

CBI - Department of Justice Privilege Log (as of 1-27-04)

PRIV #	Date	Author / Sender / Source	Addressee / Recipient	Copies	Attorney / Client / (A/C)/M/olk / Product / (M/F)	Description of Document or Redaction	Produced with Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
1	6/10/1994				ACMP	Legal memorandum from local outside counsel to in-house counsel.			CBI-V1-003-000001 - CBI-V1-003-000004
2	3/31/1997				ACMP	Legal memorandum from local outside counsel to in-house counsel.			CBI-V1-003-000005 - CBI-V1-003-000007
3	9/20/1992				AC	Transcription of voicemail to in-house counsel seeking advice.			CBI-V1-003-000008
4	5/8/1992				ACMP	Legal memorandum from in-house counsel to client re legal advice.			CBI-V1-003-000009 - CBI-V1-003-000010
5	6/19/2000				AC	Fax from client to in-house counsel forwarding news articles. X		CBI-V1-001-001125 - CBI-V1-001-0001127	CBI-V1-003-000011 - CBI-V1-003-000013
6	3/8/2000				ACMP	In-house counsel notes re discussion with client.			CBI-V1-003-000014 - CBI-V1-003-000018
7	7/6/1999				ACMP	In-house counsel notes re discussion with client.			CBI-V1-003-000019
8	9/12/2000				ACMP	Draft legal memorandum distributed between in-house counsel.			CBI-V1-003-000020 - CBI-V1-003-000024
9	8/30/2000				ACMP	Legal memorandum from local outside counsel.			CBI-V1-003-000025 - CBI-V1-003-000032
10	1/5/1994				ACMP	Draft legal memorandum.			CBI-V1-003-000033 - CBI-V1-003-000043

(b) (5) (D)

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PRIV	Date	Author/ Sender/ Source	Addressed/ Recipient	Copies	Attorney Client (A/C) Work Product (WP)	Description of Document/ Redaction	Produced With Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
	9/7/1996				ACMWP	Memorandum and related attachments between in-house counsel and client re legal department review; and attorney re same.			CBI-V1-003-000044 - CBI-V1-003-000062
	8/30/2000				ACMWP	Legal memorandum from local outside counsel.			CBI-V1-003-000053 - CBI-V1-003-000060
	8-/2000				ACMWP	Draft legal memorandum of in-house counsel.			CBI-V1-003-000061 - CBI-V1-003-000064
	8-/2000				ACMWP	Draft legal memorandum of in-house counsel.			CBI-V1-003-000065 - CBI-V1-003-000071
					ACMWP	In-house counsel notes re discussions with client.			CBI-V1-003-000072 - CBI-V1-003-000076
					ACMWP	In-house counsel notes.			CBI-V1-003-000077
					ACMWP	Legal memorandum from local outside counsel to in-house counsel.			CBI-V1-003-78 - CBI-V1-003-000081
	5/19/1997				ACMWP	Legal memorandum from local outside counsel to in-house counsel.			CBI-V1-003-000082 - CBI-V1-003-000084
	6/10/1994				ACMWP	Legal memorandum from local outside counsel to in-house counsel.			CBI-V1-003-000085 - CBI-V1-003-000087
	2/3/1997				ACMWP	Legal memorandum from local outside counsel to in-house counsel.			

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	20				AC/MWP	Legal memorandum from local outside counsel; and email from client to in-house counsel re same.			CBI-V1-003-000088 - CBI-V1-003-000089
	21				AC/MWP	Forwarding note from outside counsel to in-house counsel re attached letter re government support for conviction.	X	CBI-V1-001-001194 - CBI-V1-001-001249	CBI-V1-003-000090 - CBI-V1-003-000145
	22					In-house counsel notes.	X	CBI-V1-001-001253 - CBI-V1-001-001286	CBI-V1-003-000146 - CBI-V1-003-000149
	23				AC/MWP	Letter from local outside counsel to in-house counsel regarding legal department inquiry.			CBI-V1-003-000150 - CBI-V1-003-000152
	24				AC/MWP	Legal memorandum from local outside counsel.			CBI-V1-003-000153 - CBI-V1-003-000158
	25				AC/MWP	Legal memorandum re special donations and translations of same.			CBI-V1-003-000160
	26				AC/MWP	Memorandum between in-house counsel re discussion with client and legal advice re same.			CBI-V1-003-000161
	27				AC/MWP	Note re information received from in-house counsel.			CBI-V1-003-000162

(b)(5) (b)(7)(C)

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PRIV #	Date	Author/ Sender/ Source	Addressee/ Recipient	# Copies	Attorney/ Client/ (AO) Work Product (WMP)	Description of Document/ Redaction	Produced With Redactions	Pages Range of Document Produced with Redactions	Document Produced Under Limited Non-Subjunct Matter Waiver
28	9/5/1997				ACMP	Memorandum to in-house counsel in response to in-house counsel's discussions with client.	X	CBI-V1-001-001282 - CBI-V1-001-001284	CBI-V1-003-000163 - CBI-V1-003-000165
29	Produced					Provisional privilege designation removed. Document produced in unredacted version in third production.	Unredacted document produced in third production.	Redacted Document: CBI-V1-001-001316 - CBI-V1-001-001318	
30	Produced					Provisional privilege designation removed. Document produced in third production.	Document produced in third production.		
31&32	Produced					Provisional privilege designation removed. Document produced in unredacted version in second production.	Unredacted document produced in second production.	Redacted Document: CBI-V1-001-001325 - CBI-V1-001-001330	
33	Produced					Provisional privilege designation removed. Document produced in unredacted version in third production.	Unredacted document produced in third production.	Redacted Document: CBI-V1-001-001338 - CBI-V1-001-001345	
34					WMP	In-house counsel notes re legal issues.			
35	10/30/2003				ACMP	Email from outside counsel re advice re Department of Justice voluntary disclosure and subsequent inquiry.			

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36					AC/MWP	Legal memorandum by outside counsel.			
37					W/P	In-house counsel notes.			
38	2/21/2000				W/P	Legal research conducted by in-house counsel.			
39	4/24/2000				AC/MWP	Memorandum from outside counsel as part of advice re Department of Justice voluntary disclosure and subsequent inquiry.			
40	8/10/2000				W/P	Legal research re Department of Justice voluntary disclosure and subsequent inquiry.			
41	10/30/2000				AC/MWP	Memorandum from in-house counsel re document collection in response to Department of Justice voluntary disclosure and subsequent inquiry.			
42	6/30/2000				AC/MWP	Legal memorandum from outside counsel.			
43	4/23/2000				W/P	Draft memorandum worked on with outside counsel re Department of Justice voluntary disclosure.			
44					W/P	Legal research in response to Department of Justice voluntary disclosure and subsequent inquiry.			

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PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Copies	Attorney/Client (A)/Work Product (WP)	Description of Document or Retention	Produced With Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
45	4/23/2003	[REDACTED]	[REDACTED]	[REDACTED]	WP	Draft memorandum worked on with in-house and outside counsel re Department of Justice voluntary disclosure.			
46	10/-/2003	[REDACTED]	Employees	[REDACTED]	AC/MWP	Preliminary draft of Document Retention and Collection Memorandum re Department of Justice voluntary disclosure and response to subsequent inquiry.			
47	10/28/2003	[REDACTED]	[REDACTED]	[REDACTED]	AC/MWP	Legal memorandum from outside counsel relating to Department of Justice voluntary disclosure and response to subsequent inquiry.			
48	10/30/2003	[REDACTED]	[REDACTED]	[REDACTED]	AC/MWP	Memorandum from in-house counsel re document collection in response to Department of Justice voluntary disclosure and subsequent inquiry.			
49	10/24/2003	[REDACTED]	[REDACTED]	[REDACTED]	AC/MWP	Draft of Document Retention and Collection Memorandum re Department of Justice voluntary disclosure and response to subsequent inquiry.			

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PRIV #	Date	Author Sender/Source	Addressee/Recipient	Copies	Attorney Client Privilege (AC/MP)	Description of Document or Redaction	Produced with Redactions	Dates Range of Documents Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
50	10/28/2003	[REDACTED]	[REDACTED]		AC/MP	Email from outside counsel to client re Department of Justice voluntary disclosure and response to subsequent inquiry. <i>Privilege Number Intentionally Left Blank</i>			
51									
52	10/16/2003				AC/MP	Forwarding draft memorandum between in-house counsel, litigation consultants and client.			
53	9/15/2003				WP	Response from client personnel in response to individuals acting on behalf of outside counsel relating to Department of Justice voluntary disclosure and subsequent inquiry.			
54	6/10/1994, 2/3/1997, 5/19/1997				AC/MP	A series of legal memorandum from local outside counsel to in-house counsel and rough translations of same.			CBI-V1-003-000166 - CBI-V1-003-000167
55	9/9/1997				AC/MP	Legal memorandum from local outside counsel.			CBI-V1-003-000168 - CBI-V1-003-000171
56	8/--/2000		File		AC/MP	Legal memorandum of in-house counsel re legal department inquiry.			

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57	9/8/2003	[REDACTED]	[REDACTED]		ACW/P	Fax forwarding client letter re discussion of legal review and legal issues discussed with counsel re Department of Justice voluntary disclosure and inquiry.			
58	9/8/2003	[REDACTED]	[REDACTED]		ACW/P	Legal memorandum re representation in Department of Justice voluntary disclosure and inquiry.			
59	9/8/2003	[REDACTED]	[REDACTED]		ACW/P	Legal memorandum re advice and representation in Department of Justice voluntary disclosure and inquiry.			
60	9/9/2003	[REDACTED]	[REDACTED]		ACW/P	Memorandum forwarding client letter re discussion of legal review and legal issues discussed with counsel re Department of Justice voluntary disclosure and inquiry.			
61	9/-/2003	[REDACTED]	[REDACTED]		ACW/P	In-house counsel notes of discussions with outside counsel re Department of Justice voluntary disclosure and inquiry.			
62	10/-/2003	[REDACTED]	[REDACTED]		W/P	In-house counsel notes re Department of Justice voluntary disclosure and inquiry.			

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PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Pages	Attorney-Client (A/C) Work Product (AWP)	Description/Document or Redaction	Produced with Redactions	Pages Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
63	8/26/2003	[REDACTED]	[REDACTED]	[REDACTED]	W/P	In-house counsel legal memorandum re response to Department of Justice voluntary disclosure and inquiry.			
64		[REDACTED]	[REDACTED]	[REDACTED]		<i>Privilege Number Intentionally Left Blank</i>			
65	5/20/2003	[REDACTED]	[REDACTED]	[REDACTED]	AC/WP	Legal memorandum from outside counsel re representation in Department of Justice voluntary disclosure and inquiry.			
66	4/23/2003	[REDACTED]	[REDACTED]	[REDACTED]	W/P	Draft memorandum worked on with in-house and outside counsel re Department of Justice voluntary disclosure.			
67	5/20/2003	[REDACTED]	[REDACTED]	[REDACTED]	AC/WP	Legal memorandum from outside counsel re representation in Department of Justice voluntary disclosure and inquiry.			
68	4/16/2003	[REDACTED]	[REDACTED]	[REDACTED]	AC/WP	Email between in-house counsel re client response to question posed by in-house counsel as part of representation re Department of Justice voluntary disclosure and inquiry.			

(b)(5) (b)(7)(C)

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69	3/1/2003	[REDACTED]	[REDACTED]		AC/MWP	Email between in-house and outside counsel re representation of client re Department of Justice voluntary disclosure and inquiry.			
70	4/30/2003	[REDACTED]	[REDACTED]		AC/MWP	Email communication between in-house counsel and local outside counsel re Department of Justice voluntary disclosure and inquiry.			
71	7/22/2003	[REDACTED]	[REDACTED]		AC/MWP	Email between in-house and outside counsel re representation of client re Department of Justice voluntary disclosure and inquiry.			
72	6/20/2003				AC/MWP	In-house counsel notes of discussion with client personnel re Department of Justice voluntary disclosure and inquiry.			
73	4/29/2003		[REDACTED]		WP	Email between in-house legal counsel re legal research re issues related with Department of Justice voluntary disclosure and inquiry.			

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74	4/23/2003	[REDACTED]	[REDACTED]		WP	Documents and counsel notes from counsel inquiries related to Department of Justice voluntary disclosure and inquiry.			
75	3/3/2003	[REDACTED]	[REDACTED]		ACMP	Email communication between in-house counsel and outside counsel re Department of Justice voluntary disclosure.			
76	4/22/2003	[REDACTED]	[REDACTED]		ACMP	Email communication between in-house counsel and outside counsel re Department of Justice voluntary disclosure.			
77					WP	In-house counsel notes related to Department of Justice voluntary disclosure and inquiry and response to same.			
78	4/17/2003				WP	Draft memorandum worked on with in-house and outside counsel re Department of Justice voluntary disclosure.			
79	4/2/2003		Chiquita File		ACMP	Legal memorandum of outside counsel re representation re Department of Justice voluntary disclosure.			

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80	8/12/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACMP	Email communications between in-house and local outside counsel re legal issues re Department of Justice voluntary disclosure and subsequent inquiry; with attached email from in-house counsel to outside counsel re issues re Department's inquiry.			
81	9/2/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACMP	Communication between in-house counsel re communication with client related to Department of Justice voluntary disclosure and inquiry.			
82	8/30/2003	[REDACTED]	[REDACTED]		ACMP	Communication from in-house counsel to client re to Department of Justice voluntary disclosure and inquiry.			
83	Produced					Provisional privilege designation removed. Document produced in third production.	Document produced in third production.		
84						Privilege Number Intentionally Left Blank			
85						Privilege Number Intentionally Left Blank			

(b)(6), (b)(7)(C)

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86	7/3/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACMP	Email communications between in-house counsel, those working at in-house counsel's direction, and client personnel re legal department questions related to Department of Justice voluntary disclosure and subsequent inquiry.			
87						Left Blank Privilege Number Intentionally Left Blank			
88						Left Blank Privilege Number Intentionally Left Blank			
89	5/7/2001	[REDACTED]	[REDACTED]		ACMP	Legal memorandum from local outside counsel. Privilege Number Intentionally Left Blank			CB1-V1-003-000172 - CB1-V1-003-000177
90						Left Blank Privilege Number Intentionally Left Blank			
91	12/27/2001	[REDACTED]			WP	In-house attorney notes of discussion between in-house legal counsel. Privilege Number Intentionally Left Blank			CB1-V1-003-000178
92						Left Blank Privilege Number Intentionally Left Blank			
93						Left Blank Privilege Number Intentionally Left Blank			
94						Left Blank Privilege Number Intentionally Left Blank			
95						Left Blank Privilege Number Intentionally Left Blank			

(b) (5) (C)

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96	5/7/2001				ACW/P	Legal memorandum from local outside counsel.			CB1-V1-003-000180 - CB1-V1-003-000184
97	6/17/2000				ACW/P	Letter from local outside counsel to in-house counsel regarding legal department inquiry.			CB1-V1-003-000185 - CB1-V1-003-000186
98	11/4/2003				ACW/P	Communication between in-house and local outside counsel relating to local law advice.			
99	8/28/2003				W/P	In-house counsel notes re discussions with outside counsel relating to representation in Department of Justice voluntary disclosure and subsequent inquiry.			
100						<i>Privilege Number Intentionally Left Blank</i>			
101	8/5/2003				ACW/P	Email of in-house counsel to outside counsel re Department of Justice voluntary disclosure and subsequent inquiry.			
102						<i>Privilege Number Intentionally Left Blank</i>			

(b)(6), (b)(7)(C)

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103	8/4/2003	[REDACTED]	[REDACTED]		AC/WP	In-house attorney notes re discussions with outside counsel re legal issues related to Department of Justice voluntary disclosure and subsequent inquiry.			
104	5/26/2003	[REDACTED]	[REDACTED]		AC/WP	Communication between in-house counsel and outside counsel re legal issue research.			
105	5/20/2003	[REDACTED]	[REDACTED]		AC/WP	Draft legal memorandum from outside counsel re Department of Justice voluntary disclosure.			
106	5/2/2003	[REDACTED]	[REDACTED]		AC/WP	Fax from outside counsel re Department of Justice voluntary disclosure.			
107	4/23/2003	[REDACTED]	[REDACTED]		AC/WP	Communication between in-house and outside counsel re Department of Justice voluntary disclosure and draft legal memorandum re same.			
108	4/23/2003	[REDACTED]	[REDACTED]		WP	Attorney Handwritten Notes Redacted	X	CBI-V1-003-000749 - CBI-V1-003-000751	
109	4/22/2003	[REDACTED]	[REDACTED]		AC/WP	Communication between in-house and outside counsel re Department of Justice voluntary disclosure and draft legal memorandum re same.			

(b) (5) (D)

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110	4/17/2003	[REDACTED]	[REDACTED]		WP	Draft memorandum worked on with in-house and outside counsel re Department of Justice voluntary disclosure, and in-house counsel notes re same.			
111		[REDACTED]	[REDACTED]		WP	In-house counsel notes re legal department inquiry re response to Department of Justice voluntary disclosure and subsequent inquiry.			
112	4/15/2003	[REDACTED]	[REDACTED]		AC	Email inquiry at direction of counsel, and response to same, related to Department of Justice voluntary disclosure.			
113	1/20/2003	[REDACTED]	[REDACTED]		AC/MWP	Email from in-house counsel re potential legal issue update.			CBII-VI-003-000187 - CBII-VI-003-000188
114	7/18/2002	[REDACTED]	[REDACTED]		AC/MWP	Email from in-house counsel re potential legal issue update.			
115	4/10/2003	[REDACTED]	[REDACTED]		AC/MWP	Email from outside counsel to in-house counsel re legal issues and research.			
116	4/9/2003	[REDACTED]	[REDACTED]		WP	In-house counsel's notes re meetings and inquiries re Department of Justice voluntary disclosure.			

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117	4/3/2001	[REDACTED]	[REDACTED]		WP	In-house counsel's notes and memorandum re legal issues and Department of Justice voluntary disclosure.			
118	4/1/2003, 4/2/2003				WP	In-house counsel's notes of discussions with client personnel as part of legal inquiry re Department of Justice voluntary disclosure.			
119	4/2/2003				AC/WP	In-house attorney notes re discussion with outside counsel, attached to outside counsel memorandum re Department of Justice voluntary disclosure.			
120	4/2/2003		[REDACTED]		AC/WP	In-house counsel communication re issues related to Department of Justice voluntary disclosure.			
121	4/1/2003				WP	In-house counsel notes re discussions with in-house and outside counsel re Department of Justice voluntary disclosure.			
122	3/31/2003	[REDACTED]	[REDACTED]		AC/WP	Email communication between in-house and outside counsel re Department of Justice voluntary disclosure and attached legal memorandum re same.			

(b) (5) - (D) / (A) (C)

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123	3/-/2003 - 4/-/2003	[REDACTED]	[REDACTED]		WP	In-house counsel notes related to Department of Justice voluntary disclosure.			
124	3/5/2003	[REDACTED]	[REDACTED]		WP	In-house counsel notes related to Department of Justice voluntary disclosure and discussions with outside counsel re same.			
125	3/24/2003	[REDACTED]	[REDACTED]		AC/WP	Communication between in-house and outside counsel re legal research issues related to Department of Justice voluntary disclosure.			
126	3/13/2003	[REDACTED]	[REDACTED]		AC/WP	In-house counsel notes and research related to Department of Justice voluntary disclosure.			
127	3/12/2003	[REDACTED]	[REDACTED]		AC/WP	Communication between in-house and outside counsel related to Department of Justice voluntary disclosure.			
128	3/12/2003	[REDACTED]	[REDACTED]		AC/WP	Communication between in-house and outside counsel related to Department of Justice voluntary disclosure.			
129	2/27/2003	[REDACTED]	[REDACTED]		WP/AC	In-house counsel notes of discussion with outside counsel. Email of in-house counsel to outside counsel re legal research.			
130	2/24/2003	[REDACTED]	[REDACTED]		AC/WP				

(b) (5) (A) (i) (b) (5) (D)

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131	2/21/2003	[REDACTED]	[REDACTED]		AC/WP	Email from in-house counsel to outside counsel re legal issue and research.			
132	3/26/2003	[REDACTED]	[REDACTED]		AC/WP	Email re in-house counsel's inquiries and status of process of legal evaluation and advice.			
133		[REDACTED]	[REDACTED]		WP	In-house counsel handwritten notes on produced document (handwriting redacted).	X	CBI-V1-001-001559 - CBI-V1-001-001563	
134	8/19/2003	[REDACTED]	[REDACTED]		WP	Email between in-house counsel and attaching email from client to in-house counsel re Department of Justice voluntary disclosure and subsequent inquiry.	X	CBI-V1-001-001612 - CBI-V1-001-001615	
135	8/20/2003 8/21/2003	[REDACTED]	[REDACTED]		AC/WP	Emails with in-house counsel and in-house counsel's handwritten notes re Department of Justice voluntary disclosure and subsequent inquiry.	X	CBI-V1-001-001616 - CBI-V1-001-001618	
136	8/6/2003	[REDACTED]	[REDACTED]		AC/WP	Emails with in-house counsel re Department of Justice voluntary disclosure and subsequent inquiry.	X	CBI-V1-001-001619 - CBI-V1-001-001625	
137	8/5/2003	[REDACTED]	[REDACTED]		AC	Emails with in-house counsel re Department of Justice voluntary disclosure and subsequent inquiry.	X	CBI-V1-001-001626 - CBI-V1-001-001632	

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(b) (5) (A), (b) (5) (D)

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PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Copies	Attorney-Client (AC)/Work Product (WP)	Description of Document or Redaction	Produced with Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
138	7/25/2002	[REDACTED]	[REDACTED]		AC	Forwarding email from in-house counsel.	X	CBI-V1-001-001633 - CBI-V1-001-001635	CBI-V1-003-000190 - CBI-V1-003-000192
139	1/29/2003	[REDACTED]	[REDACTED]		ACWP	In-house counsel's notes of conference with client.	X	CBI-V1-001-001641 - CBI-V1-001-001642	
140		[REDACTED]	[REDACTED]		ACWP	In-house counsel's notes re local law issue and memorandum from local outside counsel.			
141	5/6/2003	[REDACTED]	[REDACTED]		ACWP	Email communication between in-house counsel and outside local counsel.			
142	5/1/2003	[REDACTED]	[REDACTED]		ACWP	Fax of local outside counsel legal memorandum to outside counsel advising on Department of Justice voluntary disclosure and inquiry.			
143	5/1/2003	[REDACTED]	[REDACTED]		ACWP	Email from in-house to outside counsel re local outside counsel legal memorandum.			CBI-V1-003-000193 - CBI-V1-003-000195
144	2/3/1997	[REDACTED]	[REDACTED]		ACWP	Legal memorandum from local outside counsel.			CBI-V1-003-000196 - CBI-V1-003-000198
145	6/10/1994	[REDACTED]	[REDACTED]		ACWP	Legal memorandum from local outside counsel.			

CBI1 - Department of Justice Privilege Log (as of 1-27-04)

PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Copies	Attorney/Client/AG/Work Product (W/P)	Description of Document or Redaction	Produced with Redactions	Bates/Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
146	5/19/1997				AC/WP	Legal memorandum from local outside counsel.		CBI-V1-003-000199 - CBI-V1-003-000202	
147	8/28/1997				AC/WP	Legal memorandum from local outside counsel.		CBI-V1-003-000203 - CBI-V1-003-000204	
148	9/9/1997				AC/WP	Legal memorandum from local outside counsel.		CBI-V1-003-000205 - CBI-V1-003-000206	
149	9--/2000				AC/WP	Legal memorandum from in-house counsel re legal department inquiry.		CBI-V1-003-000207 - CBI-V1-003-000210	
150	6/17/2000				AC/WP	Legal memorandum from local outside counsel.		CBI-V1-003-000211 - CBI-V1-003-000213	
151	4/29/2003				AC/WP	Email from in-house counsel to outside counsel re local outside counsel legal opinions.			
152	4/30/2003, 4/29/2003, 2/19/2003, 2/20/2003, and 2/13/2003				AC/WP	Email correspondence between in-house and local outside counsel re local law issues.			
153					W/P	Research re local law.			
154	2/12/2003				AC/WP	Draft local law memorandum of local outside counsel.			

1-22-2004 DRAFT

(b) (5) (C) (b) (5) (D)

CBI - Department of Justice Privilege Log

(as of 1-27-04)

IPRM #	Date	Author/ Sender/ Source	Addressee/ Recipient	Copies	Attorney Client (A/C) Work Product (WP)	Description of Document or Redaction	Produced With Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
155	2/4/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACMP	Email correspondence between in-house and local outside counsel re draft legal memos (attached).			
156		[REDACTED]	[REDACTED]		WP	Local law research.			
157		[REDACTED]	[REDACTED]		WP	Local law research.			
158		[REDACTED]	[REDACTED]		WP	Local law research.			
159	1/30/2003 - 2/3/2003	[REDACTED]	[REDACTED]		ACMP	In-house counsel's notes of discussions with client and local outside counsel.			
160	9/12/2000	[REDACTED]	[REDACTED]		ACMP	Note between in-house counsel attaching legal memorandum by in-house counsel re legal department inquiry.		CBI-V1-003-000214 - CBI-V1-003-000218	
161	8/30/2000	[REDACTED]	[REDACTED]		ACMP	Draft legal memorandum of local outside counsel, attaching draft of additional legal memorandum of local outside counsel.		CBI-V1-003-000219 - CBI-V1-003-000226	
162	7/11/2001	[REDACTED]	[REDACTED]		ACMP	Legal memorandum by in-house counsel re legal department inquiry.		CBI-V1-003-000227	
163		[REDACTED]	[REDACTED]			Local outside counsel legal memorandum.		CBI-V1-003-000228 - CBI-V1-003-000239	
164	9/2/2003	[REDACTED]	[REDACTED]		ACMP	Email communication between in-house counsel.			
165		[REDACTED]	[REDACTED]		WP	In-house counsel notes.			

CBI - Department of Justice Privilege Log

(as of 1-27-04)

PRIV. #	Date	Author/Sender/Source	Addressee/Recipient	Pages	Attorney/Client (A/C)/Work Product (WP)	Description of Document or Redaction	Produced with Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
166	9/9/1997	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Legal memorandum from local outside counsel.			CBI-V1-003-000240 - CBI-V1-003-000241
167	2/3/1997	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Legal memorandum from outside local counsel.			CBI-V1-003-000242
168	7/1/1997	[REDACTED]	[REDACTED]	[REDACTED]	WP	In-house counsel notes.			
169	3/28/2002	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	In-house counsel notes.			CBI-V1-003-000243 - CBI-V1-003-000244
170	3/28/1998	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Email re outside counsel requests and inquiries re SEC representation.			
171	3/9/1998	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Communication from in-house counsel to client re SEC investigation.			
172	10/10/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Legal department request for documents and correspondence re Department of Justice voluntary disclosure and inquiry.	X		CBI-V1-001-001069 - CBI-V1-001-001091
173	5/3/2000 and 3/28/2002	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Handwritten notes from 5/3/2000 re work at direction of counsel, and typewritten notes from 3/28/2002 that appear to be from attorney file.	X		CBI-V1-001-001092 - CBI-V1-001-001096
174	5/8/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACWP	Legal department email memorandum re Department of Justice voluntary disclosure and inquiry.			CBI-V1-003-000245 - CBI-V1-003-000249

CBII - Department of Justice Privilege Log (as of 1-27-04)

PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Copies	Attorney-Client (AG)/Work Product (WP)	Description of Document for Redaction	Produced with Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
175	9/16/2003	[REDACTED]	[REDACTED]		ACMP	Legal department inquiry re Department of Justice voluntary disclosure and inquiry.			
176	10/23/2003	[REDACTED]	[REDACTED]		ACMP	Legal department inquiry re Department of Justice voluntary disclosure and inquiry.			
177	8/14/2003	[REDACTED]	[REDACTED]		ACMP	Relay legal issue research from legal department inquiry re Department of Justice voluntary disclosure and inquiry.			
178	10/9/2003	[REDACTED]	[REDACTED]		ACMP	Correspondence at direction of counsel re Department of Justice voluntary disclosure and inquiry.			
179	9/30/2003	[REDACTED]	[REDACTED]		ACMP	Response to legal department inquiry re Department of Justice voluntary disclosure and inquiry.			
180	10/8/2003	[REDACTED]	[REDACTED]		ACMP	Response to legal department inquiry re Department of Justice voluntary disclosure and inquiry.			

(b)(6) (b)(7)(c)

CBI - Department of Justice Privilege Log (as of 1-27-04)

PRV	Date	Author/ Sender/ Source	Addressee/ Recipient	Captees	Attorney/ Client/ AG/Work Product (WP)	Description of Document or Redaction	Produced with Redactions	Pages Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
181	5/-/2003 to 6/-/2003	[REDACTED]	[REDACTED]	[REDACTED]	ACWMP	Series of email communications with, and at direction of, counsel re Department of Justice voluntary disclosure and inquiry.			
182	4/27/2003	[REDACTED]	[REDACTED]	[REDACTED]	WP	In-house counsel notes re work with outside counsel re response to legal department inquiry re Department of Justice voluntary disclosure.			
183						Privilege Number Intentionally Left Blank			
184						Privilege Number Intentionally Left Blank			
185						Privilege Number Intentionally Left Blank			
186						Privilege Number Intentionally Left Blank			
187						Privilege Number Intentionally Left Blank			
188						Privilege Number Intentionally Left Blank			
189	5/19/1997	[REDACTED]	[REDACTED]	[REDACTED]	ACWMP	Legal memorandum from local counsel.			CBI-V1-003-000250 -CBI-V1-003-000251
190						Privilege Number Intentionally Left Blank			

CBI - Department of Justice Privilege Log

(as of 1-27-04)

PRIV #	Date	Author Sanger/Source	Addressee/Recipient	Copies	Attorney Client (A/C) Work Product (WP)	Description of Document for Redaction	Produced with Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
191	2/5/1993				AC/WP	Forward of legal memorandum of In-house counsel.			
192						<i>Privilege Number Intentionally Left Blank</i>			
193	8/10/1993					Handwritten notes re discussions with In-house counsel.			CBI-V1-003-000258
194	8/6/1996 and 7/25/1996				AC/WP	In-house counsel notes.			CBI-V1-003-000259 - CBI-V1-003-000262
195	3/30/1994				WP	In-house counsel notes.			CBI-V1-003-000263 - CBI-V1-003-000266
196	1/5/1994				AC/WP	Draft legal memorandum to In-house counsel and attached materials.			CBI-V1-003-000267 - CBI-V1-003-000273
197	4/5/1993				AC	Letter, with attached documents, to local counsel.			CBI-V1-003-000274 - CBI-V1-003-000276
198	8/10/1994				AC/WP	Legal memorandum of local counsel.			CBI-V1-003-000277 - CBI-V1-003-000280
199	1/4/1994				AC/WP	Draft legal memorandum to In-house counsel; and In-house counsel notes re same.			CBI-V1-003-000281 - CBI-V1-003-000284

(b) (6), (b) (7)(C)

CBI - Department of Justice Privilege Log

(as of 1-27-04)

PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Copies	Attorney-Client (A/C) Work Product (WP)	Description of Document or Redaction	Produced with Redactions	Bates Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
200					ACMP	Voice mail re response to legal department inquiry.			CBI-V1-003-000285
201	9/3/1999				ACMP	Email correspondence with outside counsel re SEC investigation.			CBI-V1-003-000286
202	10/26/1992				AC	Notes from communication with in-house counsel.			CBI-V1-003-000287 - CBI-V1-003-000293
203	12/6/1994 and 5/1/1994				ACMP	Fax and memo responses forwarding information at the request of the legal department.			CBI-V1-003-000294
204	10/00/1994				ACMP	Notes of voicemail from in-house counsel.			CBI-V1-003-000294
205	1/4/1994 and 2/22/1994				ACMP	Forwarding information requested by legal department for legal advice and comment.			CBI-V1-003-000295 - CBI-V1-003-000301
206	4/9/2003				AC	Memorandum re meeting with in-house counsel re legal issues re Department of Justice voluntary disclosure.			
207	5/10/2003				AC	Memorandum re discussion re legal update on issues related to Department of Justice voluntary disclosure and inquiry.			

(b) (5), (b) (7) (c)

CBI - Department of Justice Privilege Log

(as of 1-27-04)

PRIV #	Date	Author/Sender/Source	Addressee/Recipient	Copies	Attorney (A), Client (C), Work Product (WP)	Description of Document or Redaction	Produced with Redactions	Pages Range of Document Produced with Redactions	Document Produced Under Limited Non-Subject Matter Waiver
208	8/16/2003				AC	Memorandum re meeting including in-house counsel, re status and legal issues related to Department of Justice voluntary disclosure and subsequent inquiry.			
209					WP	Draft memorandum re policy and legal issues.			
210	7/3/2003				AC/WP	Email inquiry from in-house counsel re issues related to Department of Justice voluntary disclosure and inquiry.			
211	7/3/2003				AC/WP	Email response to inquiry from in-house counsel re issues related to Department of Justice voluntary disclosure and inquiry.			
212					WP	Handwriting would normally be redacted, however, original document is being produced in third production without redactions under the limited waiver.			CBI-VI-003-000752 - CBI-VI-003-000753
213	5/11/200				AC/WP	Email between client and in-house counsel			CBI-VI-003-000754

(b) (5), (b) (7)(C)

URABA

MES	1999		2000	
	CAJAS	CENTAVOS	CAJAS	CENTAVOS
ENERO			811900	0.02
FEBRERO			772602	0.02
MARZO			7059273	0.02
ABRIL			701551	0.02
MAYO	810,063	0.01	696883	0.02
JUNIO	820,188	0.01	815979	0.02
JULIO	596,973	0.015	696197	0.02
AGOSTO	894,900	0.015	731184	0.02
SEPTIEMBRE	1026,100	0.015	804293	0.02
OCTUBRE	929,900	0.015	740283	0.02
NOVIEMBRE	817,555	0.015	874629	0.02
DICIEMBRE	925,268	0.015	800000	0.02

16,238
14,652
21,185
14,231
13,938
16,320
13,923
14,624
18,083
14,805
15,825
16,000

SANTA MARTA

MES	1999		2000	
	CAJAS	CENTAVOS	CAJAS	CENTAVOS
ENERO			109353	0.02
FEBRERO			248543	0.02
MARZO			238953	0.02
ABRIL			228153	0.02
MAYO			228153	0.02
JUNIO			228153	0.02
JULIO			228153	0.02
AGOSTO			228153	0.02
SEPTIEMBRE			228153	0.02
OCTUBRE			228153	0.02
NOVIEMBRE			228153	0.02
DICIEMBRE			228153	0.02

189,824
6,325
5,675
7,338
7,146
6,866
10,410
7,627
8,736
8,796
7,263
5,456
7,020

Se hicieron a Manglar

69,358

	Q1	Q2	Q3	Q4	Total
Owed	71,212	68,911	71,689	67,370	279,181
Paid	22,360	63,040	76,079	119,594	281,073

CBI-V1-003-000149

→ Get copies of the FCPA Policy
made part of the Code of Conduct
Booklet of

Definition of an Improper Request
w.r.t. Facilitating Payments or
Donations

(b)(5), (b)(7) D

Put out Corporate
File



CBI-V1-003-000148

1999

\$0.015/bax Turbo

\$0.02/bax in 2000

Exchange Rate Fluctuations

1999

Santa Marta
payments

Not
Previously reported

2000

Stating 5/2000

Santa Marta 0.025/bax

Lower Volances

CBI-V1-003-000147

Q1 2001

Q4 1999

\$21,000
\$40,000
\$20,000 Turbo
Cib - Convik

\$65,000

60,000 - to CONVIVIK



(b)(6), (b)(7)(c)

Santa Marta Payments Started May 2000

Santa Marta get 10.003 / box
Turbo get 0.09 / box

Q4 2000

Q3

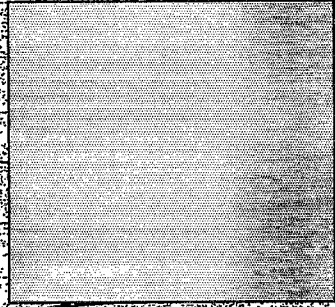
3.5 Million Perks

\$119,000

\$4.5 Million Perks

100,000 - CONVIVIK

Payments were suspended w/ Q1 2000
for Santa Marta Reading
in investigation



Filson Convik

CBI-V1-003-000146

16:16:54 1997 FROM: 2660141 TO: PAGE 2
 ENVID: 8-15-97 13:47 C. F. BANADEX

(b)(6), (b)(7)(c)

I am aware of the following payment(s), contribution(s), donation(s), loan transaction(s), gift(s), or other transfer(s) of anything of value described in Section 17(e), 2.3, and 4:

Recipient's Name	Recipient's Address	Purpose of Payment	Amount of Payment in Local Currency	Method of Payment	Date of Payment
------------------	---------------------	--------------------	-------------------------------------	-------------------	-----------------

"NTR"

I am aware of the following accounts in which the Company's books, records and accounts are maintained:

Signature	Print Name	Title	Company	Period Covered
				(Specify month/year covered)
				January 1 - March 31, 1997
				April 1 - June 30, 1997
				July 1 - September 30, 1997
				October 1 - December 31, 1997

Please contact us to discuss the reporting requirements under the Foreign Corrupt Practices Act (FCPA).

