



THE INDEPENDENT STATE OF PAPUA NEW GUINEA
PUBLIC ACCOUNTS COMMITTEE
FINAL REPORT

REPORT TO NATIONAL PARLIAMENT

**INQUIRY INTO THE NATIONAL MUSEUM AND ART GALLERY
AND THE SALE AND EXPORT OF THE SWAMP GHOST AIRCRAFT**

**Excerpts Mentioning "Alfred Hagen" and "Aero Archeology"
in PAC Final Report**

INTRODUCTION

On the 4th day of July 2006, the Public Accounts Committee re-convened the Inquiry to consider the circumstances attending the attempted sale and proposed export of the wreck of a B17 aircraft Serial Number 41-2446 by **Aero Archaeology LLC**, an American company. That sale and approval of the export was made by the National Museum and Art Gallery of Papua New Guinea.

EXECUTIVE SUMMARY

The Acting Director and management of the National Museum and Art Gallery intentionally misled the Board of Trustees as to the nature and the effect of the "Contract" between the Museum and Aero Archaeology LLC for the sale of the Swamp Ghost, in that the Trustees were told, inter alia

The Committee extended time to Mr Poraituk and every other interested person including the legal advisers to **Aero Archaeology LLC** to show how and from where the Museum derived the power to dispose of State property other than in accordance with the *Public Finances (Management)* and the source of the power in the Museum to act as it had in its dealings with the Swamp Ghost. No assistance or submission was received. Indeed, **Aero Archaeology LLC** and **Mr. Fred Hagen** through their Lawyers, refused to assist the Committee.

Before the commencement of the second day of the Inquiry, written requests for assistance were sent to **Aero Archaeology LLC**, the lawyers of that company, All those interested parties were provided with the opportunity to make submissions or answer allegations from the Committee.

Further, neither Robert Greinert, **Fred Hagen**, HARS, **Aero Archaeology LLC**, 75 Squadron Flying Museum, Ian Whitney, Bruno Carnovale or any entity known to be operating on their behalf in removing and exporting aircraft wrecks from Papua New Guinea were certified to carry on business in this country.

The premises of **Aero Archaeology LLC** in Philadelphia USA. That premises was, apparently, the residence (or business) of **Mr. Fred Hagen** and not a Museum or aircraft facility of any sort.

HARS - This entity is represented by Mr. Robert Greinert who personally salvages aircraft in Papua New Guinea and who allowed his or HARS permit to be used by **Aero Archaeology LLC** to remove and export the Swamp Ghost.

In November 2001 the National Museum & Art Gallery claimed to have received a proposal from a company called "**Aero Archaeology mLLC**", a company registered in Pennsylvania. The Committee asked for a copy of that proposal, but it was not produced by the National Museum.

On the 20th February 2002 Trustees of the Museum gave approval for the sale, removal and export of the Swamp Ghost to **Aero Archaeology LLC**. Upon what basis the Trustees considered this matter or gave those approval is wholly unclear.

On the 24th October 2005 a company named **Aero Archaeology Limited** was incorporated in Papua New Guinea. No certification to carry on business in Papua New Guinea was obtained from the Investment Promotion Authority.

>A valuation of the Swamp Ghost aircraft was made in 2004 and presented by the Director to the Trustees of the Museum as an independent valuation. It was, in fact, made by a shareholder of **Aero Archaeology Limited** and the agent of that company, Mr. Robert Greinert. The value of the wreck was estimated at USD 12,000 and, unsurprisingly, Greinert commended the offer of **Aero Archaeology LLC** as fair and reasonable.

Upon an unknown date, **Aero Archaeology LLC** deposited US\$100,000 in an escrow operating account at Westpac Bank in its Port Moresby Branch. Fifty-Percent was to be paid to the State and the remaining half was to be divided equally between the Oro Provincial Government and the local landowning clan at the site where the aircraft was wrecked.

