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February 17, 2010

PRIVILEGED AND HIGHLY CONFIDENTIAL
ATTORNEY-CLIENT PRIVILEGE
ATTORNEY WORK PRODUCT

VIA FIRST-CLASS MAIL
AND ELECTRONIC MAIL

The Honorable Ali A. Amalow
Director of Financial Asset Recovery and Banking Affairs
Republic of Somalia

U.S. Address:
10319 Westlake Drive, #257
Bethesda, Maryland 20817

Somalia Address:
P.O. Box 11
Mogadishu, Somalia

Re: Engagement of Shulman Rogers

Dear Director Amalow:

You have indicated that the Republic of Somalia would like to engage Shulman Rogers (sometimes referred to as the "Firm") for the purpose of leading informal efforts to obtain information about, and to recover, assets of the Republic of Somalia that may be found outside of Somalia, including in various bank accounts held by the Central Bank of Somalia (or its affiliate banks) ("Central Bank") that were frozen at your direction in 1991. The Republic of Somalia would also like our assistance in persuading De La Rue International Limited or its affiliates to honor contractual commitments to deliver Somali currency to the custody of the Central Bank.

We are pleased to be able to assist you with these matters and look forward to working with you. This will also confirm that the Firm's engagement by the Central Bank, acting through you as Governor, on or about July 28, 2009, is to be superseded by this engagement letter, with all outstanding matters within the scope of the Firm's representation of the Central Bank to be henceforth incorporated, as necessary and appropriate, into the scope of our representation of the Republic of Somalia memorialized herein. All of the Central Bank's financial obligations to the Firm under the July 28, 2009 engagement letter are hereby affirmed and ratified by the Republic of Somalia and shall be honored in full by the Republic of Somalia.

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For the avoidance of doubt, this will also confirm that the Firm will, in the matters described above, represent the Republic of Somalia, as represented by and acting through you and the duly elected and/or appointed President of the Transitional Federal Government, and unless directed otherwise by the President, through you, his designee, in your capacity as Director of Financial Asset Recovery and Banking Affairs (the "Director"). As we understand it, your authority as Director derives from and is defined in Presidential Decree no. 214, issued December 13, 2009, a copy of which is appended hereto.

I will be the attorney primarily responsible for the Republic of Somalia's legal work, although other Firm personnel may assist me as I deem appropriate. As we have discussed, the scope of the Firm's representation will be limited to leading informal efforts to obtain information about and recover assets of the Republic of Somalia that may be found outside of Somalia, including funds on deposit in various bank accounts held by the Central Bank at financial institutions in the United States and elsewhere around the world that were frozen at your direction in 1991. The Firm will also lead informal efforts to persuade De La Rue International Limited to honor contractual commitments to deliver Somali currency to the custody of the Central Bank. For the avoidance of any doubt, at present we are not being retained to commence, prosecute, defend or otherwise assist in connection with any legal proceeding on behalf of the Republic of Somalia or any of its agencies, entities, ministries, officers, ministers, or ambassadors, including the Central Bank. Should you wish to expand the representation to include conducting such a proceeding, and assuming we agree to do so, we will enter a new engagement agreement governing the expanded representation.

You have asked that we structure the Firm's compensation as a "fixed-fee" rather than our usual hourly fee arrangement. We have agreed that for the Firm's work in connection with the engagement established by this letter, the Firm shall be paid a fixed fee of \$50,000 per month (the "Fixed Fee"). Should our engagement terminate in the middle of a month, the \$50,000 payment otherwise due for that month shall be prorated to the date of termination. In addition to the Fixed Fee, the Republic of Somalia shall pay Shulman Rogers a bonus equal to 3.5% (three and one half percent) of the value of any funds or other assets to which the Republic of Somalia (including the Central Bank or its affiliates) recovers with the assistance, directly or indirectly, of Shulman Rogers ("Bonus"). The Bonus shall be payable to Shulman Rogers in U.S. Dollars on a quarterly basis (i.e., March 31, June 30, September 30, and December 31) and shall be computed based on the aggregate funds (or the value of any other assets) to which the Republic of Somalia (including the Central Bank or its affiliates) obtains access during the quarter and at the applicable U.S.-Dollar exchange rates prevailing at the time such access is obtained. Furthermore, the Bonus shall be separate from any bonus we may agree, on behalf of the Republic of Somalia and after prior consultation with you, to pay any consultant or other professional whose services we may deem necessary or helpful to achieve the objectives of this engagement.