CBI-V1-003-000165

CHIQUITA NSD 6348

09709-13-59 1997

FROM

2660141

TO

PAGE

3

EV10

9-5-97 10:43

C. J. BANADEX

3

(b)(6), (b)(7)(C)

To: [REDACTED]
From: [REDACTED]
Date: September 5, 1997
Re: FCPA Policy

[REDACTED] In response to the recent conversations you've had with members of the Colombian Management Team, I am including both our current and revised procedures for reporting items in the quarterly FCPA report. The change in the current procedure should ensure that all items are reported to the Legal Dept. and any payments in question could be resolved through discussions with both Local Management and Corp. Legal Dept.

Currently, the process of identifying reportable payments is as follows: Each quarter the Controller/Assistant Controller meets with the Security and Legal Depts. to inquire as to whether payments have been made to any government official, political party or any related governmental entity. As part of the meeting a review is performed with the Security Dept. of those accounts where all payments are reported.

The revised policy is basically the same as the current, except that any questionable payments other than those to a government group, political party, etc., will be included in the report in order to ensure that we capture all reportable payments. In addition to reviewing the activity in the respective accounts we will also review the payment requests (1016's) related to all payments made for logistics and operations.

The quarterly adherence to the FCPA requirements is and will continue to be a priority for the Colombian Management Team. We would appreciate any comments or suggestions on your part as to further improve the reporting process. Additionally, we look forward to your visit to our Division so that we could receive the course on FCPA reporting which was initially planned in February of this year.

CC: [REDACTED]

CBI-V1-003-000164

CHIQUITA NSD 6349

09/05 13:52 1997
EVI10

FROM:

2660141

TO:

PAGE: 2

9- 5-97 : 10:42 :

C. I. BANADEX-

: 2

(b)(6), (b)(7)(c)

REVISED FCPA

V. I am aware of the following payment(s), contribution(s), donation(s), barter transaction(s), gift(s), or other transfer(s) of anything of value described in Section III. A. 1, 2, 3, and 4.

Recipient's Name	Recipient's Position	Purpose of Payment	Amount of Payment in Local Currency	Method of Payment	Date of Payment
BILLY MICHAEL		2 TIRES	940.50	CASH	4/23/97
BRADLEY DE SUTHERLAND		DONATION	550.000	CASH	4/25/97
	VENDOR	FOOD	109.100	CASH	5/14/97
MARCO FINE	VENDOR	REPAIR/MAINT/PAINT	406.600	CHEK	5/14/97
BRADLEY DE SUTHERLAND		COMPUTERS	9.500.000	CASH	6/2/97
CONNOR		SECURITY	21.956.012	CHEK	6/2/97

40,614.762
 X 0.0008552
 734,733.74

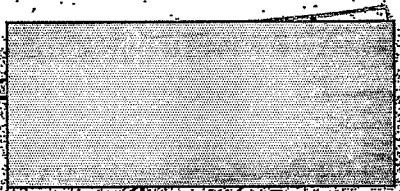
VI. I am aware of the following instances in which the Company's books, records and accounts are inaccurate:

Signature:

Print Name:

Title:

Company:



CONNOR
 BANADEX

Period Covered:

(Circle appropriate period)

January 1 - March 31, 1997

April 1 - June 30, 1997

July 1 - September 30, 1997

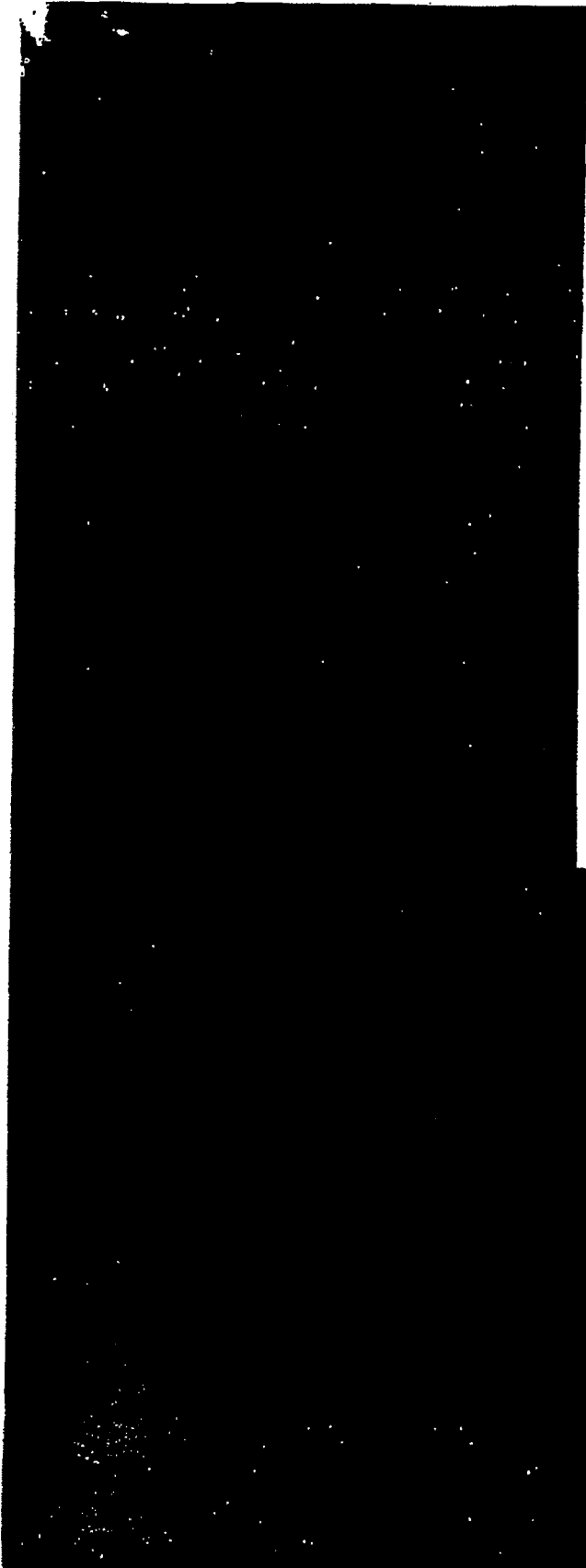
October 1 - December 31, 1997

Please contact me to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)

CBI-V1-003-000163

CHIQUITA NSD 6350

(b)(5) (b)(7)(c)



[Redacted]

Date: 2/22

RECEIVED

FEB 22 1994

LAW DEPARTMENT

To: [Redacted]

For Your Information

For Your Files

As Requested

For Your Comments and Suggestions

For Your Signature

Please Return

Please Handle

Other Remarks:

*Per [Redacted]
voice mail.*

[Redacted]

[Redacted]

KIRKLAND & ELLIS LLP

AND AFFILIATED PARTNERSHIPS

655 Fifteenth Street, N.W.
Washington, D.C. 20005

202 879-5000

www.kirkland.com

Facsimile:
202 879-5200

[REDACTED]
[REDACTED]@kirkland.com

January 28, 2004

VIA COURIER

[REDACTED] Esq.
Department of Justice
Criminal Division
Counter Terrorism Section
601 D Street N.W.
Suite 6500
Washington, D.C. 20530

Re: Third Voluntary Production

Dear [REDACTED]

As part of Chiquita Brand International, Inc.'s ("Chiquita" or the "Company") continuing commitment to cooperate with the Department of Justice (the "Department"), we have enclosed the attorney-client privileged and/or work product doctrine protected documents you requested under the guidelines delineated in my January 27, 2004 letter.

These documents relate to contemporaneous legal advice received from Chiquita or Banadex in-house counsel or local Colombian Company counsel, concerning the payments to specified organizations (the Payments¹) and/or efforts by third parties or others to transport contraband on Chiquita vessels or through Banadex port facilities.²

Chiquita is voluntarily providing otherwise privileged information as part of its commitment to cooperate fully with the Department's inquiry. Based upon our previous discussion, we understand that the Department will not use the documents, and/or the information discussed in this letter, to assert a subject matter waiver of other privileged materials

¹ Payments is defined as: Chiquita and/or Banadex payments to a Colombian paramilitary organization (United Self Defense Forces of Colombia - AUC), including but not limited to those made directly to the AUC or through a convivir, a subgroup (e.g., Bloque Norte), as well as any payments to the Revolutionary Armed Forces of Colombia ("FARC") and/or National Liberation Army ("ELN"), including but not limited to payments for security services or for any "tax."

² Including relevant security procedures and controls of the Company as they relate to such efforts.

KIRKLAND & ELLIS LLP

January 28, 2004
Page 2

and information that are not provided to the Department, or to assert a waiver of any privileged materials for the benefit of any third parties.

In addition, the provisions in this letter do not apply to protected legal advice and work product concerning Chiquita's strategy in dealing with any government investigations,³ or other privileged materials that do not relate to the Payments or the efforts to transport contraband on Chiquita vessels or through Banadex port facilities.

If privileged information outside the scope of this agreement is disclosed during this production, such disclosures will be deemed inadvertent and will not constitute a voluntary waiver of Chiquita's privilege.

Under the above mentioned terms the Company has enclosed a third voluntary production including bates ranges CBI-V1-003-000001 to CBI-V1-003-000781. This production includes attorney-client privileged and/or work product doctrine protected documents falling under the above delineated waiver guidelines and conditions, at bates ranges CBI-V1-003-000001 to CBI-V1-003-000301. This production also includes audit related emails and documents related to the creation of the FCPA summaries and Audit Committee notebooks, at bates ranges CBI-V1-003-000302 to CBI-V1-003-000332; some of which were given preliminary privilege designations, but upon closer review were deemed part of the audit function and produced. Therefore, an updated privilege log has also been included.

In addition, this production includes documents provided to the company recently by [redacted] through his counsel, at bates ranges CBI-V1-003-000333 to CBI-V1-003-000461. Some of these documents have been previously produced in the first production.

Finally, this production contains some documents supplementing the first two productions, including Audit Committee FCPA Summaries for 1997 through 2000, at bates ranges CBI-V1-003-000462 to CBI-V1-003-000747.

If you have any questions or concerns, please do not hesitate to call me at [redacted]

Thank you.

³ Government investigations include, without limitation, the Company's legal reviews, inquiries and/or advice regarding any SEC investigation, or preparation for, or response to, the same; as well as the Department voluntary disclosure, including any preparation for, investigation or inquiry in relation to, such disclosure; as well as any response to any subsequent Department inquiry or investigation.

KIRKLAND & ELLIS LLP

(b)(5) (b)(7)C

[Redacted]

January 28, 2004
Page 3

[Redacted]

Enclosures

(b)(5), (b)(7)(C)

from [redacted]

To: [redacted]

Date: 6/16/94

- For your information
- For your files
- As requested
- For your comments and suggestions
- For your signature
- Please return
- Please handle

Other Remarks:

from [redacted]

To: [redacted]

Date: 6/16/94

- For your information
- For your files
- As requested
- For your comments and suggestions
- For your signature
- Please return
- Please handle

Other Remarks:

I'll send the English translation when I get it.

CONVIVIR

CONVIVIR PUNTE PIEDRA, S.A
(we have your own)

Organismo Judicial Participamos

con las otras bananeras. (we were last
to participate)

We pay \$0.03/box. WK. 18/1997 - WK 14/1999

- Under Military Supervision. Approximate

información & some are armed (but

they're not paramilitary groups). Radios, motorcycle

→ Legalmente operan en Colombia

→ Negotiate through a lawyer. We are not
shareholders. We don't know who the owners

are. Pushed by the gov & local govt to military

(b)(6), (b)(7)(C)

12/21/01

Re: Las Conchas

A. muchos les cancelaron la personeria juridica, but

The ones we deal with are in good standing.

[redacted] will send me the documents.

CBI-V1-003-000178

CHIQUITA NSD_6335

(b)(5) (a) (c)

2nd Quarter

5/94

Contribution to Association Colombia Moderna

16,000,000 pesos or US\$ 20,000.00

per



02/27 00:00 1997

FROM:

TO:

PAGE:

02/26/1997 22:12

KLDISH

(b)(6), (b)(7)(C)

Medellin, February 3, 1997

To:

From:

Copy:

Re: Crime of Extorsion and Kidnapping in Colombia

Law 40 of 1993 governs, in Colombia, the crimes of extortion and kidnapping, and establishes severe penalties for both.

The same Law used to be that a person who gives money to pay ransom for kidnapping is also liable of criminal punishment, but this rule (paragraph 2, article 7 of Law 40/93) was declared contrary to the National Constitution by the Supreme Court of Justice, which considered that the fact that a person gives money to kidnappers could not be punished, because he gives the money for a noble purpose, namely to save a human life or the freedom of a person.

The same Law 40/93, Article 25, established the following:

"... SANCTIONS AGAINST NATIONAL AND FOREIGN COMPANIES: Without prejudice to the other punishments applicable, when an executive of a national or foreign company, or his delegate, hides or cooperates in paying for the release of a kidnapped executive or employee of the company or one of its subsidiaries, the government shall be entitled to decree the cancellation of the contracts executed by said company with state institutions. If the act is committed by an executive or delegate of a subcontractor of the company, and it is a foreign entity... the government shall order his immediate deportation from the country. National subcontractors shall be subject to the punishments set forth in this law...

Although the above rule is in force, the Constitutional Court also declared it unconstitutional when the person acts in any of the justifying circumstances set forth in the Criminal Law, such as in the case of a state of necessity. In other words, when one acts in a state of necessity, no punishment will be applied.

As to the specific point concerning extortion, it is clear in our legal system that the person who pays for extortion is not subject to penalty, because such payment takes place without free consent, and under threat of immediate injury. In other words, a person who pays for extortion is a victim, not an accomplice to the crime, and therefore cannot be punished.

I am at your disposal for any additional clarifications.

Sincerely,

CBI-V1-003-000085

CHIQUITA NSD 6428

EXHIBIT III

Information provided in this account# 68 - 6536 assigned to L. BIRGO

Hiring of transactions in record General Manager's Manager's expenses for the period of January 1, 1993 to October 31, 1993

MONTHS	DATE OF TRANSACTION	ACCT. IV # OR REFERENCE #	ACCT. # CHANGED	AMOUNT OF PAYMENT (LOCAL CURRENCY)	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM ACCTO RECORDS OR CASE OFFICE RECORDS	COMMENTS
01/93	01/15/93		68 - 0536	50,000	6523	General Manager Expenses	Administration of Business Industry
02/93	02/06/93		68 - 0536	56,000	7139	General Manager Expenses	Administration of Business Industry
03/93	03/27/93		68 - 0536	2,541,693	2,541,693	General Manager Expenses	Administration of Business Industry
04/93	04/10/93		68 - 0536	84,000	104,70	General Manager Expenses	Administration of Business Industry
05/93	05/27/93		68 - 0536	18,570	18,570	General Manager Expenses	Administration of Business Industry
06/93	06/25/93		68 - 0536	85,812,798	138,165	General Manager Expenses	Administration of Business Industry
07/93	07/05/93		68 - 0536	85,200	104,41	General Manager Expenses	Administration of Business Industry
				TOTAL FIRST QUARTER	6523		
				TOTAL SECOND QUARTER	2,613,02		
				TOTAL THIRD QUARTER	1,243,35		
				TOTAL FOURTH QUARTER	248,70		
				TOTAL	4,210,70		

Note: This report has been prepared to reflect information furnished to the industry companies currently located in the account 68-6536, such as completion of State Programs and other related expenses incurred by Manager 0536.

NOTE: Attached copies of any financial reports containing sensitive information furnished for this form --- such information will be redacted by the V.P. Internal Audit and the Law Department.

(b)(7)(C) (b)(7)(D)

2 574
155
1139
3865 SECURITY

[REDACTED] 8/6/96

Don't have 1016's for 1993 or 1994 for Turbo

(b)(6), (b)(7)(c)

* [REDACTED] will send memos describing by person how much was paid and the purpose

G.M.X will include in the future:

- security
- commercial information
- other expenses w/o local documentation

G.M.X will not include in the future:

- FCPA payments (these will be reported on quarterly FCPA reports)

1994 Turbo: ~\$134K for security & part of the
~\$159K

- [REDACTED] will look for [REDACTED]
May 16, 1995 memo

* We need a letter for \$25K

1995 Turbo / 1996 Turbo

- only includes commercial information;
- need to add security and other expenses

* has 1016's for these expenses

CBI-V1-003-000259

CHIQUITA NS

• [redacted] has info/documents on security for 1995 Turbo

• 1993: Santa Marta

- should be able to get 1016's; if cert will send letter signed by GM Caproni (if possible)

• 1994 Santa Marta

- lack of reports may be due to fact Santa Marta didn't make any payments; the payments may have been made by Medellin

• 1995/1996 Santa Marta

- all expenses made out

• Will review w/ [redacted] files and will have documents ready week of 8/12 for [redacted] to bring back to us.

(b)(6), (b)(7)(C)

Columbia

May 3/2003

GM Fund - Convivial - EM - TUBBO

Always
 P.O. - SECURITY - CAO (Doesn't know) -
 P.O. - ANDERSON - KING/BBB/ASST/BLC/eply/CARR/REPS

Listed decision maker vs listed EM -

[Redacted] in context - external

ONLY THIS EXPENSE STAFF

11/04/2003 03:02PM

CBI-V1-003-000245

CHIQUITA NSD 6484

(b)(6), (b)(7)(c)

G.M FUND:

COLOMBIA - STAMPA

Telcon3-28-02 [redacted] following general advice of situation to RFK about a month ago)
 Gastos de Gercute (non FCPA expenses)
 Check made out to G.M., 1016 for Gastos de Gercute approved by Controller only (no CAO approval)
 G.M. will use for Gastos de Representacion (check on tax implications) -will go to general overhead misc expenses.
 G.M. keeps private ledger indicating recipient
 G.M. gets and keeps written receipt from [redacted]
 Only these expenses will go through this account
 Qtrly Controller will compile list of Gastos de Gerente transactions and provide to [redacted] (or his replacement) who will review entries in ledger kept by GM and receipts from Victor
 I will review for reasonableness quarterly (no documentation specified at this time)
 [redacted] to be aware of magnitude and advised of significant changes
 [redacted] will inform audit committee and EY Cinn (not Colombia)
 Discuss with [redacted] if monthly or biweekly

APPROVED PROCEDURE:

SUPPLIED BY

[redacted signature box]

MAY 3, 2006

11/04/2003 03:02PM

CBI-V1-003-000246

CHIQUITA NSD 6483



Chiquita Brands International

MEMORANDUM

TO: Distribution

DATE: November 30, 1999

FROM: [Redacted]

PHONE: 513-768-4933

SUBJECT: Accounting for Confidential Payments

This memorandum confirms current practices superseding previous guidance provided in memoranda from [Redacted]. These practices help ensure operating units have accurate books and records and adequate systems of internal accounting controls, while allowing appropriate confidentiality.

There are two options for recording confidential payments. These are the only two options unless you receive authorization to use another method from [Redacted] Vice President and Controller.

1. Follow standard Company practices in recording and classifying these transactions in the operating unit's books and records; or
2. Record these transactions in a Manager's Expense account and comply with the following procedure:
 - a. The General Manager will maintain the details and documents supporting the transactions recorded in the Manager's Expense account.

At least once each quarter, the Manager of the San José, Costa Rica, Internal Audit Regional Office will perform an on-site review of each transaction recorded in the Manager's Expense account to determine whether:

- The transaction was properly authorized, documented and supported;
- Documentation and support exists for each transaction (a list of such transactions should be prepared by the local controller); and
- If required, transactions were reported on an appropriate quarterly Foreign Corrupt Practices Act Compliance Certificate.

During this review, the Internal Audit Manager may request copies of supporting details and documents for further review with the Law Department.

11/04/2003 03:02PM

CBI-V1-003-000247

(b)(6) (b)(7)(c)

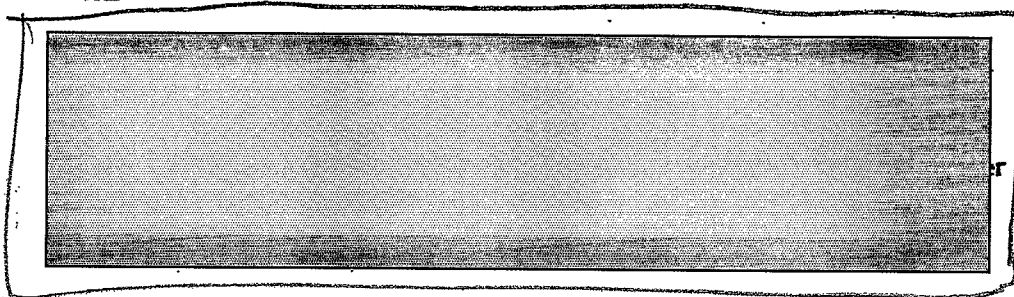
- b. Internal Audit will periodically perform on-site reviews of disbursements at the operating units which use a Manager's Expense account to assure that the quarterly review, referred to above, includes all appropriate transactions.
- c. As part of the operating unit's TCS, the General Manager's supervisor should approve the amount for the Manager's Expense account.

If an operating unit does not have a Manager's Expense account and would like to use one, [redacted] CBII Vice President and Controller, should be contacted for authorization. The Financial & Administrative Policies relating to this subject are:

- X Internal Control A-1.0, pp. 1/7
- X Quarterly Representation Letter B-3.0, pp. 1-6
- X Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- X FGPA commentary and the Company's "Statement of Policies & Procedures," A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have any questions.

Distribution



:MgrsExp99.doc

11/04/2003 03:02PM

CBI-V1-003-000248

CHIQUITA NSD 6482



for 2000 - add  to distribution


(b)(6), (b)(7)c

(b)(6), (b)(7)(c)

File name: GM Expenses Fuad

Telcon 3-28-02 [redacted] following general advice of situation to RFK about a month ago)

Gastos de Gerente (non FCPA expenses)

Check made out to G.M., 1016 for Gastos de Gerente account approved by Controller only (no CAO approval)

G.M. will use for Gastos de Representacion (check on tax implications) - will go to general overhead misc expenses.

G.M. keeps private ledger indicating recipient

Only these expenses will go through this account

Qtly Controller will compile list of Gastos de Gerente transactions and provide to [redacted] (or his replacement) who will review entries in ledger kept by GM

I will review for reasonableness quarterly (no documentation specified at this time)

RFK to be aware of magnitude and advised of significant changes

[redacted] will inform audit committee and EY Cinn (not Colombia)

Can be monthly or biweekly

Can be a fixed amount that is varied occasionally to put moneys in vs moneys out in balance.

CBI-V1-003-000244

CHIQUITA NSD 6485

(b)(6) (b)(7)(c)

SEP 02 15:28 1997 FROM: [REDACTED]
SEP-02-97 12:21 PM [REDACTED]

TO: [REDACTED]

PAGE: 1

P. 01

Transmittal Sheet

EXTREMELY URGENT

Date: September 2, 1997

From: [REDACTED]

To: [REDACTED]

No. of pages including this: 2

Re: Your RUSH translation requisition No. 072.97

Regards,
[REDACTED]

Pls. cc [REDACTED]

[REDACTED]

09:02,15:28 1997

FROM:

TO:

PAGE: 2

SEP-02-97 12:21 PM TRANSPERFECTTRANSLATIONS

P.02

C.I. BANADEX S.A.

MEMORANDUM

To: [REDACTED]
From: C.I. BANADEX S.A. [REDACTED]

cc:

Date: Thursday, August 28, 1997

Re: Special Donations

Concerning the above referenced matter, our criminal code establishes three different types of punishable conduct for public officials, as follows: first, when he FORCES a private person to give him money or any profit; second, when the official receives a benefit to perform an illegal act; and third, when he receives it for an act that he is obligated to perform (extortion, direct and indirect bribe - Articles 140, 141 and 1432 of the Criminal Code).

On the other hand, Article 143 indicates that the private person who gives or offers money in cases of direct or indirect bribes commits the so-called "bribery by giving or offering," punished with prison from three to six years, fine of fifty to one hundred minimum monthly salaries (US\$8,500 to 17,000 approximately), and interdiction from rights and public functions for the same period as the imprisonment.

It must be noted that, according to the law, when the accused does not have a criminal record, in a case such as the one mentioned, the judge may condemn him only to the minimum of prison, i.e. three years, and, with this punishment, he is entitled to suspension (sentence of conditional execution). This means that, in practice, the time of deprivation of freedom is short, due to the benefit indicated.

I hope the above explains the point you wanted to know. If you need more explanations on the topic, let me know, and I will gladly inform you.

Sincerely,

[Signature]

From: [REDACTED]
To: [REDACTED]
Date: 10/3/02 7:36PM
Subject: FCPA

[REDACTED] the amount per box paid last year from January thru August was US\$0.020 instead of the US\$0.0225 that I reported you in prior e-mail (as per conversation w [REDACTED]). The increase to US\$0.025 per box began in September 2001.

Regards,
[REDACTED]

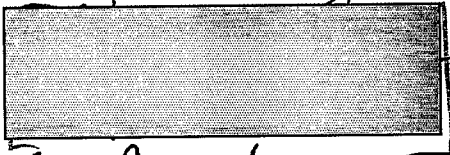
(b)(6), (b)(7)(C)

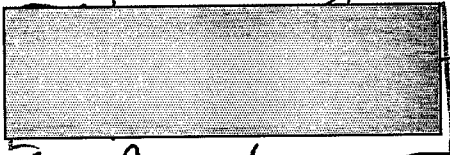
V. I am aware of the following payment(s), contribution(s), donation(s), barter transaction(s), gift(s), or other transfers) of anything of value described in Section III. A. 1, 2, 3, and 4.

<u>Recipient's Name</u>	<u>Recipient's Position</u>	<u>Purpose of Payment</u>	<u>Amount of Payment in Local Currency</u>	<u>Method of Payment</u>	<u>Date of Payment</u>
<i>Items paid through the Controller's office in Armedillas, Panama, previously reported to the law department and investigated by the law department and the internal audit department.</i>					

VI. I am aware of the following instances in which the Company's books, records and accounts are inaccurate.

None

Signature: 

Print Name: 

Title: *Sr. Director*

Company: *CBI*

Period Covered

(Circle appropriate period)

January 1 - March 31, 1993

April 1 - June 30, 1993

July 1 - September 30, 1993

October 1 - December 31, 1993

Please contact me to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
APRIL 1 - JUNE 30, 1998**

COUNTRY & COMPANY	PRINCIPAL BUSINESS	1998		1999		2000		2001		2002	
		1ST QTR	2ND QTR	1ST QTR	2ND QTR	1ST QTR	2ND QTR	1ST QTR	2ND QTR	1ST QTR	2ND QTR
COLOMBIA											
Banadex	Banana Operations	31,954	69,117	100,071							39,390
COSTA RICA											
Cobal	Banana Operations	170	1,265	1,425							600
Chiquita Brands	Markets Tropical Fruit	0	21	21							750
Chiquit Land Company	Banana Operations	1,635	2,267	3,602							4,395
Great White Fleet	Shipping Operations	0	764	764							0
	Sub-total	1,805	4,307	6,112							6,746
ECUADOR											
Bundicorp	Banana Operations	936	0	936							0
GUATEMALA											
Cobigua	Banana Operations	1,019	210	1,229							1,836
HONDURAS											
Agricola de Rio Tinto	Processed Banana Products	146	308	454							1,276
Cobalisa	Banana Operations	6,811	7,944	14,755							20,018
San Alejo Oil Palm Operations	Oil Palm Cultivation	560	737	1,297							2,544
Tela Railroad	Banana Operations	36,563	35,319	71,882							47,105
	Sub-total	44,080	44,308	86,388							70,943
PANAMA											
Chiquit Land Company	Banana Operations	11,785	165,345	177,130							35,423
Polymer Extrusion, S.A.	Plastic Products	402	18	420							1,587
	Sub-total	12,187	165,363	177,550							37,010
UNITED STATES											
Chiquita Brands International, Inc.		0	374	374							882
TOTAL PAYMENTS		91,981	282,679	374,660							154,505

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
SECOND QUARTER, 1998 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	67,069	Convivir	Donation to citizen reconnaissance group made at request of Army.
		1,048	Army Officials	Donations for security services.
	Sub-total	68,117		
	Total Payments	<u>68,117</u>		

Exchange Rate: .0007357

00100000070_EnquirerArticle

Chiquita SECRETS Revealed; Editor's note; Stories pierce veil of secrecy

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: Lawrence K. Beaupre

Two thousand miles from its banana plantations in Central America, Chiquita Brands International Inc. is one of Cincinnati's most prominent corporations. It is also one of its most secretive.

Controlled by financier Carl H. Lindner Jr., whose aversion to the press is legendary, Chiquita nevertheless has been thrust prominently into the public realm in recent years.

As the stories on A1 and in this section describe, Chiquita is involved in political, environmental, legal and labor controversies in many parts of the world.

A year ago, The Cincinnati Enquirer decided to look beyond the company's press releases to gain a better understanding of how the Cincinnati-based banana giant operates.

Reporters Mike Gallagher and Cameron McWhirter undertook a wide-ranging investigation into Chiquita's business practices. After conducting scores of interviews in the United States and reviewing numerous public and internal documents, Mr. Gallagher and Mr. McWhirter traveled late last summer to Costa Rica, Honduras, Panama, and the Caribbean islands of St. Lucia and Dominica. They also traveled to Brussels, Antwerp, Vancouver, New York and Washington, D.C.

They spoke to a wide range of sources, including farm laborers and managers, environmentalists, government officials, financial experts, lawyers, professors and others.

They interviewed numerous Chiquita executives, who spoke on the condition of anonymity for fear of retribution. Extensive documentation also was provided by sources or obtained elsewhere.

Those records included more than 2,000 copies of taped voice mail messages. These were provided by a high-level source who was one of several Chiquita executives with authority over the company's voice mail system.

The source also provided copies of the same tapes to the U.S. Securities and Exchange Commission, which has launched its own investigation into Chiquita.

Chiquita executives often used voice mail as internal memoranda, often "copying" other executives, sometimes as many as five or six, with the same message. Many of the messages were highly detailed.

Chiquita executives refused repeated requests for interviews. Instead, they designated lawyers from the Washington, D.C., office of Kirkland & Ellis to take questions and provide company answers in writing. There was none of the give-and-take of a normal interview.

Chiquita, through its lawyers, provided hundreds of pages of comments and documents, though some of it was not responsive to the actual question asked. In several cases, Chiquita chose not to

00100000070_EnquirerArticle

provide any response at all.

We are confident that thorough reporting for more than a year has resulted in an accurate and eye-opening portrait.

Readers with information or comments may contact us by e-mail at enterprise@enquirer.com or write to me at The Cincinnati Enquirer, 312 Elm St., Cincinnati, OH 45201.

About the staff

Mike Gallagher, 40, investigative reporter, joined the Enquirer in 1995. He reported and wrote the Enquirer's award-winning series in 1996 on problems with the cleanup of the uranium-processing plant at Fernald. E-mail: 75057,3062@Compuserve.com

Cameron McWhirter, 34, has been an investigative reporter with the Enquirer since 1994. His award-winning projects have included an examination of dangerous flaws in the nation's interstate parole system. In 1996, the newspaper sent him to Bosnia to report on the war's impact. E-mail: cmcwhirter@enquirer.com

David Wells, 46, local news editor at the Enquirer, has been with the newspaper since 1974. He oversees the local news department and personally directs the investigative team.

Designed by Ron Huff and John Humenik. Graphics by Randy Mazzoia. Maps by Ron Cosby.

All photographs in this report by Mike Gallagher, Cameron McWhirter or taken from Enquirer files unless otherwise noted. Photo of Sam Zemurray by Elliot Elisofen, Life Magazine, copyright Time, Inc. Historic photos on C18 were taken from The Story of the Banana (United Fruit Co., 1921).

Due to production limitations, Spanish grammatical markers have not been included in the text.

(Copyright 1998)

Chiquita SECRETS Revealed; Enquirer investigation finds questionable business practices, dangerous use of pesticides, fear among plantation workers; Chiquita: An empire built on controversy

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: MIKE GALLAGHER AND CAMERON MCWHIRTER

A year-long investigation by The Cincinnati Enquirer has found that Chiquita Brands International Inc., the world's largest banana company, is engaged in a range of questionable business practices.

Chiquita, based in Cincinnati at 250 E. 5th St., has disputed suggestions that any of its practices are improper.

The Enquirer investigation took reporters to the sweltering lowlands of Central America, where bananas are grown, as well as to Canada, Belgium, New York and Washington. Findings are outlined in a special 18-page section in today's Enquirer.

These findings include:

Chiquita secretly controls dozens of supposedly independent banana companies. It does so through elaborate business structures designed to avoid restrictions on land ownership and national security laws in Central American countries. The structures also are aimed at limiting unions on its farms.

Chiquita and its subsidiaries are engaged in pesticide practices that threaten the health of workers and nearby residents, despite an agreement with an environmental group to adhere to certain safety standards.

Despite that environmental agreement, Chiquita subsidiaries use pesticides in Central America that are not allowed for use in either the United States or Canada, or in one or more of the 15 countries in the European Union.

A worker on a Chiquita subsidiary farm died late last year after exposure to toxic chemicals in a banana field, according to a local coroner's report.

Hundreds of people in a Costa Rican barrio have been exposed to a toxic chemical emitting from the factory of a Chiquita subsidiary.

Employees of Chiquita and a subsidiary were involved in a bribery scheme in Colombia that has come to the attention of the U.S. Securities and Exchange Commission (SEC). Two employees have been forced to resign.

Chiquita fruit-transport ships have been used to smuggle cocaine into Europe. Authorities seized more than a ton of cocaine (worth up to \$33 million in its pure form) from seven Chiquita ships in 1997. Although the company was unaware and did not approve of the illegal shipments, problems were traced to lax security on its Colombian docks.

Security guards have used brute force to enforce their authority on plantations operated or controlled by Chiquita. In an internationally controversial case, Chiquita called in the Honduran military to enforce a court order to evict residents of a farm village; the village was bulldozed and villagers run out at gunpoint. On a palm plantation controlled by a Chiquita subsidiary in Honduras, a man was shot to death and another man injured by guards using an illegal automatic weapon. An agent of a competitor has filed a federal lawsuit claiming that armed men led by Chiquita officials tried to kidnap him in Honduras.

Chiquita Chairman and CEO Carl H. Lindner Jr., his family and associates made legal but controversial contributions to political figures at a time the company desperately sought U.S. backing in a trade dispute over banana tariffs in Europe.

In a statement issued through its attorneys, Chiquita said the company "has been an active and enthusiastic engine for a better way of life throughout the region (and) is a leader in preserving, enhancing and cleaning the environment through Central America."

Throughout its investigation, the Enquirer sought to meet with Mr. Lindner and other Chiquita officials, including Keith Lindner, vice chairman, and Steven G. Warshaw, president and chief operating officer. They declined. Instead, the law firm of Kirkland & Ellis in Washington, D.C., was hired to provide company responses to

00100000070_EnquirerArticle

reporters' questions. Chiquita, through its lawyers, provided hundreds of pages of responses, although refusing to address some questions and avoiding direct responses to others.

Several high-level sources within Chiquita spoke with reporters on the condition of anonymity, fearing retaliation. They also provided extensive documents and other information including copies of more than 2,000 taped voice mail messages recorded by Chiquita executives.

A high-level source told the Enquirer that he has also provided copies of those tape recordings to SEC investigators. SEC sources confirmed that they have the tapes and they are part of an investigation into Chiquita's business practices. SEC and Chiquita sources also confirmed that, in April, SEC investigators issued multiple subpoenas to Chiquita for documents.

Enquirer reporters spent a month in Central America and the Caribbean late last summer, visiting plantations, government offices, villages and university research centers. They personally observed practices and spoke with residents, laborers, Chiquita managers and government officials. They obtained hundreds of internal and public documents and interviewed legal, financial and environmental experts in Cincinnati, Brussels, Antwerp, New York, Vancouver and Washington, D.C.

Key figures in stories

Baker, Lorenzo Dow - Massachusetts sea captain who helped begin the banana trade in 1870.

Bakoczy, Alejandro - chief of security for Chiquita.

Binard, Phillippe - delegate general of the European Community Banana Trade Association.

Birns, Larry - director of Council on Hemispheric Affairs. A Chiquita critic.

Black, Eli - owner of United Fruit Co., who in 1970 changed the company's name to United Brands. Committed suicide in 1975 while the company was under investigation for bribing Latin American officials.

Brester, Susan (Chappano) - Chiquita finance executive.

Castejon, Amilcar - Honduran lawyer hired by Chiquita to oversee payroll and personnel records of COBALISA, a farm service company.

Castro Diaz, Josque Moises - A 21-year-old villager living amid the San Alejo Plantation in Honduras. He was shot and killed by plantation security guards.

Coleridge, Ged - Chiquita executive in Belgium concerned with shipping issues.

Connoley Sevilla, John - former resident and schoolteacher in the destroyed village of Tacamiche.

Escobar Galeano, Carlos Guillermo - bodyguard of Otto Stalinski and expected witness in his federal suit. He was shot to death near his home in Honduras on March 24.

001000000070_EnquirerArticle

Escobar, Renaldo - Chiquita lawyer in Colombia involved in alleged bribery with Chiquita executive Douglas Walker.

Flores Discua, Iris Gisela - a lawyer representing the guards and Chiquita's Tela Railroad Co. in a shooting case on the San Alejo plantation.

Forton, Jorge - Chiquita executive in Medellin, Colombia, involved in alleged bribery with Mr. Walker and Mr. Escobar.

Gleason, Carolyn - Chiquita's trade attorney and registered lobbyist in Washington, D.C.

Hills, David - Chiquita lawyer.

Holst, Eric - New York coordinator for the "Better Banana" certification program of the Rainforest Alliance.

Hughes, G. Philip - ambassador to the Windward Islands under the Bush administration. Later a Chiquita consultant.

