

From: kahudes@aol.com
To: patricia.obrien@dfa.ie
Cc: agibbs@imf.org; csergeant@imf.org; n.m.blokker@law.leidenuniv.nl
Sent: Thu, 14 Aug 2008 6:35 pm
Subject: World Bank

Dear Ms. O'Brien,

Congratulations on your appointment as Legal Adviser to the United Nations. On assuming your post, I hope that you will join colleagues from UNIFEM, UNDP, the OECD, and the Library of Congress in a project that I co-chair for the American Bar Association to implement the Paris Declaration with information on the internet concerning gender law reform projects. I also hope to be reinstated at the World Bank in order to collaborate on a global rule of law project involving the general counsels of international institutions.

Aaron Broches, the longest serving General Counsel of the World Bank, and one of the authors of its Articles of Agreement, was my mentor. OLAF advised me in the attached email correspondence to inform members of the World Bank that the largest shareholder had breached the provisions of the Articles maintaining the multilateral governance structure of the World Bank. Staff members intrepid enough to inform the Board of information necessary for them to carry out their oversight function were being retaliated against by the World Bank's own Institutional Integrity Department. I have informed the US Congress of this unfortunate abuse of authority, and an inquiry by the US Government Accountability Office, requested by three US Senators, is now ongoing.

I have been urging the UK Board members for some time to assist in the prompt resolution by the World Bank's Board of Executive Directors of these governance issues because this affects the legitimacy and sustainability of the World Bank, as well as world public order. At the current time, the World Bank's Appeals Committee and its Administrative Tribunal are only exacerbating the situation. The members of the Committee on Multilateralism and Accountability of International Organizations of the International Law Association, American Branch, are also working to resolve this problem.

Sincerely,
Karen Hudes



"Sieben, RJ"
 <rj.sieben@minbuza.nl>

Subject: follow-up today's telephone conversation

>
 01/13/2005 10:07 AM

Dear Ms. Hudes,

Following-up on our telephone conversation of this morning, I can inform you that Mr Stek has had contact with my colleague, Ms. van Eerten. Mr. Stek confirmed that he had had a meeting with Mr. Wolfensohn and yourself, at which occasion Mr. Wolfensohn promised an independant legal investigation into your allegations of misconduct of Bank matters.

At this juncture, it is difficult for us to assess the veracity of your allegations and, under these circumstances, it will also be difficult for us to assess whether dismissal from the Bank is a retaliation for whistle blowing or a result of regular staff management procedures. It should be clear that we would consider your dismissal unjust and counterproductive should it merely be a retaliation for whistle blowing.

We feel that your allegations should be put on the agenda of the Bank's Audit Committee and be discussed there. We requested our constituency office to be represented at such a meeting.

Yours sincerely,
 Robert-Jan Sieben

Ministry of Foreign Affairs
 International Financial Institutions Division
 Tel: +31-70-348 5044
 Fax: +31-70-348 4803

Disclaimer Ministerie van Buitenlandse Zaken:

De informatie verzonden met dit e-mailbericht is uitsluitend bestemd voor de geadresseerde. Gebruik door onbevoegden, openbaarmaking of vermenigvuldiging is verboden. De afzender is niet aansprakelijk in geval van onjuiste overbrenging van het e-mailbericht en/of bij ontijdige ontvangst daarvan.

Disclaimer Ministry of Foreign Affairs of the Netherlands:

The information transmitted is intended only for the person or entity to whom or which it is addressed. Unauthorised use, disclosure or copying is strictly prohibited. The sender accepts no liability for the improper transmission of this communication nor for any delay in its receipt.

To: "Khudes@Worldbank.Org" <Khudes@Worldbank.Org>
 cc: "Jwaslander@Worldbank.Org" <Jwaslander@Worldbank.Org>
 "Pieter_Stek@Yahoo.Com" <Pieter_Stek@Yahoo.Com>
 "Blokker, Niels" <Niels.Blokker@Minbuza.Nl>
 "Bus, Riny" <Riny.Bus@Minbuza.Nl>

Re: Multilateralism and Governance at the World Bank
From: kahudes@aol.com
To: Franz.Bruener@ec.europa.eu; Paul-Lachal.ROBERTS@ec.europa.eu
Date: Sun, 3 Aug 2008 1:12 pm

Dear Messrs. Bruener and Roberts,

At the suggestion of Ms. Geraldine Du Fort, I am updating you on the governance crisis at the World Bank. I have informed Professor Ruth Wedgwood, a legal advisor to the current US administration who is also a member of the Committee which I chair on Multilateralism and Accountability of International Organizations of the International Law Association's American Branch, of my disclosures to oversight authorities in the US Congress. I have also informed the US Government Accountability Office of ongoing internal control lapses at the World Bank arising from the malfunctioning of the World Bank's conflict resolution system.

Sincerely,
Karen Hudes

RE: German ED Office and ILW October 18th 2008
From: Sabine Schlemmer-Schulte <sschlemmerschulte@PACIFIC.EDU>
To: kahudes@aol.com
Date: Tue, 5 Aug 2008 9:14 pm
Dear Karen,

Thanks for the background details on the recent decision by the Bank's President to separate the Bank's General Counsel from the ICSID SG position. Tactics obviously rather than sound policy goal.

As to the German ED's position on your reinstatement, I am afraid that, after all of what I got from them in terms of feedback, the most you could say is that they support corrections of wrong managerial decisions in principle similar to their support in favor of changes in internal policies that retaliate against honest staff detecting corruption as opposed to rewarding them.

My sincere compliments on your not giving in for the sake of reforming the institution and waking in- and outsiders up.