Above and beyond the Fixed Fee and Bonus, the Republic of Somalia shall reimburse Shulman Rogers for all of its costs and expenses incurred in connection with the

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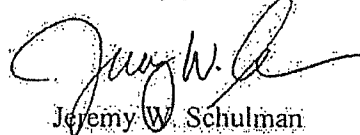
engagement, as spelled out in greater detail in the attached Attorney-Client Agreement, which is a part of our engagement agreement. In connection with our work, it may become necessary for the Republic of Somalia to retain local counsel or other professionals in countries around the world where the country's funds or other assets are believed to be located. You understand and agree that although we will facilitate the retention of appropriate counsel or other professionals and we will direct their work, the Republic of Somalia shall be solely responsible for paying their fees and expenses, and any payments due to them are in addition to the Fixed Fee, bonuses, and cost and expense reimbursements due to Shulman Rogers pursuant to this agreement.

Finally, it is our mutual understanding that the existence of this engagement and all information relating to the engagement shall be treated as confidential. In keeping with this understanding, unless required as part of a court proceeding or other official inquiry or as the legal ethics rules permit, we will only divulge information concerning the engagement as we deem appropriate in our sole discretion to pursue the objectives of the engagement. Given that we will now be representing the Republic of Somalia, please understand that we may be compelled to disclose to the United States Department of Justice at least some information relating to this engagement under the Foreign Agents Registration Act of 1938 (22 U.S.C. §§ 611-621), as amended, and its implementing regulations (22 C.F.R. §§ 5.1 - 5.1101 (2009)), including this engagement letter and its enclosures.

This letter constitutes our formal engagement, which is required by our Firm's internal policy. For your information, our Attorney-Client Agreement, which states our billing policy, is attached as part of this engagement letter. If the foregoing, together with the Attorney-Client Agreement, is acceptable to you, please sign the letter where indicated below and return it to me at your earliest convenience.

We appreciate your confidence in our Firm. Thank you for engaging Shulman Rogers.

Very truly yours,


Jeremy W. Schulman

JWS/tdh

Enclosures

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APPROVED AND ACCEPTED:

Republic of Somalia

By: _____

Ali A. Amalow

Director of Financial Asset Recovery and Banking Affairs
Senior Advisor to President Sharif Sheikh Ahmed

Date: _____

Enclosures

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SHULMAN, ROGERS, GANDAL, PORDY & ECKER, P.A.
ATTORNEY-CLIENT AGREEMENT

Billing Policy. Shulman, Rogers, Gandal, Pordy & Ecker, P.A. provides clients with timely detailed statements for professional services performed and out-of-pocket expenses incurred. Bills are rendered monthly and are due and payable upon receipt.

Rather than paying on an hourly fee basis, the Republic of Somalia has agreed to pay Shulman Rogers a fixed fee of \$50,000 per month in connection with this engagement (the "**Fixed Fee**"). Should our engagement terminate in the middle of a month, the \$50,000 payment otherwise due for that month will be prorated to the date of termination. In addition to the Fixed Fee, the Republic of Somalia shall pay Shulman Rogers a bonus equal to 3.5% (three and one-half percent) of the value of any funds or other assets that the Republic of Somalia (including the Central Bank or its affiliates) recovers with the assistance, directly or indirectly, of Shulman Rogers ("**Bonus**"). By way of example, if the Central Bank gains access to \$5 million in bank funds during a given quarter, the Republic of Somalia shall pay Shulman Rogers a bonus of \$175,000 for that quarter. Should our engagement terminate in the middle of a quarter, the Republic of Somalia shall be obligated to pay Shulman Rogers a bonus equal to 3.5% of the funds obtained in connection with Shulman Rogers' efforts even if such funds are not obtained by the Central Bank until after the date of termination.