Kistinger, Robert - Chiquita Banana Group president.

Kondritzer, Gerald R. - Chiquita vice president and treasurer.

Lindner, Carl H. Jr. - chairman and CEO of Chiquita Brands International Inc.

Lindner, Keith - Carl's son and vice chairman of Chiquita Brands International Inc.

Marquardt, Sandra - environmental consultant who formerly headed up Greenpeace International efforts to ban U.S. export of pesticides.

McBride, Ann - president of Common Cause.

Mendoza, Jorge - an official of Chiquita Tela Railroad Co. subsidiary in Honduras who was involved in the destruction of the Tacamiche village.

Moore, Robert - president of the International Banana Association, a Washington, D.C., group that lobbies for the banana interests.

Murray, Henry - former employee of Chiquita's Tela Railroad subsidiary who is leasing Tacamiche banana land.

Obregon, Jose - general manager of the supposedly independent COBALISA, but carried on Tela payroll.

Olson, Robert - senior vice president and general counsel for Chiquita Brands International Inc.

Ordman, John - Chiquita senior vice president of finance.

Palma, Arnaldo - general manager of Chiquita's Honduran operations.

Paz, Benjamin - Chiquita official.

Ploughman, Dale - Chiquita executive in Antwerp, Belgium, responsible for shipping issues.

Raymer, Joel - Chiquita lawyer.

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Rodriguez, Eugene - Chiquita executive.

Rodriguez, Manuel - Chiquita lawyer.

Stalinski, Ernst "Otto" - former consultant for Fyffes, a Chiquita competitor, who claims Chiquita agents tried to kidnap him in Honduras in 1990. He has filed a federal suit in Cincinnati against the company.

Stephens, Clyde - retired chief of Chiquita Banana Research division.

Theodoredis, Roger - Chiquita executive in Cincinnati assigned to investigate problems at the company Polymer subsidiary in Costa Rica.

Valerin Bustos, Greddy Mauricio - A worker killed by organophosphate intoxication while working on a Costa Rican plantation controlled by Chiquita.

Veliz Tobar, Carlos Ermelindo - union official shot to death on Sept. 30, 1994, on a Chiquita-controlled plantation in Guatemala.

Walker, Douglas - Chiquita vice president of operations, fired for participation in a Colombian bribery scheme.

Warshaw, Steven G. - Chiquita Brands International Inc. president and chief operating officer.

Welsh, Magnes - Chiquita's director of investor relations.

Zemurray, Sam "the Banana Man" - architect of the modern banana industry.

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Chiquita SECRETS Revealed: Power, money & control
Hidden control crucial to overseas empire

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: MIKE GALLAGHER AND CAMERON MCWHIRTER

Chiquita Brands International Inc., through its subsidiaries, secretly controls dozens of supposedly independent banana companies in Latin America.

Chiquita does so through an international trust structure designed to avoid restrictions of land ownership and national security laws.

Records obtained by the Enquirer show that Chiquita's executives and lawyers created the trust structure in 1991 and 1992 so the company-controlled entities could:

Acquire land in Latin American countries for expanded banana production - even though those nations' laws prohibit and - or limit Chiquita from directly buying property.

Buy land in Honduras within 40 kilometers of its borders despite laws that - for national security reasons - prohibit non-Hondurans from owning such land.

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Eliminate labor unions from many company-controlled banana farms or hinder their activity by forming smaller, supposedly independent companies that appear to be controlled by citizens of the host countries.

Chiquita used the trust structure to replace an older system also designed to hide control of many of its Latin American operations. That system is known as a "nominee form of ownership."

Under the nominee system - still widely used in some areas - citizens of the host country are made shareholders of the companies and then secretly sign over their shares in blank and give them to Chiquita, company records reveal.

Obtaining land to expand its banana production operations in Honduras and other Latin American countries throughout this decade has allowed the Cincinnati-based banana giant to maintain its position as the world's largest banana company.

"What Chiquita has done to these foreign nations is deception on a world-wide scale," said Larry Birns, director of the Council on Hemispheric Affairs (COHA), a Washington D.C. based research group specializing in Latin American issues.

"Violating the intent of these foreign laws is considered a very serious matter in Latin America," said Mr. Birns. "The problem has always been proving it."

Mr. Birns' research on Latin America has been used by Congress, the U.S. State Department and U.S. and foreign embassies. He was critical of Chiquita in recent COHA reports. He supports allegations by Ernst "Otto" Stalinski, a former employee of a competing banana company who has filed a U.S. federal lawsuit claiming that Chiquita and subsidiary officials tried to kidnap him in 1990.

Carl H. Lindner Jr., chairman of the Chiquita board and chief executive officer; Keith Lindner, vice chairman; Steven G. Warshaw, president and chief operating officer; and other Chiquita officials declined repeated requests for interviews.

Instead, the company hired the law firm of Kirkland & Ellis to represent the company in all dealings with the Enquirer. Through its lawyers, Chiquita provided written responses to Enquirer questions but declined to provide information on any foreign companies owned or controlled by Chiquita.

Trust structure created

Honduras was the first country in which Chiquita used its trust structure to obscure its control of the banana farms. Chiquita was seeking to expand its operations for greater sales in Eastern Europe.

A 1992 Chiquita document entitled "Honduras operations, Legal Structure Description and Rationale" describes why the company created the trusts and noted the Honduran laws the company considered to be a problem.

The document said that historically all banana operations were under Tela Railroad Co., Chiquita's Honduran subsidiary. Because of Honduran land laws, expansion of these holdings was not allowed.

The Honduran Constitution doesn't permit foreign land ownership within

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40 kilometers of the border. The Honduran Agrarian Reform Law of 1976 does not allow land ownership greater than 250 hectares (about 618 acres), with a grandfather clause for all land owned prior to 1975, the document said.

The Honduran government can expropriate land that is owned or controlled in violation of the law. Additionally, any land that stops producing crops can also be expropriated. Honduras did expropriate more than 50,000 acres of Tela Railroad Co. land shortly after the law was passed because the land was not in production, according to Salvatore Rodezno, former deputy minister of political affairs at the Honduran embassy in Washington D.C.

As token compensation, the government paid Tela a small amount of cash and low-interest bonds, according to an April 12, 1989 memo by Chiquita lawyer Manuel Rodriguez.

Referring to the trusts, another Chiquita legal document stated: "The new managed farms are being set up as a trust under (Chiquita International Limited) because they are easier to set up and manage and (they) provide a greater confidentiality than the nominee structure."

Chiquita executives and lawyers who spoke confidentially to the Enquirer said Mr. Warshaw, Chiquita's current president and chief operating officer, authorized the international trust structure.

Several high-level Chiquita employees said they expressed concern about the trust structure in 1991-92, but their opinions were disregarded. They asked not to be identified for fear of retribution.

"Steve (Warshaw) said we were only using loopholes in their laws to do what we wanted," said a Chiquita lawyer opposed to the trust set-up. "This has never sat well with many of us."

Again, Chiquita's officials declined to comment regarding foreign companies owned or controlled by Chiquita.

Plans revealed

The web of Chiquita's international trusts is detailed in scores of internal company records from high-level sources within Chiquita. Those sources cooperated with the newspaper on a confidential basis.

Included in the records are copies of trust documents; legal memos, reports and opinions; lists of Chiquita's hand-picked shareholders; letters and memos from officials of companies that set up the trusts in such places as Liechtenstein and the Channel Islands; international loan and finance information; company financial and product flow charts.

Based on this information, conversations with sources inside and outside the company and taped copies of internal Chiquita telephone voice-mail messages, the Enquirer has documented this story and others in this package.

Here's what the newspaper has learned regarding the trusts.

With the breakup of the Soviet bloc in Eastern Europe, the company wanted to restructure and expand its holdings so it could grow more bananas for what it hoped would be a new market in Eastern Europe, according to an April 12, 1989 internal report entitled "Honduras - 2,000 Hectares Project."

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Chiquita lawyers in Cincinnati arranged to have 30 Honduran trusts established in 1991 and 1992 to create new companies to buy land.

The Honduran trusts were controlled by 20 overseas trusts set up at the same time. Trust documents show that these overseas trusts are controlled by Chiquita subsidiaries.

A trust is defined as a legal entity in which property or power is entrusted for the benefit of another and is administered by a trustee.

A March 4, 1992, letter from Herbert Smith, a London firm hired to help set up the Chiquita trusts, described how and why the trust structure was being created.

"We have been instructed in connection with the establishment of 30 independent trusts in the Channel Islands by Chiquita International Limited," the letter stated. "Each trust forms part of a structure which will ultimately acquire and hold land in Honduras. It is intended that each trust will establish a trust arrangement with a bank in Honduras to which funds will be transferred. The Honduran Trust will acquire shares in a Honduran company which already owns or will own land in Honduras up to 250 hectares.

"We understand that the reason behind structuring the ownership of land in Honduras in this way is to comply with the restrictions on the ownership of land imposed by Honduran law as to the nationality of the owner as well as to the amount of land which may be owned.

"For the record, we wish to confirm our understanding that (we) are not expected to advise and are not being relied on for any advice with regard to the legality or the efficacy of the structures outlined above with regard to Honduran law. We understand that legal advice has already been obtained in Honduras on the basis of which Chiquita International Limited is prepared to proceed with these arrangements," the letter stated.

The trusts are set up so Chiquita officials control decisions regarding those companies. Under the trust structure, Chiquita reaps the income and other benefits from the front companies.

Further, each trust specified that another layer of trusts in Honduras would be set up with Honduran banks into which funds would be transferred, according to Chiquita's trust documents obtained by the Enquirer. Those banks are the trustees of the Honduran trusts.

The trust trail

An example of how the trusts were formed can be found in the King's Mills Trust, set up Nov. 27, 1991, on the island of Guernsey in the British Channel Islands. Think of the process as a stack of five building blocks - all connected, but with the lowest block (the land holder) three removed from the top block (Chiquita).

The King's Mill Trust's purpose was "for the benefit of Chiquita International Limited," the Bermuda-based subsidiary, according to Chiquita's trust records. Tax and banking laws make the Channel Islands popular international tax and trust havens.

At the same time the King's Mills Trust was established, a Honduran trust was set up. The Honduran trust was administered by a Honduran bank, "Banco Atlantida."

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Next, the Honduran trust became the major shareholder (99 percent) in a newly created company owning land in Honduras. The other 1 percent of that landholding company's shares was split among four Honduran citizens with ties to Chiquita or its subsidiaries. In that way, the new company showed Honduran owners of record.

Using the building-block analogy, the landholding company is the bottom block (block No. 5).

The Honduran trust (block No. 4) was controlled by the King's Mill Trust on Guernsey.

King's Mill (block No. 3) was controlled by Chiquita subsidiaries (block No. 2): Chiquita International Limited and Chiquita International Trading Co.

"And our Chiquita International Ltd., and Chiquita International Trading Co. people take their orders from right here in Cincinnati," (block No. 1) said a company lawyer involved in trust operations. The lawyer added:

" Chiquita uses both an overseas trust and a Honduran trust so the company has an extra layer of protection from anyone discovering we (Chiquita) are really the beneficial owner and controller of those supposedly independent banana companies in that country."

Company records show that since 1991, Chiquita has used the same trust structure dozens of times to purchase thousands of hectares of land in Honduras. The purchases - using different trusts, shareholders, trustees and banks - hid Chiquita's control.

"Using more than one bank in Honduras and more than one country to establish the offshore trusts further obfuscates the ownership of the farms," said a Sept. 20, 1991, letter from Chiquita finance executive Susan F. Chappano (now Susan Brester) to Gerald R. Kondritzer, Chiquita vice president and treasurer.

In addition to new land purchases in the early 1990s, thousands of acres of Honduran farm land that Chiquita placed into the trust structure were part of banana farm companies Chiquita already secretly controlled through its " nominee form of ownership."

In planning the trusts, Chiquita looked for loopholes in the laws of foreign countries, according to company sources.

On April 23, 1991, Chiquita executives and lawyers met in Miami to review Honduran law and outline proposed corporate structures and the method of acquisition from a legal, tax, accounting and operational perspective, according to Chiquita records.

A May 8, 1991 memo from Enrique A. Miguez of McDermott, Will & Emery (Chiquita's outside law firm) outlined the meeting and listed company executives and lawyers who attended. The memo noted that Chiquita officials were told that Honduras' laws did not specifically address the issue of a foreign company being "beneficial owners of a (Honduran) company."

Noting Honduras' national security law which prohibits foreign ownership of land near its borders, Mr. Miguez wrote: "The company's proposed acquisition, which we were advised is mostly within the 40 kilometers of the country's borders and located in the Lower Sula Valley, must be structured to comply with Honduras law."

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"The Agrarian Reform Law... limits the amount of land in certain areas of the country that anyone, whether foreign or Honduran, may own...In the Lower Sula Valley, the applicable limit is 250 hectares. Any excess above the maximum amount of land permitted is subject to expropriation by the National Agrarian Institute (INA), a government agency. In addition, any portion of the land, if the total aggregate exceeds the limitation, may be expropriated whether recently acquired or not."

The Honduran law was passed to ensure that foreigners or wealthy Hondurans do not buy up the countryside. INA is supposed to investigate individuals and companies who acquire land to make sure they are abiding by the restrictions of the law.

However, in his memo, Mr. Miguez wrote: "Because Honduran law is silent as to the beneficial owners of a company, it is the opinion of Honduran counsel that the INA would look no further than the Honduran bank acting as trustee with regard to ownership of the corporation."

While the Honduran Commercial Code - laws dealing with businesses in that country - does not specifically address foreign companies using an international trust structure to avoid restrictions in the Agrarian Land Reform law, two articles of the code refer to trusts.

Honduran Commercial Code Article 1035, translated from Spanish, states: "The trust implies the assignment of the rights or the transfer of the ownership of the goods in favor of the trustee." Article 1036 states: "with respect to third parties, the trustee will be considered as the owner of the rights or goods in trust."

Honduras reaction

After the Enquirer described Chiquita's trust structure and how thousands of hectares of land were purchased - including land within 40 kilometers of its borders - Benjamin Zapata, political affairs officer at the Hondurass Embassy in Washington, D.C., said that if there is "irrefutable evidence" of Chiquita or any company trying to "get around the (Honduran) law," it should be investigated.

"If there were missteps done by an investor in Honduras, to go around or find a loophole in the law, I am certain that the investigator of the (Honduran) government - that we call like an attorney general - that (he) might be the proper entity to look at this and make the recommendation to the authorities," Mr. Zapata said.

Honduran government leaders plan to review the Enquirer findings, he added.

Honduran labor leaders ex-pressed outrage at Chiquita's land dealings.

"This is fraud on the Honduran people and cannot be tolerated," said German Edgardo Zepeda. He is president of the Honduran labor organization Coordinadora de Sindicatos Bananeros de Honduras (COSIBAH). It coordinates the national unions that represent Honduran banana workers, including those that work for Chiquita.

Iris Munguía, general secretary of COSIBAH, said "If Chiquita is the real, secret owners of these companies, they are violating the intent of our land and national securities laws and we will call for national investigations and strikes by our workers."

Colombia

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Chiquita has used a similar trust structure since 1992 in Colombia, according to company sources and documents.

A March 27, 1992, internal memo from Chiquita lawyer David Hills to company officials described how then existing and new farm companies in Colombia would be "restructured" using newly created trusts in Liechtenstein.

"All companies (except Compania Frutera de Sevilla) will be 100% foreign-owned through combinations of Liechtenstein anstalts," the Hills memo said, referring to the trusts. The memo noted that existing companies controlled by Chiquita through "nominee shareholders" would have their shares transferred to one of the foreign trusts.

"To avoid affiliation for labor union purposes, no two companies will have the same majority (trust) shareholder," Mr. Hills wrote.

The names of Chiquita's then-newly created Colombian farm companies included El Porvenir S.A., La Finca S.A., Zungo, La Gurita S.A., El Retiro, and La Marfranca S.A., according to company records.

Guatemala

In Guatemala, Chiquita's secret banana operations are run by a farm management company subsidiary called COBIGUA, according to company records.

For example, one Chiquita-controlled farm is called Chinook. COBIGUA manages Chinook's operations, as well as other farms.

Chiquita officials repeatedly refused to answer Enquirer questions about whether the company owns COBIGUA.

However, in an Oct. 11, 1997 voice-mail message by Chiquita lawyer David Hills to another Chiquita lawyer, Joel Raymer, Mr. Hills said: "Joel, one of the issues that's come up in this Enquirer story is they are asking for what Chiquita's position is on the stalled labor negotiations in Guatemala at our company-owned subsidiary COBIGUA.

"Our strategy is to answer that, first of all, that COBIGUA is not our subsidiary, it's just one of our (independent) associate producers - wink, wink - because we have to take that position publicly. We cannot possibly admit that COBIGUA is our subsidiary."

Ecuador

Chiquita also used the trust structure to set up supposedly independent banana farm companies in Ecuador. A March 1992 internal company report reveals that Chiquita wanted to hide its control of those companies.

Written by Chiquita financial analyst Paul M. White, the report described the company's rationale for restructuring its Ecuadoran operations and the company officials' belief that it complied with Ecuadoran law.

"CBI (Chiquita Brands International) prefers that some of its Ecuadoran operations remain anonymous in order to facilitate relationships with unions, governments and suppliers. By giving the perception of Cartonera Andina being independent, for example, CBI is able to reduce costs, and maintain improved relationships with the above groups.

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"Union negotiations. By having more companies, and thus more unions, CBI is able to reduce its exposure to strikes and increase its bargaining position," the white report stated.

A Feb. 28, 1992, internal memo from Chiquita lawyer David Hills to company officials also described how the company's Ecuadorean operations would be restructured under foreign trusts in Liechtenstein, in part, to help prevent labor unions from organizing on farms run by the newly created companies.

"To avoid affiliation for labor union purposes, no two companies will have the same majority (trust) shareholder," the Hills Ecuadoran memo said. "The service and export companies will not have shareholders in common with each other or with the farmcos (farm companies)."

The restructuring outlined in Mr. Hills' memo never became fully operational because there was a glut of bananas in the European market and prices plummeted in 1992, forcing the banana company to halt its expansion plans in that country at that time, according to company sources.

Chiquita's secret international trust structure

" Chiquita International Limited (CIL) The new managed farms are being set up as a trust under CIL because they are easier to setup and manage and provide greater confidentiality than the nominee structure. Under the Honduran law, shares given in trust to a Honduran bank are considered owned by the bank. There is no need to have and keep track of 5 Honduran nominees."

"All companies (except Compania Frutera de Sevilla, "CFS") will be 100% foreign-owned through combinations of Liechtenstein Anstalts."

"Using more than one bank in Honduras and more than one country to establish the offshore trusts further obfuscates the ownership of the farms."

Chiquita trust structure

Block by block

1. Chiquita Brands International Inc.

Company officials decide to create an international trust structure to allow them to acquire and control additional land in Honduras.

2. Chiquita International Ltd. - Chiquita International Trading Co.

The Chiquita subsidiaries selected by company officials to control decisions of overseas trusts.

3. Liechtenstein - Channel Islands trusts

Overseas trusts, such as King's Mill, created for the benefit of Chiquita subsidiaries to control decisions of Honduran trusts.

4. Honduran trusts

With Honduran banks as trustees, these trusts become the major shareholders of newly created farm companies.

5. Honduran farms companies

These companies acquire Honduran farm land for Chiquita.

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Chiquita SECRETS Revealed; Environment; "At first we had thought it could be the solvent that people were smelling, but approximately 16 to 17 samples were taken outside of the plant for chlorpyrifos and 15 of them turned up positive in fairly high quantities." - Roger Theodoredis, Chiquita executive assigned to investigate the Polymer Plastipak problems; Smokestack emits toxins; 'We cry for our children'

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: MIKE GALLAGHER AND CAMERON MCWHIRTER

A Chiquita subsidiary is exposing more than 500 men, women and children of Barrio Paris to a toxic chemical that the company knows is spewing from a San Jose factory smokestack in high quantities, internal company records reveal.

Chiquita officials in Cincinnati have been aware of the problem for several months, but their efforts to solve it have been unsuccessful, according to company sources and internal voice-mail messages provided the Enquirer by a high-level company source.

The plant manufactures plastic bags impregnated with a pesticide called chlorpyrifos. The bags are used to cover bananas ripening on plants to protect them from insects. Community leaders and neighbors in Barrio Paris have complained to the national health ministry that fumes have caused residents - including children and pregnant women - to suffer chronic respiratory problems, blistered skin and other serious ailments.

The U.S. EPA classifies chlorpyrifos as a highly-toxic pesticide that is dangerous to humans if inhaled or if it comes into contact with skin for a protracted period of time. According to the EPA, universities and chemical manufacturers, chlorpyrifos can cause delayed nerve damage, multiple sclerosis, loss of use of limbs, lung congestion, paralysis, convulsions, dizziness, mental disorders, blurred vision, chest pain, loss of reflexes and death.

For years plant officials of the Chiquita subsidiary, Polymer Plastipak, have denied those claims to Costa Rican health officials, according to more than a dozen letters from company officials and lawyers sent to the Ministry of Health since 1992. The company has conceded only that the plant emits a "bad odor."

Despite company claims that the fumes are harmless, a 1997 Costa Rican national laboratory report asserted that the company repeatedly failed to conduct government-mandated air tests to determine whether the plant is discharging the pesticide into the atmosphere and causing health problems for nearby residents.

The report, translated for the Enquirer, also stated that the company's use of chlorpyrifos results in "high risk for ... health of the neighbors."

"It is proven that extended exposure to this pesticide (especially children and pregnant women) produces health problems to people," the report said.

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The March 20, 1997, report was prepared by Defensoria de Los Habitantes, a Costa Rican congressional agency created to ensure that other government departments protect citizens on health, environmental, and other issues.

Testing at the plant, conducted by Chiquita after the Enquirer began questioning company officials about the problem, revealed high quantities of chlorpyrifos were being spewed into the air through the plant's smokestack. The pesticide also is being released inside the plant and into the atmosphere where the bags are cut and separated, the Enquirer has learned.

In an Oct. 3, 1997 voice-mail message to Robert Olson, Chiquita's chief counsel in Cincinnati, Roger Theodoredis, a company executive in Cincinnati assigned to investigate the Polymer problems, confirmed that Polymer Plastipak was emitting chlorpyrifos into the atmosphere in "high quantities."

"At first we had thought it could be the solvent that people were smelling, but approximately 16 to 17 samples were taken outside of the plant for chlorpyrifos and 15 of them turned up positive in fairly high quantities," Mr. Theodoredis said in the message.

"I wanted to alert you to that. There appear to be two sources of chlorpyrifos getting out into the atmosphere. One is the smokestack which is part of the process. That is when the bags are formed in the extrusion process; heated exhaust air goes up the stack and apparently there is chlorpyrifos going up the stack.

"The second, unexpected source of chlorpyrifos is taking place in another room of the factory in which the bags are cut. That cutting of the bags is causing chlorpyrifos to be emitted," he added.

A tape recording of the voice-mail message was provided to the Enquirer by a company source who asked not to be identified because of fear of retribution. In the message, Mr. Theodoredis also told Mr. Olson of the long-standing problems between Polymer Plastipak and the Costa Rican Ministry of Health over the toxic fumes issue.

"There is a history of contention between the plant and the Ministry of Health. On August 8th, for example, the Ministry of Health shut down the Polymer (Plastipak) plant for about 12 hours due to the smell issue. Currently the plant is working under a temporary suspension of that shutdown order."

Chiquita denied to the Enquirer that there is any threat to nearby residents. In a statement issued through its lawyers, Chiquita made no reference to any concerns about chlorpyrifos levels it or the government may have had about Polymer:

"Investigation by Chiquita and independent consultants (hired by the company) confirms that the Plastipak plant does not pose a threat to the surrounding community. Any concentrations of chlorpyrifos measured at the surrounding residences fall well within the Average Acceptable Ambient Air Concentrations used in the United States."

Chiquita did not respond to Enquirer requests to provide the newspaper with copies of its complete Polymer test results.

Additionally, the letter said: "Any concentrations of pesticides within the plant pose no health threat to workers."

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Chiquita officials refused to provide the Enquirer with any written test results, reports or findings of its independent consultants who performed the tests on the plant's emissions.

And according to Defensoria and Health Ministry officials, neither Chiquita nor its Plastipak company executives have submitted the written findings of its consultants' plant emission testings to them for review.

Residents of Barrio Paris described for the Enquirer health problems they attribute to the Polymer Plastipak plant and their fears for their children's health.

"We have a very huge problem here," Blanca Brenes Morales, 62, president of the Barrio Paris Neighborhood Association, said through a translator. "They (Polymer) use a chemical that goes right up into the air and we breathe it. All of us knew when we moved here that we would live in an industrial area, but no one, not even the government, knew or agreed that they could poison us with their chemicals."

Ms. Brenes said that whenever the fumes become heavy in the air, she calls Polymer plant officials.

"They always tell me they are just changing their filters," she said.

She said most of her fears center around the children in the neighborhood. "We don't really know how this poison will affect us in the future. We cry for our children."

Ms. Brenes said she and many other residents of Barrio Paris are too poor to leave their homes and wouldn't be able to find comparable, affordable housing elsewhere.

Criticisms in Defensoria's report were not only aimed only at Polymer Plastipak.

Defensoria repeatedly criticized offices of the Costa Rican government's own Health Ministry for failing to conduct needed blood tests of the Barrio Paris residents to monitor the harmful effects of the chlorpyrifos.

In 1993 the Health Ministry did take blood samples from the residents after repeated complaints that fumes from the Polymer Plastipak plant were making people ill. But necessary follow-up tests to confirm the levels of pesticide in the residents' bloodstreams never were taken because health ministry officials cited a lack of manpower, according to the Defensoria report.

Polymer Plastipak officials in Costa Rica declined requests for interviews from Enquirer reporters.

Since the 12-hour shutdown in August, Polymer and Chiquita officials have failed to provide the Health Ministry any documented proof of "substantive changes to either the mixture or its filtration system that would prevent further harm to the company's own workers or the residents who live near there," said Rodrigo Alberto Carazo, a director in Defensoria.

Mr. Carazo said that Polymer officials have for years not only denied toxic fumes were affecting workers at the plant or nearby residents, but also that the "non-harmful smell problem had not been

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contained because of ongoing problems with a plant filtration system."

"That has been their excuse for many, many years," said Mr. Carazo. "We've been receiving letters like that since at least 1993 or 1994."

Plastipak's letters hold little sway with Gerardo Campos Cartin, 48, who cites his own doctor's findings that he has been contaminated by chlorpyrifos. Chiquita's plant in Barrio Paris is the only company in that section of the city using chlorpyrifos, according to Health Ministry records.

Walking out to a children's playground located directly behind the Polymer plant, Mr. Campos talked of a respiratory disease he said his doctor has linked to the plant's poisonous fumes.

"It is so bad that many times I cannot breathe without help (from drugs or a respirator)", Mr. Campos said through a translator. "When the factory is running and the smokestack belches out those fumes, I must run inside my house and hide under my bed. If I smell (the fumes) at all I begin choking. My skin also turns red with rashes and I become so sick I sometimes want to die."

But Mr. Campos said his greatest fear is for Barrio Paris' children.

"Look at this playground right here by the plant," he said, pointing to the swing set, teeter-totter, climbing bars and small basketball court. "All the children play here. They have no place else to go."

In another development, the Enquirer also has learned from company sources that Chiquita plans to sell its Polymer operations. When asked through its attorneys about the plans, Chiquita officials did not respond.

In internal company voice-mail messages obtained by the Enquirer from a high-level company source, several Chiquita executives and lawyers discuss plans to sell its Polymer operations, including the Plastipak plant in Costa Rica.

"We don't really know how this poison will affect us in the future."
- Blanca Brenes Morales, 62.

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Chiquita SECRETS Revealed; Environment; "The one thing that (the Enquirer) asked me that I hedged on was how much did Chiquita pay you, CI (Conservation International), to do this study. I said I'll have to check, even though I actually know... I don't feel that it's really any of his (the reporter's) business." -- James Nations, Conservation International; Some pesticides highly toxic

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Chiquita uses products with low EPA toxicity classification for mammalian and aquatic life," the company stated to the Enquirer through its attorneys. However, the Enquirer found numerous examples on Chiquita's own list of approved pesticides of products that have

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been designated by U.S. government agencies as possibly cancerous to humans, or toxic to animals or fish.

Those pesticides, all used by Chiquita and its subsidiaries in aerial spraying in Latin America, include:

Propiconazole, sold as Tilt: Propiconazole has been classified by the U.S. Environmental Protection Agency (EPA) as a "possible human carcinogen." According to published documents by the U.S. Department of Agriculture, Forest Service, the pesticide "can cause skin irritation and substantial, but temporary, eye irritation. The petroleum solvent in some formulations can cause a chemical pneumonitis (lung complications) if breathed into the lungs.

Prolonged inhalation of vapors may irritate throat and nasal passages and cause central nervous system effects, which can include headache, dizziness, confusion, and nausea. If swallowed, abdominal pain, nausea, gastritis, breathing difficulty, or diarrhea can occur."

The department recommends workers exposed to the chemical wash hands "before eating, drinking, chewing gum, using tobacco or using the toilet. Do not get in eyes, on skin, or on clothing. To avoid breathing vapor or spray mist, wear a NIOSH(National Institute of Occupational Safety and Health)-approved organic cartridge respirator"

Azoxystrobin, sold as Bankit: The EPA has ruled this new product is "highly toxic to freshwater fish and invertebrates, highly toxic to estuarine - marine fish, and very highly toxic to estuarine - marine invertebrates."

The product labels, observed in Chiquita storage facilities in southeastern Costa Rica, read clearly "MARINE POLLUTANT" and bear a symbol of a fish with an "X" through it.

Benomyl, sold as Benlate: This pesticide, classified by the EPA as possibly cancer-causing for humans, has been in wide use in the United States and around the world for years. But the pesticide has come under increasing attack from people who claim it has harmed them.

In 1989 and 1991, manufacturer E.I. du Pont de Nemours & Company, known as DuPont, recalled a dry version of the pesticide, Benlate 50 DF, after American farmers reported severe crop damage after using the product. The company faced several lawsuits in Texas, Hawaii, Florida and other states. In 1996, a Florida jury awarded \$4 million to John Castillo, a boy born with no eyes. His mother, while pregnant with him, was accidentally drenched in the pesticide on a Florida farm. The jury found both DuPont and the farm negligent. That farm was not connected to Chiquita and did not grow bananas. Chiquita uses the wet, soluble version of the pesticide.

Thiophanate-Methyl, sold as Topsin: The U.S. Department of Agriculture found the pesticide to be moderately to highly toxic for various types of fish. The U.S. Fish and Wildlife Service has found that the pesticide is hazardous to 10 endangered species in the United States.

The pesticide was listed as a possible carcinogen for humans, according to the U.S. Department of Agriculture. It was also found to damage the thyroid gland. The department has ruled that people not wearing protective equipment cannot return to a field sprayed

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with thiophanate-methyl for at least 12 hours.

Tridemorph, sold as Calixin: Tridemorph is a hazard to fish, according to the EPA.

Mancozeb, sold as Dithane: Mancozeb is "moderately to highly toxic to fish and aquatic invertebrate animals," according to the Forest Service of the U.S. Department of Agriculture. The department recommends "Do not apply when weather conditions favor drift (wind carrying pesticides away) from treated areas. Do not apply in a way that will contact workers or other persons, either directly or through drift. Drift and runoff may be hazardous to aquatic organisms in neighboring areas."

The department recommends that workers not enter treated areas for 24 hours after spraying.

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Chiquita SECRETS Revealed; Environment; "They don't want us doing any research. For example, water pollution. It is better (for a company) to suspect that the water is polluted than to know that the water is polluted." - Professor Luisa Castillo, Costa Rica's National University Pesticide Program; Industry resists curbs, but bananas safe

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Commercial banana growers like Chiquita use numerous pesticides to combat fungus, insects and other pests that could destroy the fruit. And they use those pesticides often.

The reason is simple. Bananas sold in the United States or Europe are almost all one type: the Gran Cavendish, the large banana that consumers have grown to expect. On miles of plantations from Guatemala in Central America to Ecuador thousands of miles to the south, the fruit is genetically identical.

Because the tropical plants are planted in close proximity and come from the same genetic source - a system known as "monoculture" farming - an outbreak of pests, fungi or disease can quickly wipe out a plantation.

It would be as if scientists cloned one person who was likely to get a disease. If that person got the disease, soon all of the clones would catch it as well, unless they were given massive amounts of medicine. In the case of bananas, you use pesticides.

"You're creating an extremely artificial situation. You're creating a situation that is ripe for some kind of a pest or fungal problem to sweep your plantation," said Dr. Thomas Lacher, Jr., an associate professor at Texas A&M's Department Wildlife and Fisheries Sciences and co-author of a recent article on risks to the environment by the banana industry.

He said the multinational companies, including Chiquita, use pesticides now that are dangerous and toxic or "pretty hot" when applied.

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But these pesticides don't just go on the plants. Applied by air or by workers with backpack sprayers, pesticides drift through the air. They get into the soil and onto workers, villagers and animals.

Scientists and environmentalists stress that the industry's pesticide problem is not endangering the consumer, but endangering the workers and villagers where the bananas are grown.

"What makes you ill or can even kill you as a worker may not affect you as a consumer," according to Colorado State University Professor Douglas Murray, author of *Cultivating Crisis: The Human Cost of Pesticides in Latin America*.

Over the decades, the banana industry has faced a series of problems related to the use of pesticides. One of the most highly publicized cases involved Dibromochloropropane, known by the acronym DBCP, which was widely used in the 1970s to combat tiny parasitic worms that attack the roots of the banana plant.

DBCP, through improper application and toxicity, allegedly caused sterility in male workers, according to lawsuits filed in U.S. courts. By 1997, more than 24,000 banana workers, mostly in Costa Rica and many of them employees of Chiquita or its subsidiaries, signed up for class action law suits against the manufacturer, Dow Chemical, and users of the pesticide, including Chiquita.

The lawsuits stated that many men had become sterile and medical evidence linked their sterility to the pesticide. The companies, including Chiquita, which said it used the chemical only in the early to mid-1970s, have fought efforts to get the case tried in a U.S. jurisdiction. In June, Dow Chemical offered \$22 million in a global settlement - which worked out to a few hundred dollars per worker.

"We continue to dispute our liability," Dow Chemical spokesman Dan Fellner told the Enquirer. "Unfortunately, many of the users and purchasers of DBCP did not read the labels or follow the instructions."

The plaintiffs accepted the offer from Dow, but cases against the banana companies are pending.

"If we ever get in a courtroom, we'll kill them," said one of the plaintiff attorneys, Charles Siegal of Dallas.

In a statement issued through its attorneys, Chiquita did not mention litigation but stated it stopped using DBCP in 1977, "two years before the EPA banned DBCP in 1979."

EPA records show it ordered DBCP phased out for use in the United States in 1977. The product was banned in Costa Rica in 1978. The EPA ordered a complete ban on the product in 1979, meaning any product that tests positive for even a trace of the pesticide may not be brought into the United States.

As consumer consciousness about pesticide use increased over the years, the banana industry changed pesticides when problems were brought to the public's attention in North America and Europe.

For example, in 1990, the pesticide Aldicarb was banned by the EPA after levels above EPA safety guidelines were found in potatoes being brought to market. Later, excess levels were found by FDA

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checks of some bananas coming to American ports. Quickly, the pesticide was dropped by the entire banana industry.

Professor Luisa Castillo, head of the National University's Pesticide Program in Costa Rica, said she and other scientists had complained about Aldicarb to banana growers for years, with little result. Chiquita stated that it used the pesticide for only one year.

"Aldicarb was very popular, but it was causing a very high number of pesticide poisonings to workers, and it was also causing fish kills and other problems here," she said. "We had already pointed out this problem with Aldicarb, but nothing had been done. It was only in the moment that the residue appeared in the fruit that immediately they (growers) stopped using Aldicarb."

Industry supporters said that banana companies don't misuse pesticides.

"Pesticides are very expensive, so you only use them if you absolutely have to," said Robert Moore, president of the International Banana Association (IBA), a Washington D.C.-based group working for the interests of the American banana industry.

Since the Aldicarb scare, the banana industry has met safety standards for U.S. Food and Drug Administration spot checks at the ports. According to FDA reports, administration tests from 1992 to 1994 showed traces of pesticides in the bananas sampled but rarely in unsafe amounts. The FDA checks only a fraction of the bananas brought into the United States. In 1996, it conducted tests on fewer than 800 shipments. During the same period, tens of thousands of shipments brought more than 22.3 billion bananas into the country, according to the IBA.

Polly Hoppin, director of agricultural pollution prevention at the World Wildlife Fund and an expert on pesticides said the FDA checks don't reveal much about what is going on at the plantations.

Professor Scott Witter at Michigan State University's Institute of International Agriculture said that most pesticides applied these days may show up in FDA banana sampling, but virtually always within safe amounts for consumers. But for the thousands of people working on or living near the banana plantations, pesticides threaten their health.

"The people who tend to take it on the nose are the Costa Ricans or the Hondurans or the Ecuadoreans who work on the plantations when they are doing the spraying," he said. "They're in the field. Their water supplies get contaminated. Their kids play in the dirt that's contaminated that day. I've yet to witness a really wonderful program where they say, OK, we're spraying today, everybody needs to stay inside."

Chiquita, through its lawyers, has stated that "There is no soil contamination problem on Chiquita farms."

Scientists complain that figuring out how exactly pesticides are affecting people and the environment on banana plantations is extremely difficult, because gathering any hard data is constantly resisted by banana companies.

