

Status update on the Directorate for Strategic Reserves of Sarajevo, better known as DDDR

As you recall, DDDR was a RBiH state institution which purchased and stored strategic goods for use during war or national emergencies and also to stabilize prices through market intervention.

In October of 1997 DDDR was the subject of a CAFAO report which was critical of the continued existence and operation of DDDR, as it's authorization was based on former Republic law. Following the CAFAO report, the High Representative called for the immediate closure and dissolution of DDDR.

DDRR, which halted all operations in February of this year, has since been the subject of an investigation by the Financial Police. OHR has carefully reviewed the reports from the Financial Police and has undertaken it's own review of the DDDR's operations.

Based on these reviews, it is clear that DDDR was operating under an invalid law, and while not condoning it's continued existence, it further appears that DDDR operations were within the guidelines of it's prior authorization. It's continued operation was therefore illegal in the sense that it had no current legal basis authorizing it's existence.

Concerning the case of Mr. Mirsad Kurtovic, former Director of DDDR, we found no evidence that he authorized any activity outside of DDDR's original authority. In addition, none of the inquiries found any evidence that Mr. Kurtovic acted improperly or personally benefited from his position as Director of DDDR. Therefore, we consider that the former

accusations against Mr. Kurtovic for personal corruption are unfounded and false.

As for the future of DDDR, at this point OHR is exploring the possibility of initiating a formal liquidation and distributing the remaining assets to the liquidation estate of the National Bank, in order to help reduce the deficiency in that liquidation. Prior to making that decision, however, we are in the process of reviewing additional documents regarding DDDR's financial status.