The Republic of Somalia further agrees that in the event the Republic of Somalia (including the Central Bank or its affiliates) gain access to funds in excess (in the aggregate) of \$1,000,000 in any of the various bank accounts that Shulman Rogers assists in any way in unfreezing, then in addition to paying any outstanding invoices the Republic of Somalia shall make a retainer payment equal to \$100,000. Such retainer payment does not represent an additional charge above and beyond the fees and out-of-pocket expenses we incur in the course of our representation of the Republic of Somalia, but rather will be applied against our final invoices.

The selection of the lawyers and legal assistants who will render services will be made by the lawyer having overall supervisory responsibility for each engagement, taking into consideration the nature of the engagement, the degree of legal experience and knowledge required to achieve the client's objective, the availability of lawyers and legal assistants to work on the engagement, and their hourly billing rates.

Each monthly statement reflects payments due for legal fees and all out-of-pocket expenses incurred through the end of the billing period. The Republic of Somalia shall be responsible for all out-of-pocket expenses incurred in connection with the engagement, as such expenses are not part of the Fixed Fee or Bonus discussed above. Such expenses include charges for long distance telephone calls, telecopying, duplication, extraordinary secretarial services, postage, deliveries, on-line research charges, travel expenditures, and filing and recording fees.

Failure to pay any bill by the sixtieth day after receipt will ordinarily result in a discontinuance of legal services. The Firm will not, however, discontinue services without giving the client notice of such intended discontinuance. The Firm will suggest other counsel,

allowing reasonable time for the client to employ other counsel; deliver all papers and property to which the client is entitled and which the Firm is obligated to deliver; cooperate with counsel subsequently employed; and otherwise endeavor to assure that the client's case will not be prejudiced by the discontinuance.

It is further understood and agreed that in matters undertaken on behalf of a governmental entity or business entity such as a corporation, LLC, LLP or LLLP, the Firm will bill the entity directly except for services related to the entity's formation. For entity formations, the individual client is personally responsible for the fee. In the event that payment is not made on time, it is understood and agreed that the entity's principals or members will be liable to the Firm in their individual capacities for the entire amount due. The person signing the engagement letter, of which this Attorney-Client Agreement is part, represents that he or she has the authority to do so on behalf of such business or governmental entity and its principals or members.

Representation in Other Matters. We are not presently aware of any potential conflicts of interest that would or may interfere with our full representation of your interests. However, as you know, Shulman Rogers is a relatively large firm, and we represent many other concerns and individuals. Consequently, it is possible that during the time that we are representing you, some of our present or future clients will have disputes or transactions with you.

Therefore, we request that you, by signing the engagement letter, agree that the Firm may continue to represent existing clients, or may undertake in the future to represent new clients, in any matter that is not substantially related to our work for you, even if the interests of such clients in those other matters are or may be adverse to your interests. We agree, however, that your consent to such possible conflict shall not apply in any instance where, as the result of our representation of you, we have obtained confidential information that, if known to any other client of ours, could be used by that client to your substantial disadvantage.

In the event that a conflict should arise, we also reserve the right, in the course of our representation, to limit the scope of our legal services in order to avoid such conflict, or, if necessary, to withdraw from the case or take other appropriate measures, after having made sufficient efforts to assure that you will continue to be fully represented.

Termination of Engagement. You may terminate our engagement with or without cause at any time on written notice to us. Termination of our services will not affect your responsibility to pay for legal services rendered and all expenses incurred through the date we receive notice of termination. You will be required to pay for any further work required of us to carry out an orderly turnover of matters in process at the time of termination.

We may terminate our engagement for any of the reasons permitted under the applicable rules of professional conduct. These include misrepresentation of (or failure to disclose) material facts, action taken contrary to our advice, and failure to pay our bills on time. We may also terminate our engagement for any other conduct or situation that, in our judgment, impairs maintaining an effective attorney-client relationship between us, or that presents conflicts with our professional responsibilities. Finally, consistent with our ethical obligations, in the event the Firm determines that it no longer wishes to continue with the engagement for any reason or no

reason, the Firm shall have the option, at its complete and absolute discretion, to terminate this agreement and be relieved of any obligations hereunder. We may request you to sign a stipulation or authorization allowing us to withdraw as your attorney in any judicial, arbitration or similar proceeding, in which event you hereby agree in advance to our withdrawal.