"They don't want us doing any research," said Professor Castillo at the Pesticide Program. "For example, water pollution. It is better

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(for a company) to suspect that the water is polluted than to know that the water is polluted."

The large banana companies resist independent scientific studies on their plantations, because they don't want the public to know, she contended.

"They are always saying that hard data can affect them in the international market," Professor Castillo said. "So if it is known that there are pollution and health problems, then people won't want to buy the product. From our point of view, we feel we have to know the situation in order to change it and that we hope that the more educated consumer will change things."

Professor Lacher at Texas A&M said he and his co-authors on his recent paper about agrochemicals in the banana industry tried to get the multinational companies to cooperate, but could not get anyone to talk with them.

"We didn't publish the industry perspective, but you can't get access to industry information," said Mr. Lacher. "If everything is proprietary, there's nothing we can do about it."

Mr. Lacher said the industry is defensive on the pesticide issue.

"Nobody's saying you shouldn't grow bananas," he said. "Nobody's saying you shouldn't apply chemicals. But what you need to do is look at what the major sources of risks are."

Scientists aren't the only ones feeling a cold shoulder.

Several years ago, the Intergovernmental Group on Bananas of the United Nations' Food and Agriculture Organization set up a special committee called the Banana Improvement Project. In a 1995 report, project officials stated that they hoped the major companies would provide the project with money and technical assistance to tackle difficult problems facing banana production, including Black Sigatoka - the destructive, airborne disease that threatens the entire banana industry and has led major companies to increase aerial spraying on their farms.

At the Intergovernmental group's meeting in Rome last May, the Banana Improvement Project wrote its own epitaph in the meeting report.

"The lack of financial support from the banana industry is surprising and extremely disappointing," the report read.

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Chiquita SECRETS Revealed; Environment; 'Better banana' program under attack

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Despite Chiquita's promotion of the ECO-OK - "Better Banana" certification, the program has come under increasing attack for what has been perceived by some environmentalists and scientists as a

sell-out to corporate interests.

Chiquita quickly became a major force in the program, as the only major banana producer to participate. While the Rainforest Alliance has continued to try and present the program as open to everyone, Chiquita's participation overshadows all others, according to scientists, environmentalists and former employees of Chiquita.

In material and advertisements in the United States and Europe, Chiquita has been quick to use its Rainforest Alliance certification to link its products to environmental safety. Of the 81 farms certified on the program worldwide by January 1998, 74 - 91 percent - were directly owned Chiquita subsidiaries.

Connie Smith, who was Chiquita's Central American environmental coordinator before leaving her post in 1996, said the certification program ran into problems because banana companies were too competitive to cooperate. Once Chiquita began to dominate the program, the two other large companies, Dole and Del Monte, lost interest in the idea.

"It all started out on good intentions," said Ms. Smith, who lives with her family in San Jose, Costa Rica. "It was going to be an industry-wide voluntary program...But (the banana multinationals) are big competitors...The ECO-OK became an issue of competition- If we get the certification and they don't that will differentiate (our bananas). That should never have happened."

The program was originally called "ECO-O.K.," but the alliance later changed the name to "Better Banana."

Ms. Smith said the connection today between Chiquita and the Rainforest Alliance "does have a tendency to make people wonder" about the program's validity. She said "the program needs to be re-evaluated."

Eric Holst, coordinator of the Rainforest Alliance's "Better Banana" program in New York, said the alliance receives no donations from Chiquita, but it does accept corporate donations from other companies that it is not certifying. It does charge a fee for certification. The money is paid directly to its Costa Rican partner, Fundacion Ambio, the group that performs the inspections on Chiquita subsidiary farms.

Mr. Holst said Fundacion Ambio conducts scheduled inspections on farms once a year in Costa Rica and Panama. Mr. Holst said the group reserves the right to conduct spot checks and conducts between one and 10 a year. No certified plantation ever has had its certification revoked for violations. Violations are usually not written up and are not made public, Mr. Holst said.

If inspectors find violations, plantation managers are notified and asked to correct the problem. Specific information about the inspections or any violations is proprietary and not available to the public, Mr. Holst said.

This fiscal year, Fundacion Ambio has a budget of \$312,000, according to Mr. Holst. About 25 percent of that budget comes from Chiquita's fee payments, he said.

Mr. Holst said all of Chiquita's subsidiary farms in Costa Rica are certified under the Rainforest Alliance's program. Those certifications do not include many associate farms that sell fruit

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to Chiquita. In a statement issued through its attorneys, Chiquita stated that as contracts are renewed, it is asking associate farms to apply for certification with the alliance. About half of Chiquita's subsidiary plantations in Panama are certified. Thirteen Chiquita subsidiary farms in Colombia have also been certified.

None of Chiquita's subsidiary farms, or the farms of its associate growers, in Honduras, Guatemala or Ecuador are certified yet, because the program was first tested in Costa Rica. Chiquita has publicly committed to bringing all of its plantations into the "Better Banana" program by 1999. Rainforest Alliance officials said they are lining up local environmental groups in those countries to begin inspections.

In 1996, Chiquita paid the Washington-based environmental group Conservation International to send a team of eight environmental experts to visit its certified farms in Costa Rica and Panama.

In response to questions by the Enquirer, Conservation International issued a two-page letter to Chiquita, which was then forwarded to the Enquirer. It declared Chiquita's environmental efforts as "an innovative system that looks for environmental improvements in the effects of monocultures (single-crop farms), serves as a guide for the establishment of environmental measures, and promotes gradual changes in land use practices. This program should be continued and supported for its goals."

James Nations, vice president of Mexico and Central America Programs for Conservation International who led the Chiquita-commissioned study, told the Enquirer that he found the certification "very positive" and "a very above-board system."

After the discussion with the Enquirer, Mr. Nations called Magnes Welsh, Chiquita's director of investor relations, according to Nov. 13 tape-recorded voice mail-message provided to the Enquirer through a company source.

He told Ms. Welsh that "I gave (the reporter) a very positive story."

"The one thing that (the Enquirer) asked me that I hedged on was how much did Chiquita pay you, CI, to do this study," Mr. Nations told Ms. Welsh. "I said I'll have to check, even though I actually know. Now, I want to know from you, and also I'm going to ask people here, Pete and Karen (CI staffers), what they think about this idea of actually releasing that information. Because I don't feel that it's really any of his (the reporter's) business. So let me know what you think about that."

Mr. Nations did not return follow-up calls from the Enquirer.

Chiquita does support other environmental work outside of the "Better Banana" program. For example, the company is funding the nonprofit organization Amigos de Las Aves (Friends of the Birds), a group run by two expatriate Americans who work to raise macaws in captivity and then release them into the wild.

The group stated in an e-mail response to the Enquirer that it received about \$20,000 so far from Chiquita, as well as weekly free bananas to feed their birds.

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Chiquita SECRETS Revealed; Environment; Death on farm shows danger

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Pesticides can kill more than pests.

Take Greddy Mauricio Valerin Bustos, a worker on Plantation 96, a farm in Costa Rica owned by Chiquita's subsidiary, the Chiriqui Land Company.

On the morning of Nov. 13, 1997, the 18-year-old had been working since 5 a.m. collecting "piola," the thin rope used to support the banana plants. At about 7:30 a.m., according to the police, he was found writhing on the ground, choking and vomiting up a white substance. He was dead by 9:17 a.m.

Police investigators interviewed one of the co-workers who brought his body to the medical clinic.

"He was working in an area called Los 50s, that had been sprayed with the agrochemical Counter (the brand name for the pesticide terbufos, an organ-ophosphate) three days ago," Miguel Herra Miranda told police, according to a translation of the investigation report. "He (Mr. Valerin) didn't have any experience in this kind of job and he wasn't using any protective gear like gloves and mask either."

The autopsy report, obtained by the Enquirer, determined that Mr. Valerin died from intoxication from organophosphates, which caused internal bleeding and brain damage.

Chiquita, in a statement through its lawyers, said the company acknowledged that the Costa Rican government coroner declared the cause of death to be organophosphate poisoning. The company also stated it operated the farm safely and the death was "an isolated incident."

"Although Chiquita has attempted to understand the details surrounding Mr. Valerin's collapse, Chiquita is unable to explain (and will not speculate) how Mr. Valerin might have died," Chiquita stated.

Under an agreement with the New York-based environmental group the Rainforest Alliance, Plantation 96 is certified under the "Better Banana" program to meet certain environmental and worker safety guidelines. But often problems can be hard to detect because the program requires inspectors visit plantations only once a year, with possible spot checks afterward, said Eric Holst, New York coordinator of the "Better Banana" program.

"That's one of the weaknesses of certification. You can't be there every day," Mr. Holst said.

As a rule, Chiquita and its subsidiaries do not provide protective gear for workers unless those workers are directly involved in the application or storage of pesticides. The vast majority receive no protective clothing, though they are exposed to pesticides in their work on the plantations.

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Carl Smith, publications director and an expert on pesticide exports at the Foundation for Advancements in Science and Education (FASE) in Los Angeles, said the use of many pesticides like terbufos are legal in the United States but only under strict safety regulations. When these chemicals are exported to Central America, where worker safety and environmental laws are less stringent, the result can be dangerous for the workers and the environment.

"When you look at conditions of use in areas like Central America, there are a lot of compounds that are awful dangerous," he said. "It's one thing if a guy is wearing a full moon suit with a respirator and gloves. It's another thing if teenagers are walking around the stuff with no shirt."

Nearby Plantation 96 is Plantation 03, a farm that has an exclusive contract to sell bananas to Chiquita. Like other farms in the area, the farm, owned by Proyecto Agroindustrial de Sixoia, S.A. (PAIS), ships bananas with Chiquita labels and in Chiquita boxes. The plantation grows bananas only for Chiquita and to contractual specifications set by Chiquita.

In a statement issued through its attorneys, Chiquita said it was not responsible for anything that happened on the farm, but said it does exert pressure in its contracts to monitor safety and environmental standards.

"Chiquita - although it is not in any way required to do so - is insisting that independent growers adopt Chiquita's own strict environmental standards and practices if they want to renew contractual relations with the company," the company stated.

On the farm, Enquirer reporters saw a work team applying terbufos, a nematicide classified as extremely hazardous to humans by the World Health Organization. Terbufos is under "restricted use" in the United States by the U.S. Environmental Protection Agency (EPA).

Nematicides are pesticides used to kill nematodes, tiny worm parasites that can destroy a crop's roots. According to EPA guidelines, once the pesticide is put on the ground, no one should be allowed in the area for at least 24 hours unless wearing protective clothing and a respirator.

Children playing

But with the air thick with the heavy smell of pesticides, the Enquirer team observed children from the nearby village playing in the area amid open bags of terbufos and plants just treated with the pesticide. No warning signs were posted and no workers tried to stop the children from playing in the area or passing through. The Enquirer saw signs with a warning in Spanish, "DANGER, nematicide application in this area," leaning against the wall of a packing plant about a mile away.

When asked about Plantation 03, and PAIS, Chiquita issued a statement through its attorneys declaring "The Pais farm is owned and operated by a Costa Rican quasi-governmental institution. Chiquita does not own or operate the farm. What the Enquirer says it observed at Pais should not have happened."

The company stated that it has since renegotiated its contract with the owners of PAIS and requires the company to adhere to Chiquita standard operating procedures regarding environmental safety.

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Enquirer reporters also observed pesticide workers at Finca 03 taking off their masks because of the stifling heat. Mr. Smith of FASE said the protective clothing is a fundamental problem in tropical agriculture, which neither "Better Banana" nor any other program has solved.

He said the limited safety equipment that has been created for these materials is often heavy rubber, suitable for northern, colder climates. In the tropics, a mask, rubber gloves, a rubber apron, rubber boots, long pants and a sweatshirt make for incredibly uncomfortable work days on a sweltering plantation. Such heavy clothing itself could be unsafe because of the danger of heat exhaustion, Mr. Smith said.

"The equipment doesn't even exist that is suitable for tropical climates," he said.

Even workers who wear protective clothing properly are not safe, workers told the Enquirer. On Cocobola plantation, owned by one of Chiquita's Costa Rican subsidiaries - Compania Bananera Atlantica Ltda. (COBAL) - in northeast Costa Rica, pesticide worker Emilio Colero, 41, told Enquirer reporters that he was concerned about his health.

He was issued protective clothing when he applied the ground pesticides. But he said through a translator that "when I bend over, some of the herbicide liquid gets on my neck. I get a rash every time until I take a shower."

Mr. Colero said his wife is constantly concerned about him, but he works in pesticides because the pay is better than other field jobs. He makes 680 Costa Rican colones per hectare, and sprays about three or four hectares a day. That salary is about \$15 a day.

Through its attorneys, the company issued a written statement that Chiquita strictly adheres to safety recommendations of the pesticides that it uses. The company said also that it has reduced its use of nematicides like terbufos by more than 50 percent since 1995, "demonstrating its continuing commitment to minimizing the environmental impact of its farming operations."

New chemicals applied

Another problem is at Chiquita packing plants and those of affiliates, where the bananas are brought to be boxed before shipment. In these processing centers, the bananas are washed of chemicals that have been applied in the fields.

After this washing process, the bananas then are sprayed with new chemicals, either thiabendazole or imazalil or both, to keep the fruit from rotting. As Chiquita boxes state clearly, "Thiabendazole and - or Imazalil applied to fruit to preserve quality in transit."

Workers then pick up these pesticide-covered bananas, usually with their bare hands, and place them in boxes for shipment. Scientists, union officials and workers told reporters of rashes on the arms of women in the packing houses.

Chemical runoff from washed bananas and newly applied pesticides also flows into water passing through plant operations and back into irrigation canals. Those canals then flow into nearby rivers.

Chiquita stated through its attorneys that it has conducted

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comprehensive tests of water running off its farms and "Chiquita never has detected a level of pesticides that posed any threat to the environment or people."

The Enquirer visited packing plants on certified plantations of Chiquita's subsidiaries in Costa Rica. Most did not have containment or treatment systems to remove chemicals from the water supply. Almost none of the workers had gloves.

Thiabendazole is a fungicide that the EPA has determined is harmful to fish. According to the Pesticide Users' Health and Safety Handbook, government laboratory studies have also pointed to the fungicide as a possible cause of anemia and a possible cancer-causing agent in mammals.

Imazalil is classified as a moderately toxic compound by the Extensions Toxicology Network, a cooperative information group on pesticides set up by Cornell University and other universities and funded by the U.S. Department of Agriculture.

According to a Network document, lab animals fed imazalil have suffered symptoms including "muscle incoordination, reduced arterial tension, tremors, and vomiting."

Professor Luisa Castillo, who heads Costa Rica's National University Pesticide Program, said the two chemicals are a major concern for environmental scientists in Costa Rica. Scientists in her program have conducted studies of rivers in national parks downstream from banana plantations, some of which were operated by Chiquita.

"We have found high levels of imazalil and thiabendazole in the water, and we have also found toxicity (by those two pesticides) toward aquatic organisms," Ms. Castillo said.

Her program's studies have not pinpointed the specific source of this pollution.

She said one of the key components of any sincere attempt to improve the environment would be to stop those chemicals from getting into the water supply.

"I would immediately put water treatment plants in the packing plants and not allow that water to flow into the natural courses of water because it is quite polluted," Ms. Castillo said.

In a statement issued through its lawyers, Chiquita stated that it has spent at least \$3.3 million installing special chambers at its packing plants to apply thiabendazole or imazalil to the bananas, reducing the amount of these pesticides used and the amount to which workers are exposed. The company stated that it has installed these chambers on a number of its farms.

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Chiquita SECRETS Revealed; Environment; Industry attacks report critical of farm growth

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: CAMERON MCWHIRTER AND MIKE GALLAGHER

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A report critical of banana farm expansion for causing environmental and social problems at the beginning of this decade was kept from the public for years by the Costa Rican environmental ministry - after the banana industry, including Chiquita, attacked the study.

Now that the report has been released, banana plantation owners continue to criticize the internationally-respected group that wrote it.

In the early 1990s, almost 100 square miles of Costa Rican grazing land and forests in the northeastern section of the country were bought by banana companies like Chiquita and turned into banana fields. According to Costa Rican government statistics, 70,740 acres were in banana production nationwide in 1990. By 1995, that number had jumped to 131,117.5 acres, an increase of more than 85 percent.

A Catholic bishop near the region, labor leaders and conservationists publicly expressed concerns about the expansion's effect on the environment and the treatment of workers. In response, the Costa Rican ministry for environmental affairs commissioned a report on the banana industry from the Central American office of the International Union for the Conservation of Nature (IUCN) in 1991. The IUCN, one of the oldest international conservation groups, runs conservation projects around the world and counts agencies of 74 governments as members, including the United States, Panama, Japan and the United Kingdom.

The 129-page report - parts of which were leaked in 1993 - discussed various problems caused by an increase in banana cultivation.

Deforestation

One of the biggest problems cited was deforestation. The huge increase meant the loss of thousands of acres of cattle farms and more than 13 square miles of primary rain forest, according to the report.

Another issue was that the increase in banana plantations led to a dramatic rise in pesticide use in an area permeated by rivers and creeks that flow into the Caribbean, according to the report. The new plantations also were located near many sensitive forest preserves and conservation areas. Environmentalists were concerned about pollution from pesticides causing fish kills and other environmental problems, the report said.

The report also dealt with unemployment prompted by the expansion. While workers were brought in initially to build the plantations, many were fired afterward because it took fewer people to maintain the farms. As a result, many people moving to a remote area of the country found themselves unemployed.

Goal was awareness

The goal of the report was to raise awareness of these issues among government officials, the public and the banana industry leaders.

"What we would like to see is a more environmentally and socially aware banana industry," Enrique Lahmann, regional director of the IUCN, said.

But the public didn't get to see the report for years. When some draft findings were leaked, the banana companies declared open

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opposition and set up their own commission, Comision Ambiental Bananera, to coordinate the industry's response. A new administration came into office in 1996 and the report was released in early 1997.

Asked if the government endorsed the report, the Costa Rican embassy in Washington D.C. sent the Enquirer an old press release from CORBANA, a state-owned banana company, condemning the report. Asked if that represented the government's position, the Costa Rican embassy referred all questions to MINAE, Costa Rica's environmental department. That agency did not respond to repeated phone calls, e-mails and facsimile transmissions.

In its 1997 official statement on the final IUCN report, the commission reiterated its longstanding recommendation that "the (environmental) minister must not endorse the diagnostic report as an updated document" and suggested that it only be considered "an historical document" (translation). If the document was not considered updated, it could not be considered by the environmental ministry in its policy decisions as relevant to the banana industry today, the statement said.

Mr. Lahmann said powerful American banana interests have operated in Costa Rica for more than 100 years, and their political influence was applied to hold the report for years.

"There is no question that the banana industry has a lot of weight in national politics in Costa Rica," Mr. Lahmann said.

Chiquita officials refused to be interviewed by the Enquirer about this project, including the IUCN report. Through attorneys the company released a statement that it never tried to keep the report from the public. The statement condemned the IUCN report as "unbalanced" and "not based on scientific method but, instead, solely on casual observation."

The research team was comprised of 16 scientific and academic teams looking at different aspects of the expansion like pesticide use, agro-ecology, legal issues, social impact, refuse, economics and forestry. The "environmental diagnostic" included analysis of high-grade maps of the region as well as satellite photographs.

Visited region

The teams made numerous visits to the region to interview workers, conservation groups, medical personnel, local government officials, health ministry officials and environment ministry officials. The teams also held numerous talks with administrators from all the major multinational companies, including Chiquita's main Costa Rican subsidiary, Compania Bananera Atlantica Ltda. (COBAL).

"I don't think that it is unscientific. Well-known professionals participated in the report," said the IUCN's Mr. Lahmann, who has a Ph.D. in oceanography from the University of Miami and who is an expert in wetlands pollution.

Mr. Lahmann said that while the IUCN came under a lot of criticism from the banana companies, the report helped raise awareness of environmental issues in Costa Rica.

"I wonder if that would have happened without this report," he said. Chiquita dismissed the IUCN as "a confederation of environmental interest groups."

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The IUCN is a federation of conservation groups and government agencies with several important U.S. institutions as official members. These members include the U.S. State Department's Bureau of Oceans, International Environment and Scientific Affairs, the U.S. Fish and Wildlife Service, the U.S. Department of Agriculture, Forest Service and the Nature Conservancy.

Conservation International, which Chiquita itself described as a "highly respected independent environmental organization" when it paid the organization last year to critique the company's own environmental program, also is a member.

Chiquita also said the IUCN would not endorse the report. Mr. Lahmann said preliminary drafts carried a label that the opinions expressed in the report were those of the consultants during discussion. Once the environment ministry officially released the report this year, it was endorsed publicly by the IUCN, according to Mr. Lahmann.

Report suppressed

While Chiquita stated that it had nothing to do with keeping the IUCN report from the public, the company has kept an environmental report in Honduras from public review.

In 1995, the Honduran Centro de Estudios y Control de Contaminantes (the Center for the Study and Control of Contaminants) audited the banana industry throughout Honduras, including Chiquita plantations. Dr. Luis Munguia Guerrero, CESCO's director, said the audit found serious problems on Chiquita's farms, but he said he could not release the report because of a confidentiality agreement signed with the company. He said, however, that Chiquita could release it if it chose. The Enquirer asked Chiquita to see the report.

The company declined to release it. In a response issued through its attorneys, it stated that "CESCO conducted an initial audit of the banana industry in 1995, identifying several general areas in which improvement was needed ... For its part, Chiquita has taken affirmative steps to address issues raised in the 1995 CESCO report."

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Chiquita SECRETS Revealed; Environment; Unregistered toxins used despite claims

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Chiquita's environmental partner, the Rainforest Alliance, claims that Chiquita's "Better Banana" certified farms "only use products that are registered for use in the United States, Canada and Europe," according to the alliance's "General Production Standards" and agreed to by Chiquita.

But the Enquirer found that Chiquita systematically uses chemical products on its certified farms that are not registered for use, meaning they are not allowed to be used, in the United States, Canada or one or more countries of the European Union.

These pesticides include:

Bitertanol, sold as Baycor: In documents provided to the Enquirer, Chiquita stated that it has used this product since 1993. According to documents provided to the Enquirer by the manufacturer - the Bayer Corporation - the pesticide is not, and never has been, registered for use in the United States. U.S. Environmental Protection Agency (EPA) spokesman Albert Heier confirmed that bitertanol is not approved for use in the United States on bananas or any other crop. The pesticides' full impact on people or the environment is not known at this time because the EPA has not conducted tests on the product, Mr.

Heier said.

In a statement issued to the Enquirer through its attorneys, Chiquita stated that company policy "allows only for the use of agrichemicals that are approved by the United States Environmental Protection Agency (EPA) for use on bananas."

Denise Kearns, spokesperson for the EPA on pesticide issues, said that the EPA has set a "tolerance level" for bitertanol, that is the level of detectable pesticide residue at which the EPA will allow a crop to be imported into the United States. But this level, set after scientific review, does not constitute approval for use in the U.S. on bananas or any other crop, Ms. Kearns said.

Bitertanol also is not registered for use in Canada, according to Antony Simpson, spokesman for Health Canada's Pest Management Regulatory Agency, the Canadian government's counterpart to the EPA's Office of Pesticide Programs. The pesticide is approved for use in the European Union.

Chlorpyrifos, sold as Lorsban. This product is widely used by Chiquita to put in plastic bags that hang over the banana bunches as they grow. It is registered for use in the United States. However, the EPA is reviewing safety levels for all organophosphate compounds, and chlorpyrifos is one product that could be severely restricted because of health and environmental risks, according to published reports by the Washington State Department of Agriculture. Last year, the EPA declared chlorpyrifos as a "Restricted Use Product," a restriction allowing for use only under special circumstances with specific EPA approval.

Chlorpyrifos is not authorized for use in Finland and Sweden, according to European Union government reports.

Carbofuran, sold as Furadan: This pesticide is used to combat nematodes, small worms that attack the banana plants. Chiquita has used the product since 1975. The product is listed by the EPA as "severely restricted" in the United States. According to EPA documents, the product's high risk of danger to people and the environment make it "a pesticide for which virtually all registered uses have been prohibited by final government regulatory action," but it can still be used in some special cases. The product also is severely restricted in Canada, according to Health Canada. Its use is not authorized in Finland.

Ethoprop, sold as Mocap: This organophosphate also is registered for use in the United States but is being reviewed by EPA. Like chlorpyrifos it has been singled out as facing severe restrictions, according to the Washington State Department of Agriculture.

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Ethoprop is not registered for use in Canada, according to Health Canada. It is not authorized for use in Finland, Sweden, Denmark and Luxembourg, according to European Union government reports.

Terbufos, sold as Counter: This product is registered for use in the U.S., but it is being reviewed by EPA for possible restrictions. It is not authorized for use in Finland, Sweden, Denmark, Ireland, the United Kingdom and Portugal according to European Union government reports.

Azoxystrobin, sold as Bankit: This fungicide used in aerial spraying is not registered for use in Canada, according to Health Canada.

Imazalil, sold as Fungaflor: This fungicide, applied to bananas before shipment, is not registered for use in Canada, according to Health Canada.

Tridemorph, sold as Calixin: This fungicide used in aerial spraying is not registered for use in Canada, according to Health Canada. It is not authorized for use in Finland, Sweden, Denmark and Portugal.

Where chemicals are approved for use

Chiquita's environmental partner, the Rainforest Alliance, has regulations to which Chiquita has agreed that state the company cannot use chemicals on its alliance certified banana farms that are not authorized for use in the U.S., Canada and Europe. But according to Chiquita's own list of approved pesticides, it does.

Chemicals: Azoxystrobin

Sold as: Bankit

Type: Fungicide

Used for: Black Sigatoka

Authorized for use in:

U.S.: Yes

Canada: No

European Union*: Unknown

Chemicals: Bitertanol

Sold as: Baycor

Type: Fungicide

Used for: Black Sigatoka

Authorized for use in:

U.S.: No

Canada: No

European Union*: Yes

Chemicals: Carbofuran

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Sold as: Furadan

Type: Nematicide

Used for: Nematodes

Authorized for use in:

U.S.: Yes

Canada: Yes

European Union*: No

Chemicals: Chlorpyrifos

Sold as: Lorsban

Type: Insecticide

Used for: Insects

Authorized for use in:

U.S.: Yes

Canada: Yes

European Union*: No

Chemicals: Ethoprop

Sold as: Mocap

Type: Nematicide

Used for: Nematodes

Authorized for use in:

U.S.: Yes

Canada: No

European Union*: No

Chemicals: Imazalil

Sold as: Fungaflor

Type: Fungaflor

Used for: Crown Rot organisms

Authorized for use in:

U.S.: Yes

Canada: No

European Union*: Yes

Chemicals: Terbufos

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Sold as: Counter
Type: Nematicide
Used for: Nematodes
Authorized for use in:
U.S.: Yes
Canada: Yes
European Union*: No
Chemicals: Tridemorph
Sold as: Calixin
Type: Fungicide
Used for: Black Sigatoka
Authorized for use in:
U.S.: Yes
Canada: No
European Union*: No

* A "no" in this column means that one or more of the 15 nations of the European Union do not authorize the use of this chemical on its farms.

Sources: U.S. Environmental Protection Agency, Health Canada and European Union reports.

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Chiquita SECRETS Revealed; Environment; Workers sprayed in the fields

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

In the fiercely competitive banana trade, Chiquita Brands has made a strong effort to set itself apart as the industry's "environmental leader."

Chiquita's brochures, posters and company website proudly trumpet its partnership with the Rainforest Alliance, a New York-based environmental group known worldwide for setting up environmental - business partnerships.

Since 1993, the two have worked on the "ECO-O.K. - Better Banana" program, an environmental certification to assure protection for workers and the environment on Costa Rican farms of Chiquita's subsidiaries, Compania Bananera Atlantica Ltda. (COBAL) and the

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Chiriqui Land Company. The program, originally called "ECO-o.k." but later changed to "Better Banana," has since expanded to Chiquita subsidiary farms in Panama and Colombia.

But an Enquirer investigation into Chiquita's use of pesticides on plantations shows disregard not only of the company's stated environmental guidelines and partnership agreements with the alliance, but also the safety of its tens of thousands of field workers.

The Enquirer found:

Aerial spraying when workers are in the fields, is a practice condemned by the U.S. Environmental Protection Agency (EPA), scientists and even Chiquita's environmental partner, the Rainforest Alliance. The spraying violates the rules of the "Better Banana" program.

The Rainforest Alliance's policy paper on the "Better Banana" program states, "All workers and neighbors must be warned when pesticides are being applied." According to the program's general regulations, workers and neighbors are not supposed to be exposed to aerial spraying.

Chiquita's subsidiaries use pesticides in Latin America that are not registered for use in the United States, Canada or Europe. They do so even though Chiquita has issued public statements and agreed to an environmental contract with the Rainforest Alliance that on its farms certified by the alliance it will "only use products that are registered for use in the United States, Canada and Europe."

Chiquita subsidiary farms use pesticides in aerial spraying that are highly toxic to fish and birds, contrary to Chiquita's stated environmental policies.

These findings come as the "Better Banana" project is under criticism from scientists in Central America, Europe and the United States. Chiquita's showcase environmental program has been attacked as disingenuous, superficial and unverifiable.

"The changes are more aesthetic than anything else," said Catharina Wesseling, a scientist with the Karolinska Institute of Environmental Medicine in Stockholm, Sweden, and author of the book Health Effects from Pesticide Use in Costa Rica. "They don't address the real problems."

However, an executive of a Washington, D.C. - based conservation group, Conservation International hired by Chiquita to visit its certified subsidiary farms called the project "very positive."

Scientists critical of the program say it doesn't adequately address a problem that the entire banana industry has been wrestling with for decades: use of pesticides that endanger the health of workers, villagers or the environment in Latin America.

The U.S. Food and Drug Administration, which is responsible for checking pesticide levels on bananas imported for American consumers, said the overwhelming majority of bananas brought into the United States and tested by the administration show pesticide residue well within safety standards set by EPA. However, scientists and environmentalists said the methods and amount of pesticide use practiced by Chiquita and other large banana growers endangers banana workers and the environment where the bananas are

grown.

Aerial spraying

Chiquita's "Environmental Charter" states that the company works "to protect the rainforest; to maintain clean water; to minimize the use of agrochemicals; to reduce, re-use and recycle waste; to support environmental education; and to ensure our workforce is well-trained and works safely." Those guidelines also are supported by the Rainforest Alliance.

But the Enquirer has found that Chiquita subsidiaries have sprayed toxic cocktails, varying mixtures of potent chemicals, on their plantations without removing workers first. These aerial sprayings can take place more than 40 times a year on plantations that are threatened by a widespread banana disease. Often these pesticides fall on workers, nearby villages, rivers or forests.

Eric Holst, coordinator for the Rainforest Alliance's "Better Banana" certification program in New York, said that aerial spraying while workers are in the fields would be a violation of the certification program. "We require that workers have protection from the application of chemicals. That clearly is a violation."

Through its attorneys, Chiquita provided the Enquirer with a list of chemicals it has approved for use on its banana farms. For aerial spraying, the company uses the fungicides propiconazole, benomyl, mancozeb, azoxystrobin, thiophanate-methyl, tridemorph and bitertanol.

Propiconazole and benomyl have both been found to be possibly cancer-causing for humans by the EPA. Mancozeb, azoxystrobin, thiophanate-methyl and tridemorph are considered hazards to fish by the EPA. Bitertanol is not allowed for use on farms in the United States, while azoxystrobin and tridemorph are not allowed for use in Canada.

A source at Chiquita's headquarters in Cincinnati provided the Enquirer with tape recordings of internal voice-mail messages, several of which dealt with the issue of aerial spraying while workers are in the fields.

After the Enquirer asked Chiquita's attorneys and a Rainforest Alliance official about the company's aerial spraying policy, Robert Kisting, president of Chiquita Banana Group based in Cincinnati, said in an Oct. 29, 1997 voice-mail message to John Ordman, Chiquita's senior vice president of finance, that he wanted officials to figure out "how quickly we can begin to implement a procedure for taking our workers out of the fields when we spray... It is something we have to think about getting done fairly quickly."

For workers, the unannounced aerial spraying is a constant fear.

"Some of the workers are affected by the aerial spraying, especially with rashes," Luis Perez Jimenez, 31, a leaf cutter on COBAL's Cocobola plantation, said through a translator. "They never tell us about the aerial spraying. We just see it coming and boom, it's here."

Small crop dusters will fly low over the banana trees and emit clouds of pesticides that settle over the tall, leafy plants. They also settle on workers, nearby villagers, animals, and open water. As two Enquirer reporters witnessed, on recently sprayed farms the

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air is heavy with a stifling chemical stench. Breathing is difficult and the pesticide residue covers everything.

At Cocobola, one of COBAL's larger farms, and nearby COBAL's Gavilan farm hundreds of employees can be working in the fields at any one time. The plantation, laced with irrigation canals, is adjacent to Rio Sucio, a large river in northeast Costa Rica.

Mr. Perez, through a translator, said that a white film gets all over his clothes and body when spraying occurs.

"I don't get any protective clothing," said Mr. Perez, whose job is to cut diseased leaves from plants. "The white stuff gets all over my arms and on my clothes. I get a lot of rashes."

Jose Gomez, 45, another worker on the Cocobola plantation, also said the planes come over with no warning.

"You're just working and then suddenly you see it coming," he told the Enquirer as he stood amid lush rows of banana plants. "I try to hide under the banana leaves when I hear the planes. If the chemicals get on me, I get rashes on my back. I try to be careful when the planes come. I try to protect myself under these leaves."

Mr. Gomez, through a translator, said that he was afraid of the long-term impact of the pesticides on his health, but this job was the only work he could find in the region.

Under the "Better Banana" certification program touted by Chiquita, workers who apply pesticides with spray packs are supplied with protective clothing and training on how to handle pesticides. But thousands of other field workers like Mr. Gomez, who do not apply pesticides, receive no protective clothing, Enquirer reporters observed, and were told by workers, union leaders and company officials, that field workers not directly involved in the application or storage of pesticides do not receive protective clothing.

Speaking of the industry-wide problem of aerial spraying on banana workers, Sandra Marquardt, an environmental consultant in San Francisco who formerly headed up Greenpeace International's efforts to stop the U.S. export of banned pesticides, said, "These airplanes come over and just nail the suckers."

Dole and Del Monte, the two other large U.S. banana companies, also employ aerial spraying. But neither has joined the "Better Banana" program or publicly acknowledged any alliance with an environmental group claiming to limit workers' exposure to pesticides.

In response to Enquirer questions, Chiquita, through its attorneys, issued a three-page statement on aerial spraying but did not address the issue of workers being sprayed in the fields.

The company stated that the spraying was necessary to combat a banana disease called Black Sigatoka. The airborne fungus causes streaks on the plants, makes the fruit smaller and eventually kills the plant if unchecked.

The attorneys said the company has hired environmental consulting groups to conduct water monitoring of nearby rivers, and those groups have found almost no contamination.

Despite the concerns expressed by Mr. Kistinger in his October

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voice-mail message, aerial spraying of fields while workers were in them was still going on four months later.

In a Feb. 23 voice-mail message to Mr. Ordman, Mr. Kistingler pointed out the company's political and public relations problem with continuing aerial spraying while workers are in the fields.

"One of the key focuses that we have not been successful so far ... has been the issue of aerial spraying," Mr. Kistingler said. "The environmental groups, the social groups, the NGO (non-governmental organizations) say it is not right to be spraying people when they are working in the field. ... And so far we have been able to make very little progress in this regard."

Prodding his executives to develop an alternative to spraying workers, Mr. Kistingler added that there is "enormous build-up of pressure" from the public in Europe to protect banana workers. Noting that steps must be taken to curb the practice, "even if they're small at this point" it is "very necessary to do from a public relations' standpoint."

Chiquita recently has created an "environmental" website on which it has posted a position paper on aerial spraying. On the website, Chiquita states that spraying is necessary to protect the banana crop. But the company stated it is working on several methods of applying the pesticides from the ground, which it claims would reduce pesticide exposure to workers and the environment.

Earth College science professor Jorge Arce Portuguez said Sigatoka has become the major pest threatening the banana industry in recent years. Earth College is an agricultural science college in central Costa Rica partially funded by the U.S. government and supported by dozens of major American universities. The industry's only answer so far has been to increase the potency and regularity of aerial spraying, he said. But the disease has adapted quickly, becoming resistant to many of the chemicals.

"In 1990, we controlled Sigatoka with more or less 25 to 30 aerial sprayings per year," he said. "Now, seven years later ... we are dropping by plane more than 40 times per year."

Anti-Sigatoka chemicals make up the bulk of pesticides used on most banana plantations, according to Lori Ann Thrupp, senior associate and expert on sustainable agriculture at the World Resources Institute, a Washington, D.C.-based think tank on environmental issues.

Drifting pesticides

In a 1996 edition of the science journal *Ambio*, Scott Witter, associate professor at Michigan State University's Institute of International Agriculture, and colleague Carlos Hernandez published a report on the Costa Rican banana industry that found that 15 percent of aerial pesticides completely drifted off the studied plantations because of wind; 40 percent drifted away from the plants and into the ground; and 35 percent washed off in the rain. Only 10 percent of the fungicide sprayed actually stayed on the plant.

"There's considerable debate about how much drift there is," Professor Witter told the Enquirer. "We had in that article references for as much as 90 percent of it not ending up on the banana plants. Some of the transnationals say 'no, no, it's more like only 40 percent that's lost.' But still that's a lot of

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fungicides going off into the water supply. You have a lot of the poor folks who take their water directly from surface sources. They end up ingesting these. Costa Rica is blessed with a tremendous amount of rainfall, and so dilution in many instances becomes a solution to some of the pollution.

