in the preliminary report and he did not make any comment, nor denied it.

Mr Korman's reply to our preliminary report (paragraph 8.19a to paragraph 8.19d)

To Madam M.N. Ferrieux PATTERSON
Ombudsman of the Republic of Vanuatu
Port-Vila

Re : Inquiry into my Private Businesses

References : Your red paper of 4 February 1998

Madam,

I am surprised to see a report produced by your office concerning one of my personal bank accounts. The Ombudsman Act (even though it doesn't actually exist legally) does not allow you to investigate into the Government's private businesses and particularly one individual's businesses, unless the Court allows you by means of an official document to obtain necessary information your office may require in order to produce a report.

I consider your report as an attack on the rights and the life of an individual (citizen) of the Republic of Vanuatu. I qualify it as illegal and unconstitutional.
Yours faithfully
c.c. General Manager Banque d'Hawaii
MOTIS and Associates

(Original reply in French is attached as **annexure "I"**

8.19b In his reply to the Ombudsman Mr Korman did not answer or offer any explanations for the allegation. Instead he made only general statements. His main remark was that he claimed the Ombudsman has no right to investigate his personal business.

8.19c Mr Korman is incorrect. Firstly, the initial funds placed into the account were public money. Secondly, where the Ombudsman is investigating a breach in the leadership code corruption or misappropriation the Ombudsman is authorised by Section 19(5)(b) to obtain information of a personal nature, including, as in this case, access to bank records of a leader. If Mr Korman truly believed the Ombudsman's office did not have the right to investigate his personal business or his accounts he would have referred the matter to the courts. He did not.

8.19d Most significantly Mr Korman has not denied the allegations contained in the preliminary report.

8.20 In June 1996 some of the payments made from the Betsy account were to various boat owners for transportation of UMP delegates to and from Efate for the UMP congress held at Erakor in May 1996. These payments are as follows:

Date	Amount	Payment made to
31.5.96	300,000	Mv St. Joseph
31.5.96	200,060	Mv Sowentis
6.6.96	190,000	Mv Saraika
6.6.96	150,000	Mv Makila
6.6.96	150,000	Mv Makila
31.5.96	100,000	Mv Saratoka
31.5.96	150,000	Mv Tali
3.6.96	180,000	Mv Kotu

8.21 In June 1992 a payment of Vt194,000 was made to a supplier of fuel, Societe Mobile and Mr Korman also paid himself Vt100,000. (See copy of cheque attached as **annexure "J".**)

Accounts reveal receipt of money by Mr Korman far in excess of his salary

8.22 During Mr Korman's term as Prime Minister Mr Korman received a salary of Vt2,800,000 per annum. As a Minister he received Vt2,400,000.

8.23 In 1995 as well as the Vt47 Million credited to the Betsy account, over Vt39 million (non salary amounts) were credited to his personal account. This is a total of Vt86 Million. This is 30 times his annual salary as a.

8.24 In 1996 Vt20 Million was credited to the Betsy account and over Vt20 million non salary payments were credited to his personal account. This is a total of Vt40 Million for the 1996 year. This is 14 times his annual salary

8.25 In total for the years 1995-1996 Mr Korman received into the Betsy account and his personal account taking into consideration some funds were transferred from his own account to the Betsy account could be as much as Vt120 Million.

Schedules of the funds received into his personal account for 1995 and 1996 are attached as **annexure "K"** and **annexure "L"**.

9 FINDINGS OF WRONG CONDUCT AND MALADMINISTRATION

Finding No.1 -Breach Of The Representation Of The People Act

9.1 It appears that Mr Korman has breached the Representation of the People Act in that he directly gave or promised money to persons in order to induce them to vote for himself or other UMP candidates.

Finding No.2 - Gross Misconduct By Maxime Carlot Korman

9.2 Mr Korman acted with gross misconduct in the operation of this public account for the following reasons:

- he did not maintain suitable records on the operation of the account
- he used it to receive funds from irregular sources
- he appears to have used the account to make payments to persons for votes in the November 1995 election.
- he used the account to make payments for the benefit of his political party by paying for boats to bring delegates to the May 1996 UMP Conference
- he transferred funds to and from a public account to his own personal account.

Finding No. 3 - Breach Of Public Finance Act By Maxime Carlot Korman

9.3 Mr Korman breached S 7(3) of the Public Finance Act mentioned in paragraph 7.6 above by not obtaining the authority of the Minister of Finance to open the Betsy account.

Finding No. 4 - Breach Of Financial Regulations By Maxime Carlot Korman

Regulation 1

9.4 Mr Korman breached Financial Regulation 1 mentioned in section 7.3 above by allowing himself to become an accountable Officer. According to Regulation 1, being a Prime Minister at that time he was not in a position to collect, receive, keep custody of, or issue money on behalf of Vanuatu

Regulation 274

9.5 In addition to finding No.1, Mr Korman breached regulation 274 mentioned in paragraph 7.5 above. He did not get the written approval of the Minister of Finance prior to opening the Betsy account. Mr Korman failed to submit a written request to the Director of Finance to open this public account. The Director of Finance would have therefore made arrangement for the opening of the account.

Regulation 275

9.6 Mr Korman also breached regulation 275 mentioned in section 7.6 by allowing him to be the sole signatory to the Betsy account. Accordingly a Government bank account will be signed by two officers, one of whom shall be the accountable officer responsible for the operation of the account.

Finding No.5 - Breach Of Article 66 Of The Constitution -The Leadership Code By Maxime Carlot Korman

9.7 In view of the above findings (1 to 4) Mr Korman breached the Leadership Code of the Constitution. Mr Korman failed to meet the standard expected of leaders under the Constitution. Art 66 (1) says that a leader:

> . . . has a duty to conduct himself in such a way, both in his public and private life, so as not to:
>
> (a) place himself in a position in which he has or could have a conflict of interests or in which the fair exercise of his public or official duties right be compromised;
> (b) demean his Office or position
> (c) allow his integrity to be called into question
> (d) endanger or diminish respect for and confidence in the integrity of the Government the Republic of Vanuatu.
>
> (2) In particular, a leader shall not use his office for personal gain or enter into any transaction or engaged in any enterprise or activity that might be expected to give rise to doubt in the public mind as to whether he is carrying out or has carried out the duty imposed by subarticle (1).