This Agreement shall be interpreted, construed and governed by and under the laws of the State of Maryland and any action hereunder or between us shall be brought only in the Circuit Court for Montgomery County, Maryland or the District Court for Montgomery County, Maryland.

No Guarantees. You hereby acknowledge that neither the Firm nor any individual shareholder or other employee has made any guarantees regarding the successful outcome of this matter and all expressions about the outcome are only opinions.

Client's Acknowledgment. You acknowledge that you have been encouraged by the Firm to consult independent counsel concerning the negotiation of this fee agreement and its terms, that you have made sufficient investigation and inquiry to determine that this agreement is fair and reasonable to the Republic of Somalia, and that this agreement was the product of arm's length negotiation with the Firm. You acknowledge that you have either consulted such independent counsel or, having had an adequate opportunity to seek such advice, have declined to follow the Firm's advice to do so.

Severability. If any part of this agreement shall for any reason be found unenforceable, the parties agree that all other portions shall nevertheless remain valid and enforceable.

Integration. This agreement represents the final and mutual understanding of the parties. It replaces and supersedes any prior agreements or understandings, whether written or oral. This agreement may not be modified, amended, or replaced except by another signed written agreement.

Patriot Act and Other Laws. The United States Government has implemented laws governing its citizens doing business with individuals or entities residing or engaged in business outside of the United States. By counter-signing the accompanying engagement letter and agreeing to this Attorney-Client Agreement, you make the following affirmative representations and undertakings: (1) you are not identified on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Asset Control; (2) you are not a person with whom doing business is prohibited under anti-terrorism, anti-money laundering, or any other laws of the United States or your country of residence; (3) you have not violated and will not violate anti-terrorism, anti-money laundering or other laws of the United States or your country of residence; (4) you do not now and will not during the term of the Agreement do business with any individual or entity whom you know or reasonably suspect will violate anti-terrorism, anti-money laundering, or other laws of the United States or your country of residence; (5) you will take such measures and actions as are required by applicable law to assure that all funds used to make payments under and with respect to this Agreement, as such Agreement defines the business relationship between Attorney and Client, are derived from transactions that did not, do

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not, and will not violate anti-terrorism, anti-money laundering, or any other laws of the United States, your country of residence or the laws of the jurisdiction in which such funds originated; (6) you will take such measures and actions as are required by applicable law to assure that all funds that Shulman Rogers may assist you in unfreezing not be used in such a manner as to violate anti-terrorism, anti-money laundering, or any other laws of the United States, your country of residence or the laws of the jurisdiction in which such funds are currently on deposit.

Jamhuuriyadda Soomaaliya
Xafiiska Madaxweynaha



جمهورية الصومال
مكتب الرئيس

Republic of Somalia
Office of the President

XEER MADAXWEYNAHA J.S. Lr. 214 taariikh 13 Dec. 2009
Magacaabid La-taliyaha Madaxweynaha Xagga Arrimaha Bangiyada iyo soo Celinta Hantida qaranka

MADAXWEYNAHA J.S.,

Markuu Arkay: Qodobka 13aad, Faqradda (1) xarafka (E) , Qodobka 39aad faqradda 2aad
qodobka 44aad xarafka "D" iyo qodobka
71aad xarafka 2aad ee Axdiga Federaalka KMG ah ee J. S.