Sabine

-----Original Message-----

RE: German ED Office and ILW October 18th 2008
From: kahudes@aol.com
To: sschlemmerschulte@PACIFIC.EDU
Date: Tue, 5 Aug 2008 5:33 am
Sabine,

I'm so glad you can make it for the panel. Your presence is extremely important because you have so much insight into the issues not only from the European perspective, but also because of your mastery of all of the issues and membership on the original ILA panel on accountability of international organizations.

Maybe at some point it makes sense to separate the ICSID Secretary General function from that of General Counsel, but not now, and not in this way. Whitney Debevoise, the US ED, was a lawyer with an active ICSID practice. Whitney was instrumental in the firing of Roberto Danino because Roberto had a brown bag lunch for counsel to Peru on a controversial ICSID arbitration in which Whitney was counsel to the expropriated investors. Whitney used to live two houses away from me; he sold his house to Suzanne Folsom.

At the farewell lunch for Antonio Parra, Whitney complained to me about the brown bag lunch, and I suggested he call Suzanne. After Roberto Danino²⁰left, he asked David Freestone to read me an angry letter that he had written, threatening me with a lawsuit for slander. Now with Nassib Ziade (who was rewarded for admitting tampered documentation in my case when he was Executive Secretary on the Administrative Tribunal) as Deputy, and Whitney pulling strings on the hiring of ICSID's Secretary General before he returns to his lucrative practice, is not the time or way to separate the ICSID S.G. function. Maybe later, after governance issues are resolved, and the human resources function at the World Bank is given true independence and professionalism. Right now, the Human Resources function is a travesty.

The executive search firm selected to hire the ICSID Secretary General was the firm who advised the World Bank whether there was a Sarbanes Oxley problem after they interviewed me for General Counsel in 2006. Obviously, they now have an incentive to keep their mouth shut about their advice on the governance matters. I think the logical step is to ask Russell Reynolds to replace Ziade and not the Secretary General.

The US Congress called the Treasury Department to ask for my reinstatement, but Treasury told them that there was no support on the Board for this. I plan to go in to the Bank and Congress tomorrow morning. Can I inform Congress to tell Treasury that the Germans are in favor of my reinstatement? I have asked the Audit Committee to remove my case from the Appeals Committee, which is a total kangaroo court.

Take care,

Karen

-----Original Message-----

From: kahudes@aol.com

To: Ken.Cummings@mail.house.gov

Sent: Wed, 18 Jun 2008 7:42 am

Subject: Re: Follow Up on Meeting at Dutch Embassy

Ken,

I learned that Robert Zoellick has offered to travel to The Hague to participate in a two day conference July 11 & 12 on World Bank priorities that will include a discussion on governance. Perhaps someone from Congress needs to be included in the discussions so that you will get an accurate picture?

One thing is clear: if the US loses the presidency of the World Bank as the European Commission warned in their April statement at the Spring Meetings, we will not

appreciate the diminished role of the Board that the US has engineered. The whistleblower policy now prevents staff from reporting misconduct to the Board and insulates the Board from oversight of the Institutional Integrity Department.

I have forwarded the attached email to GAO on my case. The World Bank's internal controls will remain defective until whistleblowers know that there is adequate protection in place.

I hope to be able to let you know about Germany's position before I leave for Europe on Saturday. I will be back in mid-July.

Best, Karen

-----Original Message-----

From: kahudes@aol.com

To: fraudnet@gao.gov

Sent: Mon, 16 Jun 2008 4:41 am

Subject: World Bank

Senators Leahy, Lugar and Bayh have requested GAO to audit the World Bank's effectiveness. The World Bank's whistleblower policy does not address internal control deficiencies in its conflict resolution system and is not in accord with US law. Staff will not report fraud, waste, abuse, or mismanagement of federal funds from fear of retaliation, as amply demonstrated by the attached.

Sincerely,

Karen Hudes

Chair,

Committee on Multilateralism and Accountability of International Organizations

American Branch of the International Law Association

5203 Falmouth Road

Bethesda, MD 20816

202 316 0684

RE: World Bank Governance

From: kahudes@aol.com

To: Paul-Lachal.ROBERTS@ec.europa.eu

Cc: Franz.Bruener@ec.europa.eu; emilysbolton@gmail.com

Date: Sun, 30 Mar 2008 10:40 am

Dear Mr. Roberts,

Thank you for your email concerning governance issues at the World Bank, which I received 3/30/2008 at 10:00 a.m. EST. As you are aware, the recommendation of the Volcker Panel that the Institutional Integrity Department ("INT") no longer be given responsibility for investigating whistleblower retaliation cases was not followed. Staff currently have the right to report misconduct directly to multiple authorities within the World Bank, including the Board. Instead, under the proposed whistleblower protection policy, staff "generally should" report suspected misconduct either to their managers or to INT.

On February 26, I asked the members of the Board's Committee on Development Effectiveness, in the attached email, whether in view of INT's unfortunate reputation for harassing whistleblowers, staff should be prevented from reporting directly to CODE and whether INT's proposed advisory board would overlap the responsibilities envisaged for the Advisory Council established pursuant to Article V, Section 6 of the Bank's Articles.

Ten years ago when I was a member of the Human Resources taskforce under the Strategic Compact with the Board, I proposed reforms to increase accountability and transparency at the World Bank. At that time, I counseled that change efforts succeed only when 75% of management is ultimately convinced that the status quo is unacceptable (Email dated June 1, 1998 to Robert Drysdale, Katherine Tyler, and Alberto Bazzan). The Human Resources Vice Presidency did not follow its institutional mandate to promote increased transparency and accountability. Instead, HRS is part and parcel of a deficient control environment in the World Bank, documented fully by the institutional cover-up on the Philippines Banking Sector Reform Loan.