9.8 On the evidence available and given his inability to satisfactorily explain the following:

(a) Why he opened the Betsy account unlawfully;

(b) Why he was in possession of large amounts of money far in excess of his salary as Prime Minister;

(c) Why he deposited disaster relief money intended for relief of cyclone Betsy into his own personal account;

(d) Why he was handing out hundreds of cheques for cash a few days before the 1995 election;

(e) Why he was transferring money from the Betsy into another personal account held in his and his wife's name

Mr Korman appears to have misused public money for private purposes. Another name for this is theft. In this case, his actions will certainly give rise to doubt in the public mind about acting in his own interest or his party's interest. It is difficult to see how he can hold any respect or making any claim to integrity. That the Prime Minister has conducted himself in this shameless and potentially criminal fashion must strip respect away from the Vanuatu Government.

9.9 Mr Korman has shown himself contemptuous of the public he was elected to serve both in his conduct of robbing public funds for his personal use (including breaking the election laws by paying money to people for the elections) and his refusal to explain himself to the same public

10 RECOMMENDATIONS

10.1 In accordance with section 23 of the Ombudsman Act: Procedures after an enquiry under chapter 10 (Leadership Code) of the Constitution if a "*leader had failed to carry or has breached any of the duties and responsibilities of office imposed on him under Art 66(1) of the Constitution and is guilty of misconduct in office*", I recommend:

RECOMMENDATION 1: THE PUBLIC PROSECUTOR AND OR THE POLICE SHOULD INVESTIGATE THE PAYMENTS MADE BY MR KORMAN PRESENTED TO THE BANK IN THE PERIOD AROUND THE NOVEMBER 1995 ELECTIONS WITH THE VIEW TO CHARGING HIM WITH BRIBERY AND POSSIBLY OTHER OFFENCES UNDER THE PENAL CODE [CAP 135].

10.2 For this purpose I will make a sworn complaint to the Acting Public Prosecutor pursuant to section 35 of the Criminal Procedure Code [Cap 136]

RECOMMENDATION 2: MR KORMAN CLOSE THE BETSY ACCOUNT AND HAND OVER THE REMAINING FUNDS TO THE VANUATU GOVERNMENT.

RECOMMENDATION 3: MR KORMAN HAND OVER THE AUTHORITY FOR THE MASCOT HOLDINGS LTD ACCOUNTS IN SINGAPORE AND MALAYSIA TO THE VANUATU GOVERNMENT SO THAT THEY CAN BE AUDITED.

10.3 I recommend a full audit of these accounts be carried out by the internal audit section of the Department of Finance or the Audtor General's Office. Should the audit show that the funds received into this account are public monies then I recommend that the Attorney General send a formal letter of demand requiring repayment of the full amount. If

repayment is not forthcoming I consider that the Attorney General should start civil legal proceedings to recover the money..

RECOMMENDATION 4: MR KORMAN REFUND THE GOVERNMENT FOR ALL MONIES USED BY HIMSELF FROM THE BETSY ACCOUNT.

10.4 If Mr Korman is unable to do this I recommend that the Attorney General send a formal letter of demand requiring repayment within 14 days. If payment is not done I consider that the Attorney General should start civil legal proceedings to recover the money.

RECOMMENDATION 5: MR KORMAN SHOULD NOT AT ANY TIME BE APPOINTED PRIME MINISTER OR A MINISTER OF THE GOVERNMENT OF VANUATU NOR TO ANY POSITION INVOLVING PUBLIC MONEY.

10.5 This is not the first time that Mr Korman has been the subject of adverse findings and trenchant criticism from me. His conduct in this particular matter suggests that he is both dishonest and uncaring of the laws of Vanuatu. It is therefore imperative that he not be placed in a position of trust again.

RECOMMENDATION 6: PARLIAMENT SHOULD PASS A BILL ENFORCING THE PRINCIPLES OF THE LEADERSHIP CODE

10.6 This report provides yet another clear example of exactly why Vanuatu desperately needs a legislation codifying the Leadership Code that appears in the Constitution and we strongly recommend for the Leadership Code to be passed in the next session of Parliament

RECOMMENDATION 7: PARLIAMENT TO ENACT LEGISLATION REQUIRING DISCLOSURE AND REGULATING POLITICAL DONATIONS TO POLITICAL PARTIES

10.7 I have also previously made this recommendation in the Ombudsman's report on the Cleaning Contract at Bauerfield Airport dated 25 October 1996. At that time I recommended as follows:

> Accordingly, I recommend that the Attorney General's Office draft legislation regulating political donations. Such law must
>
> (a) Place a limit on the amount that can be donated; and
>
> (b) Require full and open disclosure by political parties and politicians of who has donated and how much

10.8 I repeat this recommendation. The necessity arises because Mr Korman was able to use his position as Prime Minister to ask various "Honorary

Consuls" for donations for his 1995 election campaign. This was a misuse of public office for private gain - the gain being that he and his political party were enriched by the donations collected. A law requiring disclosure and a limit on the amount of donations would put all candidates for elections on a more equal footing.

RECOMMENDATION NO.8 A FULL INVESTIGATION INTO THE BETSY ACCOUNT AND MR KORMAN'S ACCOUNTS SHOULD BE CARRIED OUT

10.9 I recommend that a full investigation be carried out on both the Betsy account and Mr Korman's account by the Office of the Auditor General or the Audit Section of the Finance Department or depending who will be the appropriate authority the Public Prosecutor or the Police in order to determine the total value of funds deposited into these account that should be regarded as Public Funds.