Markuu Garwaagsaday in ay jirto baahi loo qabo dhameystirka qaabdhismeedka
Nidaamka Madaxtooyada, iyo lagama maarmaanna ay tahay in la
helo La-taliye Arrimaha Bangiyada iyo soo Celinta Hantida qaranka

Wuxuu soo saaray xeerkaan:

Qodobka 1aad

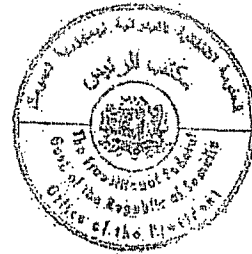
Laga billaabo maalinta uu madaxweynuhu xeerkaan saxiixo waxaa mudane Cali Cabdi
Camalow loo magacaabay La-taliyaha Madaxweynaha Xagga Arrimaha Bangiyada iyo soo
Celinta Hantida qaranka

Qodobka 2aad

Dikreetadan waxaa lagu soo saarayaa faafinta rasmiga ah ee J. S.

MUQDISHO: 13. 12. 2009

Madaxweynaha J.S
Shariif Sheekh Axmed



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Certified Translation
Prepared December 18, 2009
Prepared By _____

Republic of Somalia
Office of the President

Presidential Decree Republic of Somalia Number 214 dated December 13, 2009:

Appointing Senior Advisor to the President of the Somali Republic on matters concerning financial institutions and Director of Financial Asset Recovery and Banking Affairs with the authority and power to recover all the national assets of the country.

The President of the Republic of Somalia

Having Reviewed & Acknowledged:

Article 13, section (1) letter (E), Article 39 paragraph 2, Article 44 letter "D" and Article 71 (2nd) letter of the Charter of Transitional Federal Government of the Republic of Somalia.

Having Determined:

The urgency and the great necessity to complete the organizational structure of the Office of the Presidency, the need to establish a Special Advisor to the President on all matters concerning financial institutions, and to create responsibility and authority to recover the national assets of the country.

Has mandated this Decree:

Article 1

Effective on the day the President signs this decree, Mr. Ali Abdi Amalow is appointed to the position of Senior Advisor to the President on all matters concerning banking and financial institutions, and Director with the responsibility and authority to recover the national assets of the country.

Article 2

This decree will be published on the official Government Bulletin of the Republic of Somalia.

Mogadishu: 13.12.2009

The President of the Republic of Somalia
Signed.....Sharif Sheikh Ahmed

Translated by: Farah Abdi. *Farah Abdi*
MBPA, Court Qualified

Notary Public: I hereby certify that on this 18th day of December, 2009 before me a Notary Public appeared and signed Farah Abdi.

Notary Public
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires: December 22, 2009

Army's stockpiles of arms and ammunition, and starting an arms race with other factions (who had to procure them abroad).

35. Another example is Ali Mahdi, who was designated President of Somalia immediately after Siad Barre's demise. Ali Mahdi was able to accumulate large personal wealth and property, before and immediately after the fall of Siad Barre. For instance, according to witnesses, Ali Mahdi demanded and received \$500,000 in bribes from Farah Muniyah, Chairman and Chief Executive Officer of SHIFCO, in exchange for which Ali Mahdi agreed to the transfer to Farah Muniyah of title to five fishing vessels previously belonging to the Republic of Somalia.⁶

36. In addition to personal gain, Ali Mahdi with his then Director General, Mohamed Haji Ali, and the then Governor of the Central Bank of Somalia, Ali Abdi Amalo, withdrew at least \$10 million from a bank account based in Switzerland which had been opened by Ali Abdi Amalo while he was Director General of the Central Bank under President Siad Barre. Around 1990-1991, the Republic of Somalia had received \$70 million from Kuwait as a gift. The money was deposited in Switzerland and approximately \$20 million were withdrawn towards the purchase of a Boeing 720 for Somalia Airlines. The remainder of the deposit was taken over by Ali Mahdi's government. (At this time, no independent information for this account is available and the Government of Switzerland has so far not been able to locate the account or the funds.)

37. It is likely that at least part of that money was used by Ali Mahdi to purchase weapons from the international arms dealer Monzer al-Kassar (see paras. 41-48).

38. Since the mid-1990s, however, faction leaders like Ali Mahdi have declined in influence as their personal fortune apparently dwindled — or they became less inclined to use their personal money — and their clan members, especially those living abroad, were less inclined to raise money for leaders who, it became increasingly obvious, were not fighting to protect their clans but rather for power and personal enrichment.