Pieter Stek, the former Dutch Executive Director, Chair of the Board's Audit Committee and Committee on Development Effectiveness, described my case as follows:

Karen has bitten into a case of failure of the Bank, harm to a country, cover-up, failure of evaluation, failure of controls, and threatening failure of the Board (Audit Committee) to take up the issue. The corollary is not hard to envisage: the Bank runs the risk of being caught with its pants down (in an area where it is lecturing the developing world on how to dress) and the whistleblower (who has not whistled in public) is at imminent risk of being dismissed, due to failure of the checks and balances in the Bank meant to protect individuals (the Integrity Directorate, the Ombudsman, the Tribunal, President (Email dated February 23, 2005, forwarded February 16, 2007 to Vincenzo La Via, Chief Financial Officer, and FayeZoul Choudhury, Controller)

Last week, I asked various US Congressional committees charged with oversight of the World Bank whether it would be appropriate for the US Government Accountability Office to assist the Independent Evaluation Group in the evaluation of the World Bank's internal controls. On March 26, 2008 Ms. Michele Sumilas of the House Appropriations Committee met with Mr. Tom Melito of the US Government Accountability Office to review this question. Mr. Chris Armstrong of the Senate Finance Committee is also considering this question.

In light of OLAF's familiarity with the deficient control environment at the World Bank, I wonder whether OLAF would care to assist in helping to formulate appropriate terms of reference for the proper diagnosis of requirements for whistleblower protection, HRS and INT independence.

Best, Karen Hudes

-----Original Message-----

From: Paul-Lachal.ROBERTS@ec.europa.eu

To: kahudes@aol.com

Cc: Franz.Bruener@ec.europa.eu; emilysbolton@gmail.com

Sent: Sat, 29 Mar 2008 2:08 pm

Subject: RE: World Bank Governance

Dear Ms. Hudes,

Thank you for your e mail. I recall your raising some of these issues with me when we met. I regret that you have found the work of the Volcker Panel deficient. As I advised you when we met, the ambit of the Panel's review was prescribed by the terms of reference under which it was

established. The Panel adhered to those terms of reference. My role as Counsel to the Panel came to an end shortly after the report was presented to the President, in September last year.

OLAF is part of the institutions of the European Union. Its existence, mandate and functioning is established and supervised by the laws of the European Union. These do not, to the best of my knowledge extend to having legal competence to pursue the grievances you raise.

You ask that OLAF inform member governments about what you see as a crisis in governance at the bank. My Director General and I met with a number of European Executive Directors of the World Bank a few weeks ago to discuss the Volcker Panel report. At the meeting there was also discussion about governance issues. My impression was that the European Executive Directors are well apprised of all relevant issues at the Bank and no further comment by OLAF is warranted even if it was within our legal competence.

Yours sincerely

Paul Lachal Roberts
Adviser to the Director General
European Anti Fraud Office (OLAF)
European Commission
Brussels

-----Original Message-----

From: kahudes@aol.com

To: jzou@worldbank.org; mketsela@worldbank.org; jfamiliar@worldbank.org; jhagan@worldbank.org; gmainoni@worldbank.org; tshikibu@worldbank.org; swatson1@worldbank.org; hwijffels@worldbank.org

Sent: Tue, 26 Feb 2008 10:43 am

Subject: RE: CODE's Oversight Responsibility for Accurate Evaluations and Reporting of Supervision Mistakes

To the Members of the Board Committee on Development Effectiveness:

The Committee on Development Effectiveness is required to satisfy itself that the Bank Group's operations evaluation and self-evaluation activities are adequate and efficient. It is now proposed that staff should be prevented from reporting misconduct on evaluations to the members of CODE to enable them to carry out their oversight responsibilities. Instead, the proposed whistleblower policy directs staff to report cover-ups on evaluations to the Department of Institutional Integrity, ("INT").

Bank staff lack confidence in INT's independence. The Staff Association Newsletter reported in a May 2005 article entitled, *Staff Want Grievances Handled with Due Process*:

"INT has been controversial. Outside watchdog groups and staff have accused management of using INT to perform punitive investigations on scanty evidence, or of doing the reverse—calling off a warranted investigation. Victims have included staff who have revealed accounting or project facts embarrassing to managers..."

INT's report to the Board concerning the cover-up of the Bank's supervision mistakes on the Philippines Banking Sector Reform Loan was unprofessional. INT did not correct an inaccurate evaluation of the Bank's supervision mistakes on the BSRL, which resulted in a \$500 million banking failure, cancellation of \$200 million from the Bank loan, and cancellation of a similar amount from the Japanese cofinancing. Instead, INT sought to discredit me through a vicious *ad hominem* personal attack that did not address any of the issues that I had raised. Mr. Zutt has

refused my February 1, 2008 request for INT to inform the Executive Directors of INT's mistake (attached).

In September 2007 the former President of the Philippines was found guilty of plunder and ordered to repay the commissions that I had tried to prevent him from receiving for the corrupt sale of government employee pension stock in violation of the conditionality on the BSRL and the banking laws in the Philippines. The Bank's supervision performance was rated as satisfactory, and I was fired on August 1, 2007 in retaliation for reporting this internal control lapse to the Board. The Staff Association tried to inform the Administrative Tribunal that staff are intimidated from reporting misconduct as a result, but the President of the Tribunal refused to provide the Staff Association's attached statement of support to the other judges on the Tribunal.

It is now proposed to establish a three person advisory board for INT, with a secretariat in the OPCS unit. I request CODE to consider whether in view of INT's unfortunate reputation for harassing whistleblowers, staff should be prevented from reporting directly to CODE and whether INT's proposed advisory board would overlap the responsibilities envisaged for the Advisory Council established pursuant to Article V, Section 6 of the Bank's Articles.