Dated this 26th Day of February 1998

Marie Noëlle FERRIEUX PATTERSON
OMBUDSMAN OF THE REPUBLIC OF VANUATU

11 INDEX OF ANNEXURE

A	Opening account form for the Betsy Account
B	Letter from the then Minister of Finance Willie Jimmy regarding the opening of the Betsy account
C	Bank remittance advice for the FF 100,000 (from Paris) - used to open the Betsy account
D	Mr Korman's facsimile to the Honorary Consul for Asia Mr Lien Than
E	ASACITI Trust confirmation to Mr Korman
F	Details of major deposits in the Betsy account during 1994 to 1997
G	Letter from PM's Office confirming there was no records held for the Betsy account
H	Bank statement of Betsy account for the month of December 1995
I	Mr Korman's reply to our preliminary report (with a translation)
J	Copy of a cheque for Vt 100,000 drawn on the Betsy account paid the Mr Korman
K	Analysis of Mr Korman's other income for 1995
L	Analysis of Mr Korman's other income for 1996

Annexure "A"

Nom / Surname: CARLOT

Prénoms / Names: MAXIME (Comité Sécurité Cyclone Betsy)

Numéro de compte / Account No.: 20.136.201.4

BANQUE INDOSUEZ VANUATU LTD

Port Vila

06 FEB 1992 — 06 FEB 1992 — 24/04/92

Signature

COMPTE DE DÉPÔT / DEPOSIT ACCOUNT

NOM / SURNAME: CARLOT

Prénoms / Names: MAXIME

Date et lieu de naissance / Date and Place of Birth: 28 AVRIL 1964 EFATE VANUATU

Nationalité / Nationality: VANUATUANE

Domicile / Home address: TRESORERIE PALE PORT-VILA

Adresse pour l'envoi du courrier (*) / Mail address: B P 349 PORT-VILA

Profession / Occupation: PREMIER MINISTRE DU VANUATU

Téléphone / Phone: 22442 ou 22174

Justification d'identité / Identity documents:

Observations / Remarks: Mon Avocat [illegible] Mr [illegible] Mr [illegible] Pour information [illegible]

PERSONNES AYANT PROCURATION / POWER OF ATTORNEY

Edmund Stephen

Date: 06/02/92

Date:

Dans le cas où l'adresse à laquelle le client désire que son courrier lui achemine est différente de son domicile.

ANNEXURE "B"

Honourable T. R. Willie Jimmy.
(Minister Of Finance 1991 - Feb 1996)
Member of Parliament.
P.O. Box 684,
Port Vila,
Vanuatu.
Tel: (678) 27672
Fax: (678) 26599

RECEIVED
16 FEB 1998
OMBUDSMAN

The Ombudsman,
P.O Box 126,
Port Vila.

16th February, 1998

Dear Ombudsman,

Re: Preliminary Report on Misuse of Cyclone Betsy Fund.

Thank you for your letter of 4th February with the copy of Preliminary Report On the alleged misuse of cyclone Betsy fund.
In short comment, I wish to inform the Ombudsmans office that my office knew nothing about cyclone Betsy fund, how funds deposited to cyclone Betsy fund account were received, and under whose instruction was that account being managed.

Perhaps Mr. Korman would be in the best position to provide your office with details your office may require to complete its report.

Yours Faithfully,

Willie Jimmy
Former MP Port Vila.

G192 - 559 Annexure "C"

1020 INDOSU NH
1020 INDOSU NH
INSU YU 630409F

G192 - 664

30 MAR 1992

A : INDOSUEZ
VILA VANUATU
(BSUIVUUUYY) ,
DE : INDOSUEZ
TELEX :
DATE : PARIS 27-MAR-1992 12:13:04
REFERENCE : 00493

REPERE : 420
POUR : FRF 100'000,00
MT100 TRANSFERT CLIENT.

T/92.536

(20:) NUMERO DE REFERENCE DE LA TRANSACTION :
0C01446U11001100

(32A) VALEUR, DEVISE, MONTANT :
27-MAR-92 FRANC FRANCAIS 100'000,00

(50:) CLIENT DONNEUR D'ORDRE :
RGF DE PARIS
VILLE DE PARIS

Comité SECOURS DU cyclone ALTSY

(52D) BANQUE ORDONNATRICE :
RGF DE PARIS
VILLE DE PARIS

(57D) COMPTE AUPRES DE :
BANQUE INDOSUEZ
VANUATU

(59:) CLIENT BENEFICIAIRE :
[illegible]
COMITE SECOURS DU CYCLONE RETSY
PORT VILA
VANUATU

16/2/92

(70:) MOTIFS DU PAIEMENT :
SUBVENTION

(71A) FRAIS A CHARGE :
FRAIS A NOTRE CHARGE

24.04.92

INDOSUEZ

1020 INDOSU NH
INSU YU 630409F
1020 INDOSU NH
INSU YU 630409F
[illegible]

VT 1.995.000

Y. Cerlot Maime
Comité Secours du cyclone

Annexure "D" (1)

Date: 21 August 95

HOTEL LOTTE

CONFIDENTIAL:

From: Prince Michael M. CARLOT KORMAN

Room No 2003
Hotel LOTTE
SEOUL - KOREA
FAX NO: SEOUL 752 - 8458

TO: Mr LIEN THAN
Honorary Consul for Asia
1122 N. ARBOR ST ANAHEIM CA 92801 USA

FAX NO: (1) 303-295.3122

For my Election, I make the request to
the Slain Trade Commissions, Special Representative,
Policy (H: 2+) and Networks), and Honorary Consuls:

Trade Commissions: H: Cuba, Malaysia 320.5000
H: Gin, Taiwan 320.5000
H: Vietnam, Hong Kong 320.5000

Special Representative H: LAT, TAIWAN 320.5000
H: MATSUMOTO - JAPAN 320.5000

Honorary Consuls H: Khalidan - JAPAN 320.10.000
H: INDTRAE - Thailand " 10.000
H: Mr Nam - Australia " 10.000

Thank you. Now to complete this distribution I need the
Mr ARTHUR TAN Company, the name and address
banking information so that I can send the cash payment
for registration fee. Mr MAC [illegible] POLICE [illegible]
-602.

