

Muhamed Sacirbegovic refuses to return to BiH and comply with investigation

Former Bosnian U.N. Envoy Accused of Financial Fraud

Sacirbey Denies Wrongdoing in Postwar Chaos

SARAJEVO, Bosnia – Financial police in Bosnia have leveled detailed accusations of economic fraud against the man who was the government's spokesman to the world during the 1992-95 Bosnian war.

Muhamed Sacirbey, the former U.N. ambassador and foreign minister, is at the center of an investigation in which Bosnian auditors looked at the books of the country's U.N. mission in New York and concluded that \$610,982 in government funds had disappeared last year, officials here said.

The auditors also concluded that "fictitious bookkeeping" was used to hide what happened so that Sacirbey could try to pay it back.

In a telephone interview, Sacirbey denied wrongdoing, saying that because of the difficulties of governing in postwar chaos, money was sometimes moved without full authorization but was always spent on official Bosnian government business. "Nowhere did I profit personally," he said.

Sacirbey, who holds both U.S. and Bosnian citizenship, was a frequent presence on American television news during the war, speaking eloquently of the suffering of Bosnian Muslims at the hands of Serb paramilitary forces and helping to raise foreign donations. He was replaced as U.N. ambassador in December after a change of government in Bosnia, and now works for ICN Pharmaceuticals Inc. in New York.

Authorities in Bosnia have not accepted his explanations. The financial police concluded that some of the missing funds were transferred to Sacirbey's personal bank account at Chase Manhattan Bank in New York. When confronted, he provided a "confused and contradictory" explanation of the transfers, according to a copy of the audit.

The diverted funds included more than \$90,000 meant to help improve the capability of Bosnian Muslim soldiers through a U.S.-administered program known as "Train and Equip," according to the audit. The funds – which Sacirbey says did not come from foreign donors – were deposited in Sacirbey's personal account and later withdrawn as cash, it states.

"In the first moment, I did not believe it was true," Zlatko Lagumdzija, Bosnia's current foreign minister and, like Sacirbey, a Muslim, said in an interview about the fraud allegations. But after reviewing the audit, "the evidence was so obvious," he said, and now "we are waiting for the prosecutor to do his job."

Sacirbey said the allegations were the government's revenge for his public criticism of its policies. He denied that any funds were deposited into his own account, and said he resented "being held accountable to a system I was not accountable to when I was asked to do this job."

Sacirbey said that sometimes he paid bills that the Foreign Ministry had insincerely promised to pay, and that he also was sometimes ordered to spend money "in a convoluted way" to circumvent opposition from the ethnic Croat and Serb officials who shared authority in Bosnia's multi-ethnic government.

In Bosnia, the allegations swirling around Sacirbey have impugned the reputation of the Party for Democratic Action, which controlled the Muslim-dominated territory of this ethnically divided country and many of its embassies from 1992 until the party was ousted by a Western-backed coalition in

elections last fall.

Bosnia's current prime minister, Alijah Behmen, said in an interview that it was "really certain that the money disappeared" at the mission in New York.

In an undated letter to former Bosnian president Alija Izetbegovic after the audit, Sacirbey acknowledged using \$609,253 from consular fees collected at the mission to pay expenses not approved by the Foreign Ministry. He also said, "Mr. President I remind you that for these expenses I could not, nor was I allowed, to ask the consent from anyone but you."

Izetbegovic tartly replied in a letter that Sacirbey's explanations were "absolutely unacceptable" and denied approving Sacirbey's claimed payments of \$292,000 in cash to lawyers representing Bosnia at the International Court of Justice in The Hague – payments for which the auditors said Sacirbey never presented receipts.

"Funds could have been approved" for the lawyers through normal channels, Izetbegovic said in the letter. "However, the approval for it should have been requested in due time and well documented." He said Sacirbey should "come to Sarajevo immediately" and "bring documents."

Sacirbey said in the interview that "I don't really have any reason to go back" and doubted he would get a fair hearing.

The U.N. mission funded its operations partly from the Foreign Ministry's budget and partly with revenue from consular fees, which totaled roughly \$1.3 million in 2000. But hundreds of thousands of dollars from such fees were never deposited into embassy accounts, according to the audit.

The mission spent much more than the Foreign Ministry had approved for its employees' vacation pay, travel expenses, child care, apartment and automobile rentals, advertising and

entertainment, the auditors said.

In particular, the auditors said that last October, shortly before Sacirbey's party lost power, the Foreign Ministry dispatched an accountant to New York to alter records of sizable, unreturned travel advances given to Sacirbey. The accountant explained at the time that the changes were "of a temporary nature . . . to give the ambassador more time to pay back the money," according to a written statement by Ajisa Dervisevic, a cashier at the mission.

In his undated letter, Sacirbey said that he not only made unapproved payments for Bosnia's lawsuit against Yugoslavia at The Hague, but traveled there repeatedly between 1998 and 2000 at a total cost of \$112,000. The auditors rejected this claim, noting that "there were no major activities concerning this lawsuit in 2000" and that Sacirbey had not presented evidence to back up his claims.