Cover-up at the World Bank

Corporate governance scandals continue to plague the World Bank and undermine the moral authority its US leadership. As Pieter Stek, the former Dutch Executive Director at the World Bank, has put it, "the Bank runs the risk of being caught with its pants down (in an area where it is lecturing the developing world on how to dress)."

Congressional oversight of the World Bank has been ineffectual. In 1999 the Government Accountability Office began to report on corporate governance problems at the World Bank. In 2005, the Joint Economic Committee asked whether the World Bank's Board "always is in possession of accurate and timely data." The Senate Foreign Relations Committee held six hearings on transparency at the multilateral development banks. The 2006 appropriations law, enacted in response, required the World Bank to provide increased whistleblower protections.

The World Bank adopted a whistleblower policy in June, but the policy does not meet the standards in the appropriations law. Whistleblowers have no right to reinstatement or access to independent arbitration. US Congress has now requested the Government Accountability Office to investigate the World Bank's effectiveness. Meanwhile, the other 184 shareholder governments have stepped up their demands for reform of the World Bank and the way its President is selected.

Since the World Bank's establishment in 1944, there has been a "Gentleman's Agreement" that the World Bank President is a U.S. citizen and is appointed by the president of the United States. The "Gentleman's Agreement" also provides that the Managing Director of the International Monetary Fund is from western Europe and is appointed by the Europeans.

In April at the Spring Meetings of the World Bank and IMF, the Europeans renounced the Gentleman's Agreement. The IMF's Independent Evaluation Office recently evaluated the IMF's governance and recommended an end to the Gentleman's Agreement. IMF Board members, especially those from low-income countries, fear retaliation for criticizing management.

In June 2007 a coalition of World Bank Board members required Paul Wolfowitz, the former Pentagon second-in-command, to resign as President of the World Bank. Wolfowitz had arranged a generous raise for his girlfriend and World Bank employee Shaha Riza. Several Board members complained that their private lives were investigated and attempts were made to disqualify them for demanding Wolfowitz' resignation.

Karen Hudes, a whistleblower in the Legal Department of the World Bank, reported this violation of diplomatic immunities to Congress and the Treasury Department. In his first month as President of the World Bank, Robert Zoellick fired Hudes for informing the Senate Foreign Relations Committee about a continuing cover-up of critical failures in the Philippines Banking Sector Reform Loan. The purpose of the

Loan was to strengthen the banking sector in the Philippines during the East Asia financial crisis. The World Bank rated its own performance on the Loan as satisfactory despite the sale of stock in Philippines National Bank by Government employee pension funds to one of PNB's borrowers. This resulted in a bail-out of \$493 million when depositors withdrew their funds from PNB, cancellation of \$200 million from the World Bank's Loan, and cancellation of \$200 million in Japanese cofinancing. In September an anti-graft court in the Philippines required former President Joseph Ejercito Estrada to return commissions he earned from the sale of pension fund stock.

In 2005 the World Bank's Audit Committee asked the Institutional Integrity Department, (usually referred to as INT) to determine whether Hudes was being retaliated against. INT's report to the Audit Committee did not address the governance issues Hudes had raised. Instead, INT spent \$1 million investigating Hudes. When the World Bank's Board questioned INT's independence, Paul Volcker was commissioned to head an investigation of INT.

The Volcker Report was issued in September. The Volcker Panel side-stepped the governance problem raised by INT's retaliation against whistleblowers, saying that it had no mandate to report on individual cases of alleged wrongdoing. Yang-Ro Yoon, another whistleblower, reported that INT also investigated Deborah Laufer, the head of the World Bank's mediation office. Laufer's contract was not renewed, and Yoon was summarily fired.

The World Bank stonewalled the Senate Committee on Foreign Relations' repeated inquiries on the cover-up of the Philippines Banking Sector Reform Loan. At a meeting in the Netherlands on July 11, 2008, Robert Zoellick learned that it may not be as easy to put off other countries' calls for transparency and governance reforms.

REFERENCES:

The Development Committee consists of 24 members, usually Ministers of Finance or Development, who represent the World Bank and International Monetary Fund. The G-24 Communique, issued at the conclusion of the World Bank's Annual Meeting, and statements of the World Bank's shareholders are on the Development Committee's website:

<http://web.worldbank.org/WBSITE/EXTERNAL/DEVCOMMEXT/0,,menuPK:60001663~pagePK:64001141~piPK:64034162~theSitePK:277473,00.html>

The Government Accountability Office assessed the World Bank's "Status of Grievance Process Reform", GAO Report to Congressional Committees, May 1999

<http://www.gao.gov/archive/1999/ns99096.pdf>

"Important Steps Taken on Internal Control but Additional Assessments Should Be Made", GAO Report to Congressional Committees, June 2003

<http://www.gao.gov/highlights/d03366high.pdf>

Ad Melkert, Deputy Director of the United Nations Development Program, and former Dutch Executive Director at the World Bank, confirmed during a fifteen minute interview with Clair Polak on this Dutch Public Broadcast program that both his and Herman Wijffels' private lives were subjected to investigation. Attempts to discredit him were especially intense during the period of May through July, 2007.

<http://www.vpro.nl/programma/buitenhof/afleveringen/35904442/>

“In my case, there was nothing to find, but my colleagues on the Board of the World Bank were dismayed. There were definite attempts at disqualification,” said Wijffels.

<http://www.gelderlander.nl/dgbinnenland/article1874729.ece?service=print>

As Chairman of the Senate Foreign Relations Committee, Senator Lugar has been urging increased transparency at the multilateral developments banks since 2003.