POSTAL ADDRESS: C.P.O. BOX 200 TELEX: LOTTEHO KOREA CABLE: HOTELOTTE TEL 771-1000 SEOUL KOREA

Annexure "D" (2)

(2)

HOTEL LOTTE

I Repeat the No. of A/c:
A/c MASCOT HOLDINGS INC.
A/c NO: 142-276620-001,

or In Malaysia - Kuala Lumpur
Bank BUMIPUTRA MALAYSIA BERHAD,
AIRPORT BRANCH NO A/c CA 1173-48.

Paul The Singapore Finance Consul is already paid 19.000 dollars US we buy account. No matterwhat promise me to meet me in Tokyo and give me 5100 dollars on 24 August.
Please Paul ask the others to do their part immediately. I will receive negative answers from the state by the end of the month I will personaly as P.M. and Minister of Foreign Affairs Consult their nominations as Valuable government Rep in Cronzon.

Paul please give me reply immediately by fax because I'm leaving on 24 August in the morning.

Regards to you
and P.M. Cardage et al
Bientôt à Port. Vila

PO BOX 2000 TELEX: LOTTEING CABLE: HOTELOTTE TEL 77-

29/12/95 Annexure "E" (1)

ASIACITI TRUST

Adcoff Corporate Services Pte Ltd 24 Raffles Place, #26-15 Clifford Centre, Singapore 048621. Tel [illegible] Fax [illegible]

TELECOPIER COVER LETTER

To: Mr Hasanie Carlos Kuman

From: Ms Chan Po Lin

Firm/City/Fax No.: 001-[illegible] / 145 S.C

Fax Ref: FIZ/ 377

Date: 29 December 1995

Total number of pages including this cover letter: 2

Subject: TELEGRAPHIC TRANSFER

IF YOU DON'T RECEIVE ALL THE PAGES, PLEASE CALL US.

OUR TELEPHONE (65) 533 2611. FACSIMILE (65) 532 5092

As requested we attach herewith a copy of the instructions from the Hongkong & Shanghai Banking Corporation, Singapore to arrange for the transfer on 21 December 1995.

We trust this will be of assistance to you. Please do not hesitate to contact the undersigned if you have any queries.

Yours sincerely

Chan Po Lin
Supervisor

For possession - Annexure "E"(2)

WESTPAC BANKING CORPORATION

PO Box 32
Port Vila, VANUATU
Tel (678) 22084

FACSIMILE TRANSMISSION

I 96 02

TO: BANQUE D'HAWAII (VANUATU) LTD., PORT VILA

Attention: OFFICER IN CHARGE INTERNATIONAL DEPARTMENT

FAX NUMBER: 22579

DATE: 22/12/95

NUMBER OF PAGES (including this one): 1 (ONE)

SUBJECT: TELEGRAPHIC TRANSFER - OUR REF 9033/ 43 934 546

WE HAVE TODAY EFFECTED THE FOLLOWING TELEGRAPHIC TRANSFER

AMOUNT: US$35,910-23(THIRTY FIVE THOUSAND NINE HUNDRED & TEN DOLLARS & 23/100 UNITED STATES CURRENCY)

TO: BANK OF HAWAII NEW YORK U.S.A

BENEFICIARY: YOURSELVES

Banque d'Hawaii (Vanuatu) Ltd.

ORDRE DE VIREMENT/TRANSFER APPLICATION

(en chiffres) (in figures) VT 1500 000

AUD

Veuillez effectuer le virement suivant dans vos livres :
Please make the following transfer in your books :

Donneur d'ordre / Applicant: Carlos M. K.

N° de compte / Account N°: VT 1940020 1201 701

Bénéficiaire / Beneficiary: Carlos M. K. BETU A/C

N° de compte / Account N°: VT 20536 2011 741

Somme (en lettres) / Amount (in letters): VT/AUD Un million deux cent mille vt

Date: 3-01-96

Signature(s) autorisée(s) / Authorised signature(s)

Cette formule n'est valable que pour les opérations de compte à compte chez la Banque d'Hawaii (VANUATU) LTD
This form is only for transfers in

Annexure "F" (1)

Detail of major deposits in the Betsy account

Date	Amount	Source of funds
15.7.94	1,000,000	Vatu cash deposit
7.10.94	1,350,000	Vatu cash deposit
7.2.95	3,000,000	Vatu cash deposit
13.3.95	1,000,000	Vatu cash deposit
26.4.95	506,078	Telegraphic Transfer from Korman
10.5.95	1,000,000	Vatu cash deposit
15.6.95	1,500,000	Transfer from Conference ??
19.7.95	1,050,000	Vatu cash deposit
28.7.95	570,269	Transfer from J Francois Bijon
11.8.95	300,000	Vatu cash deposit
18.9.95	1,250,000	Vatu cash deposit
6.10.95	3,139,054	Bank Bumiputra Malaysia (Mascot Holdings)
9.10.95	5,565,937	Bank Bumiputra Malaysia (Mascot Holdings
13.10.95	3,000,000	Vatu cash deposit
24.10.95	1,000,000	Vatu cash deposit
6.11.95	3,280,500	Transfer from CDC Direction
10.11.95	3,438,000	Vatu cash deposit
14.11.95	3,433,500	Vatu cash deposit
24.11.95	500,000	Ext. Ecrit. du 23.11.95
29.11.95	4,518,000	Vatu cash deposit
4.12.95	4,478,000	Vatu cash deposit
14.12.95	5,580,000	Vatu cash deposit
15.12.95	3,387,000	Proceeds from the sale of FF(French Francs)
19.12.95	500,000	Transfer from Korman's a/c no. 19400
3.1.96	1,500,000	Transfer from Korman's a/c no. 19400
30.1.96	1,022,310	Transfer from Korman's a/c no. 19400
27.2.96	837,410	Transfer from Korman's a/c no. 19400
21.3.96	110,800	Transfer from Korman's a/c no. 19400