Mr Poraituk could not direct the Committee to any statutory basis for the issue by him of an Export Permit to **Aero Archaeology LLC** for the Swamp Ghost aircraft, neither was the Schedule to the Permit issued by him ever produced to the Committee despite a Directive that it be produced. It is notable that the Permit itself states that it is issued under an Act and a Section which no longer exist – and did not exist at the time of the issue of the Permit.

Mr Poraituk stated that the Museum had sold the State's ownership of the Swamp Ghost aircraft by the Agreement with MARC, later assigned to **Aero Archaeology LLC** but told the Committee that no public tender (as required by the *Public Finances (Management) Act*) was called for the wreck as... "*we do not do that*".

The Committee extended time to Mr Poraituk and every other interested person including the legal advisers to **Aero Archaeology LLC** to show how and from where the Museum derived the power to dispose of State property other than in accordance with the *Public Finances (Management Act)* and the source of the power in the Museum to act as it had in its dealings with the Swamp Ghost. No assistance or submission was received. Indeed, **Aero Archaeology LLC** and **Mr. Fred Hagen** through their Lawyers, refused to assist the Committee.

Interim Findings A full refund of all monies paid to the PNG National Museum & Art Gallery should be made to MARC and/or the lawyers representing **Mr Fred Hagen** and/or **Aero Archaeology Limited**.

Further, Mr Greinert had a history of salvaging for, with or on behalf of **Mr Fred Hagen** quite irrespective of the fact that the State of Papua New Guinea owns all War Surplus Material which he was salvaging and exporting for HARS. HARS and/or Mr Greinert appear to be acting as agents for wealthy collectors irrespective of the terms of their agreements with the Museum.

List of Aircraft Salvaged [prior to "Swamp Ghost"] P-47D 42-2268 (2004 salvaged by Greinert/**Hagen** to Australia – now claimed as the property of **Hagen**.)

Resolutions of the Committee The State call for an immediate account of the whereabouts of all War Surplus Materials removed from Papua New Guinea by Robert Greinert, **Fred Hagen**, Ian Whitney, Bruno Carnovale, 75 Flying Squadron Museum, Pioneer Aviation, Historic Aircraft Restoration Society, **Aero Archaeology LLC** and from all collectors and Museums known to have been or to be in possession of War Surplus Materials removed from or originating in Papua New Guinea

Under no circumstances should the State through any of its agencies, arms or Departments again deal with Robert Greinert, **Fred Hagen**, HARS, **Aero Archaeology LLC**, **Aero Archaeology Ltd.** 75th Flying Squadron Museum, Bruno Carnovale or Ian Whitney in the sale, removal, export or on-

sale of War Surplus Materials.

Referrals **Mr Fred Hagen** or Mr Robert Greinert are referred to the Royal Papua New Guinea Constabulary for full and complete investigation of their role in the sale, removal and export of the Swamp Ghost Aircraft and, in particular, in their dealings with the staff and Management of the PNG National Museum & Art Gallery and in respect of representations made by them to the PNG National Museum & Art Gallery concerning or leading to the sale, removal and export of the Swamp Ghost Aircraft.

That **Aero Archaeology Limited**, Mr Robert Greinert and **Mr Alfred Hagen**, Bruno Carnovale, Ian Whitney, 75th Squadron and Historical Aircraft Restoration Society be referred to the Managing Director of the Investment Promotion Authority for full investigation to establish whether, as foreign enterprises, any or all of those persons or company were conducting business in Papua New Guinea without a proper and lawful certification.

That a copy of these Findings be sent to Controller of Customs with a recommendation that no export authority or permit be given by Customs and for or in respect of the Swamp Ghost Aircraft and for or in respect of **Alfred Hagen, Fred Hagen** or **Aero Archaeology LLC** or **Aero Archaeology Limited** – or any other person or entity.

Recommendations

The National Museum & Art Gallery should never again deal with persons or entities outside the established State Museums or State recognized Museums. In particular, the National Museum & Art Gallery should never again deal with Mr Robert Greinert, **Mr Fred Hagen**, Mr Bruno Carnovale, Mr Ian Whitney, 75 Squadron Flying Museum, **Aero Archaeology LLC**, HARS or MARC.