<http://lugar.senate.gov/sfrc/mdb.cfm>

The Government Accountability Project, a non-profit organization founded in 1977 to protect whistleblowers, has issued a critique of the Volcker Panel's report at:

http://www.whistleblower.org/content/press_detail.cfm?press_id=1145

American Political Science Association: “The Contributions of International Politics Research to Policy”, by Randolph M. Silverson describes on page 62 a model with a 90% accuracy rate used to analyze scores of policy issues in 30 countries. This model predicted an end to the Gentleman's Agreement if the rule of law at the World Bank was not followed.

<http://www.apsanet.org/imgtest/ContributionsInternationalPolitics-Siverson.pdf>

Douglas C. Foyle, “The Convinced, The Skeptical, and the Hostile: American and World Opinion on the Bush Doctrine,” in Stanley A. Renshon and Peter Seudfeld, eds. Understanding the Bush Doctrine, 2007.)

**American Branch of the International Law Association
Committee on Multilateralism and Accountability of International Organizations**

Tim Chapman
Associate Dean for Academic Affairs
Chapman University School of Law
One University Drive
Orange, California 92866
(714) 628-2640
canova@chapman.edu

Pamela N. Epstein
2930 Lyon Street
Apartment 2
San Francisco, CA 94123
(520) 904-1482
pnelaw@msn.com

Robert Hauberg
Baker Donelson Bearman, Caldwell & Berkowitz P.C.
Lincoln Square
555 Eleventh Street, NW
6th Floor
Washington, DC 20004
(202) 508-3400
rhauberg@bkerdonelson.com

Ved Nanda
Director of the International Legal Studies Program
University of Denver
2200 S. Josephine Street
Denver, Colorado 80208
(303) 871-4912
VNanda@law.du.edu

Robert Post
Director Law and Media Program
Yale Law School
127 Wall Street
New Haven, CT 06511
Cell 203-606-2533 office 203 782 0505
robert.post@yale.edu

Shelby R. Quast
Director General
International Legal Assistance Consortium-USA
11405 Waples Mill Rd
Oakton, VA 22124
703 715 21 11
ilacusa@aol.com

Sabine Schlemmer Schulte
McGeorge School of Law
3200 Fifth Avenue
Sacramento, CA 95817
(916) 307-2924
sschlemmerschulte@pacific.edu

Ruth Wedgwood
Director of the International Law and Organizations Program
School of Advanced International Studies
1740 Massachusetts Avenue, N.W.
Washington, DC 20036-1983
202.663.5700
RWedgwood@jhu.edu

Stephen Zamora
University of Houston Law Center
100 Law Center
Houston, Texas 77204-6060
(713) 743-2100
szamora@uh.edu

Re: The New Republic Article
From: kahudes@aol.com
To: rwedgwood@jhu.edu
Date: Fri, 22 Aug 2008 5:14 am
Dear Ruth,

Bravo on your Kosovo tour de force. If you have a minute, I'd like to update you on the ABA's gender and law project, and the ILA panel on Oct. 18th.

Best,
Karen
202 316 0684
<http://www.tnr.com/politics/story.html?id=e4857127-7036-4561-9b20-4732db48433a&k=92772>

-----Original Message-----

From: Armstrong, Chris (Finance-Rep) <Chris_Armstrong@finance-rep.senate.gov>
To: Kahudes@aol.com
Sent: Mon, 18 Aug 2008 2:09 pm
Subject: Re: World Bank - Control No. 52192

I am out of the office most of today but have you on my call list - will you be home late afternoon?

Sent from BlackBerry

From: Kahudes@aol.com
To: Armstrong, Chris (Finance-Rep)
Sent: Mon Aug 18 13:50:39 2008
Subject: Re: World Bank - GAO Control No. 52192

Chris,

I will be on the Hill today, and would like to stop by. Call me at 202 316 0684 if there is a convenient time. Thanks.

Best, Karen

-----Original Message-----

From: kahudes@aol.com [<mailto:kahudes@aol.com>]
Sent: Thursday, August 07, 2008 10:24 AM
To: Armstrong, Chris (Finance-Rep)
Subject: Fwd: Re: World Bank - Control No. 52192

Dear Chris,

I really appreciate your getting back to me. I told a friend in the World Bank's human resources department about the need to reinstate me at the World Bank before the Appeals Committee finishes botching my case, and she gave me the name of the person to contact. Can we meet soon?

Here are the developments:

I met yesterday with Chad Kreikemeier, Senator Hagel's Foreign Policy Legislative Assistant. Chad asked me many good questions about the evidence to support my statements that the US has been acting like a hegemon at the World Bank and that the Europeans want to end the Gentleman's Agreement as a result.

I also stopped by to talk to Sherman Patrick at the Committee on Foreign Affairs, and I informed him verbally about the conflicts of interest in the latest mistake to separate out the function of Secretary General of ICSID from the General Counsel function at the World Bank. Tampering with the General Counsel function, and appointing Russell Reynolds, the Executive Search firm that advised the World Bank about the Sarbanes Oxley governance problems at the Bank when I was a candidate for General Counsel, to fill the ICSID Secretary General function is a frontal assault on rule of law at the World Bank.

The World Bank's Committee on Governance and Administrative Matters is required to be consulted whenever the General Counsel function is revised. This was not done.

Playing cat and mouse with these serious governance issues at the World Bank is also a security risk to the world order, as I informed Chuck Hagel when he autographed his book, "America Our Next Chapter," for me. When you get a chance for serious bedtime reading, in addition to Senator Hagel's book, take a look at "The War Presidency". This is by the group which predicted four years ago that the Gentleman's Agreement would end if the US did not stop its hegemony at the World Bank.

http://www.allacademic.com//meta/p_mla_apa_research_citation/0/7/4/2/7/pages74272/p74272-1.php

Best, Karen

From: kahudes@aol.com

To: thomas_caballero@senate.legal.gov

Cc: sherman_patrick@foreign.senate.gov

Sent: Fri, 8 Aug 2008 12:19 pm

Subject: Fwd: Re: Multilateralism and Governance at the World Bank

Dear Tom,

Thank you for taking my call. I will be in touch with Paul Clayman, Minority Chief Counsel, and Brian McKeon, Chief Counsel on the Senate Committee on Foreign Relations and see if they are prepared to help me with discovery. The Committee had previously written three times to the World Bank requesting this information, but the Bank stonewalled.