But over time, it does tend to bio-accumulate."

In a statement issued through its attorneys, Chiquita stated that it is aware of the drift problem and has worked in recent years to reduce drift by installing special pesticide spray nozzles on its airplanes and other measures.

In the village of Bananito Norte, in the heart of banana country southeast of the coastal city of Limon, Esther Rodriguez Anchia lives with her husband and three children in a one-room wooden shack next to Chiquita's Super Amigo packing plant and Chiquita subsidiary plantations.

When the crop dusters come over, her family is sprayed with the chemicals, she said.

"There is no warning," Mrs. Rodriguez said through a translator.

"It just comes, usually once a week but sometimes twice. My children get very rashy when the planes come. I just have them run inside, but we usually are stuck with the rashes. I'm very allergic myself, so it's much worse for me. I have to visit the doctor all the time.," she said.

Mrs. Rodriguez, 52, said the aerial spraying has made her hate the village.

"I would love to fly away from here," she said.

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Chiquita SECRETS Revealed; Life on a banana plantation; Growing Chiquita bananas: pesticides and hard work

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: Cameron McWhirter and Mike Gallagher

On farms from Mexico to Ecuador, Chiquita and its affiliates grow millions of bananas every year for consumers in North America and Europe. The fruit is grown and harvested in a labor-intensive process that involves an army of workers, lots of equipment, crop-dusting airplanes, foam cushions, string, bags, special cartons, refrigerated trucks and trains, and tons of pesticides.

While production methods vary slightly from plantation to plantation, the basic operations illustrated below remain the same. This illustration is a composite plantation, drawn from Enquirer reporters' visits to Chiquita subsidiary plantations and Chiquita-affiliated farms in Honduras and Costa Rica, as well as interviews with plantation workers and environmental scientists.

1. Commercial banana plants grow from 15 to 30 feet in height and are grown in long rows on large irrigated plantations. Most bananas

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consumed in the United States are grown in the lowlands of Central and South America. The average banana plant produces fruit about every nine months. The stem usually grows to contain about 150 bananas. When the manager decides, the fruit is cut green from the plant and dropped carefully on the back of a worker carrying a cushion to stop any bruising of the fruit.

2. Herbicides: To kill off other plants growing around the bananas, workers apply herbicides. The chemicals are toxic and wash into the ground and ground water during rains.

3. Nematicides: To kill off nematodes, small worms that attack banana plants from the roots, workers cover the ground around the plants with nematicides. These chemicals are highly toxic and make an area extremely dangerous for 24 to 48 hours after application.

4. Banana plants do not have strong trunks, they can easily be knocked over in a tropical windstorm. To prevent 'blowdowns,' workers tie the plants down with string.

5. Aerial spraying is an integral part of pesticide application in commercial banana farming. The main purpose is to combat Black Sigatoka, an airborne fungus that can destroy a plantation's crop. In areas that are infected with the fungus, including much of Central America, airplanes may spray fields more than 40 times a year.

The spray lands on the plants' upper leaves, the ground, irrigation canals, streams and rivers and nearby homes, workers and residents, scientists told the Enquirer.

Workers on Chiquita subsidiary plantations and other farms producing Chiquita bananas told the Enquirer that they receive no warning when the planes come over and they often hide under banana leaves to escape the pesticide dust. Nearby villagers complain the aerial spraying often drifts into their yards, sending children running into the houses to escape rashes. Many worker villages are located close to banana plantations.

6. The water used in the in the packing plants to wash pesticides off the bananas comes from the irrigation canals and then is routed back out into the water supply. Chiquita has built berms in recent years on some plantations to limit pesticides from flowing directly into rivers. But many irrigation canals, laced throughout every plantation, remain directly exposed to pesticides.

7. Plastic bags imbedded with the powerful chemical chlorpyrifos protect the the growing fruit from insects throughout its entire gestation. In previous years, the bags were simply discarded after use, though the major banana companies have now started recycling programs.

8. At harvesting, the stem is placed on a large overhead cable system that runs throughout the plantation. Workers place foam cushions among the fruit to stop bruising. The fruit is then pushed along the cable toward the "Empacadora," the packing plant.

9. In the packing plant, workers remove the cushions. Other workers then cut the stems into smaller bunches.

10. The bunches are then put in a "pila de seleccion," a selecting trough, where selectoras, usually women, choose the bananas and cut them further down to shipping size with small hooked knives.

11. Larger troughs called 'pilas des leches,' milk troughs, wash off the pesticides applied in the fields as well as natural fluids from the banana plant.

12. New pesticides are applied to the bunches after they are placed on a conveyer belt. The new pesticides, either thiabendazole or imazalil, are applied to prevent "crown rot," a fungus that attacks the extremities of the banana bunch. On some plantations, Chiquita has installed small plastic containment systems that save money on pesticide costs and reduce worker exposure to the pesticides. But most plantations do not have this system, according to Chiquita statements issued through its attorneys to the Enquirer.

13. Boxes of banana bunches, freshly applied with pesticides, are put on large skids for shipment. On all the plantations visited by the Enquirer, most workers viewed by reporters did not wear gloves when handling the pesticide-covered bananas.

14. Trucks or trains are brought to the plant and loaded with the skids. The bananas are taken to port, where the large refrigerated containers are lifted onto ships. The ships then sail to various destinations, usually in North America or Europe. About ten days to two weeks after being harvested, the bananas are on display and for sale at local groceries.

Pesticides in the banana ecosystem

The ecosystem of a banana plantation is extremely wet and hot. The soil is very loose, helping the banana plants grow but also making it easy for pesticides to spread throughout the system.

It often rains in these areas, flushing pesticides into the ground and water table. The banana industry's answer to this dissipation has been to apply pesticides frequently.

Ways pesticides get into the environment:

Air: Airplanes drop toxic chemicals regularly from the air. Pesticides fall on the plants, but also on workers, the ground and irrigation canals and streams.

Ground: Workers apply pesticides to the ground around the plants. These chemicals seep into the ground with every rainfall.

Water: Pesticides also get into water that is used to wash bananas in the packing plants. That water then flows back into the irrigation canals.

Bags: Plastic bags with the insecticide chlorpyrifos cover all the banana bunches from their inception. The chemical leaks off the bags in rain storms and flows into the ground and water.

Black Sigatoka

is a banana plant disease that plagues most areas where Chiquita bananas are produced. The airborne fungus eats away at the plant leaves, turning them black. The disease shrinks the size of the fruit and makes it ripen too quickly to be shipped to market. Eventually, the disease kills the plant. Some researchers are now trying to find a Sigatoka resistant banana that will still appeal to consumers, but nothing has been discovered thus far. To date, the industry's reaction to the problem has been to increase aerial spraying of

powerful pesticides.

The roots of the banana

Humans have been cultivating bananas since almost the beginning of civilization. Varieties of the plant are referred to in ancient Chinese and Arabic manuscripts.

Believed by scientists to have developed in southeast Asia more than 4,000 years ago, the plant eventually spread to other parts of Asia and into Africa. The species' scientific classification, Musaceae, comes from the Arabic word for the fruit, mu'uz. Spanish and Portuguese explorers are believed to have come into contact with the plant in their travels to West Africa, where they adopted a variation of a local term, banana. Spanish explorers brought bananas to the Americas in the 1500s.

Today hundreds of banana varieties thrive in almost every tropical region of the world. But more than 90 percent of the bananas found at grocery stores in the United States and Europe are one variety, the yellow Gran Cavendish. The banana is one of the most productive plants in the world. In the right climate and weather it produces year round, and for decades at a time.

The plant itself is actually an herb. What looks like a trunk of a banana "tree" is in fact densely packed leaves growing up from a base clump of roots. The plants that produce commercial Gran Cavendish bananas do not produce seeds for reproduction, and are 'sexless' perennials. Planted in rows on giant farms, they regenerate after each harvest. The plant grows a stalk, called in Latin America "la Madre" or the mother, which produces a purple stem with white flowers from its center. The stem transforms into a large 'hand' of as many as 150 bananas each. The "hand," which eventually bends over from the weight of the fruit, can weigh up to 140 pounds.

The fruit is harvested before it is ripe, and cut into the bunches that are transported to grocery stands. Once the fruit is harvested, the stalk is cut and a little stalk, called "el hijo" or "offspring" in Spanish, sprouts from the same root to begin the process again. Bananas are comprised mostly of sugary carbohydrates, but it is also a source of vitamins A and C as well as potassium.

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Chiquita SECRETS Revealed; Politics & History; "About the EU tour that this minister in Panama wants to take is just highly dangerous . . . "And I was saying that we should, if we could politely do it without ruffling too many feathers, get that minister's trip cancelled. So that would be exactly my program." - Keith Lindner, Chiquita vice chairman, on canceling the trip of Panamanian foreign minister; Contributions buy influence

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Carl Lindner is well known in this town as a big contributor to both Democrats and Republicans.

What is he getting for his money?

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Mr. Lindner, chairman of the board and CEO of Chiquita Brands International Inc., is buying the power of the White House and Capitol Hill, according to advocates of campaign finance reform and opponents of Chiquita's trade battles with Europe.

"Although he has given more to Republicans, he has also been a double giver. And double giving is the clearest evidence that this money is not about elections, it's about buying influence," said Ann McBride, president of Common Cause, the non-profit group leading the campaign for finance reform. "The way Carl Lindner has given has been to give to both parties so that no matter who wins, he'll have a place at the table."

Mr. Lindner, a registered Republican who has spent at least two nights at the Clinton White House, certainly has a place at the table of the Democratic administration as well as both sides of the aisle in Congress.

Mr. Lindner has made large contributions - totaling millions of dollars - to Republican and Democratic candidates over the years. But that largesse has come under scrutiny since 1993 when the European Union established trade preferences limiting how many bananas Chiquita could bring to Europe. Chiquita began asking the White House to intervene while also making large donations to the Democratic Party.

In 1995, the U.S. Trade Representative's Office of the White House took the company's cause to the World Trade Organization (WTO), the first case by the United States brought before the newly created international body.

The U.S. decision to take up an international case on behalf of one multinational company contributed to the recent debate about campaign finance reform.

Dole and Del Monte, the two other large U.S. banana producers, did not file requests with the White House. Dole proposed a compromise in 1995 to avert the WTO action, but it was turned down.

Mr. Lindner and other Chiquita officials declined repeated requests to meet with the Enquirer to discuss campaign contributions or any other subject. Through attorneys hired to deal with the Enquirer, Chiquita issued the following written statement:

"Neither Carl Lindner Jr. nor any other Chiquita, United Brands, or American Financial official has ever asked for or received any promises in return for political contributions related to the WTO (World Trade Organization) proceeding or any other matter, nor have any such promises or quid pro quos (things given in exchange for something else) been anticipated or expected by Mr. Lindner or Chiquita."

The White House also firmly denied any improper support for Chiquita's case because of Mr. Lindner's donations.

"It's absolutely not true and has no foundation in reality," said Jay Ziegler, spokesman for the White House's trade office.

But the Enquirer has obtained, through the Freedom of Information Act, correspondence between the White House, members of Congress and Chiquita dealing with the European banana issue beginning in 1994. Though many portions of the letters have been blacked out by the

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government, the correspondence demonstrates the influence that Chiquita exerts on the U.S. trade office.

The correspondence shows that:

Powerful congressional leaders sent letters to the White House pressuring the administration to support Chiquita's position. Chiquita supporters included U.S. Sen. John Glenn, D-Ohio, U.S. Sen. Mike Dewine, R-Ohio, U.S. Rep. and Speaker of the House Newt Gingrich, R-Georgia, U.S. Sen. Orrin Hatch, R-Utah, U.S. Sen. and Majority Leader Trent Lott, R-Miss., U.S. Sen. Christopher Dodd, D-Conn., and others who had received donations from either the Lindners, their controlled companies or company officials.

Chief support appears to have come from Bob Dole, while he was still the senior Republican senator from Kansas. Many of these letters were faxed to the trade office by Carolyn Gleason, Chiquita's trade attorney, registered lobbyist and key liaison to the Clinton administration on this issue. On one letter from Mr. Dole dated June 21, 1995, then U.S. Trade Representative Mickey Kantor scrawled a note to his staffers: "Please give me a way to proceed. Pressure is going to grow. MK"

Chiquita's lobbyist, Ms. Gleason, sent faxes to the trade office - at the office's request - providing policy position papers on the banana issue for U.S. embassy staff around the world. Other faxes show Ms. Gleason writing legislation on this issue for the trade office to submit to the Federal Register.

Staff of the White House's trade office discussed how to manage the press to Chiquita's advantage. In an e-mail message sent June 14, 1996, Ralph Ives, deputy assistant U.S. trade representative and the Clinton administration's point man on the banana issue, wrote about a segment on the trade dispute that was being planned by public television's News Hour.

"Chiquita is urging that we either try to kill this (preferable, but not sure how) or either Peter (Allgeier, a trade office staffer) or I agree to be interviewed....I will find out more after talking with Chiquita."

The segment never ran. Producers at the News Hour told the Enquirer that they did some initial reporting on the subject but never planned to air a segment on the dispute.

Mr. Lindner held at least two meetings with high-level staff of the White House. In addition, Chiquita's lobbyist, Ms. Gleason, had frequent contact with the office.

In one letter, dated July 19, 1995, Mr. Lindner, and his son, Keith, wrote to Mickey Kantor that they hoped to meet soon to discuss "our larger case strategy and to discuss our mutual efforts in greater detail." They had meetings before and after the letter. Senators, including Mr. Glenn, also met with Mr. Kantor on Chiquita's behalf.

Tape-recorded internal Chiquita voice-mails, provided to the Enquirer by a company source, also show the influence that Chiquita has with the White House's trade office. In a Jan. 30 message from Keith Lindner, Chiquita's vice chairman, to Steven G. Warshaw, company president and chief operating officer; Robert Olson, chief counsel; Ms. Gleason and others, Mr. Lindner recommended that Chiquita try to cancel the trip of Panamanian Foreign Minister Ricardo Alberto Arias to the European Union.

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"About the EU tour that this minister in Panama wants to take is just highly dangerous," Keith Lindner said, adding later, "And I was saying that we should, if we could politely do it without ruffling too many feathers, get that minister's trip canceled. So that would be exactly my program."

Later that day, Ms. Gleason called Mr. Olson and others with a voice-mail message stating the trip had indeed been canceled.

A Chiquita consultant met with the Panamanian minister and convinced him that the U.S. trade office could not meet with him on Monday, but only later in the week, she said. The later meeting meant the minister would not have time to travel to the EU.

Ms. Gleason then learned that the U.S. trade office had scheduled a meeting for Monday.

"USTR (the trade office) went ahead and scheduled a meeting on Monday," she said. "That has since been corrected."

The trade office moved the meeting with Mr. Arias from Monday to Wednesday, meaning the minister would not have time to visit Europe, according to Ms. Gleason's voice-mail message.

In a statement issued through its attorneys, Chiquita stated, "Chiquita never asked the United States Trade Representative to reschedule meetings with the Panamanian foreign minister."

Minister Counselor Fernando Eleta at the Panamanian Embassy in Washington, D.C., said he could not believe "Chiquita would do something like that." He said he would withhold comment, however, until he had a chance to review the Enquirer article.

Today, Chiquita plays a major role in formulating U.S. banana trade policy. At the U.N.'s Food and Agriculture Organization (FAO) banana conference in Rome last May, the U.S. delegation consisted of three U.S. trade diplomats and four other people listed as "advisers."

The advisers were Michael O'Brien, president of European Offices of Chiquita; Manuel Rodriguez, Chiquita's assistant general counsel from Cincinnati; Ms. Gleason; and Robert Moore, the head of a banana trade group that represents the entire industry. No one from Del Monte or Dole was represented on the U.S. delegation. According to the head of the FAO's Intergovernmental Group on Bananas, delegation advisers are chosen by the individual governments.

Through Ms. Gleason, a partner in the law firm of McDermott, Will & Emery, Chiquita presents its views in meetings and telephone calls with Amy Wynton, chief of Agriculture for the State Department and other top Clinton officials.

The Chiquita-State Department connection extends even further. When an Enquirer reporter called the U.S. Embassy in Honduras to ask about a former embassy staffer now working for Chiquita, embassy staff said they could not provide the information. According to an internal, tape-recorded voice-mail message obtained by the Enquirer from a company source, embassy staff informed Chiquita of the call later that same day.

Washington favors

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Opponents of Chiquita's actions in Washington, D.C. say Chiquita has bought white House support for a cause that will hurt U.S. allies only to help the bottom line of the Cincinnati company.

"It's a clear issue of buying trade favors," said Randall Robinson, the head of TransAfrica Forum, a Washington, D.C.-based lobbying group for African and developing world issues. "The President ought to be ashamed of himself."

Mr. Robinson, initially a supporter of President Clinton, and his wife, Hazel Ross-Robinson, have taken up the trade issue because they feel that if Chiquita can remove Europe's banana protections, developing economies in the Caribbean and Africa will be severely damaged.

Ms. Ross-Robinson, who lobbies for Caribbean countries in Washington, D.C., has organized visits by several political leaders to the Caribbean islands to meet with farmers and has brought farmers from the Caribbean and Africa to lobby Congress.

Mr. Robinson, the leader of the successful boycott effort of apartheid South Africa in the 1980s, has twice dumped bananas as a protest in Washington, D.C. to call attention to what he sees as the White House sellout. At his urging, prominent black Americans, including Bill Cosby and Jesse Jackson, have written the White House to express concern about the Clinton administration's support for Chiquita's position.

Mr. Robinson and other Chiquita opponents point to April 1994, when Mr. Lindner and his associates contributed hundreds of thousands of dollars to numerous state Democratic parties, shortly after then U.S. Trade Representative Kantor took the banana case to the WTO. The money was donated to state parties and did not have to be filed with the Federal Election Commission (FEC), making it harder to track because the donations were spread among many offices.

Caribbean leaders saw the connection as a payback by President Clinton to Mr. Lindner.

"There was no reason for them to go to the WTO," said Jamaican Ambassador to Washington, D.C. Richard Bernal. "We were given assurances by Ambassador Kantor that the U.S. wanted to resolve this. It was a breach of faith with the Caribbean."

Recently, the Council on Hemispheric Affairs, a non-profit research institute focusing on Latin American issues, called on the Federal Election Commission to investigate Mr. Lindner's donations because, they said, Mr. Lindner has "bought himself a U.S. foreign policy."

According to a Common Cause analysis of soft money donations, Mr. Lindner, relatives and officers of his companies gave a total of \$3,164,460 in "soft money" donations to Republican and Democratic national fund-raising committees from 1988 through the first six months of 1997. Most of the money went to Republicans.

Soft money donations can be given in an unlimited amount to political committees. Contributions to individual candidates for national office are restricted.

In March 1998, Common Cause ranked American Financial Group and related companies as the fourth largest giver in soft money to both parties in 1997. (Tobacco firm Philip Morris was the top giver.) The group reported that American Financial, its subsidiaries and

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executives gave \$310,000 in soft money to Republicans and \$75,000 to Democrats in 1997 alone.

Soft money donations are legal, but they have become the focal point in the debate about campaign finance reform.

Ms. McBride said Mr. Lindner was "one of the biggest soft money givers and one of the pioneers in double giving."

Mr. Lindner's donations have favored Republican candidates, but he also has given millions to Democrats, and stayed in the Lincoln bedroom twice at the invitation of President Clinton.

Mr. Lindner was called by Vice President Al Gore in October 1994 while the White House was considering diplomatic action against the European Union on the trade issue. White House records reviewed by the Associated Press show that in the following weeks, Lindner companies and associates donated \$250,000 to the Democratic National Committee.

A Dec. 2, 1994, White House memo referred to the October calls made by the Vice President from the White House. Mr. Lindner, one of the persons named in the memo, was listed as giving \$150,000, apparently part of the \$250,000, according to the Associated Press.

Another memo indicates that Mr. Lindner invited Vice President Gore to stay at his Florida estate. According to the White House, Mr. Gore did not take Mr. Lindner up on his offer.

Mr. Lindner's and Chiquita's reach in Washington, D.C. goes beyond campaign contributions. Chiquita also has hired the influential lobbying group Public Strategies Washington, Inc., paying it \$279,402.08 in 1996 alone.

"Carl Lindner and Chiquita are giving hundreds of thousands of dollars to both Democrats and Republicans and are getting people to support them," said E. Courtenay Rattray, executive director of the Jamaican banana exporting company Jamco. "This is just money politics."

But as Mr. Lindner's supporters have pointed out in the past, Mr. Lindner was involved in money politics long before the banana trade issue in Europe. He was a major contributor to Richard Nixon. He contributed heavily to Ronald Reagan's candidacy, and helped fund both of his inaugurations. He also gave heavily to George Bush's 1988 and 1992 campaigns.

The Center for Public Integrity, a public interest group, stated in a report that Mr. Lindner was one of the major "career patrons" of Sen. Bob Dole. Mr. Lindner and Chiquita officials heavily supported Mr. Dole's 1996 presidential bid. Mr. Dole was also a frequent passenger on Mr. Lindner's private jet.

Despite recent calls for campaign finance reform, Mr. Lindner still makes large contributions.

According to FEC reports on 1996 election cycle donations, Mr. Lindner and other leading Chiquita and subsidiary officials gave to the congressional and Senate campaigns in at least 35 states. They also gave "soft money" contributions to political committees on both sides of the aisle.

The bulk of the donations were given to Republican candidates, but

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substantial funds went to Democratic "soft-money" organizations. For example, Mr. Lindner himself gave money to the National Republican Senatorial Committee and also to the Democratic Senatorial Campaign Committee. The Clinton - Gore campaign, the Democratic National Committee, the "DNC Services Corporation" and other soft money groups also received hundreds of thousands of dollars from Mr. Lindner, his family and officials of his companies, according to FEC records stored on the computers of a non-partisan public interest group, the Center for Responsive Politics.

For the 1997-1998 election cycle, FEC records show that as of April 1, Mr. Lindner's American Financial Group has given \$150,000 in soft money to various committees, making the company the largest soft money contributor in Ohio. The second largest soft money contributor in the state is Mr. Lindner himself, with \$125,000 in donations.

Mr. Lindner, his relatives and company officials also have given thousands to various candidates and political action committees. Candidates receiving money so far in the 1997-98 election cycle include Mr. Dewine, Sen. Alphonse D'Amato, R-New York, Rep. Rob Portman, R-Ohio, Rep. Steve Chabot, R-Ohio, and Rep. John Boehner, R- Ohio.

Gary Ruskin, who runs the Congressional Accountability Project, a Washington, D.C.-based interest group that tracks financial contributions in Congress, said that he sees Mr. Lindner's name repeatedly when reviewing campaign finance filings.

"The guy is fascinating," he said. "He shows up all the time."

Mr. Lindner's name often comes up in Capitol Hill discussions about campaign finance reform.

The Senate Governmental Affairs Committee, planning hearings on campaign finance reform, issued subpoenas to Mr. Lindner and Chiquita for documents regarding campaign contributions last August. But the hearings were dropped in November, when chairman Sen. Fred Thompson, R-Tenn., announced that his committee would not pursue the issue, citing lack of cooperation from other politicians and lobbyists.

The majority of Sen. Thompson's committee had first-hand knowledge of Mr. Lindner's political giving. Both Mr. Thompson and Mr. Glenn, the ranking Democrat, had received direct contributions from Mr. Lindner. So had five of the other 10 committee members.

The World Trade Organization

The World Trade Organization was created in January 1995 to implement the goals set out in several world trade agreements, particularly the General Agreement on Tariffs and Trade (GATT). The objective of GATT is to reduce trade barriers among countries that have signed the accord so that eventually nations can trade as freely as possible. The United States, the European nations and most of the major industrial economies of the world are members of GATT.

One of the key functions of the WTO, headquartered in Geneva, Switzerland, is to resolve trade disputes between nations. A nation that feels another GATT member is not trading fairly can ask for a special WTO panel to investigate and resolve the matter. Only nations can bring this request to the WTO, so Chiquita had to enlist the help of the United States and several Latin American governments to present its case against the European Union's banana trade

restrictions.

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Chiquita SECRETS Revealed; Politics & History; "If Chiquita come in, we are no way, they will do us in . . . We don't know who to believe anymore, and we don't know the future." - Humbert Nicholson, small banana farmer in Grande Rivere, St. Lucia.; Island economies on the line

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Chiquita's efforts to end European trade protections for bananas grown in the Caribbean could devastate a string of tiny island nations whose economies depend on small independent farmers who know nothing else.

"We afraid, but we are still planting bananas because that is all we know," said Nicholas Espirit, 42, who farms four acres in the north island village of Bells. "We scared about this Chiquita business. It's a pressure, man, it's a pressure."

Mr. Espirit worries about how to feed his five children if the banana business - the vast bulk of the region's exports - goes bust. That scenario could happen if Chiquita gets its way in a world trade dispute with the European Union (EU).

Currently, several developing nations - including the tiny Caribbean islands of Dominica, St. Lucia and St. Vincent- receive preferences for their bananas because they were former colonies of Europe.

Since 1993, the European Union has imposed an elaborate importing system that granted preferences to former colonies that export bananas while limiting access to the European market for banana exporters with large operations in Central and South America. Chiquita, backed by the Clinton administration, wants to end those protections.

Both Chiquita and the Clinton administration, which has formally taken Chiquita's objections to the trade dispute panel of the World Trade Organization (WTO), have stated repeatedly that their argument is with the Europeans, not the Caribbean. But farmers on these islands are convinced that if Chiquita gains a larger share of the highly profitable European market, their tiny economies will be crushed.

Through its attorneys, Chiquita issued a statement that the banana regime set up by the European Union benefitted mainly "European banana distributors, rather than Caribbean or African nations."

Removing the European protections won't just hurt these small islands. It would have a severe impact on at least 10 independent nations and European territories, from the Caribbean to Africa, a combined population of almost 35 million.

The island nations of the Eastern Caribbean-Dominica, St. Lucia and St. Vincent - would be among the hardest hit if the WTO's ruling stands and the system is dismantled.

"I'm not a very emotional man," Peter Carbon, Dominica's minister of agriculture and environment, told the Enquirer. "But if we lose bananas, there will be no country."

The islands provide only a small percentage of bananas to Europe's protected market - at most 3 percent annually. All the countries and territories that receive the protections account for only about 15 percent of all the bananas that go to Europe, according to the EU.

If Chiquita were to grab this market share, the European consumer probably would notice little change at the local grocery. But the business loss would have catastrophic implications for nations like Dominica, St. Lucia and St. Vincent.

"The worst case scenario is you have increased poverty, increased hunger, educational opportunities for children declining," said Lawrence Grossman, an expert on the Eastern Caribbean banana industry and an associate professor at Virginia Tech. "What Chiquita will gain compared to what will be lost in the Caribbean, well, it truly creates a tragic situation."

Bananas

Bananas were introduced to the Eastern Caribbean by the British at the turn of the century. The crop did extremely well on the mountainous, humid islands. For the first time, farmers had a large export crop that would grow easily on the hillsides. Banana plants could not survive a hurricane, but they would grow back after only nine months or so. For small farmers, bananas have become a perfect crop because they can be farmed year-round.

Today, the government of Dominica estimates that at least 20,000 people out of a workforce of 35,000 depend on the banana, or "le fig" as it is known in the patois of that part of the world. The estimates on St. Lucia and St. Vincent are considered about as high.

While bananas help the region's economy, poverty still reigns. The per capita gross domestic product on Dominica is estimated at about \$2,100, less than one-tenth the almost \$25,000 per capita gross domestic product of the United States. Signs of poverty are visible everywhere on these islands, from the open sewers in the capital to the shack homes of villages.

However, internal Chiquita documents obtained by the Enquirer show that the company has made major political efforts in the islands since 1994. That year the company sent representatives to St. Lucia to make the offer of a joint venture with local growers. Under the deal, Chiquita would have become the exclusive European distributor of these islands' bananas.

Chiquita hired G. Philip Hughes, former ambassador to the islands under the Bush Administration, to meet with government and banana industry officials in the Eastern Caribbean, according to company records. His mission was to persuade them to create a joint venture with Chiquita and transfer the island's special banana export licenses to Chiquita. Those licenses allow growers to ship a certain number of bananas duty free to Europe.

Mr. Hughes said he was hired by Chiquita as a consultant for about nine months.

"I knew the leaders in the governments intimately and I knew the

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issues that they confronted economically," said Mr. Hughes, who currently is an executive for the Association for International Practical Training, based outside Washington D.C.

Chiquita had a lot to gain from the venture, as it listed in one of its executive summaries on the issue:

It would get the islands' European banana trade licenses, allowing Chiquita to send up to 2.5 million more tons of bananas to the lucrative European market.

It would save money in shipping and in sending bananas to southern Europe while shipping its Latin American bananas to the wealthier markets of Northern Europe.

In its documents sent to island officials, Chiquita stress-ed that it would provide the islands with technical support, offer slightly more for bananas and other benefits.

Mr. Hughes, the former ambassador, had "reconnaissance meetings" with government officials in the Eastern Caribbean as well as Washington and New York. But despite lobbying efforts by Mr. Hughes, officials on St. Lucia and other islands turned down Chiquita's offer.

"Chiquita was offering a terrific deal," Mr. Hughes said. "But they had one problem: the mind-set of the Caribbean leaders... The leaders really had a negative mind-set about Chiquita. They really considered it almost their enemy."

When the island governments rejected the offer, Chiquita's agents went to the growers' associations and in some cases to the farmers themselves. The banana growers associations refused the offers because they didn't trust Chiquita's intentions, according to Rupert Gajadhar, chairman of the St. Lucia Banana Growers Association.

Mr. Gajadhar said the offer from Chiquita agents was attractive to some farmers and caused a split in the farmers movement. Tensions between some farmers and the government led to violence, strikes and riots. In 1993, two farmers were shot and killed and another 25 were wounded when police opened fire on a roadblock set up by the Banana Salvation Committee, a grassroots group of banana farmers.

Mr. Gajadhar said he believed the salvation committee today is supported by Chiquita and that the group's leader, Patrick Joseph, meets regularly with Chiquita officials.

Mr. Joseph, a newly elected senator for the Labour Party, told the Enquirer that he has met many times with Chiquita, but denied the company was funding his operation.

"I always maintain that if Chiquita had given me money, and it means that it would help the cause that I am fighting, I would accept the money," he said. "But so far they haven't offered me money. Neither am I asking them for any."

Mr. Joseph said he and his supporters see the Caribbean banana industry as a lost cause. Chiquita will destroy West Indian banana production because it can grow bananas cheaper in Central America. He said the government should focus its energies on helping banana farmers find some other work.

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"We do live in a capitalist society, and in capitalism the strong eat up the weak. Basically, that's what it is about," he said.

Mr. Hughes said the company was simply trying to obtain island licenses so it could sell more bananas under the banana protection scheme created by the European Union.

But many banana farm leaders on St. Lucia see Chiquita as a sinister force out to crush West Indian banana growers for the sake of profit. Elias John, president of the St. Lucian National Farmers' Association, said farmers initially thought the Chiquita agents simply wanted to buy their bananas. But then farmers began to believe Chiquita wanted to get control of the islands' banana import licenses to Europe.

"When we begin to get the truth, things were coming out about the amount that they used for the American (presidential) campaign and all that. We lost our faith and began to realize they were just after us to destroy us," he said.

Gripping a rusty cutlass while propping himself next to a banana plant, farmer Humbert Nicholson surveyed his 15-acre hillside farm in Grande Rivere, St. Lucia.

"If Chiquita come in, we are no way," said the 53-year-old farmer. "They will do us in."

Standing in worn rubber boots caked with mud, wearing grimy pants and a shirt so old the armpits have worn out, Mr. Nicholson is a typical Eastern Caribbean banana farmer - hard working and poor.

"We don't know who to believe anymore," Mr. Nicholson said. "And we don't know the future."

Decision could devastate islands

If the Caribbean banana industry collapses, the problem also could hit the United States in a powerful way: a dramatic increase in illegal drugs coming through the region.

"At the end of the day, when you have destroyed the economies of the islands and other countries, what is the fallback position? Crime, drugs, mass migration, insecurity of property," said Grayson Stedman, 56, the owner of a Dominican banana plantation and former chief financial officer of a local banana farmers' cooperative.

This view isn't just being espoused by citizens of the Caribbean. In 1996, U.S. Gen. John Sheehan, commander of the U.S. Atlantic Command responsible for drug interdiction efforts in the Caribbean, told a Washington, D.C. policy forum that the Caribbean banana industry must be maintained for U.S. interests.

"If you start deteriorating the economic infrastructure in the region, it is going to become my problem," he told the group.

The Caribbean islands are strategically located along key drug-shipment points from Colombia. Drug Enforcement Agency officials report that Colombia supplies most of the cocaine and much of the marijuana for the U.S. illegal drug market. Desperate farmers with empty fields and hungry children could make eager recruits for the drug cartels, officials say.

Caribbean Islands worry about economic future, farms

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The economies of the windward Islands in the Eastern Caribbean have been dependent on bananas for much of this century. If European Union banana protections opposed by Chiquita are overturned, the islands expect their already weak economies to collapse. Below are two islands that will be hit the hardest.

Dominica

Population: 83,000

Size: 290 square miles

Top crops: bananas, citrus, mangoes

A former British colony, Dominica has been independent since 1978.

St. Lucia

Population: 159,639

Size: 238 square miles

Top crops: bananas, coconuts, cocoa

A former British colony, St. Lucia has been independent since 1979

Economies threatened

Other countries and territories that would be impacted if their preferential access to the European Union was overturned include:

Jamaica (Caribbean)

population: 2.6 million

crops: sugar, coffee, bananas

Ivory Coast (West Africa)

population: 15 million

crops: coffee, rubber, bananas

Cameroon (West Africa)

population: 14.7 million

crops: cocoa, coffee, cotton, bananas

St. Vincent and the Grenadines (Caribbean)

population: 120,000

crops: bananas, coconuts

Martinique (Caribbean)

population: 403,000

crops: bananas

Guadeloupe (Caribbean)

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population: 412,000

crops: bananas, sugar

Canary Islands (Atlantic)

population: 1.6 million

crops: bananas

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Chiquita SECRETS Revealed; Politics & History; U.S. helps Chiquita fight tariffs in Europe

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By: CAMERON McWHIRTER AND MIKE GALLAGHER

The busy produce section of the GB supermarket in Evere, a middle class neighborhood in Brussels, holds the key to understanding the bitter dispute between Chiquita and the 15-nation European Union (EU).

Chiquita - alone among America's giant banana companies - has waged an international five-year campaign to overturn the EU's banana trade restrictions. The restrictions are a complex system of tariffs and quotas that place limits on how many Central American bananas can be brought into Western Europe.

The reason for the campaign is simple: The amount of profit that Chiquita realizes for its bananas is greater in Europe than anywhere else in the world. And Chiquita dominates the European market.

In the Evere GB, a typical store in the European Union's capital, Chiquita bananas sold for 89 Belgian francs per kilogram on April 24, or about \$1.10 a pound. The average American price is about 50 cents a pound (some U.S. stores sell bananas as low as 19 cents a pound). Next to the Chiquita bananas sit the GB brand bananas, selling for 20 francs less, or about 85 cents a pound. Shoppers - from elderly pensioners to teenagers- overwhelmingly reach for Chiquita.

Despite the higher price, Chiquita sells well, making up more than half of the 120,000 to 150,000 kilos sold every week by GB, Belgium's largest supermarket chain. Chiquita has dominated the European market for decades. Its brand recognition means the company's product commands a high price from the 250 million consumers who live in the European Union.

"The quality is not better," said Johan De Vos, GB's auditor responsible for purchasing bananas. "Other bananas have the same quality. It's only the name, only the name....In Belgium we can sell Chiquita for a high price."

Europe accounted for a majority of the company's net revenues in the 1980s. Although major setbacks in the past five years have sharply reduced profits, the continent still generates more net revenue for Chiquita than any other market.

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At the beginning of this decade, Chiquita had hoped to turn Europe into an even greater financial engine by selling even more of its relatively expensive bananas there. The EU was consolidating its trade policies, and Eastern Europe was opening its markets after the fall of Communism.

As the leading banana exporter to a continent with almost twice as many consumers as the United States, Chiquita was brimming with optimism.

The company had seen sustained profits and growth ever since Cincinnati financier Carl Lindner took complete control in 1984, in great part due to growth of sales in Europe. Wall Street expected expanded operations there would swell Chiquita's profits even further.

"Our leadership in the European marketplace enables us to continue our growth in the high-potential markets of Eastern Europe, and to benefit from the transition to a single market economy in the European Community," Mr. Lindner and his son Keith, then president and chief operating officer, wrote to stockholders in the company's 1991 annual report.

But far from the predicted bonanza, the 1990s have been a financial disaster for the company.

Chiquita blames losses as far back as 1992 on the EU's banana trade protections first drafted that year and implemented in July 1993. The protections have blocked Chiquita from importing as many bananas as it wants into Europe from Central America. The EU also has placed tariffs on the bananas that Chiquita does bring in. The company claims to have lost more than \$355 million since 1992, most of it as a direct result of the banana protections, according to Chiquita annual reports and the U.S. Trade Representative's Office, which has argued the company's cause since 1994.

The issue led the Clinton Administration to take Chiquita's case to the World Trade Organization (WTO), an international trade court in Geneva, which last year ordered Europe to alter its system.