Annexure "F"(2

Date	Amount	Source of funds
25.3.96	200,000	Vatu cash deposit
26.4.96	350,150	Transfer from Korman's a/c no. 19400
13.5.96	1,075,500	Proceeds from the sale of $US
15.5.96	300,000	Vatu cash deposit
17.5.96	800,000	Vatu cash deposit
14.5.96	2,452,839	Transfers from Noumea
5.7.96	2,762,649	Telegraphic Transfer from M I Ressources
1.8.96	1.037.400	Proceeds from the sale of $US
5.8.96	437,600	Proceeds from the sale of FF
21.8.96	429,400	Proceeds from the sale of $US
27.8.96	300,000	Vatu cash deposit
11.9.96	250,000	Vatu cash deposit
27.9.96	1,197,240	Proceeds from the sale of $US
1.10.96	101,033	Ext. Ecrit. du 30.9.96
14.10.96	1,473,500	Proceeds from the sale of FF
14.10.96	199,278	Transfer from Korman's a/c no. 19400
15.10.96	431,115	Proceeds from the sale of FF
11.12.96	1,025,451	Mise en Place Pret ??
13.1.97	521,716	Ext. Ecrit. du 10.1.97
17.2.97	250,000	Transfer from Korman's a/c no. 19400
17.3.97	130,000	Transfer from Korman
14.4.97	145,638	Transfer from Korman's a/c no. 19400

Annexe "F" (3)

DEBIT

DATE 26/04/95

FRAIS DE CARDAF	N° DE COMPTE VT 19400 391 76	DATE VALEUR

VT 20536 391 74

VT 391 190

6

Devise	Montant
VT 391 190	

VIREMENT DE V/CPTE 19400 AU CPTE 20536

Code Op VIR CLIENTE

DEBIT VIR CPT 20536

0 3

CREDIT

DATE 5.8.96

Mr Maxime Lenoir
Rodrigues

N° DE COMPTE

DATE VALEUR

DEVISE MONTANT

MT 18,000

Transfer Rs 18,000.

Code Op.

000 FF

LIBELLÉ

BV PRINTERS — REF 04 1 2/3

Annexure 'F' (4

CREDIT

DATE 27/9/96

M Carlos (BETSPIC)	N° DE COMPTE 2025316/20/124	DATE VALEUR
	DEVISE / MONTANT: DT 1197240	

A. BB DES DOUX HD. 11 000,00.

DAHOUS THIERRY

Code Op | LIBELLÉ

☑ ABB | KES

☐ LLB

Annexure "F" (5)

Annexure "F" (6)

COPIE

DATE 06 OCTOBRE 1993

COPIE

DATE 06 OCTOBRE 1993

COMPTE DEBITE	CARLOT M. SOCIETE CIVILE REELLE	N° DE COMPTE VT 20536 201 74	DATE VALEUR
COMPTE CREDITE	MAISON CARLOT M. ET A.	N° DE COMPTE VT 19400 201 75	DATE VALEUR

Montant	Commission 1	2	3	Net crédité
VT 3 129 094.-				VT 3 129 094.-

Banque d'Hawaii (Vanuatu) Ltd.

ORDRE DE VIREMENT/TRANSFER APPLICATION

Veuillez effectuer le virement suivant dans vos livres
Please make the following transfer in your books

Montant (en chiffres) VT 3 129 094

Compte débité / Debit account: CARLOT M. SOCIETE CIVILE REELLE
N° de compte / Account N°: 20536 201 74

Bénéficiaire / Beneficiary: M. M. CARLOT ET A.
N° de compte / Account N°: 19400 201 75

Montant (en lettres) / Amount (in letters): VT 3 129 094

Date 6.10.93

Cette formule n'est valable que pour les virements de comptes à comptes chez la Banque d'Hawaii (Vanuatu) Ltd
This form is applicable only for transfers in accounts at Banque d'Hawaii (Vanuatu) Ltd

ANNEXURE "G"

GOUVERNEMENT
DE LA RÉPUBLIQUE
DE VANUATU

BUREAU DU PREMIER MINISTRE

GOVERNMENT
OF THE REPUBLIC
OF VANUATU

OFFICE OF THE PRIME MINIST

RECEIVED
24 NOV 1997
OMBUDSMAN

21st November, 1997.

Marie-Noelle FERRIEUX PATTERSON
Ombudsman
Ombudsman Office
PORT-VILA.
Vanuatu

Dear Madam,

Re : Betsy account documents - C.211/97 - 98/18.

Further to your letter of 14th November 1997, I wish to confirm that there is no information nor any documents on Betsy Account maintained at the Prime Minister's Office, therefore, I would suggest you stop bothering this Office when I have confirm by telephone nearly hundred times that I do not have those information.

Yours Faithfully,

REPUBLIC OF VANUATU
PRIME MINISTER'S OFFICE
BUREAU DU PREMIER MINISTRE

William TARI
Second Secretary
Prime Minister's Office.

Telephone : (678) 22413 — Private Mail Bag 053, Port Vila — Fax : (678) 22863

Annexure "H" (1)

Cyclone Betsy account Bank Statement December 1995

VI 20032201 74 H

TAMIL NADU H.(C.S.CYCLONE BET ACD 116020 ACC 411020 BCD 71000000 BCC 21140000 ANC.SOLDE 3.936.693

1/12/96	RCH	CONT CHEQUTER	GVI	CHQS IA	1/12/96	D	3.000-	CA	3.933.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716024	1/12/96	D	40.000-	AA	3.893.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716038	1/12/96	D	15.000-	AA	3.878.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716041	1/12/96	D	30.000-	AA	3.848.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716903	1/12/96	D	30.000-	AA	3.818.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716003	1/12/96	D	50.000-	AA	3.768.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716012	1/12/96	D	30.000-	AA	3.738.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716922	1/12/96	D	40.000-	AA	3.698.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716050	1/12/96	D	20.000-	AA	3.678.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716016	1/12/96	D	40.000-	AA	3.638.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716026	1/12/96	D	30.000-	AA	3.608.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716046	1/12/96	D	30.000-	AA	3.578.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716109	1/12/96	D	15.000-	AA	3.563.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716040	1/12/96	D	20.000-	AA	3.543.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716121	1/12/96	D	40.000-	AA	3.503.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716130	1/12/96	D	40.000-	AA	3.463.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716049	1/12/96	D	20.000-	AA	3.443.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716002	1/12/96	D	30.000-	AA	3.413.693	
1/12/96	RCH	RETRAIT CHQ H.	FV	0716022	1/12/96	D	40.000-	AA	3.373.693	