Best, Karen

-----Original Message-----

From: kahudes@aol.com

To: thomas_caballero@senate.legal.gov

Sent: Thu, 7 Aug 2008 10:15 pm

Subject: Re: Multilateralism and Governance at the World Bank

Dear Tom,

I refer to my July 17th email to you. I stopped by your office yesterday in the hope that Senate Legal Counsel can get involved in the Constitutional law issues raised by the Administration's retaliation against me for assisting the Committee on Foreign Relations in its confirmation hearings for appointment of the US Executive Director at the World Bank. On Tuesday last week I spoke to Senator Hagel about the growing rift between the US and its allies because of the US hegemony and failure to respect the multilateral governance structure at the World Bank. I have also been in touch with the aides of Senators Lugar, Leahy and Bayh, who requested a GAO inquiry into the World Bank, as well as my Senators Cardin and Mikulski.

I am forwarding email correspondence from a former colleague of mine at the World Bank who used to write all of Ibrahim Shihata's, (the former General Counsel) legal opinions.

Best, Karen

-----Original Message-----

From: kahudes@aol.com

To: Fraud@gao.gov

Sent: Fri, 1 Aug 2008 7:16 pm

Subject: Re: World Bank - Control No. 52192

Thank you for your response. When there has been retaliation against persons who have testified or assisted the US Congress to carry out its oversight responsibilities, this is contempt of Congress. My case is not a singular instance of malfunctioning of the World Bank's conflict resolution system. I believe that Senators Lugar, Leahy and Bayh would be interested in my case and that of Yang Ro Yoon because they both document systemic internal control lapses. Please see attached.

Re: Multilateralism at the World Bank - Wiki on Gender Law Reform

From: kahudes@aol.com

To: RWedgwood@jhu.edu

Date: Sun, 3 Aug 2008 8:18 am

Dear Ruth,

Are you going to the International Law Weekend in New York this October. If so, do you want to be on the panel on multilateralism?

Since you may also be interested in a wiki on gender law reform that the ABA is funding, I am also forwarding some correspondence with the various entities involved.

Best, Karen

-----Original Message-----

From: kahudes@aol.com

To: ilacusa@aol.com

Sent: Sun, 3 Aug 2008 7:38 am

Subject: Re: Paris Declaration - Wiki on Gender and Law Projects

Shelby,

It sounds like you are extremely busy. Thanks so much for the email in light of this.

As far as the WB is concerned, I think there may be some light at the end of this extremely convoluted tunnel. I had a chance to talk to Senator Hagel, who oversees the WB as ranking minority member of the subcommittee on international development, about governance problems at the WB, and Senator Hagel put me in touch with his Deputy Chief of Staff. Senator Hagel just wrote a book about the importance for the US to take a multilateral approach to foreign affairs.

The article which I referred to by Brian Efirid http://www.allacademic.com/meta/p_mla_apa_research_citation/0/7/4/2/7/pages74272/p74272-1.php says that the greatest security risk to the US is in alienating its partners by acting as a hegemon. Douglas Foyle at Wesleyan University has documented in his research covering American public opinion over the past fifteen years that roughly three quarters of the American public consistently prefer for the U.S. to act jointly with other nations in foreign affairs.

On Tuesday I hope to meet with Chris Armstrong, Senator Grassley's aide on the Finance Committee.

Thanks for telling me about the Partners for Gender Justice website. The idea will be to involve them in the wiki and for everyone to "own" the searchable database describing gender law reform projects. The more I think about it, the network of links to other partners may be the most important output. I have also been in touch with Janice Hyde at the Library of Congress' Global Legal Information Network and with Betsy Andersen at the American Society of International Law.

I will keep you posted. Hope you have a good trip to Ghana.

Best, Karen



[Print] [Close]

From: kandbspergel@att.net
To: galzetta@worldbank.org
Subject: RE: Personnel Committee
Date: Wednesday, August 13, 2008 5:41:26 PM

Dear Mr. Alzetta,

I am writing this to you as chair of the Board of Executive Directors' Personnel Committee. As a member of the World Bank's Legal Department, I have been trying for many years to protect the access of the Board to information that would enable it to carry out its oversight function.

The Appeals Committee has informed me that I will lose my right to a hearing unless I waive by August 15, 2008 the whistleblower protections approved by the Board. I would like to meet with you to discuss these internal control deficiencies. I previously sent you an email on this subject on July 22nd.

Sincerely,
Karen Hudes
cellphone 202 316 0684
-----Original Message-----
From: kahudes@aol.com
To: kkodera@worldbank.org
Sent: Fri, 8 Aug 2008 11:33 am
Subject: RE: Corporate Governance

Dear Mr. Kodera,

The Appeals Committee is not competent to consider the corporate governance issues raised in the attached email. The Legal Vice Presidency has a conflict and is unable to offer competent advice in this matter.

Members of the Board who could resolve the problem are all on leave. I would be grateful if you could either request the Appeals Committee to extend the August 15th deadline or request Ms. Ann Pepper, the Chief of HRS Executive Resources, to determine from Russell Reynolds, experts in resolving exactly the kind of corporate governance problem that the Bank is now experiencing, what advice they gave to the Bank. I am entitled to discovery on this matter and would have to defer my hearing until I obtain this information.