But others, including former high-ranking Chiquita officials, say Chiquita's losses also are due to errant business decisions and poor planning by company officials. Still others argue that Chiquita, which has hired lobbyists and lawyers on both sides of the Atlantic to fight the European protections, may have won Pyrrhic victories in court rulings that will do little to help its bottom line in the near future.

Sinking in the 90s

In 1992, Chiquita reported losses of \$221.7 million, a number that shocked Wall Street and sent Chiquita stock plummeting from the high forties into the teens. The company claimed that increased competition prior to the new protections led to much of that loss. In 1993, it reported losses of \$51.8 million, and in 1994, \$84.3 million. The company's stock continued to skid. In 1995, the company turned a profit of \$27.9 million, mostly through selling assets and laying off workers, according to its own reports filed with the Securities and Exchange Commission (SEC).

In 1996, the company was again in the red, with losses of \$27.7 million.

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For 1997, the company eked out a net profit of \$300,000, but because of payments to owners of preferred stock, the per share result for the year was a loss of 29 cents. Net sales dropped slightly also, to \$2,433,726,000 in 1997 from \$2,435,248,000 in 1996. On April 22, the company announced its first quarter profit this year was \$41.1 million, down \$2.2 million from the previous year.

Chiquita's stock closed Friday at \$14.25 per share.

The stock is trading roughly for what it was worth in 1987, while the overall stock market has seen one of the largest growth periods in its history.

Analysts have little good to say about the company's performance.

"You tend to crawl before you walk, and you tend to walk before you run," said John McMillan, industry analyst for Prudential Investments in New York. "There's no doubt that Chiquita is still in a hospital bed."

Tim Ramey, industry analyst for Deutsche Morgan Greenfell in New York and long a critic of Chiquita, told the Enquirer recently that "Chiquita has been a disaster of management...They have an amazing ability to shoot themselves in the foot."

No one argues that Chiquita has been losing lots of money. What they argue about is how the company has been losing it.

Chiquita traces its problems to the creation of the European Union banana protections. The EU Council of Ministers, the main law making body of the EU, ended years of internal debate in 1993 by reaching a compromise on how the EU would collectively import bananas.

Some countries in the EU advocated free trade of bananas. Other countries advocated a system to protect banana trade for developing countries that were former colonies. These nations were dependent on the banana trade for economic survival but could not produce bananas that successfully competed with production from larger corporate farms in Latin America.

Prior to the EU policy, many individual countries had provided these protections for their former colonies.

The two sides battled to a compromise. Regulation 404, as it was called, guaranteed a certain section of the European market was reserved for these poorer nations, mostly in the Caribbean and Africa.

Under the system, Central and South American countries, where Chiquita grew most of its bananas, had heavier tariffs imposed on all their bananas and a limit to how much they could import to Europe. The system also created a complex array of import "licenses" that favored European importers.

An important provision was that these protections would last for 10 years, and then an open market on bananas would go into effect throughout the EU. The changes still left Chiquita as Europe's largest banana importer, but it restricted the amount that the company imported and imposed higher tariffs on bananas that it brought in from Latin America.

Chiquita issued statements through its attorneys that "the EU banana

import regime challenged by Chiquita is illegal and an unfair trade practice. Chiquita was right to oppose it."

Poor business decisions?

Opponents of Chiquita on the trade issue, politicians and former Chiquita employees argue that Chiquita made unsound business decisions and now it wants developing world banana growers to pay for them by cutting out European protections.

They point to the huge capital investments that Chiquita made in the early 1990s in anticipation of an Eastern European banana boom that never happened.

In 1990, the company reported to the SEC that it had a long-term debt of \$494.1 million. In 1991, the figure jumped to \$1.23 billion - an increase of more than 135 percent in one year. The next year it climbed to \$1.41 billion. Since then, the company's long-term debt has remained more than \$1 billion. For 1997, the company reported its long-term debt at approximately \$1.1 billion.

Much of this money was used to buy and lease ships and expand plantations in Central America in anticipation of a huge growth in European sales, according to Clyde Stephens, who retired as chief of Chiquita's Banana Research division in 1991 after working for the company for decades.

"I thought this was crazy," Mr. Stephens said. "But I was ordered from the top to go along with it....And they went ahead and just spent untold millions of dollars in expansion. Pretty soon the whole damn thing blew up on them. Now to this day, they are stuck with a lot of these properties they bought that they never should have bought.

"They invested heavily in ships because they said, 'Hey, we're going to Europe and we're going to break that European market wide open. And we're going to Eastern Europe. Those bankrupt countries are going to be in the money.' And the Soviet Union. It was a gross mistake, and they're paying for those mistakes right now," he added.

Eastern Europe has opened up to banana imports, with sales moderately increasing, according to the U.N. Food and Agriculture Organization. But many Eastern European consumers don't have enough money to afford bananas as a steady part of their diet.

The belief that Chiquita caused its own financial problems is also widely held by banana producers in the former colonies. These competitors say they stand to lose their market share if the banana regulations are overturned.

"Chiquita has made some errors when the common market was created," said Mbarga Atangana, European representative of the Association of Cameroon Banana Producers. "They want now that all the growers in the ACP (African-Caribbean-Pacific) countries pay for their mistakes."

Economic studies done Europe show that Chiquita made mistakes in not preparing for the creation of the European protection system, while other American companies did.

Dole, by strategically purchasing banana plantations in EU-protected countries like Cameroon, has been able to acquire chunks of Chiquita's market share. A 1995 report by auditors Arthur D.

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Little, who were hired by supporters of the European banana restrictions, said that Chiquita's market share in Europe had dropped from 25 percent in 1991 to 18.5 percent. Almost all of that decrease had been lost to Dole.

Since the new banana restrictions, Chiquita has bought some plantations in the Ivory Coast and other places where banana imports have low tariffs to Europe.

Chiquita did not provide specific numbers on its European market share. The EU "has severely attacked and cut into Chiquita's market position.

There is no doubt about it. Whereas Dole was very pragmatic," said Jeroen Douglas, project officer for Bananas for Solidaridad, a Dutch Christian group that aids development in poorer countries.

Dole, Chiquita's largest competitor, refused to comment for this series.

But analysts like Mr. Ramey of Deutsche Morgan Grenfell point to Dole's relative success in the stock market in recent years, with profits up.

As of April 21, Dole's stock was trading at more than \$45 per share.

Accounting for a stock split in 1995, the stock has increased more than 77 percent since 1990, according to Bloomberg News. Meanwhile, Chiquita stock was trading at about \$14 per share on April 21. At the close of 1990, the stock was trading at \$32 per share, a decrease in value of 56.25 percent, according to Bloomberg News. Chiquita has not had a stock-split since 1988.

"Dole has said, 'we can't do a whole lot to fix the political solution,'" Mr. Ramey said. "Instead, they said, 'Let's just adapt to the situation.'...Meanwhile, Chiquita continues to stagnate while they are fixated on this WTO (World Trade Organization) decision."

Chiquita fights

Chiquita was the only major banana producer to fight against the EU banana restrictions. And it has fought fiercely, marshaling top lobbyists in Brussels, Washington, D.C., and elsewhere. It has hired top lawyers in Washington, D.C. to petition the Clinton administration and Congress to fight the EU protections.

Meanwhile, a coalition of European human rights activists, small importers and others have banded together to counter Chiquita's efforts. Since 1994, the White House has been a strong supporter of Chiquita's position, successfully arguing its points at the World Trade Organization (WTO).

In 1996, the White House won a WTO ruling and the EU's appeal of that ruling ordering the EU to change its system to be less restrictive.

The White House position is simple at this point: Europe has to change the system. Ralph Ives, deputy assistant U.S. Trade Representative and the Clinton administration's point man on the banana issue, said the administration doesn't care whether the changes help Chiquita or not, just as long as they are consistent with principles of international free trade.

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"Our line for the last four years has been we just want the EU to adopt a system that is consistent with the International rules of trade," he said.

"So we haven't been wedded to any particular system....This is hurting Latin America. It's hurting growth in bananas. It's hurting our companies. So just abide by the rules."

Politics and money

But Chiquita's competitors think the Clinton administration's aggressive pursuit of this issue is a direct result of Mr. Lindner's healthy contributions to the Democratic party.

Tim Cuniff, Del Monte's director of marketing for North America, said Chiquita is trying to cover its own financial mistakes by blaming it on the European restrictions.

"Lindner paid a ton of money supporting presidential campaigns, and he thought that he was going to get some type of favors," he said. "Now he's got to start calling in some marks to show that he was doing right by his shareholders."

European supporters of the banana protections also see political contributions as the driving force behind the White House efforts.

"The government of the United States has itself invested a lot of time, people and money to this conflict when there is no domestic export to the European Union so this is, from our point of view, a little bit strange," said Alvaro Gonzalez de Cossio, Brussels delegate for ASPROCAN, the association for banana plantations on the Canary Islands. "You can see that the lobbyists there have worked very well for the big company, for Chiquita."

Changes coming

Politics aside, the EU must change its system or face severe trade sanctions under the WTO ruling. The EU has stated that it plans to change the system, but just how it will comply is uncertain.

Mr. Gonzalez of ASPROCAN said that if the EU proposes changes that his farmers don't like, the organization will work to block ratification in the European Council. Under the current representation, Spain, Portugal, France and the United Kingdom would have a blocking minority in the council.

"It doesn't matter if the council has done something that makes the Americans and Chiquita very happy," he said. "If we don't like it, there will be a major political problem."

Banana trade experts say the contentious nature of the dispute means that Chiquita is unlikely to prevail anytime soon, if ever. Phillippe Binard, delegate general of the European Community Banana Trade Association, an organization that represents Chiquita and other large producers, as well as smaller banana producers, said Chiquita's victories at the WTO may mean little to Chiquita's bottom line.

"These political battles will go on for the next two or three years," he said. "But it's not surprising. The system has been seriously challenged from the very beginning, but it has not stopped us from operating within the limits that have been put on us from the beginning...The (Banana protection) regime will not disappear,

this is for sure."

In January, the EU Council announced a proposal that kept its system intact but altered the way its licenses were given out.

Mr. Ives at the White House said the Clinton Administration was not satisfied with the EU proposal and would continue to fight for "full compliance" before the WTO.

"It would be very naive to assume that the WTO decision will be a meaningful help to anybody in the near to medium term," said Mr. Ramey at C.J. Lawrence. "It (the WTO-EU negotiation) is going to be marathon foot-dragging."

What is the European Union?

The European Union is a group of 15 nations, most of them in Western Europe, committed to political, economic and monetary union. In coming years, more countries are expected to join. The goal is to become a United States of Europe, with no trade barriers or economic restrictions between the member states.

After world war II, countries in Europe began to talk about reducing political and economic barriers to reduce the chances of another world war. In 1992, the nations involved (then only 12 countries) signed the Maastricht Treaty, which recognized the formal union with a government headquartered in Brussels. It also committed the member states to full economic integration with a single currency by 1999.

The fifteen members states are: France, Germany, the United Kingdom, Italy, Spain, Sweden, Finland, Denmark, the Netherlands, Belgium, Austria, Portugal, Ireland, Greece and Luxembourg.

The EU government operates through executive commission with a rotating president and a council, whose members are appointed by the states, as well as a European Parliament, whose members are elected directly by the people of Europe.

While the goal of the EU is unity, the process of getting to that unity has often been divisive, with individual countries balking at certain policies. Such was the case with the current banana trade policy.

Value of Chiquita stock

Year-end close and close on Friday, May 1, 1998

CHART

Source: Chiquita Brands International, Inc.

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Chiquita SECRETS revealed; Violence & drugs; "I was very restless that night. I couldn't sleep that whole night. I didn't know what it was, but I knew something had happened. At 3 a.m., people came over to tell me my son had been shot." - Felicita Diaz, mother of Josque Moises Castro Diaz; Villagers fear brutal guards

Publication: Cincinnati Enquirer
Date: May 3, 1998

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By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Security guards here have used violence and brute force to impose their authority, according to villagers living amid the dense African palm forests of this plantation.

The farm is a joint venture between Chiquita's main Honduran subsidiary, the Tela Railroad Co., and a group of Latin American businessmen. Tela owns the farm land and manages the operations, according to company records.

People living here say they have been harassed by gun-toting guards who detained them on allegations of stealing or trespassing in the miles of fly-infested palm forests. But the complaints go beyond harassment: people have been shot, one person fatally.

In the early morning hours of Aug. 16, 1996, plantation guards driving in a security truck opened fire on three men as they came home from visiting a nearby village. One man, 21-year-old Josque Moises Castro Diaz, was shot off the horse he was riding and killed instantly. His cousin, Lisandro Antonio Juarez Coto, then 14, was shot in the back as he bicycled ahead of the horse. Mr. Juarez's brother, Cesar Augusto Juarez Coto, then 26, was not injured and ran into the forest.

Four San Alejo security guards have been charged with homicide and are awaiting trial in a Honduran jail.

Mr. Castro, the oldest of eight children, was the key source of income for his family, bringing in as much as 800 lempiras (about \$62) a week during picking season from his job picking African Palm nuts for the Chiquita joint venture. Off season, he would make about 400 lempiras (about \$31).

His mother, Felicita Diaz, 46, said through a translator that her son was a "church-going man of the family" who never got into trouble before the night of the shooting.

"I was very restless that night. I couldn't sleep that whole night," she said. "I didn't know what it was but I knew something had happened. At 3 a.m., people came over to tell me my son had been shot."

A year after the incident, the spot where the young man died was still marked with flowers and mementos. With their main breadwinner gone, the family is struggling to make ends meet.

Lisandro Juarez, now 15, showed the Enquirer the huge scars where the bullet entered and exited his back, passing just an inch from his spine. He said he was bicycling home with his brother and cousin when the security truck passed them, doubled back and then started firing. Next thing he knew, he was shot.

"I was just laying on the ground, and I couldn't feel my body," he said through a translator. "So I just began crying to my brother, 'Help me, help me, I can't get up! I can't feel my body!'"

His brother bicycled home with the boy on his back. They then drove to the hospital, and learned their cousin was dead.

Mr. Juarez' father, Lisandro Juarez Fuentes, 66, is still angry.

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"I'm furious with them," he said through a translator. "If they had killed my son, I certainly would have killed the people who did it. I don't like fact that they killed a relative and wounded my boy for sport. There is a lot of rancor here."

The four guards were identified in court documents as Redin Santiago Turcios, Angel Maria Reyes, Santos Rosalio Argueta and Raul Antonio Gutierrez. Iris Gisela Flores Discua, a lawyer who represents Tela and also the four company guards, has argued in court filings that the guards fired in self-defense against people who shot at them.

But reports by police investigators state the guards had shot up their own truck in an apparent attempt to make it look like they were attacked. Also, police found no evidence to show the victims were armed. Police ballistics also showed that one of the guns used by the security guards in the shooting was an AK-47 assault rifle, a weapon that under Honduran law may be used only by military personnel.

A police report filed with the court reads in translation that "with the reconstruction that was made, it is established that the people driving the car saw the offended from the beginning and therefore could prevent the criminal act from happening; ... It has been proven by the Judgment from Ballistics that all six empty cartridges found in the place where the situation happened match the AK-47 rifle confiscated from the San Alejo's security chief."

Chiquita officials refused to be interviewed for this series and directed all questions to outside attorneys. In a statement issued through its attorneys, Chiquita distanced itself from the shooting, that it described as "a tragic event of the utmost seriousness."

"The security guards involved in the August 16, 1996, shooting at San Alejo were under the direction and supervision of a joint venture company managed by Chiquita's joint venture partner - not Tela Railroad Company or Chiquita.... The security guards involved in the shooting were not employees of Chiquita or Tela Railroad Company," the statement read.

The company also stated that "immediately after the incident, the joint venture dismissed the four security guards who were involved."

According to documents filed with the court by Ms. Flores Discua, all four men were fired four days after the shooting, not because of the murder of Mr. Castro but, as the signed letter stamped "Tela Railroad Company" states, they did not show up to work "and their whereabouts are unknown" (translation from Spanish). They did not show up to work because they were in jail, where they remain to this day, according to the country's main human rights organization, Comité para La Defensa de Los Derechos Humanos en Honduras (CODEH).

Court records filed by Tela and obtained by the Enquirer state that the guards involved were employees of the "Palm Operations of the Tela Railroad Company."

In a document filed with the court 10 days after the shooting, Ms. Flores Discua, "acting in my condition as a legally appointed representative of the Tela Railroad Company and the Division of African Palms San Alejo" (translation) asked the court to charge three villagers - Josque Moises Castro Diaz (then dead), Lisandro Antonio Juarez Coto (shot in the back) and Cesar Augusto Juarez Coto with attacking the guards first. In the document, the Tela attorney identified the guards as "security agents working for the company

whom I represent." (translation)

She also filed documents with the court identifying herself as the defense attorney for the accused.

A statement issued by Chiquita to the Enquirer made no reference to the lawyer retained by Tela for the case or the guards' connections to Tela. The company statement maintained that "it is unclear how the altercation developed or whether security personnel were acting in self defense."

Court delays have kept the case from being tried, and the guards remain in the central jail of La Ceiba in northern Honduras, according to CODEH.

In the statement issued by Chiquita through its attorneys, the company stated that shots fired on Aug. 16 "may have come from an automatic weapon, the possession of which is prohibited by Honduran law. Based on that investigation, Chiquita and its joint venture partner concluded that it was necessary to restructure the security operation of San Alejo."

The company stated that the security operation has since been "completely rebuilt," with more than 10 people, including the chief of security, being dismissed. The company stated it and its joint venture have since hired an outside security firm to assist.

Leonel Milla, 22, hasn't seen much of the changes on the San Alejo plantation. In another shooting incident, he reported to officials of CODEH that his right foot was blown apart by a security guard's gun in the afternoon of April 2, 1997, as he, his cousin and two friends tried to push-start their broken-down truck.

Mr. Milla's cousin and one friend were arrested and charged with stealing, he said. Their charges were dropped after one night in jail, and Mr. Milla was never charged in the incident, he said.

"We had nothing and they still shot us," Mr. Milla said through a translator. "They just ran out after us shouting 'Stop, you sons of bitches.'"

Mr. Milla said he ran from the guards for a simple reason: fear. Plantation guards had already shot Mr. Castro.

"I didn't want to end up dead too," he said.

Since the shooting, Mr. Milla has to hobble wherever he goes.

"Tela never paid for any treatment or care or anything," he said.

Government doctors have told him that further operations might help him walk a little better. Chiquita did not respond to Enquirer questions about this specific incident.

Other villagers in the 16 communities spread out amid the plantations said the harassment continues. In September 1996, leaders from the various communities signed a public letter complaining about San Alejo security guards' treatment of villagers and livestock.

Adalid Garcia, 45, a cattleman from the tiny village of Citronella amid the plantation, said security guards harass him and his cows and pigs. He produced photographs of dead pigs. He said one had been

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shot and one had been poisoned.

Through its attorneys, Chiquita released a statement that the plantation has a problem with trespassing animals, who can damage the palm plants by eating their roots. The statement said that company security has detained animals on occasion, in accordance with Honduran law, and sent farmers to the local court, where the court, not Chiquita, issues a fine.

"Security personnel at San Alejo have never impermissibly fined or arrested neighboring persons," the statement read. "If, however, persons or livestock are trespassing or damaging San Alejo property, the security personnel have the right to detain them."

In a further response, Chiquita stated through its attorneys that it was "aware of an incident in which a security guard shot a bull owned by Mr. Adalid Garcia (an ex-employee) as the bull charged at the guard. The bull survived."

Andres Pavon Murillo, 34, a regional coordinator for CODEH, said his group has received numerous complaints from citizens about mistreatment by the plantation security. Tela or its joint venture have done little to solve problems, he said.

He said most of the disputes arise over control of the roads. Security has guard houses at the main entrances so people cannot leave or enter without their approval, even though the miles of unpaved roads are publicly owned, he said.

Mr. Pavon took Enquirer reporters to an open area on the plantation, which he described in Spanish as "a security training ground." The area, on San Alejo palm land, was littered with thousands of spent and discarded rifle shells, including those fired from one or more automatic weapons. CODEH concluded some of the shells probably were fired from a AK-47 assault rifle. While it was not determined who fired the weapons, ownership and firing of such weapons by anyone other than the Honduran military is a violation of Honduran law.

Through its attorneys, Chiquita stated that after the shooting of Mr. Castro, evidence "suggested" that the plantation's chief of security had an automatic weapon.

"His possession of the automatic weapon, which had not been issued or purchased by his employer, had been without the knowledge or permission of his employer or Chiquita," the statement read.

Chiquita stated that the man was dismissed.

Chiquita denial

"Chiquita completely denies and rejects any assertion that it has ever committed any illegal or violent actions against any person in any country or that it has ever instructed others to do so."

- A Chiquita attorney

Shooting at San Alejo

1. In the early morning hours of Aug. 16, 1996, three young villagers who lived amid the San Alejo plantation were returning home after visiting a nearby village. Josque Moises Castro Diaz, 21, was riding a horse with his cousin, Cesar Augusto Juarez Coto, 26. Mr. Juarez's brother, Lisandro Antonio Juarez Coto, 14, was riding a

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bicycle. In the darkness, a truck carrying plantation security guards passed them on the road. According to police reports, the truck stopped down the road, turned around and came back to the three men, shining its headlights.

2. The guards opened fire with an automatic weapon, which police reports indicate was an AK-47 assault rifle. Mr. Castro was shot off the horse and killed. His cousin, Mr. Juarez, ran into the woods.

3. The security guards then drove up to the 14-year-old boy on the bicycle and shot him in the back, severely wounding him. The guards then sped away from the scene. Mr. Juarez returned for his brother and carried him home. He was then taken to the hospital and recovered.

Source: Honduran police reports

(Copyright 1998)

Chiquita SECRETS revealed; violence & drugs; "I would tell him, why don't you give us our back pay and salary that is rightfully due us? I gave you 31 years of my life. Why are you paying me back this way? It is a betrayal. Don't you know what's going on down here?" - Miguel Angel Tejada Pineda, a fired Honduran union official who worked for Tela; workers lead precarious lives in squalid camps

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Chiquita television advertisements in the United States show smiling, tanned workers strolling through verdant, flowering jungles drenched in sunshine.

No one ever has made a commercial about Barrio Brooklyn, a squatter's camp down the road from the seven large plantations of Chiquita subsidiary Compania Bananera Atlantica Ltda. (COBAL) at San Alberto in east-central Costa Rica.

Here Juana Isabel Guerrero Montero, 38, lives with her seven children in a 10-foot by 10-foot hovel made of castoff wooden planks, tree trunks and plastic sheeting.

Ms. Guerrero had been a contract worker on Chiquita-controlled farms on and off for the last 15 years. Last year, she was let go before her most recent contract with the company expired. Pregnant, she tried to keep working. But after the seventh month of her pregnancy, her boss refused to move her to work that allowed her to sit down. When she complained, he fired her, she said.

In a statement issued through its attorneys, Chiquita stated that it is "policy and practice not to discuss with the media - or with anyone else - its relationships with particular employees or the circumstances in which a person may leave the company."

Ms. Guerrero's job at San Alberto was to be a "selector," selecting and cutting the huge banana stalks into the bunches sold in supermarkets. The job required her to stand and bend over constantly. On a good day, if her packing plant filled two trailer trucks for shipment, she made about \$12, she said.

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"I didn't mind working hard. I have worked for Chiquita for a long time," she said through a translator. "But I was getting so tired because I was pregnant. I asked my boss, please, let me do something else, but he said no."

Ms. Guerrero's story illustrates living conditions for many banana contract workers on Chiquita-controlled farms from Guatemala to Ecuador. Unlike Ms. Guerrero, other workers receive housing and other benefits from the company. But all workers interviewed by the Enquirer said that they are increasingly worried about how to make ends meet.

Even those who are fortunate enough to receive company housing lead precarious lives.

Gladys Tellez, 40, has lived for years in a four-room house in the Chiquita-owned village of Cocobola. The Nicaraguan immigrant and her family would have lost their housing six years ago after her husband, Jose Maria Altamirano Pineda, then 40, died after a leg injury while working on the Cocobola plantation. In a response issued through its attorneys, Chiquita stated that Mr. Altamirano died on May 5, 1993, while he was a worker on "Chiquita's Cocobola farm in Costa Rica." The company stated that he died of bone cancer, not a work-related injury.

Mrs. Tellez said her son was able to start work at the Chiquita's local packing plant, so they were able to stay at the house.

"The company paid for his (her husband's) coffin, transportation to (the cemetery), and 25,000 colones," she said through a translator.

At that time, 25,000 colones was worth about \$175.

"If my son is ever fired, we will have to move out immediately, and we would have nowhere to go," she said.

Chiquita stated through its attorneys that it deposited an undisclosed amount in death benefits with Costa Rican judicial authorities, as well paying for the casket and the 25,000 colones.

In squalid camps and towns among the sweltering flatlands of banana territory, workers interviewed by the Enquirer said that in recent years working to produce Chiquita bananas has meant less pay (either in real money or because of inflation), fewer benefits, less union representation, unenforced employment protections and little job security.

An Enquirer investigation into Chiquita's business practices found that in the late 1980s and early 1990s, officials at the company's Cincinnati headquarters formulated policies that diminished union influence on farms controlled by Chiquita and created plans to limit workers' wages and benefits.

These business practices include:

Using computerized hiring logs in Honduras that alert Chiquita-controlled farms when to rotate some workers at supposedly independent companies before they can receive state-mandated salary and health benefits. The companies are all, in fact, controlled by Chiquita. Though the percentage of workers affected by this policy is unknown, the rotations also create an unstable workforce on the plantations, making union organization difficult, according to

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Amilcar Castejon, a former administrator for the company -that manages the farms.

Firing union activists and suppressing union activity in Honduras, Costa Rica and Guatemala. In recent years, complaints have been lodged by unions in those countries. Severe strikes over Chiquita business practices have occurred in Honduras, Guatemala and Panama.

Financing the Solidarismo Movement in Costa Rica. The movement is a workers' association, partially funded by Chiquita and other multinational companies, that supplants unions, takes management on its board, will not provide legal representation to protect dismissed workers and does not authorize workers to strike.

Chiquita officials declined to comment for this story, referring all questions to their attorneys. In a statement issued through its attorneys, Chiquita officials said that it treated all workers, union or otherwise, fairly, and provided the workers and the regional economy with good jobs and other benefits.

"We believe that our record of contributions to the quality of life in Central America is unsurpassed by any corporation," the company stated.

Rotating workers

Under Honduran law, workers become permanent employees of a company after six months, entitling them to company benefits like a 13th month of pay for every 12 months worked and severance if dismissed.

Mr. Castejon, who was a records administrator for Compania Bananero Ltd., S.A. (COBALISA), a company secretly controlled by Chiquita, said the workers are fired, and then rehired shortly thereafter at another subsidiary farm of COBALISA. This rotation of workers keeps benefits down but also creates permanent instability for the workers, making it difficult to unionize, he said.

"The jobs are not permanent. They are only for six months," said Mr. Castejon, who said he spoke to the Enquirer because he was angry at Chiquita's policy. "How are they (workers) going to have anything to do with the unions if every six months they are changing over the personnel? That's exactly why they are doing it, to avoid the unions."

According to company executives who spoke to the Enquirer on a condition of anonymity, Chiquita and its subsidiaries save money in benefits every year by terminating Honduran workers and "flipping" them from one secretly controlled Chiquita farm to another.

"Once many of those workers get close to the six month deadline to become permanent, we fire and then later flip them to our next farm," said an official of the Tela Railroad Co., Chiquita's main subsidiary in Honduras, who provided documents to the newspaper.

The main use of this policy in Honduras is with farms under COBALISA, which employ about 15,000 workers. Workers are shunted from one farm to another in COBALISA to avoid payment of benefits, according to Mr. Castejon, as well as sources within Chiquita and Tela. The officials requested anonymity. COBALISA has employed thousands of non-union workers while Chiquita's directly-owned farms have been cutting thousands of union jobs in recent years.

"Chiquita neither has a 'fire or rehire' policy nor does it engage

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in the 'mass firing' of workers," Chiquita stated through its lawyers to the Enquirer. "The countries where Chiquita operates are heavily unionized (or operate under analogous collective bargaining structures) and, as a practical matter, such a policy or practice would not be tolerated by these associations or the constituent labor force."

However, a high-level Chiquita official has provided the Enquirer with tape recordings of Chiquita internal voice-mail messages that discuss rotating workers on the COBALISA farms.

In an April 7 voice-mail message to Robert Olson, Chiquita's general counsel and others, Chiquita attorney David Hills stated: "COBALISA does have a permanent staff, a corporate staff of employees. But the workers that actually work on the banana farms are not employed by COBALISA. Instead they are employed on a rotational basis by the underlying farm companies."

Computerized printouts the Enquirer obtained from a high-ranking Chiquita official, list COBALISA subcompanies and workers.

The printouts, all in Spanish, also list date of entrance, date of termination and the "parameter date," time remaining before they reach the six-month period. While many workers on the printout passed the six-month date, others were being let go just prior to the six-month period. The Enquirer could not determine the exact number of workers being rotated.

In a statement issued through its attorneys, Chiquita did not address the issue of rotating its workers, but said it did pay high salaries.

The statement said: "Wage scales for Chiquita's workers are substantially higher than those for other agricultural workers in Central America. A chart showing Chiquita wages in various Central American nations is attached."

The chart, dated Oct. 15, 1997, listed minimum salaries by law in Honduras, Panama and Costa Rica, then listed "Chiquita's Actual Average Salary." In all cases, the chart shows Chiquita was paying substantially higher than the minimum wage. However, the chart did not detail salaries by job category or whether the employees were management or union.

The company's response also did not include any reference to workers on any of its secretly controlled banana farms throughout Latin America, including its COBALISA operations in Honduras.

By not including in its salary chart the lower, non-union wages of its secretly controlled farms, Chiquita's average wage figures appear higher than they actually are.

While helping to prepare Chiquita's response to the Enquirer, Magnes Welsh, Chiquita's director of communications, in an Oct. 31 voice-mail message, asked an executive of the Tela Railroad Co. - Chiquita's main Honduran subsidiary - if Tela's financial figures included those of the secretly controlled farms.

"Does that number include COBALISA payroll, COBALISA worker social security, workers compensation, that sort of thing?" she asked. "If it does, we need to be able to subtract that number out."

Besides many workers bringing home less money because they work on

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non-union farms, all workers in Honduras have seen a real loss in buying power through substantial inflation.

Honduras - one of the poorest nations in the Western Hemisphere - has seen double-digit inflation throughout the 1990s, according to statistics from the Honduran Central Bank. In January, the Central Bank reported a inflation rate of 12.8 percent, down from 25.3 percent in 1996. Costa Rica and Panama also have experienced high inflation.

In a statement issued through its attorneys, Chiquita said its main subsidiary in Honduras, the Tela Railroad Co., has good relations with its union, SITRATERCO (Sindicato de Trabajadores de la Tela Railroad Company), through a "Together Is Better" program of mutual cooperation.

But officials of COSIBAH (Coordinadora de Sindicatos Bananeros de Honduras), an umbrella organization of banana unions that includes SITRATERCO, told the Enquirer that they didn't agree with Chiquita's view. They said the relationship has been combative, much like relationships between unions and companies in the United States. Battles often have ended up in court.

In July 1994, after a month of labor unrest following Chiquita's announcement that it would close four farms and cut more than 800 jobs, Chiquita fired 58 union leaders. Several took severance packages, but 43 filed suit, claiming Chiquita had unlawfully fired them for their union activism. In 1996, Honduran courts ruled that the firing was improper and ordered the company to rehire the 43.

The court also ordered Chiquita give workers back pay for their time off, according to court records and press accounts. The company did rehire the workers. But a few months later, it fired all 43, citing economic reasons. The group has sued again, but the case remains unresolved in the courts.

In a statement issued through its attorneys, Chiquita said Tela has made efforts to improve relations with workers in recent years and the company "encourages open communications between employees and management."

Strikes and union complaints against Chiquita and its subsidiaries also have occurred in recent years in Guatemala, Costa Rica and Panama.

In Guatemala, recent labor disputes severely disrupted production at two farms under exclusive contracts to provide bananas to COBIGUA, a company secretly controlled by Chiquita. On Feb. 12, 22 workers - all members of a union executive committee attempting to organize on the farms Finca Arizona and Finca Alabama - were fired. The unions alleged the firings were illegal and filed complaints with the courts, because the company did not have a court order to override an injunction against taking such action. The U.S. - Guatemala Labor Education Project, a Chicago-based group concerned with labor issues in Guatemala, has written a letter of protest to Chiquita but has received no response.

The Guatemalan Embassy in Washington D.C. issued a statement this month that "the Ministry of Labor is committed to continue mediating to bring the parties to an agreement through dialogue." In a statement issued through its attorneys, Chiquita said that it had no connection to the farms and "it is inappropriate for Chiquita to comment as to the cause of any labor unrest at these farms."

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In Costa Rica, the banana workers union has several court cases against the company for alleged illegal firings of union activists.

In Panama, 4,600 workers in the Pacific Coast division for Chiquita's subsidiary, the Chiriqui Land Company, have been on strike since February.

Miguel Angel Tejada, 52, one of the fired Honduran union officials who is suing Tela, said he wished Chiquita's top official would come down to Honduras to meet with the fired union officials.

"I would tell him, why don't you give us our back pay and salary that is rightfully due us?" Mr. Tejada, who has worked for Tela for 31 years, said through a translator. "I gave you 31 years of my life. Why are you paying me back this way? It is a betrayal. Don't you know what's going on down here?"

Solidarismo in Costa Rica

Many banana workers in Costa Rica criticize a burgeoning labor movement that has supplanted unions on many plantations, including Chiquita farms. The movement, called Movimiento Solidarista Costarricense (also known as Solidarismo) is funded in part by companies, including Chiquita.

Solidarismo officials say the nationwide movement is intended to foster a better working relationship between workers and employers through more informal discussions, cooperative planning and implementation of employee job improvement recommendations.

More than 1,000 companies and 150,000 workers participate in Solidarismo associations throughout Costa Rica, according to Solidarismo records.

Critics of Solidarismo, including traditional labor unionists, call the movement an attempt by big business to eliminate the strong unions in place in Costa Rica.

Banana workers with ties to traditional unions said Solidarismo chapters on Chiquita farms often are controlled by the company since it helps fund the organization. Chiquita executives, along with worker representatives, jointly hold top positions in the movement's local chapters.

Soldiarismo officials said they get money from Chiquita, but denied they are beholden to the company. Those officials also say, however, they have no authority to force Chiquita to institute any corporate changes, retain any employee or provide lawyers or financial assistance to a Chiquita employees who believe they have been wrongly fired or forced to resign.

"Solidarismo is nothing more than a front for Chiquita to control or eliminate workers who dare to speak out for better wages or working conditions," said Gilbert Bermudez, general secretary of Sindicato de Trabajadores de Plantaciones Agricolas and founder of a coordinating committee of banana unions. "It can do nothing to protect the workers. It has no power; only what Chiquita allows it to do."

Ms. Guerrero of Barrio "Brooklyn" said she paid dues to Solidarismo while working for Chiquita. She said she doesn't think the organization will protect her; she found that out when she was let

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go.

Because she had no rights, no union representation, no money to hire a lawyer, Ms. Guerrero said she left her job. Now living in extreme poverty without an income, Ms. Guerrero said she would try to sign up with Chiquita again when her baby was old enough.

"We need the money," she said.

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Chiquita SECRETS revealed; Violence & drugs; Drugs found on Chiquita ships; Lax company security in Colombia blamed for smuggling

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: MIKE GALLAGHER AND CAMERON MCWHIRTER

Taking advantage of Chiquita's lax security system, Colombian drug lords are using the company's ships to smuggle large amounts of cocaine into Europe.

Despite knowing of the problem, Chiquita's subsidiary officials have been reluctant to tighten security and inspections at the company's Santa Marta, Colombia, shipping center where most of the smuggling originates.

High-level Chiquita sources told the Enquirer that the company does not willingly or knowingly ship the illegal drugs.

Asked about the drugs smuggled on Chiquita vessels, Chiquita through its attorneys, declined to discuss "the specifics of its drug interdiction policies and procedures." Chiquita, however, solicited a letter from the U.S. Customs Service attesting to its cooperation.

"Chiquita is a leader among commercial ocean carriers in cooperating with the U.S. Customs Service regarding the prevention of drug smuggling on company operated vessels," the letter said.

Drug enforcement agents and customs officials in Belgium and the United Kingdom found a total of more than a ton of almost pure cocaine hidden in at least seven Chiquita ships in 1997, according to European custom services and Chiquita sources.

The seized cocaine is worth up to \$33 million in its pure form, and valued at more than \$100 million if sold on the streets, according to Van Quarles of the U.S. Drug Enforcement Agency in Washington, D.C.

In internal communications, company officials cite sloppy security and ship-loading operations by Chiquita employees in Colombia as the main reasons that smugglers can get the drugs on board the ships.

The most recent drug seizure verified by the Enquirer was made in Belgium on the Chiquita Bremen on Oct. 31. When the ship reached Europe more than 500 kilos of cocaine were discovered in the insulation of a large container packed with boxes of fruit, according to Chiquita and Belgium's custom service records.

The smugglers in Colombia had peeled back half of the interior wall

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of the container, removed the foam insulation, replaced it with packets of cocaine, and then resealed the wall, according to Belgian officials and Chiquita records.

Based on standard quantity - purity - price estimates of the U.S. Drug Enforcement Agency (DEA) the cocaine found on the Bremen had value of up to \$18 million in its pure form and more than \$50 million if sold on the streets.