39. As many of the earlier leaders lost influence, a new group of individuals gained increasing power in Somalia, the warlord/businessmen. According to a number of Somalia experts, much of the power behind the new Transitional National Government is wielded by a cartel of powerful businessmen who provide a range of services including security and vehicles for key members of the government, as well as engaging in battles with warlords opposing the Transitional National Government.⁷

40. Unable to raise sufficient money, a number of the faction leaders, such as Colonel Abdullahi Yusuf, Hussein Aideed, General Mohamed Said Hersi "Morgan" and Colonel Hassan Mohamed Nur "Shatigadud", have instead turned to regional sponsors. Depending on their own financial position, regional sponsors have opted to provide arms and ammunition directly, facilitate the shipment of weapons to factions they support, or provide cash.

⁶ Interviews with the Somalia Affairs Monitoring Committee, Nairobi, 15 January 2003; and Osman Ahmed Hassan, Head of Somaliland Representation to the United Kingdom, London, 4 January 2003. Mr. Muniyah continues to operate the SHIFCO fleet out of Yemen.

⁷ Andre Le Sage, "Somalia: Sovereign disguise for a Mogadishu Mafia", *Review of African Political Economy*, vol. 29, No. 91 (January 2002).

smuggled into Kenya's black market. Khat aircraft have also been known to bring passengers into Kenya illegally, avoiding immigration by landing at uncontrolled airstrips or bribing officials.

139. On 17 July 2001, a passenger travelling from Somalia on a Bluebird Aircraft was arrested for possession of heroin.⁷⁷ The passenger, Safiya Mohamed Abdi Afrah, travelling under an assumed name, is a niece of Mohamed Kanyare Afrah, whom several Governments suspect of trafficking in heroin.⁷⁸ British customs officials in Nairobi and London believe that heroin is smuggled to Somalia in ships from South Asia, for onward transport to destinations in Africa and the West.⁷⁹

The currency scam: new Somali shilling banknotes

140. Since 1996, a number of warlords and businessmen have printed Somali shilling banknotes. These schemes may amount to one of their most prolific sources of revenue. Technically, these currency printings cannot be called counterfeits, since no authority for defining the legitimate Somali currency exists. Some warlords tried to give their currency the appearance of having an official status. In the very first printing, the Aideed faction, in one of the unsuccessful attempts to establish a national government, appointed a central banker who was authorized by self-declared "president" Hussein Aideed to order new banknotes. Witnesses report that Abdullahi Yusuf has been able to finance his operations and his militias in Puntland thanks to one of the early printings of alternative currency.

141. The reasons for currency printings are first economic and, secondly, strategic. Parties who control large amounts of local currency are able to satisfy some of their local obligations with such currency and are thus able to preserve their coveted foreign currency reserves for war-essential expenditures. Other Somalis suggest that some of the new shillings may also have been introduced as part of an economic warfare scheme aiming to destabilize whatever little credibility self-proclaimed government authorities may have possessed.

142. The exact scope and number of printings of Somali currency that were undertaken is not known. It is documented that the last order for banknotes by an official Somali Government was executed in August 1991 by the British banknote currency printer De La Rue. At least one shipment of De La Rue Somali shilling was delivered to Mogadishu in June 1992, apparently to Ali Mahdi, the unofficial successor of Siad Barre. It should be noted that in correspondence addressed to the Panel on 3 February 2003, De La Rue agreed that, in the future, the firm would contact the Foreign and Commonwealth Office in London prior to entering into commercial agreements with parties in Somalia.

143. The subsequent printings of Somali currency have all resulted from questionable representations of sovereign authority. The first attempt for which the Panel has documentary evidence and corroborating witness reports were initiated by Hussein Aideed and his central banker. The view of firms such as De La Rue or Giesecke & Devrient of Munich was that the party of Mr. Aideed lacked orderly central banking authorizations and those two companies chose not to accept the

⁷⁷ Interview with a customs official, Nairobi, 28 January 2003.

⁷⁸ Interviews with United States and Canadian diplomats over the course of the investigation, Kenya.

⁷⁹ Interview with customs officials, London, 30 January 2003.