I am attaching the documentation that was before Russell Reynolds at the time when they advised the Bank. I would appreciate learning whether you can oblige in this conundrum which the Appeals Committee has unfortunately created. Thank you.

Sincerely,
Karen Hudes

-----Original Message-----

From: kahudes@aol.com

To: bmbidaessama@worldbank.org; akhanna@worldbank.org

Sent: Wed, 6 Aug 2008 2:18 pm

Subject: RE: Corporate Governance

Dear Sirs,

Corporate governance scandals continue to plague the World Bank.

As Pieter Stek, the former Dutch Executive Director at the World Bank, has put it, "the Bank runs the risk of being caught with its pants down (in an area where it is lecturing the developing world on how to dress)." I was terminated a year ago for informing the Board about a continuing cover-up of critical failures in the Philippines Banking Sector Reform Loan. The purpose of the Loan was to strengthen the banking sector in the Philippines during the East Asia financial crisis. The World Bank rated its own performance on the Loan as satisfactory despite the sale of stock in Philippines National Bank by Government employee pension funds to one of PNB's borrowers. This resulted in a bail-out of \$493 million when depositors withdrew their funds from PNB, cancellation of \$200 million from the World Bank's Loan, and cancellation of \$200 million in Japanese cofinancing. In September an anti-graft court in the Philippines required former President Joseph Ejercito Estrada to return commissions he earned from the sale of pension fund stock.

In 2005 the Netherlands asked the Audit Committee to determine whether I was being retaliated against. Mr. Duquesne asked INT to look into the matter. INT's report to the Audit Committee did not address the governance issues I had raised. Instead, INT spent \$1 million investigating me. When the Board questioned INT's independence, Paul Volcker was commissioned to head an investigation of INT. The Volcker Report was issued in September. The Volcker Panel side-stepped the governance problem raised by INT's retaliation against whistleblowers, saying that it had no mandate to report on individual cases of alleged wrongdoing.

The Appeals Committee is refusing to apply the whistleblower policy recently adopted by the Board because their Panel is not able to adjudicate the underlying governance issues and internal control deficiencies. The Legal Department is objecting to the jurisdiction of the Audit Committee and COGAM because they claim the Board should not be involved in a personnel matter of a staff who has been terminated. As stated in the attached email from the Netherlands government, the issues I have raised and my action for reinstatement are clearly central to the mandates of the Audit Committee and COGAM.

My termination was illegal because the Legal Department used white out to conceal its breach of the Memorandum of Understanding and then falsely certified to Nassib Ziade that it was a correct copy in the Administrative Tribunal. The Memorandum of Understanding was no longer in force and effect when I was terminated. In a regular court of

law, the Legal Department would have been sanctioned for its breach of professional codes of ethics.

Russell Reynolds, the executive search firm recently selected to fill the position of Secretary General of ICSID, was also consulted in the search for the General Counsel position in 2006. I believe that Russell Reynolds recommended my candidacy for inclusion on the short list for General Counsel at that time. Russell Reynolds has experience in corporate governance problems involving legal departments, such as the current issues raised by my case.

Russell Reynolds' advice on this matter to the World Bank is being suppressed in the Appeals Committee. The lack of independence of the Bank's conflict resolution system is a governance matter in and of itself. I request the Audit Committee and COGAM to determine from Russell Reynolds what advice was given to the Bank after my interview with Denise Grant in May 2006.

I also attach email correspondence from one of my colleagues in the Legal Department, Sabine Schlemmer Schulte, who was Ibrahim Shihata's former assistant. I appreciate your kind consideration of these issues affecting staff morale and the Bank's internal controls. I would be happy to meet to discuss further. There is some urgency since the Appeals Committee is about to deny my right to a hearing if I do not accept their many erroneous decisions on my case.

Sincerely,
Karen Hudes
202 316 0684.

-----Original Message-----

From: Sabine Schlemmer-Schulte
To: kahudes@aol.com
Sent: Tue, 5 Aug 2008 9:14 pm
Subject: RE: German ED Office and ILW October 18th 2008

Dear Karen,

Thanks for the background details on the recent decision by the Bank's President to separate the Bank's GC from the ICSID SG position.

Tactics obviously rather than sound policy goal.

As to the German ED's position on your reinstatement, they support corrections of wrong managerial decisions in principle similar to their support in favor of changes in internal policies that retaliate against honest staff detecting corruption as opposed to rewarding them.

My sincere compliments on your not giving in for the sake of reforming the institution and waking in- and outsiders up.

Sabine

-----Original Message-----

From: kahudes@aol.com [mailto:kahudes@aol.com]
Sent: Tuesday, August 05, 2008 2:34 AM

To: Sabine Schlemmer-Schulte
Subject: RE: German ED Office

Sabine,

Maybe at some point it makes sense to separate the ICSID Secretary General function from that of General Counsel, but not now, and not in this way. Whitney Debevoise, the US ED, was formerly a lawyer with an active ICSID practice. Whitney was instrumental in the firing of Roberto Danino because Roberto had a brown bag lunch for counsel to Peru on a controversial ICSID arbitration in which Whitney was counsel to the expropriated investors. Whitney used to live two houses away from me; he sold his house to Suzanne Folsom.

At the farewell lunch for Antonio Parra, Whitney complained to me about the brown bag lunch, and I suggested he call Suzanne. After Roberto Danino left, Roberto asked David Freestone to read me an angry letter that he had written, threatening me with a lawsuit for slander. Now with Nassib Ziade (who was rewarded for admitting tampered documentation in my case when he was Executive Secretary on the Administrative Tribunal) as Deputy, is not the time or way to separate the ICSID S.G. function. Maybe later, after governance issues are resolved, and the human resources function at the World Bank is given true independence and professionalism. Right now, the Human Resources function is a travesty.