In a written statement issued through its lawyers, Chiquita told the Enquirer that "the security and smuggling concerns that Chiquita faces in Colombia are not unique to the company or even the banana industry."

However, the drugs are being found on Chiquita ships sailing to Europe and not those of its banana-shipping competitors, according to a Nov. 1 voice-mail message sent to John Ordman, Chiquita's senior vice president for finance, from Dale Ploughman, a Chiquita executive in Antwerp responsible for company ship transportation issues.

"(Let's) see if we can tighten things up in Colombia," Mr. Ploughman said. "It seems like drugs that are coming into Europe are primarily on Chiquita vessels rather than on other people's vessels. Let's put it this way: they have only been detected on Chiquita's vessels and not on other people's vessels. But even so, it does seem that we have a high incidence of (drug) finds on our vessels."

Spokesmen for the DEA, and customs agencies in Belgium and United Kingdom, confirmed that sei-zures of illegal drugs there in 1997 were made on Chiquita ships and not on those of its competitors, such as Del Monte, Dole or the Irish company Fyffes, that also ship fruit from South and Central America.

U.S. Customs Service spokeswoman Erlinda Bird said a check of seizure records reveals no drugs have been found on Chiquita vessels at U.S. ports during the past three years.

Ged Coleridge, a Chiquita official at the company's Belgium office, detailed the smuggling problem to Mr. Ordman in a Nov. 1 voice-mail report.

"There's been about seven (drug) finds on our ships in the course of this past year which amounts to a total of at least about a ton of cocaine," Mr. Coleridge said. "And Customs is telling me that it is only the Chiquita ships. It's all ex-santa Marta and it's only Chiquita ships."

In his report, Mr. Coleridge then tells Mr. Ordman about another large cocaine shipment found on the Chiquita Bremen after it arrived in England.

"(Belgium Custom agents) picked up a Frenchman wandering around the port," Mr. Coleridge said in the voice-mail. "He had a container number in his pocket on a piece of paper in his pocket. They located this container. It also had been sent to England and they advised the Customs in England and, lo and behold, they found 21 kilos (of cocaine) in that container."

Criticizing Chiquita's security and fruit-loading operations in Colombia, and comparing it to Dole, Mr. Coleridge recommended increasing security at the company's Colombian facility. "Look at the installation that Dole has in Santa Marta versus the Chiquita

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operation in Santa Marta for containers ... Dole is a very well run and orchestrated operation where ours ... is somewhat of a mismatch," he said in the voice-mail. "So whether or not that is something to think about, I don't know. It's food for thought."

However, Mr. Coleridge said that company officials in Colombia didn't want to make extra security checks.

"(Chiquita Colombia officials) seemed to think at that stage it might be a little bit too dangerous for our chaps to be doing that," Mr. Coleridge said. "(They said they) check them when they arrive here (Belgium)."

A Chiquita lawyer, who requested anonymity, said he believed that "if it became well-known that we have this problem, it could result in tighter scrutiny of our ships by foreign law enforcement officials, which could cost us time, money and customers. We compete in a global market with a perishable product that has to get to market quickly, or our competitors take our customers. It's that simple."

Ship route of Chiquita Bremen

Drug lords hid cocaine in banana containers aboard Chiquita Bremen in Santa Marta, Colombia, which then sailed to Antwerp and the United Kingdom where drug finds were made in each port.

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Chiquita SECRETS revealed; Violence & drugs; Mr. Stalinski and his attorneys "are just trying to shake us down for money so that they'll go away" - Steven Warshaw, then Chiquita's vice president, in a 1995 Enquirer interview; Chiquita sued over alleged kidnap plot

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Chiquita security forces tried to kidnap a former agent for a banana company competitor in Honduras in 1990, the agent contends in lawsuits filed in federal court in Cincinnati and the Inter-American Court in Washington D.C.

Ernst "Otto" Stalinski, 47, a former consultant for Fyffes - an Irish banana company that did business in Honduras - filed suit in November in Cincinnati accusing Chiquita of fraud, attempted kidnaping, piracy, menacing and other charges. Chiquita officials have vigorously denied the allegations and Chiquita attorneys have filed a motion with the court to have the case dismissed.

Mr. Stalinski and his attorneys "are just trying to shake us down for money so that they'll go away," Steven Warshaw, then Chiquita's executive vice president, told the Enquirer in 1995.

The case, reported before by the Enquirer, has wallowed in Honduran courts for years but is now making its way toward trial in U.S. District Court.

In February, Mr. Stalinski's lawyers filed a similar case in the Inter-American Court which presides over international legal issues

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involving foreign countries. In both cases, Mr. Stalinski charges that Chiquita has corrupted Honduran judges through bribes and threats, in an effort to have his case dismissed. The cases are pending.

The lawsuits stem from 1990, when Mr. Stalinski began working for Fyffes in Honduras to woo banana growers whose contracts with Chiquita had expired. For decades, Chiquita has been the main banana multinational in Honduras.

The federal lawsuit names Chiquita, its main Honduran subsidiary - the Tela Railroad Company - and Chiquita's Chief of Security, Alejandro Bakoczy, as defendants.

The complaint alleges that Mr. Bakoczy, with orders from Chiquita officials, headed an effort to terrorize, kidnap and harm Mr. Stalinski. According to the complaint, Chiquita also allegedly hired paramilitary groups to destroy Fyffes' banana shipments and harass those growers under contract to supply bananas to Stalinski's company.

The lawsuit further alleges Chiquita was involved in the destruction of shiploads of Fyffes bananas that were stolen from its ships and destroyed by people working for Chiquita during Honduras' 1990 "banana wars" as they were called, according to Honduran court records.

In April 1990, three armed, uniformed men and an attorney working for Chiquita tried to arrest Mr. Stalinski at his hotel in San Pedro Sula, in northern Honduras, according to documents filed in the lawsuits. Mr. Stalinski said he escaped from the hotel with the aid of hotel employees.

In his lawsuits, Mr. Stalinski accused the group and Chiquita of using a trumped-up arrest order to try to kidnap and harm him. Chiquita has insisted that it had a valid arrest order charging Mr. Stalinski with stealing bananas.

Mr. Stalinski said the actions of Chiquita in Honduras "must be investigated to bring their secret actions into the spotlight of public scrutiny.

"Chiquita is a company that makes its own rules," he added. "Money is its driving force. They tried to kidnap me because I became an obstacle that needed to be removed."

If Mr. Stalinski's case does go to trial, it will be without the presence of a key witness in the case.

Carlos Guillermo Escobar Galeano, 34, was Mr. Stalinski's bodyguard at the time of the alleged incident and had helped Mr. Stalinski escape the alleged kidnaping. On March 24, Mr. Escobar, 34, was shot to death near his home. Mr. Stalinski said he had planned to use Mr. Escobar in the case. Mr. Escobar's assailants, who shot him nine times, remain at large.

Mr. Escobar, a former member of a Honduran military intelligence unit, worked for a furniture company at the time of his death. When Enquirer reporters visited Honduras for this project last year, they hired him as a driver. The Enquirer was referred to Mr. Escobar by a source in the Central Intelligence Agency.

In a statement issued through its attorneys, Chiquita told the

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Enquirer that "no Chiquita personnel were in any way involved in his (Mr. Escobar's) death, and any allegations or innuendo to the contrary would be outrageously false, irresponsible and defamatory."

Some allegations of the lawsuit filed against Chiquita by Otto Stalinski

"In order to protect its monopoly situation, Defendant Chiquita caused officers, employees, agents and representatives in Honduras, within the scope of their employment and authority and acting on behalf of Defendant Chiquita to:

- a) threaten and intimidate plaintiff, as well as plaintiff's immediate superior and subordinates, with criminal violence;
- b) engage in piracy by having Chiquita's paramilitary forces board ships that were being loaded with bananas under the supervision of the plaintiff in Puerto Cortes, Honduras;
- c) at various times during this period, pursue with Chiquita's paramilitary forces, and subject to attack by gun fire from Chiquita agents, the plaintiff, as well as his subordinates and his superior in the Fyffes' organization; and
- d) under color of the law of Honduras, cause fraudulent court orders to be issued and enforced by Honduran police at the airport of San Pedro Sula to physically arrest and confine Plaintiff."

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Chiquita SECRETS revealed; Violence & drugs; Union official murdered on plantation

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Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Honduras isn't the only country where there has been violence on Chiquita-controlled farms.

On Sept. 30, 1994, in Guatemala, Carlos Ermelindo Veliz Tobar, secretary of agreements for the workers' union at a plantation called "Chinook," was shot to death in broad daylight by two men who drove onto the nearby Kickapoo plantation. The men then drove off and escaped. No arrests have been made. Police in Guatemala continue their investigation.

Both Chinook and Kickapoo farms are controlled by a company called COBIGUA and sell bananas exclusively to Chiquita. Through its attorneys, Chiquita declined to define its relationship with COBIGUA, citing competitive reasons. However documents provided to the Enquirer by Chiquita sources show that COBIGUA, in fact, is controlled by Chiquita.

Chiquita issued a statement through its attorneys that the company had no knowledge of, or any involvement in, the shooting of Mr. Veliz.

The country's presidential human rights committee, COPREDEH, also investigated the murder and issued a report quoting a union official

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that the case was not an act of violence against the union movement and was probably the result of personal problems.

But the banana workers' union, Union Sindical de Trabajadores de Guatemala (UNISTRAGUA), has issued a formal statement labeling Mr. Veliz's death "an assassination" (translation) and demanding the government find his killers. The union also attacked the COPREDEH report and stated that the murder was not a personal matter, but instead an attempt to quell union activity.

The union noted that COBIGUA's security force has strict control over all vehicles entering and leaving the plantations. However, the killers drove onto the plantation, repeatedly shot Mr. Veliz and then drove away with no COBIGUA security guard recording the arrival or departure of the vehicle, according to the union statement.

A U.S.-based human rights group with offices in Guatemala also has investigated the killing. The group sent representatives to interview workers on the farm. The U.S. - Guatemala Labor Education Project, a Chicago-based non-profit group supporting workers' rights in Guatemala, concluded that facts of the killing make it appear anti-union in nature, according to Robert Perillo, the group's representative in Guatemala.

On Nov. 4, 1994, Stephen Coats, executive director of the project, wrote to Carl Lindner, Chiquita's chief executive officer, asking him to inquire into the shooting.

"One of the disturbing aspects of this case is that security guards failed to record in their log the arrival or departure of the vehicle, suggesting possible collusion between plantation personnel and the killers," he wrote.

Mr. Coats went on to state that he hoped Chiquita officials would tell "the owners" of the Chinook farm to improve security since other workers said they had received death threats. Mr. Coats did not know that Chinook was controlled by Chiquita through COBIGUA, but he did know the farm sold its bananas exclusively to Chiquita.

"Given the element of danger and fear involved, we would appreciate your response to our request as soon as possible," Mr. Coats wrote.

Chiquita never responded, according to Mr. Coats.

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Chiquita SECRETS revealed; Violence & drugs; Village destroyed; Armed soldiers evict residents in Chiquita plan to eliminate union

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: CAMERON MCWHIRTER AND MIKE GALLAGHER

Nothing remains of Tacamiche but a few concrete foundations. No one lives here any more but lizards and crows.

The churches are gone. The homes of the banana workers are gone. Even the streets are overgrown with tall grass.

After six decades as a community among Chiquita's banana fields in

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northeastern Honduras, the village was plowed under in February 1996 by about 500 Honduran soldiers. Former residents have not forgotten their village, nor have they forgiven Chiquita and its subsidiary for the fact that soldiers with bayonets and bulldozers forcibly evicted more than 600 people before wiping Tacamiche off the map.

Villagers had been told to leave. When they refused, Chiquita's subsidiary Tela Railroad Co. obtained a court-order to evict them. When they still refused to leave, Tela brought in the army.

Tela announced in 1992 it planned to close the Tacamiche plantation because it was no longer suitable for banana production. A company-wide strike forestalled the closure.

In 1994 Tela once again announced it was closing the Tacamiche farm, claiming the plantation's land was bad. The company stated it had to close the farm, plus three others - all located in Honduras' Sula Valley - and sell off the land. The company said it would evict the villagers from those farms.

Tela officials' claims that the Tacamiche land "was no longer conducive to the cultivation of bananas in the quantity and quality required by Tela and Chiquita for the world market" were based on internal Tela soil tests, according to Chiquita officials in a written response to the Enquirer.

But the Enquirer has obtained a 1989 Chiquita legal document outlining a plan to close company-owned farms in Honduras to eliminate costly unions.

While the document does not name the farms to be closed, it does refer to "a specific group of farms in the (Honduran) division." At the time, almost all of Chiquita's banana plantations in Honduras, including Tacamiche, were located in the Sula Valley.

The Enquirer also has learned that Chiquita has leased the Tacamiche land with an intent to sell it to a trusted former employee, who continues to grow bananas on the land. When asked about the leasing, Chiquita, in a statement issued through its attorneys, stated that the former employee, Henry Murray, is using a farming method called "crop-timing": planting bananas so they can be picked and sold when the market is at a premium. Mr. Murray sells his bananas exclusively to Chiquita. Chiquita stated that crop-timing "can be profitable on a small scale, but it has not been demonstrated to be successful over the long term and is not suitable for a large scale producer like Tela."

To clear the way for the leasing and future purchase of the land, Chiquita and Tela insisted on the removal of Tacamiche village despite the impact on its inhabitants, whom the company referred to as "squatters." Tacamiche village was de-stroyed but three other villages were not. All the four Tela farms were closed.

"Chiquita left us without any past," said John Sevilla Connoley, 43, a lifelong resident of Tacamiche and the former village's schoolteacher. "They erased all evidence of our childhood."

In August 1997, Mr. Sevilla Connoley visited his former village for the first time since the eviction. "This is the street where I lived. These roads, I walked them as a child looking for firewood. I know them like I know my heart."

Speaking through a translator, Mr. Sevilla Connoley said the

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eviction ripped him away from his roots.

The village had been created by Chiquita, then called the United Fruit Co., in the 1930s to house workers for its farms. The company acquired the land in 1936 for \$1 from the Honduran government as part of a larger land deal. Until Tacamiche was destroyed, the majority of the villagers continued to work for Chiquita in the fields, and many had lived in the village most of their lives.

Several other villages also were set for demolition, but Tacamiche was the first to go. After getting a final court order for eviction, Chiquita asked Honduran military police to remove the 123 families in 1996. The decimation of the village on Chiquita's orders was a hot political issue in Honduras and was condemned by human rights groups around the world.

Chiquita has responded that the Tacamiche closing was a regrettable but unavoidable decision based on hard economic reality: the land was no good.

But an April 12, 1989, legal memorandum by Manuel Rodriguez, a Chiquita lawyer, detailed a plan to close Honduran farms in order to reduce labor costs. The memo deals with farm closures in the company's Honduran division but does not mention any farm by name.

Under a section titled "Labor Issues," Mr. Rodriguez states: "Only feasible grounds for termination of employees is liquidation, or permanent closing of company or establishment."

Mr. Rodriguez also stated, "(Chiquita subsidiary) Tela should seek (Honduran government) approval for sale, and immediately thereafter sever the workers. Should be simultaneously as possible; though for legal reasons, closing of farms must be completed first.

"Tela has never implemented closing of farms and termination of workers in the size and nature of this proposed project," the memo continued.

"Review with local (Honduran) counsel the procedure to effectuate terminations; our recommendation is to terminate all the workers at affected farms, rather than follow procedures of labor contract and - or (Honduran) Labor Code."

The Enquirer made repeated attempts to contact Mr. Murray for comment on the Tacamiche closing and his proposed purchase of the land. He did not respond to the interview requests. Mr. Rodriguez also did not return Enquirer calls for comment.

In a March 16 internal voice-mail message from Robert Olson, Chiquita's general counsel, to Mr. Rodriguez, Mr. Olson said he did not want Mr. Murray talking to the Enquirer. Mr. Olson also said that if the Enquirer did reach Mr. Murray, he should not tell the reporters that Chiquita officials had told him not to speak with them.

A Chiquita statement, issued through its lawyers, described Mr. Murray as the prospective buyer of the Tacamiche land and "an associate producer" of Tela. Chiquita defines an associate producer as an independent grower with a contract to supply Chiquita with bananas.

Chiquita records obtained by the Enquirer show that Mr. Murray was a long-time employee of Tela. Company records reveal Mr. Murray was

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the administrator in the early 1990s of a Honduran company, gropecuaria Petare S.A., that was secretly controlled by Chiquita.

Tacamiche gone

The Tacamiche villagers did not dispute the company's right to the almost 3,000 acres of plantation surrounding the village. What they did dispute was Chiquita's claims that the company owned the 925 acres of the village proper. Honduran courts, however, upheld Chiquita's claim to the entire property.

In 1994, the 6,000-strong Honduran union for Chiquita banana workers, SITRATERCO, struck over the proposed closings but settled several months later. Chiquita offered workers jobs on other farms or buyouts but did not make offers to the hundreds of villagers who were relatives or descendants of Chiquita workers who lived in Tacamiche.

In statements issued through its attorneys to the Enquirer, Chiquita said the company requested Honduran military police to evict the villagers as "appropriate legal action to protect its property and business interests."

Chiquita tried to enforce its court eviction of the village several times, but villagers refused to leave. The military came into the village in February 1996 with tear gas, bulldozers and rifles. In a statement issued through its attorneys, Chiquita stated that the February eviction "took place peacefully and no one was hurt."

Tacamiche villagers dispute that claim, arguing that shots were fired and tear gas used. Photographs of the event show soldiers with assault rifles forcibly removing women and children as bulldozers destroy the village. Several villagers claimed to the Honduran and international media at the time that they were beaten.

Chiquita in its written statement said that it eventually issued more than \$360,000 in relocation costs and buyouts to set up a "new" Tacamiche on the land of a sugar company several miles away. Each family was paid about \$500 by Chiquita as a "relocation subsidy." The company also paid money to build houses or move those that had been knocked down.

Chiquita emphatically denied through its attorneys that it paid the military police who raided Tacamiche. However, in an Oct. 11, voice-mail message by Tela employee Jorge Mendoza to Chiquita attorney David Hills in Cincinnati, Mr. Mendoza detailed in-kind payments to the military for their services.

"We did have feeding expenses for the personnel and soldiers who were in all that process. There they were paid, uh, the food was bought by us from a restaurant... Car rents were paid for some of the movements that were to be done when all the necessary equipment was not available and some cars were rented by us. Fuel was administered to the army trucks that were mobilizing the soldiers and this was done before, during and after this thing was calming down."

In its official statement, the company claimed that many of the "squatters" were in fact new people who had come into the village to cause trouble. Villagers disputed this allegation.

Regardless of such arguments, Tacamiche was a public relations disaster for Chiquita. The situation was covered widely in the

Honduran press.

After the Tacamiche incident, Chiquita stopped plans to remove other nearby villages.

For the Tacamiche villagers, now ensconced in their "new" village miles away from their home, Chiquita's decision to destroy their homes is unforgivable.

"Once you are no longer useful, they discard you," said Juan Pablo Barahona Romero, 66, who said he had worked for Tela since 1946 before being evicted and fired. "If the president of Chiquita were ever to come down here, all I would tell him is that we want our land, to recover the place that we have always known, where we have lived our whole lives."

Mr. Romero was let go from Chiquita after the eviction. His severance package for a lifetime of service was about \$3,200 plus a house in the new Tacamiche.

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Power, money & control; Chiquita SECRETS Revealed; "At the end of the day this has cost us a tremendous amount of money from the standpoint of our reputation in the marketplace once again with the Honduras fruit. And once again, no one ends up paying the piper is what it comes down to." - Robert F. Kistingner, Chiquita Banana Group president; Overripe fruit hurts reputation, bottom line

Publication: Cincinnati Enquirer
Date: May 3, 1998
By: MIKE GALLAGHER and CAMERON MCWHIRTER

Chiquita lost millions of dollars and hundreds of thousands of boxes of bananas, damaging relations with corporate customers worldwide because of a breakdown of its quality control operations in Honduras late last year.

The problem contributed to Chiquita's 1997 fourth quarter losses of more than \$56 million. Chiquita did not report the problem publicly, and it was not legally required to do so. Company officials did not say how much of the \$56 million loss resulted from its Honduran problems.

The fruit that was shipped from Honduras - one of Chiquita's largest operations in Central America - arrived overripe at its ports around the world and resulted in many customers' refusal to accept or keep the bananas. Chiquita's sales people today are still dealing with the aftermath of the problem as they try to persuade customers to accept once again the Honduran fruit, according to company records.

Asked about the problem by the Enquirer, Chiquita responded through its attorneys that "the process of harvesting and shipping perishable products is a delicate one, and we carefully monitor quality at each stage of production. Nevertheless, temporary supply disruptions can occur in the produce industry."

Internal, tape-recorded voice-mail messages of Chiquita employees obtained by the Enquirer showed the company lost business over the Honduran fruit problem.

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Chiquita stated to the Enquirer that it did not lose any customers because of the problems. The company's reputation was hurt with customers around the world. Chiquita Banana Group President Robert F. Kistingner chastised employees of Chiquita's main Honduran subsidiary, the Tela Railroad Co., because of their failures, according to Chiquita records obtained by the Enquirer.

In a Nov. 5 voice-mail message to Benjamin Paz, a Chiquita official, Mr. Kistingner said: "To me, the bigger issue here is ... the total lack of discipline, the lack of responsibility, the lack of accountability on the part of the people in Honduras not to allow things like this to happen because it's just not right ... I'm prepared to make changes in Honduras. This type of behavior is just unacceptable."

The ongoing Honduran fruit problem reached a crisis point in October and November when customers in Greece, Syria, Turkey, Canada and Russia either refused to accept or returned boxes of overripe Chiquita bananas.

Chiquita had to negotiate a lower price for the bananas or look for other buyers for the problem fruit. In many cases, the company had to destroy hundreds of thousands of boxes of the worthless product, according to company records.

After Cincinnati-based company officials threatened to replace their Honduran managers, the quality of the Honduran banana shipments began to improve in December and January, according to company records.

Chiquita's efforts to stop the substandard fruit from being boxed in Honduras, regain customers and generally improve the quality of the Honduran fruit shipped to Europe, Canada and Russia has come with a large price tag, according to Mr. Kistingner and Jeff Filliater, a Chiquita marketing executive.

First, Chiquita bolstered its quality-assurance program by putting high-level company employees on the Honduran docks to check each load of fruit before it was placed on company ships.

Secondly, Chiquita's new efforts resulted in 70,000 to 100,000 boxes of bananas left rotting on Honduran docks each week because the fruit did not survive the greater scrutiny imposed by the company's Cincinnati officials.

The cost to Chiquita for each box of unusable or returned bananas depends on its contracts with independent growers, time of year, quality of fruit, the company's own production costs, etc. Chiquita's cost per box averages between \$5 and \$7, sources said.

Mr. Kistingner, in a Nov. 5 voice-mail message to Mr. Paz, said: "At the end of the day this has cost us a tremendous amount of money from the standpoint of our reputation in the marketplace once again with the Honduras fruit. And once again, no one ends up paying the piper is what it comes down to.

"(This is a) process we have to stop and change because apparently no one is paying attention by slapping them on the wrist," he said. "And this is incredibly significant. It's in a short period of time involving a tremendous amount of fruit and some very key customers. You know and I know that you can deliver somebody good fruit for 20 weeks straight and then one or two bad weeks taints your whole

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reputation and that is what the Honduran division has successfully done."

Providing examples of how serious the Honduran situation was, Taras Kowalczyn, a Chiquita logistics expert, told Arnaldo Palma, general manager of Chiquita's Honduran operations, in a Nov. 6 voice-mail message:

"We (recently) had two shipments leave out of Honduras," Kowalczyn said. "The first shipment was going to the Med (Mediterranean) mainly to Turkey, Greece and Syria. The last shipment ... was going to St. Petersburg (Russia)."

Referring to the Mediterranean shipment, Mr. Kowalczyn said, "Of the 136,000 boxes that were loaded for that ship we find approximately 23,500 boxes that were either destroyed, had claims (problems) on them or some other action ...

"There were 6,900 boxes destroyed at the berth prior to even being sent to a customer. Primarily these were found to be in the very, very late stages of ripening ... Another approximately 16,500 boxes were, in fact, shipped to customers and we have found that since then customers are either calling in complaints, claims on these items or in turn just want to return them," he said. That represented 17 percent of the entire shipload, he added.

Mr. Kowalczyn suggested a way to lessen Chiquita's financial losses on the returned fruit: "We could just try and send them to someone else to mitigate our losses."

Describing the fallout over the problem fruit, Mr. Kowalczyn said, "Right now there is an issue that our customers have with Honduras fruit. Some of it's perception, some of it's based on the reality that ... the number of claims and complaints we've been getting on Honduras fruit has escalated proportionately week in and week out and (has) kind of hit a crescendo ..."

And even though Chiquita has instituted tighter quality control measures on the Honduras fruit, Mr. Kowalczyn said the company's sales staff was having a hard time recouping past customers. Many customers said that they would only do business with Chiquita if they were guaranteed not to get Honduran fruit, he added.

"The customers told our sales people ... they would rather go to the Del Monte's and Dole's of the world who have plenty of fruit in the marketplace and purchase it from them since they have very little confidence in the Honduras fruit," Mr. Kowalczyn said.

The quality of Honduran fruit improved after the company criticized its Honduran employees and changes were made for stricter fruit inspections. But Mr. Filliater, the marketing executive, told Mr. Kistingner of ongoing problems in a Nov. 11 voice-mail message.

"The major issue is that they're (Honduran workers) leaving behind (on the docks) somewhere between 70,000 and 100,000 boxes a week in Honduras right now," Mr. Filliater said, referring to the boxes of substandard Honduran fruit found unacceptable for shipment.

A result of all that leftover problem fruit, he said, was that Chiquita packing stations were ordered to reduce cutting and boxing of bananas.

Mr. Kistingner, in several voice-mail messages to company employees,

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including Chiquita's Honduran officials, pleaded for an effort to regain and maintain shipments of high-quality fruit. "We have to work together to regain what we have lost. This is a serious problem for all of us."

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Power, money & control; Chiquita SECRETS Revealed; "We can only fire him (Renaldo Escobar) with cause because of his involvement in the Colombian problem if we file a criminal charge against him with Colombian authorities. Clearly we would not want to do that because we would be implicating ourselves" - David Hills, Chiquita lawyer, discussing how to deal with a subsidiary company lawyer involved in a Colombian bribe scheme; Bribe scheme covered up

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: MIKE GALLAGHER AND CAMERON MCWHIRTER

An Enquirer investigation has found that Chiquita made business decisions in Latin America to cover up a bribery scheme involving company and subsidiary employees, helped foreign growers try to evade taxes, and ran into tax problems.

Corrupt activities committed by U.S. companies abroad may fall under the U.S. Foreign Corrupt Practices Act (FCPA).

The act, passed in 1977, followed a series of international scandals in which American companies operating overseas were caught bribing foreign officials, paying kickbacks for contracts and committing other acts that would be illegal in the United States. The act prohibits United States companies or their employees from offering a bribe to influence a foreign government official's acts or decisions. The act also requires that U.S. companies maintain accurate records of their foreign operations.

Bribery

The bribery incident involved paying government officials in Turbo, Colombia, to help the company's Colombian subsidiary Banadex obtain use of a large government storage facility. Company records and high-level sources within the company described how, after learning of the scheme, company officials took action to hide it.

U.S. Securities and Exchange Commission (SEC) investigators have issued subpoenas to Chiquita seeking documents reflecting how Chiquita obtained access to the Colombian government-owned storage space.

Chiquita, through its lawyers stated, "Chiquita's policy is not to make illegal payments to any government officials."

Sources told the Enquirer that two Chiquita executives have been forced to resign: Douglas Walker, vice president for operations, and Renaldo Escobar, a company lawyer in Colombia.

Jorge Forton, a Chiquita executive in Medellin, Colombia, who is now in the United States, also is being forced to resign, but company officials, including Chiquita President and Chief Operating Officer Steven G. Warshaw, have allowed him to stay on temporarily while he

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seeks other employment in the U.S.

High-level Chiquita sources said Mr. Escobar and Mr. Walker were given generous severance packages and have signed confidentiality agreements preventing them from discussing any company business, including the Colombian incident.

After leaving Chiquita, Mr. Walker was hired by Corporex Companies, Inc. in Northern Kentucky. As part of Mr. Escobar's severance package, he has been hired as an outside lawyer in Colombia for Chiquita, company records revealed.

One high-level Chiquita executive provided the Enquirer with recorded, internal company voice-mail messages to back up his information. Citing fear of losing his job and company retaliation, the executive requested confidentiality.

Prior to leaving the company, Mr. Escobar, in a Dec. 13, 1997 voice-mail message to Chiquita lawyer Manuel Rodriguez, described how and why Banadex - Chiquita's Colombian subsidiary - became involved in the incident that included payments to Colombian customs agents. He also explained Chiquita's need to obtain the Colombian-owned storage facility. Mr. Escobar's message was spoken in Spanish and translated for the Enquirer.

The customs area Chiquita was allowed to use after paying Colombian customs agents is both an enclosed and open area "in which the imported cargoes we bring in (to Colombia) are stored," Mr. Escobar said. "While the nationalization process takes place, we bring fertilizers, fungicides, etc., in pretty big amounts."

The "nationalization process" is when cargo arriving in Colombia from other countries is kept stored at an indoor - outdoor facility controlled by Colombian customs officials. The cargo remains in the customs area until it is inventoried, recorded and all taxes are paid to the Colombian government. The customs agents then release the cargo so the company that owns it can deliver it to its operations in that country.

"If we didn't have the customs (storage) area, we would have to ask a third party to give us the service of having this cargo in storage while the nationalization process happens," Mr. Escobar said. It would cost Banadex more than \$1 million a year to obtain a similar storage facility for imported cargo during the nationalization process, he said.

Responding to suggestions by Chiquita officials in Cincinnati that they may want to "shut down" the Colombian government storage operation due to concerns that the way that the use of the property was obtained would surface, Mr. Escobar, in his voice-mail message responded:

"I'm afraid there's an excess of prevention in this, almost paranoia. I personally don't find it logical to shut down ours (storage operation) so a third party will give the service. It is better to leave it as is, or let it die by itself, but not using it, frankly, makes no sense to me."

Discussing how payment was made to Colombian customs agents to secure the storage area, Mr. Escobar said: "What happened, remember Manuel, was that the company, for security reasons, delivered what had to be delivered to the customs agents, who gave it to a third party and this party to its final destination, which means a lot of

time without being traced.

"I see no risk, maybe one in a thousand, that this thing could mean that we are in trouble," Mr. Escobar said. "If whomever found about this inside the company decides to make a scandal out of it, that's another thing that you will be able to analyze better than me."

In a Nov. 17, 1997 voice-mail message from Mr. Walker to Robert Olson, Chiquita's general counsel in Cincinnati, Mr. Walker confirmed the bribery issue as the reason he was leaving the company. In the message, Mr. Walker also expressed concern that other Chiquita employees were learning of it after promises the matter would be kept confidential. He said one of his best friends, a Chiquita finance executive, had asked him about gossip that he (Walker) was fired for being involved in a Colombian bribery scheme.

Mr. Walker, Chiquita's vice president of operations, in his voice-mail message, said his friend had heard that "Jorge Forton and myself had been fired for bribing a Colombian official for a warehouse facility in Turbo. So he has it pretty close to accurate if not completely accurate."

Noting that he had signed a confidentiality agreement with Chiquita prohibiting him from discussing the matter with anyone, Mr. Walker said in his voice-mail message:

"So here I am by contract totally precluded from being able to address with my closest friends information they're hearing in the most mundane fashion through the office and obviously it's extremely disturbing to me, extremely frustrating to me, and I don't know what at this point you guys can do about it, but I hope you're able to do something."

Mr. Walker did not return repeated telephone calls from the Enquirer.

In a Dec. 10, 1997 voice-mail message to Mr. Olson and Chiquita President Warshaw, Chiquita lawyer David Hills described a conversation he had with outside lawyers in Colombia regarding Renaldo Escobar and the ways in which his employment could be severed due to the Colombian incident.

Mr. Hills advised against firing Mr. Escobar because the only way to legally do that would alert Colombian authorities to the fact the bribery occurred. Additionally, he added, notifying Colombian authorities would publicly tie Chiquita to the bribe.

Mr. Hills' message, in part, said, "we can only fire him (Escobar) with cause because of his involvement in the Colombian problem if we file a criminal charge against him with Colombian authorities. Clearly we would not want to do that because we would be implicating ourselves. So basically, the only thing we can ask Renaldo to do is to basically have a, we're basically asking him to resign, which doesn't put us in the best legal position."

Chiquita, in a written response through its lawyers to the Enquirer, declined to discuss the Colombian incident, the resignations of the employees, or whether the company violated the U.S. Foreign Corrupt Practices Act.

"Chiquita's 'Code of Conduct for Associates' requires employees to comply at all times with the laws that affect the company's business," the response said. "It is Chiquita's policy and

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consistent practice to take appropriate disciplinary action where employees fail to abide by this standard of conduct. Employment information, however, is strictly confidential.

"Chiquita respects the privacy and personal interests of its employees. As a result, it is Chiquita's policy and practice not to discuss with the media - or anyone else - its relationships with particular employees or the circumstances in which a person may then leave the company's employment."

Tax schemes

Other internal documents indicate that Chiquita may have helped foreign brokers and banana growers evade or avoid taxes in their respective countries.

For example, an Oct. 17, 1991, internal report marked "Confidential" from Marco A. Garcia, a former Chiquita financial analyst, to Mr. Hills, explained how Chiquita maintained financial records in Miami for the purpose of helping Ecuadoran growers, with whom it had contracts, evade taxes.

The report detailed the growers' financial transactions with a Chiquita subsidiary called Agricola Del Guayas.

Under a section called, "Purpose of Offshore Books - Miami account," it reads: "Competitive pressures. Growers want dollars offshore to evade taxes and to avoid converting to Sucres (Ecuadoran currency) at the official rate which is 5% to 8% less than the free market rate."

In another case, a series of tape-recorded voice-mail messages among Chiquita lawyers, company executives and employees reveals Chiquita's plan to help a broker avoid paying taxes on an anticipated commission payment from the company.

According to Chiquita records, a company called Corporacion Midori S.A. in San Jose, Costa Rica, was hired in 1996 to help sell some of Chiquita's Honduran and Colombian companies, land and equipment.

Prior to agreeing to broker the sales deals, representatives of Midori and a Chiquita subsidiary called Chiquita Brands Inc., of Delaware, signed a contract to allow Midori to search for potential buyers and negotiate possible deals, according to Chiquita records.

Midori then signed a similar contract with one of Chiquita's Colombian subsidiaries, the records show.

Eugene Rodriguez, a Chiquita executive coordinating the Midori deal, told Chiquita officials in Cincinnati in an Oct. 11, 1997 voice-mail message that the company had agreed to pay Midori its commission "offshore" in "a deal where they don't have to pay taxes."

In his voice-mail message to Mr. Hills, Mr. Rodriguez said: "Actually we asked the guys to provide a deal for us, an offshore deal. A deal where they don't have to pay taxes...They (Midori) didn't want to pay taxes. And we always said that they would have the payment offshore."

A high-level source within Chiquita who was involved in the Midori payment scheme confirmed how the deal was arranged. An offshore account would be used to pay Midori so the Colombian government would not have access to any paperwork, such as invoices, etc., to

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prove how much, if anything, Midori would be paid for its commission, he said.

But in early October, a problem arose after Midori negotiated the sale of a Chiquita banana operation in Colombia called Shangri-La.

When Midori asked about its commission, experts in Chiquita's tax department in Cincinnati questioned whether Chiquita was legally obligated to withhold 35 percent in taxes from the commission per Colombian tax laws, according to several internal Chiquita voice-mail messages.

To avoid jeopardizing the sale, Chiquita officials devised a plan to pay Midori its commission without withholding the Colombia- required tax.

Midori had complicated the commission payment problem by signing a broker's agreement to sell Chiquita's Colombian property with both Chiquita Brands Inc. and its Colombian subsidiary, according to company records. That problem had to be overcome if Midori's commission was to be paid without withholding the Colombian tax, according to Mr. Hills in an Oct. 11 voice-mail message to John Ordman, Chiquita's senior vice president of finance, and others.

To solve the legal dilemma, Chiquita officials came up with a plan to pay Midori its commission without taking out taxes. The plan was described in an Oct. 20, 1997 voice-mail message from Mr. Hills to Mr. Ordman. Chiquita would obtain every copy of Midori's contract with Chiquita's Colombian subsidiary. All copies of the contract would be sent to Cincinnati headquarters where officials would "annul it, kill it, mutually terminate it," said Mr. Hills.

Chiquita wanted to hide the fact that Midori's commission was going to be paid offshore, according to an Oct. 20, 1997 voice-mail message to Mr. Hills from Scott Wittman, a Chiquita tax specialist.

"We have consulted with counsel (and) gotten their input on this transaction. They feel that we have a position that we can take. It says because this agreement is between CBI (Chiquita Brands Inc.) and Midori that the withholding tax would not apply.

"The one thing they caution us on is definitely do not include in the (land sale) agreement anything related to the brokerage commission and the fact that it is getting paid offshore. We obviously don't want to highlight that," Mr. Wittman said. Company records did not reveal the amount of the proposed land deal or the proposed broker's fee.

At the last minute, Midori's deal to sell the Shangri-La property apparently fell through, according to a March 23 voice-mail message from John Ordman to Mr. Hills. Mr. Ordman said that more than five months after the Midori commission tax issue surfaced, Chiquita still owned and controlled the Shangri-La property.