Annexure "H" (1)

Annexure "H" (2)

Annexure "H"

Annexe "H" (3)

*** LISTE DES MOUVEMENTS DE COMPTE ***

30/12/95

PAGE 190

DATE OPE	CD OP	LIBELLE				DATE VAL.	S	MONTANT	LOT	SOLDE CREDITEUR
1/12/95	RCH	RETRAIT CHQ N.	FV	0116191		1/12/95	D	40.000-	AA	3.303.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116111		1/12/95	D	20.000-	AA	3.313.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116212		1/12/95	D	40.000-	AA	3.273.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116120		1/12/95	D	40.000-	AA	3.233.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116010		1/12/95	D	40.000-	AA	3.263.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116217		1/12/95	D	50.000-	AA	3.223.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116019		1/12/95	D	40.000-	AA	3.183.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116236		1/12/95	D	40.000-	AA	3.143.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116044		1/12/95	D	40.000-	AA	3.103.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116221		1/12/95	D	30.000-	AA	3.073.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116104		1/12/95	D	60.000-	AA	3.013.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116107		1/12/95	D	10.000-	AA	2.983.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116133		1/12/95	D	20.000-	AA	2.963.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116122		1/12/95	D	10.000-	AA	2.953.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116413		1/12/95	D	30.000-	AA	2.923.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116031		1/12/95	D	30.000-	AA	2.893.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116016		1/12/95	D	30.000-	AA	2.863.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116030		1/12/95	D	10.000-	AA	2.853.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116017		1/12/95	D	30.000-	AA	2.823.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116012		1/12/95	D	60.000-	AA	2.763.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116937		1/12/95	D	16.000-	AA	2.723.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116914		1/12/95	D	10.000-	AA	2.713.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116916		1/12/95	D	60.000-	AA	2.653.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116621		1/12/95	D	30.000-	AA	2.623.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116925		1/12/95	D	60.000-	AA	2.563.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116005		1/12/95	D	60.000-	AA	2.503.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116901		1/12/95	D	70.000-	AA	2.433.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116145		1/12/95	D	30.000-	AA	2.403.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116111		1/12/95	D	60.000-	AC	2.343.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116115		1/12/95	D	15.000-	AC	2.328.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116037		1/12/95	D	40.000-	AC	2.288.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116118		1/12/95	D	10.000-	AC	2.278.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116126		1/12/95	D	40.000-	AC	2.238.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116128		1/12/95	D	70.000-	AC	2.168.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116006		1/12/95	D	70.000-	AC	2.098.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116128		1/12/95	D	160.000-	AC	1.938.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116737		1/12/95	D	10.000-	AC	1.928.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116971		1/12/95	D	60.000-	AC	1.868.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116001		1/12/95	D	50.000-	AC	1.818.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116902		1/12/95	D	50.000-	AC	1.768.693
1/12/95	RCG	CHQ BUCHET N.	01177			1/12/95	D	30.000-	AC	1.738.693
1/12/95	RCH	RETRAIT CHQ N.				1/12/95	D	200.000-	AC	1.538.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116119		1/12/95	D	20.000-	AC	1.518.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116071		1/12/95	D	70.000-	AC	1.448.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116038		1/12/95	D	20.000-	AC	1.428.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116918		1/12/95	D	40.000-	AC	1.388.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116011		1/12/95	D	40.000-	AC	1.348.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116121		1/12/95	D	50.000-	AC	1.298.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116002		1/12/95	D	40.000-	AC	1.258.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116906		1/12/95	D	50.000-	AE	1.208.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116907		1/12/95	D	40.000-	AG	1.168.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116009		1/12/95	D	40.000-	AG	1.128.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116129		1/12/95	D	40.000-	AH	1.088.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116119		1/12/95	D	70.000-	AH	1.018.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116112		1/12/95	D	40.000-	AH	978.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116023		1/12/95	D	60.000-	AH	918.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116930		1/12/95	D	70.000-	AH	848.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116029		1/12/95	D	60.000-	AH	788.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116047		1/12/95	D	20.000-	AH	768.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116932		1/12/95	D	30.000-	AH	738.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116101		1/12/95	D	30.000-	AH	708.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116112		1/12/95	D	40.000-	AH	668.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116035		1/12/95	D	40.000-	AH	628.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116931		1/12/95	D	200.000-	AH	428.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116911		1/12/95	D	20.000-	AH	408.693
1/12/95	CHQ	CHEQUE N.	FV	0116111		1/12/95	D	60.000-	AH	348.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116117		1/12/95	D	90.000-	CH	258.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116914		1/12/95	D	30.000-	AS	228.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116114		1/12/95	D	15.000-	AS	213.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116113		1/12/95	D	25.000-	AS	188.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116117		1/12/95	D	40.000-	AS	148.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116106		1/12/95	D	10.000-	AS	138.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116111		1/12/95	D	20.000-	AS	118.693
1/12/95	CHQ	CHEQUE N.	FV	0116527		1/12/95	D	50.000-	AR	81.693
1/12/95	CHQ	CHEQUE N.	FV	0116901		1/12/95	D	30.000-	CH	51.693
1/12/95	CHQ	CHEQUE N.	FV	0116708		1/12/95	D	30.000-	CH	21.693
1/12/95	RCH	RETRAIT CHQ N.	FV	0116037		1/12/95	D	60.000-	CH	22.307-
1/12/95	RCH	RETRAIT CHQ N.	FV	0116925		1/12/95	D	10.000-	AB	32.307-
[illegible]	RCH	RETRAIT CHQ N.	FV	[illegible]		[illegible]	D	60.000-	AB	92.307-

Annexe n° (3)

Annexure "H" (4)

Annexure "H" (4

Annexure "I" (1)

Maxime CARLOT KORMAN
Ancien Député de Port Vila
Port Vila MP

Rue André Colardeau
Port Vila, République de Vanuatu
Sac postal privé 052 - PMB 052 (V
Téléphone : (678) 22779
Fax : (678) 24930

A Madame M. N. Ferrieux PATTERSON
Médiateur de la République
Port Vila . VANUATU

FAX 25.2.98

Objet : Enquête sur mes Affaires Privées.

