IMF chief arrested in alleged sex assault, police tell AP

By Zachary A. Goldfarb, Published: May 14 | Updated: Sunday, May 15, 3:18 AM

NEW YORK — The head of the International Monetary Fund was removed from a Paris-bound flight in New York minutes before takeoff Saturday afternoon and was arrested in connection with a sexual assault on a housekeeper at a Manhattan hotel earlier that day, police told the Associated Press.

The AP reported that Dominique Strauss-Kahn, 62, was questioned by the New York Police Department’s special victims office, according to Paul J. Browne, police spokesman. The IMF chief was arrested at 2:15 a.m. Sunday on charges of criminal sex act, attempted rape and unlawful imprisonment, police said.

Strauss-Kahn had retained an attorney and was not making statements to police, Browne said.

According to the AP report, Browne said the housekeeper told authorities she entered Strauss-Kahn’s suite at the luxury Sofitel hotel not far from Manhattan’s Times Square at about 1 p.m., and that he attacked her. She said she had been told to clean the spacious $3,000-a-night suite, which she had been told was empty, Browne said.

The wire service said the woman gave this account to police: Strauss-Kahn emerged from the bathroom naked, chased her down a hallway and pulled her into a bedroom, where he began to sexually assault her. She said she fought him off, but then he dragged her into the bathroom. The woman was able to break free again, escaped the room and told hotel staff what had happened, and they called police,
Browne said that when police detectives arrived moments later, Strauss-Kahn had already left the hotel, leaving behind his cellphone, the AP reported. “It looked like he got out of there in a hurry,” Browne said.

Police discovered that he was at the airport, and they contacted Port Authority officials, who removed Kahn from first class on the Air France flight that was scheduled to depart at 4:40 p.m. and was just about to leave the gate.

The allegations create immediate uncertainty for the Washington-based IMF, which has been playing an important role in stabilizing the global economy amid the financial crisis.

It also promises to stir up politics in France, where Strauss-Kahn is widely thought to be considering challenging French President Nicolas Sarkozy in next year’s election. Polls have indicated that he has a good chance of defeating Sarkozy.

An IMF spokesman had no immediate comment.

About 10 minutes before Air France Flight 23 was to take off Saturday, officers with the Port Authority of New York and New Jersey boarded the plane and removed Strauss-Kahn, authorities said. They did not handcuff him.

The officers were acting at the behest of the NYPD and turned over the Frenchman to police shortly thereafter. The Associated Press reported that a top police spokesman said that Strauss-Kahn had been staying at the Sofitel near Times Square.

An economist and lawyer who has gained prominence while leading the IMF through one of the world’s worst financial crises, Strauss-Kahn joined the organization in 2007 with the support of the United States and many European nations.

He previously served as France’s finance minister and is the subject of intense speculation in France that he will declare his candidacy for president as a member of the Socialist Party. He unsuccessfully ran for his party’s nomination in the last election.

At the IMF, Strauss-Kahn has overseen a number of crucial emergency loan packages for troubled economies, most recently for Greece and Pakistan.

The organization is also being eyed to help orchestrate potential bailouts for Portugal and Ireland as Europe suffers a painful debt crisis. And it is working to help Egypt as that country tries to stabilize its economy in the post-Mubarak era.

“This sordid episode — no matter how it ultimately plays out — will spell the end of Strauss-Kahn as an effective leader of the IMF even if he retains his position, which is highly unlikely,” said Eswar Shanker Prasad, an international economics professor at Cornell University. “With Strauss-Kahn’s departure, the IMF can no longer be counted on to watch Europe’s back as it becomes increasingly clear that the EU-IMF program in Greece is not working.”

Prasad added, “Additional uncertainty is the last thing that Europe needs right now, but that will be the reality as the IMF absorbs this body blow and reorients itself to a post-Strauss-Kahn era.”
In 2008, Strauss-Kahn was investigated on suspicion that he might have abused his authority in an extramarital affair with an economist who had left the IMF with financial compensation. He kept his position but acknowledged that he had made a “serious error of judgment.”

As a member of the Socialist Party, Strauss-Kahn has been criticized in France for enjoying a lavish lifestyle of expensive cars and clothing, which he has denied.

At the IMF, Strauss-Kahn has been helping to transform the organization after the financial crisis. He wants to be able to probe financial firms around the world and demand more data. And he wants the IMF to develop better indicators for when a country might be going off track economically.

The United States is the biggest shareholder in the IMF and makes its largest financial contribution each year.

Treasury Secretary Timothy F. Geithner, who represents the United States at the IMF, has been pushing the organization to use its power to pressure China to allow its currency to increase in value, which the country has resisted. Allowing the renminbi to appreciate would make it easier for American companies to sell into China.

Under Strauss-Kahn, the IMF has exerted only modest pressure, aware that China is an important emerging power. The IMF, which once had as many as 3,000 employees, is based near Foggy Bottom. Strauss-Kahn’s deputy, John Lipsky, has already announced his plans to depart later this summer.

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