The executive search firm selected to hire the ICSID Secretary General was the firm who advised the World Bank whether there was a Sarbanes Oxley problem after they interviewed me for General Counsel in 2006. Obviously, they now have an incentive to keep their mouth shut about their advice on the governance matters. I think the logical step is to ask Russell Reynolds to replace Ziade and not the Secretary General. The President of the Administrative Tribunal has 23 cases with ICSID.

I have asked the Audit Committee to resolve my case because the Bank's conflict resolution system is not impartial or able to consider serious governance matters. Take care,

Karen

-----Original Message-----

From: Sabine Schlemmer-Schulte
To: kahudes@aol.com
Sent: Mon, 4 Aug 2008 11:00 pm
Subject: RE: German ED Office and ILW October 18th 2008

Dear Karen,

Thanks for the update.

Re ICSID SG and WB GC:

Separating the two functions makes sense in principle from a policy perspective. While this separation is not required by the respective applicable legal instruments (ICSID Convention; IBRD/IDA Articles of

Agreement), it is likely to be desirable in terms of "democratizing" the Bank Group.

Of course, the President (Bank)/ Chairman (ICSID) would have been well advised to not act unilaterally where the Board's oversight function is asserted in the Committee on Governance and Administrative Matters.

Warm regards,

Sabine

-----Original Message-----

From: kahudes@aol.com [mailto:kahudes@aol.com]
Sent: Monday, August 04, 2008 7:36 PM
To: Sabine Schlemmer-Schulte
Subject: Re: German ED Office

Thanks, Sabine! I appreciate your help. In the meantime, the President decided single-handedly that the position of ICSID's Secretary-General should be separate from that of General Counsel. The Committee on Governance and Administrative Matters of the Board should have a say in this decision. (COGAM decided in COGAM2003-0002, January 6, 2003, when it approved the selection and appointment processes for General Counsel that "because the General Counsel also advises the Executive Directors, the President, in the selection process, consults with the Board of Executive Directors", including through COGAM. COGAM approves revisions to the General Counsel's job description.

The Board's function is being eroded through excluding COGAM from the decision to have a separate Secretary-General of ICSID. The existing job description that was previously approved by COGAM states, "In addition, the General Counsel has traditionally been elected Secretary-General of ICSID and, in this capacity, oversees the ICSID Secretariat."

Best, Karen

-----Original Message-----

From: Sabine Schlemmer-Schulte
To: kahudes@aol.com
Sent: Mon, 4 Aug 2008 10:25 pm
Subject: German ED Office

Dear Karen,

Sorry for getting back late.

In the meantime, I've been corresponding with the German Alternate ED on the governance / whistleblower issue. Dr. Ruediger von Kleist confirmed what I knew beforehand. In principle, the German ED's office does not take any actions in individual cases as unfair and illegal they may be. However, they take notice of facts of egregious cases and are supposedly pushing for policy reform if they feel a strong need for

such reform because of the type of mismanagement and/or the proportion of it in terms of numbers of staff involved.

As you can imagine, I followed up again and pointed out to Dr. von Kleist that his office knows little about what's really going on in the Bank and that they should seize the opportunity in your case because they'll hardly get another case in which hard core evidence is available to them.

Have not heard from Dr. von Kleist after my last elaborate e-mail. I'll call Uwe Gehlen this week to follow up at a lower level.

Warm regards,

Sabine

Attachment 1: [recommendations.pdf](#) (application/pdf)

Attachment 2: [emholland.doc](#) (application/octet-stream)

Attachment 3: [DC-260-79F1AE230.pdf](#) (application/pdf)

AOL | myAOL | Make AOL My Home Page



Hi, kahudes Sign Out

Check Mail Compose

Search The Web Search enhanced by Google

Shortcuts | Settings | Help

Search Mail

Mail All

3 CREDIT SCORES
3 CREDIT REPORTS

Today on AOL

Inbox (109)

Drafts (1)

Sent

IMs

Spam (2)

Trash

Contacts

Calendar

My Folders Manage Folders

Top Solar Stock Pick -
SSLR

Reply Reply All Forward Actions Go Delete

Re: COGAM and Secretary General of ICSID

From: kahudes@aol.com
To: saass@worldbank.org
Date: Tue, 22 Jul 2008 3:32 pm
Reinstatement.pdf

Dear Mr. Aass,

I am documenting the following governance issues in my whistleblower retaliation case:

- The Legal Department's admission on 4/27/07 and my complaint to Nassib Ziade, then Executive Secretary of the Administrative Tribunal on 4/26/07, about defaced documentation that the Legal Department falsely certified as a true copy. The Memorandum of Understanding was breached by the statement that was obscured. (page 42)
- My complaints of 6/4/2007 and 5/19/2008 to the Bank's Ethics office that Mr. Ziade should have recused himself from considering this ethical violation by the Legal Department. Ana Palacio selected Mr. Ziade to ICSID following Mr. Ziade's briefings to the Administrative Tribunal to admit the altered document (pages 26-32)

On June 17, Senior Management of the Bank announced that the position of General Counsel was being revised and that the General Counsel would no longer serve as the Secretary General for ICSID. The Vice President and General Counsel of the World Bank advises the Executive Directors. COGAM is supposed to clear any changes in the position description of General Counsel. In the forty years since Aaron Broches established ICSID, the Bank's General Counsel has always served as ICSID's Secretary General. Was this decision for a separate Secretary General of ICSID agreed by COGAM?

Best,
Kare
n Hudes

Reply Reply All Forward Actions Go Delete

Accessible Version | Standard Version | Terms of Service | Privacy Policy | Trademarks | Shortcuts

© 2008 AOL LLC. All Rights Reserved