Références : Votre Document Reçu du 4 Fév.

Madame le Médiateur

Je suis surpris de voir la production d'un rapport par votre Bureau sur l'ensemble de mes comptes personnels bancaires. La loi sur les Fonctions du Médiateur même (si elle n'existe plus juridiquement) ne vous permet pas d'enquêter sur les affaires privées du Gouvernement et surtout d'une personnes ou d'un individu, à moins d'obtenir de la Cour de Justice un ordre officiel délivré afin d'obtenir des informations nécessaires à votre Bureau pour la Cour.

Annexure "I" (2)

d'un Rapport.

Je considère donc notre rapport comme une atteinte au droit et à la vie d'un individu (citoyen) de la République. Je le qualifie d'illégal et d'anticonstitutionnel.

Je vous prie de croire Madame le Médiateur à mes Respects.

c.c. Monsieur le Directeur de la Banque d'Haïti MOTIS and Associates.

Annexure "J"

Banque d'Hawaii (Vanuatu) Ltd.
P.O. Box 29 - Kumul Highway - Port Vila - Vanuatu

Payez contre ce chèque
Pay against this cheque

Vt

Somme en lettres - Amount in words

à l'ordre de
To

Nom du bénéficiaire - Name of beneficiary

PAYABLE
BANQUE D'HAWAII
(VANUATU) LTD
PORT VILA

MR CARLOT MAXIME
SECOURS DETSY
VT 20536 201 74

le 06/01/1994

Annexure "K" 01

ANALYSIS OF MR KORMAN'S INCOME FOR 1995 - A/C NO. 19400201 76

DATE	NARATION / DETAILS	AMOUNT (VT)
13.1.95	VIREMENT ORDR. CDC USD	557.400
23.1.95	VIREMENT ORDR. CPT 10536.	700.000
6.2.95	REMBRST DAT 95 00022 DA	1.477.671
9.2.95	NOTRE ACHAT BB USD	391.370
16.2.95	VIREMENT ORDR. CPT USD	1.127.400
16.2.95	ANNUL. TT G/ 94-672.	35.473
24.2.95	VIREMENT ORDR. TAP/USD	451.800
7.3.95	REMBRST DAT 22 00095 DA	1.503.946
9.3.95	NOTRE ACHAT BB USD	994.770
5.4.95	VIREMENT ORDR. CDC USD	774.270
7.4.95	INTERET DAT N. 95 00022 DA	6.496
7.4.95	REMBST DAT 95 00022 DA	1.529.715
26.4.95	TRF. TELEG. ORD. VOUS-MEMES	604.291
27.4.95	NOTRE ACHAT BB AUD	457.938
24.5.95	VIREMENT ORDR. TAP AUD	1.218.000
6.6.95	VERST CHQ/AUTRE BQUES LOC.	2.000.000
8.6.95	REMBRST DAT 95 00022 DA	1.569.247
27.6.95	CHQ CHEQUE N. PV 0670858	8.000
27.6.95	VERSEMENT ESPECES	250.000
30.6.95	INST. PERM. FAV. CARLOT A.	26.100
7.7.95	NOTRE ACHAT BB USD	1.000.530
19.7.95	VERSEMENT ESPECES	1.000.000
1.8.95	TRF. TELEG. ORD. ZBINDEN E.	150.000
11.8.95	VERSEMENT ESPECES	400.000
30.8.95	VIRT D'ORDRE GOUVERNMENT	503.639
4.9.95	VIREMENT ORDR. ZBINDEN E.	150.000
4.9.95	NOTRE ACHAT BB USD	1.117.700
4.9.95	NOTRE ACHAT BB AUD	224.127
19.9.95	VERSEMENT ESPECES	2.000.000
2.10.95	VIREMENT ORDR. ZBINDEN	150.000
6.10.95	VIREMENT ORDR. CPT VT 20536	3.139.054
9.10.95	VIREMENT ORDR. CARLOT M.	1.565.887
13.10.95	VERSEMENT ESPECES	1.000.000
30.10.95	NOTRE ACHAT BB USD	552.150
31.10.95	VERST CHQ/ AUTRES BQUES LOC.	1.295.979
3.11.95	VIREMENT ORDR. ZBINDEN E.	150.000
7.11.95	CHQ CHEQUE N. PV 0695187	630.000
14.11.95	VCG VERST CHQ BQS G. VASARIS	4.500.000
4.12.95	VIREMENT ORDR. ZBINDEN E.	150.000
8.12.95	VERSEMENT ESPECES	956.250
15.12.95	NOTRE ACHAT BB FF	2.258.000
15.12.95	REMBRST DAT 49 00430 DA	1.046.859
18.12.95	VIREMENT ORDR. VOUS MEMES	341.272
TOTAL EXTRA INCOME IN 1995		39.985.334

Annexe "K" 12

CREDIT

DATE 25/11/86

M Carlot (BETSY M/C)

N° DE COMPTE

DATE VALEUR

DEVISE MONTANT

108.84 VT 1197240

A. BB US$ 10UX110. 11000,00.

BANQUE NATIONALE

Code Op.

☑ ABB LIBELLE CES

☐ LIB

BV FRIBOURG — REF. 86 1 70

Annexure "K" (3)

CREDIT

DATE 5 . 8 . 96

Mr Mohamed Cassim
Bolsey Pte.

DEVISE	MONTANT
MT	184600

21.88

N° DE COMPTE	DATE VALEUR
1 [illegible]	

Acheat BB FF 20000.-

	Code Op.	LIBELLÉ
☑	ABB	FF
☐	LIB	

Annexure "L"

ANALYSIS OF MR KORMAN'S INCOME FOR 1996 - A/C NO. 19400201 76

DATE	NARATION / DETAILS	AMOUNT (VT)
2.1.96	TRF. TELEG. ORD. MASCOT H. INC	4.055.572
5.1.96	VIREMENT ORDR. ZBINDEN E	150.000
9.1.96	TRF. TELEG. ORD. MASCOT HLDG	673.489
30.1.96	VIREMENT ORDR. TAP/MAXIME C	1.242.973
5.2.96	VIREMENT ORDR. ZBINDEN E/B.	150.000
26.2.96	VERST CHQ/AUTRES BQUES LOC.	422.125
27.2.96	TTF / MASCOT H. INC.	1.674.820
8.3.96	VIREMENT ORDR. ZBINDEN E	150.000
21.3.96	TT O/MASCOT HOLDINGS INC.	441.263
25.3.96	VERSEMENT ESPECES	250.000
3.4.96	VERST CHQ/AUTRES BQUES LOC.	150.000
26.4.96	VIREMENT ORDR. TAP.	1.099.116
29.4.96	VIREMENT ORDR. ZBINDEN E.	150.000
13.5.96	NOTRE ACHAT BB USD	914.175
24.5.96	O/PNC. NEA	1.000.000
3.6.961	VIREMENT ORDR. ZBINDEN	150.000
17.6.96	VERSEMENT CHEQUE EN DEVISE	323.890
12.7.96	VERST CHQ / AUTRES BQUES LOC.	680.000
1.8.96	NOTRE ACHAT BB USD	327.500
5.8.96	NOTRE ACHAT BB FF	656.400
21.8.96	NOTRE ACHAT BB FF	644.100
27.8.96	VERSEMENT ESPESCES	600.000
4.9.96	REJET CHEQUE N. 158220	150.000
25.9.96	REJET CHEQUE N. 158205	3.000
27.9.96	NOTRE ACHAT BB USD	1.197.240
14.10.96	NOTRE ACHAT BB FF	1.684.000
8.11.96	VERSEMENT CHQ / BQ D'HAWAII V	400.000
8.11.96	REJET CHEQUE N. 352575	300.000
8.11.96	VERSEMENT ESPECES	100.000
11.11.96	VERSEMENT ESPECES	150.000
12.11.96	VERST CHQ / AUTRES BQUES LOC.	1.747
19.11.96	REJET CHEQUE N. 352587	18.000
21.11.96	REJET CHEQUE N. 352592	15.000
3.12.96	REJET CHEQUE N. 352590	15.000
10.12.96	REMB. OF 95 22	174.181
17.12.96	VERSEMENT CHQ / BQ D'HAWAII V	12.247
20.12.96	VIRT D'ORDRE GOUVERNEMENT	165.738
TOTAL EXTRA INCOME IN 1996		20.294.676

Annexure "L" (2)

DEBIT

DATE 30/01/96

TAP /CARLOT MAXIME USD 03311 381 23

6

M.ME MAXIME CARLOT/AGNES VT 19400 201 76

USD 10 942.63 113.59

Devise	Montant
VT	1 242 973

1 242 973

VIREMENT O/TAP/CARLOT MAXIME F/ M.ME MAXIME CARLOT /AGNES

Code de VIF MAXIME C./A.

L / S

VIF TAP/ MAXIME C.AE

USD

Operation de change DATE VT 0 9 3 0 2 9 3 0 0 5

REPUBLIC OF VANUATU

OFFICE OF THE OMBUDSMAN

PUBLIC REPORT

ON THE

BREACH OF THE LEADERSHIP CODE

AND

MISUSE OF CYCLONE BETSY ACCOUNT

BY THE

FORMER PRIME MINISTER OF VANUATU

MR MAXIME CARLOT KORMAN

26 February 1998

06/98

PUBLIC REPORT ON THE BREACH OF THE LEADERSHIP CODE AND THE MISUSE OF THE CYCLONE BETSY ACCOUNT BY FORMER PRIME MINISTER MR MAXIME CARLOT KORMAN

TABLE OF CONTENTS

PREAMBLE

"Were they ashamed when they had committed abomination ? Nay, Nay, they were not ashamed, neither could they blush ; therefore shall they fall amongst those that fall. "I will surely consume them" saith the Lord " Jeremiah 8 vs 12 & 13

1 CASE NUMBER

Case 8211

2 THE COMPLAINANT

2.1 This is an Own Initiative investigation done under section 14(1)(d) of the Ombudsman Act No14 of 1995. The investigation was initiated after an article was published by Trading Post Newspaper on 20 July 1996.

3 COMPLAINT AGAINST

3.1 Mr Maxime Carlot Korman (**"Mr Korman"**) former Prime Minister

4 THE COMPLAINT

4.1 During the term of his Government from 1991 to 1995, Mr Korman opened an account with Banque d'Hawaii allegedly to be used for disaster relief stemming from Cyclone Betsy. The account was named **Carlot Maxime (Comité Secours Cyclone Betsy)**. It is alleged that he had used this account as a personal account and had misused the account for his own and/or his party's interest.

5 SUMMARY OF INVESTIGATION

5.1 The investigation into the operation of the account of Cyclone Betsy (**"Betsy Account"**) revealed that Maxime Carlot Korman (**"Mr Korman"**) is unwilling to distinguish between the funds which belong to the people of Vanuatu and those funds which are his own.

5.2 It is evident that the Cyclone Betsy account was used by Mr Korman to disguise funds received by him for transactions he did not want people to know about and thought they may be hidden behind an account with a "social name".

5.3 It strongly appears that Mr Korman used the account to disguise the payments to persons for votes in the November 1995 elections.