"It's not a perfect secret," Mr. Ordman said. "There are people who know that Chiquita owns Shangri-La. But it is not generally known in Colombia, and it's particularly not generally known among the popular groups, if you will, in Colombia. There is probably no place that I can think of that this company has more exposure to an easy \$10 million loss than Shangri-La. If Shangri-La were to be invaded by squatters, or as you know, it is in a bit of a guerrilla-active area, it could really become extremely difficult to protect. We've had some near misses there in the past. It's one of the things that

really keeps me awake at night."

In a Chiquita response to Enquirer questions issued through its attorneys, the company stated that information provided to the Enquirer was false and that "any implication of wrongdoing on the part of Chiquita in connection with these alleged transactions is false."

Chiquita further stated that "Chiquita has not sold the property referred to by the Enquirer and has not terminated any contract with Midori."

Honduran tax problem

Chiquita's main subsidiary in Honduras also has run into a tax problem there.

In early 1997, the Honduran tax department completed an investigation of the Tela Railroad Co. to pay hundreds of thousands of dollars in asset taxes from at least 1992, according to Chiquita records and Honduran officials.

After unsuccessful attempts to get the company to pay, Honduran tax officials took their case against Chiquita's subsidiary to court, according to several voice-mail messages of Chiquita tax specialist David Hochwalt to Mr. Hills, Mr. Ordman and others. That action was confirmed for the Enquirer by Jorge Ramirez Mendoza, a Honduran tax department spokesman.

In November, Chiquita "threw in the towel" and agreed it had, indeed, failed to pay asset taxes of 8.7 million lempiras (about \$700,000 U.S.), since 1991, according to Mr. Hochwalt, in a Nov. 14, 1997 voice-mail message to Mr. Olson, Chiquita's general counsel and senior vice president.

The company paid its disputed taxes in late November.

To keep from paying an additional hundreds of thousands of dollars in penalties and interest on the unpaid taxes, Chiquita lawyers asked Honduran officials to eliminate those charges under a Honduran tax amnesty plan, according to Mr. Hochwalt.

In a statement issued through its attorneys, Chiquita said that the company's subsidiary and the Honduran government had "divergent views" on the taxes owed and the company was challenging the amount in court. The subsidiary eventually "elected to participate in a national tax amnesty program by paying the tax in dispute (about \$700,000). Participation in the program eliminated the risk of interest or penalties that might have resulted if the (legal) challenges had not succeeded."

"If whomever found about this inside the company decides to make a scandal of it, that's another thing that you will be able to analyze better than me." - Renaldo Escobar, a Chiquita lawyer, discussing the possible fallout from the Colombian bribery scheme

Chiquita's problems with brokered land deal in Colombia

Chiquita officials in Cincinnati approved hiring a San Jose, Costa Rica company to find buyers for the banana giant's non-core assets in Colombia and Honduras. Problems arose when the Costa Rican company - Midori - found a buyer for Chiquita's Shangri-La plantation in Colombia, but insisted its commission be paid

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off-shore as a way to avoid paying taxes. The land sale apparently fell through.

Key Chiquita players

Chiquita Brands International is the world's largest banana company, employing more than 36,000 workers and selling its fruit in 40 countries.

The company deals in fruit juices, ready-to-eat salads, margarine, shortening, vegetable oils and canned food. But its signature product has always been the bright yellow banana that it bills as a "perfect" food.

Carl Lindner, 79, self-made multi-millionaire, is Chairman and CEO of Chiquita Brands International. He took control of the company in 1984.

Keith Lindner, 38, made president and chief operating officer of the company in 1991. Later moved to the position of vice-chairman.

Steven G. Warsaw, 43, president and chief operating officer of Chiquita Brands International Inc.

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POWER, MONEY & CONTROL; Chiquita SECRETS Revealed; "Both Chiquita and our government have assured us that Chiquita has nothing to do with COBALISA other than to make contracts with them to purchase their bananas." - Edgardo Zepeda, president of the Honduran banana workers union; Locals front for Chiquita

Publication: Cincinnati Enquirer

Date: May 3, 1998

By: MIKE GALLAGHER AND CAMERON MCWHIRTER

In addition to using interlocking trusts to hide control of Latin American companies, Chiquita has used a system in which local citizens are named as company shareholders but secretly sign over their shares in blank, thereby allowing the Cincinnati-based banana giant to exercise control.

The company used this method to avoid restrictions of national security laws and limits on land ownership by foreigners, and to reduce political and union pressure.

Called "nominee ownership," the system was first widely used by Chiquita in Honduras in 1990. It has since been spread by the company to operations in other Latin American countries, including Guatemala and Colombia, according to company records obtained by the Enquirer.

A report entitled "Honduras operations, Legal Structure Description and Rationale" written in February 1992 by Chiquita's legal department to the company's lawyers and executives in Honduras, explained how the system worked. "The farms ... are set up with five Honduran nominees as owners, and with their shares signed in blank over to the Chiquita company." Signing shares in blank is analogous to a person endorsing a check without designating a payee.

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Under the Honduran civil law system, a nominee system may be illegal if the purpose or intent is to circumvent the law. However, no cases could be found in the Honduran legal system where this specific issue was decided in court.

Chiquita arranged for a company called Compania Bananera Limitada S.A., (COBALISA) in La Lima, Honduras, to be the management - service company to handle personnel, cash flow, tax issues and other functions of the supposedly independent Honduran companies.

Amilcar Castejon, a Honduran lawyer who was in charge of COBALISA's internal records, spoke openly to the Enquirer in February when he said Chiquita set up the farm companies and is hiding its control "to get rid of its Honduran labor union, which would save the company millions of dollars; hide its assets, because the country's agrarian law limits foreign ownership of agricultural land; and shield itself from liability for such things as worker lawsuits and child labor violations."

Mr. Castejon said he was hired by Chiquita to oversee all COBALISA payroll and personnel records, time sheets, benefit reports and other internal financial and corporation records at COBALISA.

Chiquita officials in Cincinnati declined to discuss COBALISA. Velmi de Irias, COBALISA's personnel director, denied any connection to Chiquita.

However, documents obtained by the Enquirer list top COBALISA officials as employees of the Tela Railroad Co., Chiquita's primary Honduran subsidiary. The Enquirer also has obtained written correspondence and other company records identifying Jose Obregon, COBALISA's general manager, as a Tela employee, including a Jan. 22, 1997, letter with a Tela letterhead discussing COBALISA personnel matters.

Mr. Obregon's paycheck also is paid directly out of Chiquita's Cincinnati headquarters, Chiquita records show.

A high-level Chiquita executive provided tape recordings of company voice-mail recordings showing Mr. Obregon's connection to Chiquita in Cincinnati. The source told the Enquirer that he is one of several executives with authority over company voice-mails. He requested anonymity.

In an April 6 message from Chiquita lawyer David Hills to Robert Olson, Chiquita's general counsel and senior vice president, Mr. Hills said: "Bob, Jose Obregon is the general manager of COBALISA in Honduras ... I looked into his HR (human resources) status and he is actually an employee of Chiquita Brands Inc.

"He (Obregon) has had previous postings in Panama where he was the chief financial officer for (Chiquita's) Chiriqui Land Co. He was then sent to Honduras where he was, I believe, the chief financial officer of Tela before he became the general manager of COBALISA ..."

Also, in an Oct. 25, 1997 message from Tela executive Ernesto Interiano to Mr. Hills, Mr. Interiano said: "Jose Obregon is not on Tela's payroll; he is being paid by Cincinnati. . . It is a direct payment between Chiquita headquarters and him.

"And I want to confirm to you that Raul Schrunder, who is the person in charge of agricultural operations in COBALISA, is one of our

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employees, Tela's employee. He is, in fact, on our payroll."

Chiquita officials refused to answer several Enquirer questions about the connection between Mr. Obregon, Chiquita and COBALISA, citing competitive reasons.

The company response did state: "Chiquita has not violated the Honduran Agrarian Reform Law or the National Security provisions of the Honduran Constitution."

Chiquita's control of COBALISA was unknown by the Honduran labor community, said German Edgardo Zepeda, president of Coordinadora de Sindicatos Bananeros de Honduras (COSIBAH), which coordinates unions that represent Honduran banana workers.

"Both Chiquita and our government have assured us that Chiquita has nothing to do with COBALISA other than to make contracts with them to purchase their bananas," he said through a translator.

How Chiquita's secret Honduran banana companies are structured

Above: Chiquita officials in Cincinnati created a chart in 1993 to show how COBALISA - a management service company controlled by Chiquita - would manage some of its secretly controlled companies and farms located throughout Honduras.

Right: This internal company document also reveals how Chiquita planned to control newly acquired farm land and companies.

"The farms under this entity are set up with 5 Honduran nominees as owners, and with their shares signed in blank over to the Chiquita company. The nominee form of ownership has been the traditional method of setting up legal ownership of new farms."

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Chiquita SECRETS Revealed; 'How can you take money from a corporation . . . doing that kind of thing to perfectly good and totally innocent people?'; Catholic leader rips Chiquita; Cincinnati banana giant responds to Enquirer probe

Publication: Cincinnati Enquirer

Date: May 4, 1998

By: MIKE GALLAGHER and CAMERON MCWHIRTER

In response to revelations about Chiquita Brands International's overseas business practices in Sunday's Enquirer, a prominent Catholic bishop has called on Catholic institutions not to accept donations from Carl H. Lindner Jr. or Chiquita.

Chiquita, meanwhile, issued a statement Sunday defending itself "as a good corporate citizen notwithstanding the unfair and inaccurate assertions of the Enquirer."

But Bishop Thomas Gumbleton, an auxiliary bishop of Detroit, said the Enquirer's findings reflect what he saw firsthand on Chiquita farms he visited in Honduras last year. A member of the U.S. Catholic Conference's Social Justice Committee, Bishop Gumbleton is an internationally known spokesman and investigator for the Catholic Church on human rights and social justice issues. The Catholic

Conference is the social policy arm of the National Conference of Catholic Bishops.

On Sunday, Bishop Gumbleton called for Catholic leaders to reject donations from Chiquita and Mr. Lindner, the company's chairman and chief executive officer. He said such gifts involved "blood money earned off the backs of the poor peasants of Central America."

The bishop made his comments after reading the Sunday Chiquita stories on the Enquirer Web site.

In the 18-page special section Sunday, the Enquirer described the findings of a yearlong investigation into the Cincinnati-based banana giant. Among those findings:

Chiquita secretly controls dozens of supposedly independent banana companies in Latin America. It uses elaborate business structures to hide its control, avoiding restrictions on land ownership and national security laws. The structures also are aimed at limiting unions on the farms.

Chiquita's subsidiaries engage in pesticide practices that endanger the health of banana workers and nearby residents, despite an agreement with an environmental group to adhere to certain safety standards. Those practices include aerial pesticide spraying while workers are still in the fields.

Security guards of Chiquita subsidiaries and their joint-venture partners have used brute force to enforce their authority on plantations. The violence by these guards has resulted in the death and wounding of unarmed peasants, including children.

Chiquita is "an evil institution for exploiting the poor," Bishop Gumbleton said. "I saw (people) living in a dismal situation. What I would ask the Catholic leaders of Cincinnati and elsewhere is 'How can you take money from a corporation or . . . (a chairman) of a corporation who is doing that kind of thing to perfectly good and totally innocent people and depriving them of a chance to get a decent livelihood?'"

In October, Mr. Lindner and his family donated \$1.5 million to the Archdiocese of Cincinnati to provide computers for inner-city Catholic schools.

Efforts to reach Cincinnati Archbishop Daniel E. Pilarczyk and archdiocese spokesman Dan Andriacco were unsuccessful Sunday.

Telephone calls to Mr. Lindner and Steven Warshaw, president and chief operating officer of Chiquita Brands International Inc., were not returned. Robert Olson, Chiquita's general counsel, spoke with an Enquirer reporter but would not say whether the company would issue a statement in response to Bishop Gumbleton's comments.

Bishop Gumbleton said the 2,000-mile distance that separates Chiquita's banana farms and its Cincinnati headquarters is no excuse for allowing the problems in Latin America to continue. "It doesn't take a big effort for Carl Lindner to go down there and just find out what's going on at his plantations.

"I don't believe that a person like Carl Lindner is the only corporate leader in this country doing this kind of thing," he said. "But the evidence uncovered by (the Enquirer), and what I have personally observed, makes it clear that he and his company must

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make changes to protect the very lives of the people who made them so wealthy."

Chiquita Brands statement

On Sunday, May 3, the Cincinnati Enquirer published a sensational and highly inaccurate story impugning the reputation and business practices of Chiquita Brands International. Chiquita is known globally as a leading international producer of wholesome and healthy foods and as a good corporate citizen - investing in local communities, building schools and improving the quality of life for tens of thousands. We are proud of the success we have had in providing benefits and wages in Latin America that far exceed those available from other jobs and protecting the environment in a manner that has earned praise from the most prominent independent environmental organizations.

Chiquita is proud of its work and denies the false implications of the Enquirer's article.

The information contained in the Enquirer's story was selectively edited, incomplete and presented out of context and portrays a false and highly inaccurate image of Chiquita. Chiquita and other independent sources made extraordinary efforts to provide facts and documents which demonstrate the true record. Unfortunately, the Enquirer ignored the hundreds of pages of documents detailing the facts regarding Chiquita's sound business practices. Instead, the Enquirer has affiliated itself and worked in concert with persons having financial, political and economic motives to damage Chiquita.

Chiquita adheres to the highest standards of product quality and social responsibility, applying world-class standards regarding associate relations, product quality and environmental controls. Chiquita will continue to meet its obligations as a good corporate citizen notwithstanding the unfair and inaccurate assertions of the Enquirer.

On the Web

The complete text of the Enquirer's investigation into Chiquita Brands International Inc. can be accessed at the Enquirer's Web site: enquirer.com - chiquita

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Chiquita SECRETS Revealed; European official calls for Chiquita probe

Publication: Cincinnati Enquirer
Date: May 5, 1998
By: CAMERON McWHIRTER and MIKE GALLAGHER

A member of the European Parliament on Monday called on a European Union commission to look into Enquirer reports that Chiquita Brands International Inc. is involved in a wide range of questionable business practices in Latin America.

The EU's Commission on Agriculture is the 15-nation European Union's lead agency in dealing with the banana industry. On Sunday, the Enquirer published an 18-page section detailing the overseas

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operations of Cincinnati-based Chiquita. Those operations include secret control of supposedly independent banana companies, a bribery scandal in Colombia and the buying of political influence with campaign contributions.

"It just makes me very angry," said Glenys Kinnock, member of the European Parliament for Wales. "We've just been to the commission now and met with the director general about this. They are very keen to see these stories. They are not very happy with Chiquita."

Mrs. Kinnock has been a longstanding opponent of Chiquita's efforts to roll back EU banana protections. Those protections, in place since 1993, favored small banana growers from former European colonies in Africa and the Caribbean. But those protections have hindered sales for Chiquita, the largest banana provider to Europe.

Mrs. Kinnock made her remarks on the opening day of the International Banana Conference, a gathering of banana producers, environmentalists, governments and union groups concerned about problems in the industry. The three-day gathering in Brussels, capital of the EU, has drawn more than 300 delegates from 44 countries to discuss issues from pesticide use, to market protections, to corporate codes of conduct.

Delegates also include scientists, major banana distributors, industry consultants and a representative of a chemical company. Most of the world's major banana companies have sent representatives, including Dole, Del Monte and the Irish banana company Fyffes. Chiquita sent no delegate, though a public relations firm that has represented the company in Europe has sent an observer.

Government representatives are here from the United Kingdom and several other members of the European Union and Costa Rica. The U.S. trade representative's office was invited to send a delegate, but as of Monday, no U.S. representative had registered.

Ralph Ives, deputy assistant U.S. trade representative and point man on banana issues for the Clinton administration, did not return calls Monday seeking comment on the United States' absence from the conference.

Mrs. Kinnock told the Enquirer she wants the European Union Parliament's legal services division to investigate the newspaper's findings. The issues are of interest here because the U.S. trade representative's office, in support of Chiquita, has led efforts to overturn the EU banana restrictions.

Among the Enquirer findings:

Chiquita acquired land in Latin American countries for expanded banana production - even though those nations' laws prohibit and - or limit Chiquita from directly buying property.

Employees of Chiquita and a subsidiary were involved in a bribery scheme in Colombia that has come to the attention of the U.S. Securities and Exchange Commission.

Chiquita Chairman and Chief Executive Officer Carl H. Lindner Jr., his family and associates made legal, but controversial contributions to political figures at a time the company desperately sought U.S. backing in the trade dispute over the EU banana restrictions.

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European and Caribbean critics of President Clinton's support for Chiquita's position have pointed to large campaign donations that Mr. Lindner has made to the president and the Democratic Party. The United States, working closely with Chiquita, has carried the case to the World Trade Organization (WTO), an international body set up to mediate trade disputes.

The WTO has ruled that the EU protections run counter to the principles of global free trade, and must be altered.

The EU Council, a body of ministers that serves as the organization's executive branch, is expected to submit an alternative plan to the WTO in June.

In addition to Mrs. Kinnock, Philip Lowe, the EU's director general for development, said he also was looking into the newspaper's findings. Claire Godfrey, policy adviser of Oxfam International, a British charity organization concerned with hunger in the developing nations of the world, has long been a supporter of the EU protections and said the information published in the Enquirer puts the U.S. trade office on shaky ground in the EU trade dispute.

"If the U.S. or the Latin Americans want to take the case back to the WTO in June, I think their credibility is going to be weakened," she said.

Ron Oswald, secretary general of the Geneva-based International Union of Food and Agricultural Workers, which represents more than 3.6 million dues-paying members worldwide, said the findings provide insight into how some global companies operate in the 1990s.

"The concept of trying to create virtual companies, that control only marketing and strategy, and therefore can wash their hands of all responsibility of what happens on the ground, is becoming quite common," he said. "The structure of ownership is obviously extreme in the Chiquita case."

He said his union takes the position that companies should not be able to hide ownership at the expense of employees in the developing world. "I think that as soon as a company makes money out of an arrangement, I don't care how complex or clever the ownership structure they set up, they have a social responsibility."

Chiquita criticizes use of tapes

The following statement was issued Monday by Chiquita Brands International:

Yesterday, Chiquita denied the highly inaccurate account in the May 3 Cincinnati Enquirer regarding the Company's business practices. In so doing, the Enquirer virtually ignored Chiquita's record of providing among the most competitive wages and benefits of any major employer in Latin America, of being a major engine of progress, building roads, schools and hospitals and, and of being singled out for praise by independent environmental groups for its progressive policies.

The Enquirer based its article on selective, out of context voice mail messages that were stolen from private voice mail boxes of Chiquita employees.

Steven G. Warsaw, Chiquita's President and Chief Operating Officer,

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said: 'We at Chiquita are shocked by the Enquirer's admission that it obtained more than 2,000 messages containing confidential, privileged and proprietary information that was stolen from the private voice mail boxes of Chiquita employees. This behavior raises serious moral and legal questions. We doubt that any citizen of Cincinnati is comfortable with a newspaper thinking it appropriate to obtain stolen private voice mail messages, much less selectively and inaccurately publishing them. Newspapers are supposed to guard against Big Brother, not be Big Brother.'

Enquirer responds

In response, Enquirer President and Publisher Harry M. Whipple issued the following:

As explained in Sunday's package of stories, The Enquirer's investigation into Chiquita's business practices was supported by multiple sources inside and outside the company, and by extensive documentation.

The documentation includes the executives' own words contained in copies of taped voice-mail messages. Copies of these tapes were provided to Enquirer reporters by a high-ranking Chiquita executive, who was one of several with authority over the company's voice-mail system. These voice-mail messages were essentially internal memoranda.

The source, who requested confidentiality for fear of retribution, also provided the same tapes to the Securities and Exchange Commission, which has launched its own investigation.

The Enquirer stands by its stories. We are proud of them.

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Pilarczyk defends accepting donation; Detroit bishop calls such Lindner gifts 'blood money'

Publication: Cincinnati Enquirer
Date: May 5, 1998
By: MIKE GALLAGHER and CAMERON MCWHIRTER

Cincinnati Archbishop Daniel Pilarczyk on Monday defended his acceptance of a \$1.5 million donation from Carl H. Lindner Jr. and his family after a prominent Catholic bishop characterized it as "blood money."

Archbishop Pilarczyk said through a spokesman that he thought it was all right to accept the Lindner money despite a call by Detroit Auxiliary Bishop Thomas Gumbleton for Catholic institutions to refuse such donations because Mr. Lindner is chairman and chief executive officer of Chiquita Brands International. Bishop Gumbleton said Chiquita earns its money "off the backs of the poor peasants of Central America" where bananas are produced.

Bishop Gumbleton is a member of the U.S. Catholic Conference's Social Justice Committee. His statement was in response to revelations in Sunday's Enquirer about Chiquita's Latin American business practices. Those findings included aerial spraying of pesticides while workers were still in the fields; brute force used

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on peasants by guards on banana plantations; and failure to adhere to established health and safety standards for workers.

"The Archdiocese of Cincinnati was aware last fall that concerns of social justice were being raised in conjunction with the operations of Chiquita Brands International," Archbishop Pilarczyk said in a statement issued through spokesman Dan Andriacco.

"Those concerns were considered by the archbishop before he decided to accept the gift of \$1.5 million from members of the Carl and Edith Lindner family, which controls Chiquita. On the basis of the information available, there seemed no reason to refuse the gift.

"The money from the Lindner family is being used to fund computer technology and equipment for seven inner-city Catholic schools serving 1,327 children, 75 percent of whom are black; 70 percent of whom are non-Catholic and 64 percent of whom have family incomes below the poverty level."

The archbishop declined to speak directly with the Enquirer for this story.

When asked whether the archbishop had any additional concerns about Chiquita based on the Enquirer's report, Mr. Andriacco responded: "Sure it raises concerns. There were many, many allegations raised by the Enquirer and denied by Carl Lindner, and we are not in a position to choose between the two."

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Chiquita SECRETS Revealed; Scrutiny of Chiquita widens

Publication: Cincinnati Enquirer

Date: May 6, 1998

By: CAMERON McWHIRTER and MIKE GALLAGHER

The president of the union representing banana workers in Honduras said Tuesday his union will investigate Enquirer findings that Chiquita Brands International Inc. set up secretly controlled companies in Honduras to undermine union membership and pay lower wages.

In separate actions, representatives of Costa Rica and France said their governments have begun looking into findings contained in an Enquirer report that was published Sunday.

Additionally, the director of a coordinating group for all of Central America's banana unions said he was calling on the Honduran government to investigate Chiquita's secret business practices "that have now been exposed by The Cincinnati Enquirer."

The new calls for investigations of Chiquita echo that of European Parliament member Glenys Kinnock. Mrs. Kinnock, a member of the European Parliament from Wales, on Monday called on the European Union commission to investigate Chiquita.

On Sunday, the Enquirer published an 18-page section detailing questionable business practices of Cincinnati-based Chiquita. Those included secret control of supposedly independent banana companies, the cover-up of a bribe in Colombia and the buying of political

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influence with campaign contributions.

Chiquita has challenged the Enquirer findings, saying the reports were based on "selective editing" and were "inaccurate and misleading."

The government and union officials made their statements while attending the International Banana Conference, a gathering of banana producers, environmentalists, governments and union groups concerned about problems in the industry. The three-day gathering in Brussels, capital of the EU, has drawn more than 300 delegates from 44 countries to discuss issues from pesticide use, to market protections, to corporate codes of conduct.

Chiquita and the U.S. trade representative's office have not attended the conference despite being invited. Ralph Ives, deputy assistant U.S. trade representative and the administration's point man on banana policy, said he was not attending because of a scheduling conflict.

"There will be a major reaction to this," said Juan Funes Estrada, 40, president of Sindicato de Trabajadores de la Tela Railroad Company (SITRATERCO), the union representing Chiquita workers in Honduras. The Tela Railroad Co. is Chiquita's main subsidiary in Honduras, though the company is incorporated in Delaware. The union is the largest in Honduras and one of the largest in Central America, with 5,600 members.

"We have always suspected that the company wasn't being fair with us, but now we have the confirmation," Mr. Funes said, speaking through a translator. He was referring to Chiquita documents and quotes from Chiquita officials in internal voice-mail messages that were provided to the Enquirer by a confidential source.

German Edgardo Zepeda, director of Coordinadora de Sindicatos Bananeros de Honduras (COSIBAH), a coordinating group for all of Central America's banana unions, said that the Honduran government will have to take some kind of action on the Enquirer findings. He said his organization will demand investigations by the Honduran government.

"The government is bound to react," he said through a translator. "It has to clarify these issues to get to the bottom of this."

Meanwhile, a Costa Rican delegate here said his government is going to review the Enquirer findings as well.

Carlos Rojas, a member of the Costa Rican delegation and a former minister of agriculture, said he did not want to comment yet on the Enquirer stories until the review is concluded.

Jean Louis Bonicel, who heads the agricultural department for the French government's Ministry of Overseas Territories, said his office had also begun a review of the findings.

The French government has long opposed U.S. efforts on behalf of Chiquita to overturn European trade protections. These protections benefit small banana growers in Africa and the Caribbean, but hurt Chiquita, which is Europe's largest importer.

Chiquita officials did not respond to Enquirer requests for comment Tuesday.

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According to the Enquirer report, Chiquita set up structures to avoid the restrictions of Honduran land ownership and national security laws as well as to limit or eliminate unions on its plantations.

This system included trusts being set up in the Channel Islands and Liechtenstein, two well-known European tax and trust havens, and in Honduras with the involvement of large Honduran banks.

Another form of control was the formation of farm companies involving five trusted Honduran citizens with ties to Chiquita subsidiaries. These Honduran citizens were made shareholders of the farm companies. But once those companies were established and shares issued, the shares were signed in blank and then given to Chiquita.

Chiquita has used similar legal structures in other Latin American countries, including Colombia and Guatemala.

One company involved in these schemes was Compania Bananera Limitada S.A., (COBALISA) which is based in La Lima, Honduras, headquarters of Chiquita's Honduran banana operations.

"The truth is, we didn't know about COBALISA," said Mr. Funes, who also lives in La Lima. "We knew it existed as a company, but (COBALISA officials) kept it very secret and said they were independent and said they had nothing to do with Chiquita."

Mr. Funes said he thinks Tela may have violated its contract with the union. "I plan to discuss this with my board as soon as I get back (to Honduras)," he said.

Mr. Funes said SITRATERCO could take several actions, including calling for national strikes, lawsuits or public campaigns with the help of other unions around the world.

He said the union, if it determines the Enquirer findings are true, will lodge a complaint with the United Nations and the International Labor Organization (ILO), a world body dealing with employees' rights.

He also said the issues will be raised at the union's contract negotiations with Tela, set for August.

Mr. Funes said Tela had launched a program several years ago with the slogan that translates from Spanish, "Together is Better," a plan that is supposed to promote company - union cooperation.

These latest findings, he said, make it clear Tela and Chiquita are not interested in doing anything "together with the union."

"We don't trust them at all," he said.

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Chiquita secrets revealed; Colombia to investigate bribe scheme

Publication: Cincinnati Enquirer

Date: May 8, 1998

By: MIKE GALLAGHER and CAMERON MCWHIRTER

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The Colombian government has launched an investigation into reports that employees of Chiquita Brands International Inc. and its Colombian subsidiary were involved in the bribery of customs agents to obtain storage space at a government-owned compound.

Officials at the Colombian Embassy in Washington, D.C., also confirmed they will ask U.S. Securities & Exchange Commission (SEC) investigators to provide copies of tape-recorded voice-mail messages of employees of Chiquita and its Colombian subsidiary detailing the bribe scheme and efforts to cover it up.

The tapes were provided to the Enquirer and to the SEC by a high-level Chiquita source with authority over the company's voice-mail system. Chiquita President and Chief Operating Officer Steven G. Warshaw disputed this week that anyone had such authority.

Those tapes, if released by the SEC to Colombian investigators, will be used in the Colombian government's own bribery probe, according to Alfonso Lievano, commercial adviser of the Foreign Trade Ministry's Colombian Government Trade Bureau in Washington.

The SEC has begun a formal investigation of Chiquita and its subsidiaries on a wide range of topics, including the Colombian bribery scheme and hidden control of supposedly independent companies in Latin America, according to company and SEC sources.

SEC investigators served multiple subpoenas on Chiquita in April seeking documents, voice-mail messages, reports, memos, etc., in connection with its probe of the Cincinnati-based banana giant, according to SEC sources. The information also was confirmed in voice-mail messages of Robert Olson, Chiquita's general counsel, and other company officials.

The Enquirer also has been provided voice-mail messages linking one of Chiquita's lawyers - Manuel Rodriguez - to an effort to cover up the bribe scheme to prevent Colombian and U.S. officials from connecting the banana company to the illegal act.

"Yes, we are investigating all this and it is a very serious matter," said Mr. Lievano. "It is also a most delicate matter but one that must be looked into. We will be asking the SEC for those records (voice-mail tapes)."

Also confirming the Colombian probe was Fidel Cano, the Colombian Embassy's press attache. "My government will want answers to what is going on in this matter with Chiquita. This will all be looked into."

The Colombian authorities said they learned of the alleged bribe scheme after the Enquirer published an 18-page special section Sunday describing the findings of a yearlong investigation into questionable business practices by Chiquita.

The bribery incident involved paying customs agents in Turbo, Colombia, to help Chiquita's Colombian subsidiary Banadex obtain use of a large government storage facility.

The Enquirer detailed the bribery scheme in its Sunday report. The voice-mail tapes and high-level Chiquita sources described how, after learning of the scheme, company officials took action to hide it.

The tapes reveal that two company executives have been forced to

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resign: Douglas Walker, vice president for operations, and Reinaldo Escobar, a lawyer for Chiquita's Banadex subsidiary.

Jorge Forton, a Banadex executive in Medellin, Colombia, also is being forced to resign, but company officials, including Mr. Warshaw, allowed him to stay on temporarily while he sought other employment in the United States, according to the tapes.

High-level Chiquita sources, and the voice-mail messages, show Mr. Escobar and Mr. Walker were given generous severance packages and signed confidentiality agreements preventing them from discussing any company business, including the Colombian incident. Mr. Forton also signed a confidentiality agreement, the tapes show.

After leaving Chiquita, Mr. Walker was hired by Corporex Cos. Inc. in Northern Kentucky. As part of Mr. Escobar's severance package, he has been hired as an outside lawyer in Colombia for Chiquita, company records revealed.

One high-level Chiquita executive provided the Enquirer with the voice-mail messages to back up his information. Citing fear of losing his job and company retaliation, the executive requested confidentiality.

Mr. Walker, in a Nov. 17, 1997, voice-mail message to Mr. Olson, confirmed the bribery issue as the reason he was leaving the company. In his message, Mr. Walker said a friend had told him that he heard "Jorge Forton and myself had been fired for bribing a Colombian official for a warehouse facility in Turbo. So he has it pretty close to accurate if not completely accurate."

Mr. Escobar, in a Dec. 13, 1997, voice-mail message to Mr. Rodriguez, said Colombian custom agents were paid so Banadex could use the government compound for storage, thus saving the company more than \$1 million in private storage costs at the Colombian port.

Discussing how payment was made to Colombian customs agents to secure the storage area, Mr. Escobar said: "what happened, remember, Manuel, was that the company, for security reasons, delivered what had to be delivered to the customs agents, who gave it to a third party and this party to its final destination, which means a lot of time without being traced."

Mr. Walker, Mr. Escobar and Mr. Forton declined repeated Enquirer requests for comment.

Mr. Cano, the Colombian Embassy press attache, said the Colombian government "does not lease or rent space" at its custom facilities - including Turbo - to private companies such as Chiquita. "That is strictly for use by our government."

Mr. Rodriguez, in an Oct. 16, 1997, voice-mail message to John Ordman, Chiquita's senior vice president of finance, described what sparked the company officials' decision to offer the three men incentives to resign in lieu of being fired. Mr. Rodriguez's message was in Spanish and was translated for the Enquirer.

"Hey, John Ordman, there was an article in El Tiempo newspaper (in Colombia) where it was reported that ten custom officials were arrested for alleged corruption and paybacks," Mr. Rodriguez said. "It is important that you know this because apparently there has been several others, 30-60 custom people were arrested and are being investigated and will obviously make statements against other

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officers and it is going to come to light regarding all types of corruption."

Mr. Rodriguez then discussed why it would be a good idea to allow Mr. Escobar to resign and give him a Chiquita consulting contract instead of fining or firing him for his involvement in the Colombian incident.

"We have to give him that consulting contract for many reasons, but the other additional point is that if Reinaldo questions this action, we would have to prove (his) termination to the (Colombian) authorities, which means that we have to reveal the fact that the payment was made and try to justify the firing.

"This has legal repercussions, but in addition, it has greater political repercussions," he said. "Particularly . . . given that (Colombian President Ernesto) Samper wants to make an example against the multinationals, and what a better time than to declare war on Chiquita over this point. This would have international repercussions . . . Therefore, it is a very delicate issue.

"Let me tell you that the same situation can be made in relation to Walker and Forton. If they decide to fight this (forced resignation) I don't see that we have any other option. Up to a certain point we're risking that possibility."

Chiquita lawyer David Hills, in a Dec. 10, 1997, voice-mail message to Mr. Olson and Mr. Warsaw, also advised against firing Mr. Escobar, because the only way to legally do that would alert Colombian authorities to the fact the bribery occurred. Additionally, he added, notifying Colombian authorities would publicly tie Chiquita to the bribe.

Mr. Hills' message, in part, said, "We can only fire him (Escobar) with cause because of his involvement in the Colombian problem if we file a criminal charge against him with Colombian authorities. Clearly we would not want to do that because we would be implicating ourselves. So, basically, the only thing we can ask Reinaldo to do is basically have a, we're basically asking him to resign, which doesn't put us in the best legal position."

Chiquita, in a written response through its lawyers to the Enquirer, declined to discuss the Colombian incident, the resignations of the employees or whether the company violated any U.S. laws.

The company response did say, "Chiquita's 'Code of Conduct for Associates' requires employees to comply at all times with the laws that affect the company's business."

Corrupt activities committed by U.S. companies abroad may fall under the U.S. Foreign Corrupt Practices Act (FCPA).

The act, passed in 1977, followed a series of international scandals in which American companies operating overseas were caught bribing foreign officials, paying kickbacks for contracts and committing other acts that would be illegal in the United States. The act prohibits U.S. companies or their employees from offering a bribe to influence a foreign government official's acts or decisions.

The act also requires that U.S. companies maintain accurate records of their foreign operations.

The SEC and the U.S. Justice Department have responsibility for

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investigating reports of FCPA violations.

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Chiquita SECRETS Revealed; Stockholders sue Chiquita over reports;
Three separate lawsuits charge mismanagement

Publication: Cincinnati Enquirer
Date: May 9, 1998
By: MIKE GALLAGHER and CAMERON MCWHIRTER

Three stockholders of Chiquita Brands International Inc. have filed separate lawsuits against the company and its board of directors, saying they violated their duties by engaging in illegal acts, gross mismanagement and abuse of corporate control.

Shareholder Helen Bondy filed her lawsuit Thursday, while Hal Bloomberg and Anne Shapiro filed theirs Friday. No addresses were provided in the court papers for the three stockholders. Ms. Shapiro's lawyer said she lived in Putnam County, N.Y. None could be reached for comment.

Wording of the lawsuits, filed in Hamilton County Court of Common Pleas, was virtually identical. Named as defendants were Chiquita and all seven members of the board: Carl H. Lindner Jr., chairman and chief executive officer; Keith E. Lindner, vice chairman; Fred J. Runk, director; Jean Head Sisco, director; William W. Verity, director; Oliver W. Waddell, director, and Steven G. Warshaw, director, president and chief operating officer.

The three lawsuits recount questionable business practices revealed in an 18-page section in Sunday's Cincinnati Enquirer.

They allege that the board of directors violated its "fiduciary responsibilities" to protect the company, its assets, reputation, and its shareholders' investments. They claim that Chiquita and its directors were involved in, permitted, or should have been aware that company employees engaged in activities such as:

The bribing of Colombian government officials to obtain access to a state-owned warehouse facility in violation of the U.S. Foreign Corrupt Practices Act.

Routinely conducting aerial spraying of hazardous and toxic pesticides on its banana crops while unprotected workers were in the fields.

Endangering the lives and health of employees by the misuse of pesticides and the emission of toxic fumes from a Costa Rican factory run by a Chiquita subsidiary.

Maintaining a system to routinely rotate workers from one subsidiary to another to deprive them of benefits and prevent them from organizing in unions.

Circumventing existing labor agreements by closing farms and employing foreign military forces to raze long-standing villages over the protest of local residents and international human rights organizations.

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Assisting companies with which it does business to avoid tax obligations.

Creating an international trust structure to circumvent foreign nations' land-ownership and national security laws.

"No reasonable individual could have believed that the company was justified in failing to monitor and impose adequate mechanisms and safeguards and to investigate and correct the misleading, deceptive and illegal practices," Ms. Bondy's lawsuit stated.

The lawsuits, called derivative complaints, state that Chiquita directors, by failing to halt illegal and improper actions by company employees, left shareholders vulnerable to extensive financial losses through potential lawsuits and state and federal investigations.

The lawsuits also cite the possibility that an ongoing U.S. Securities and Exchange Commission investigation into Chiquita's business practices could lead to substantial fines, court-ordered sanctions and criminal prosecution. Any or all of those things would harm and diminish the shareholders' investments, the suits state.

"The company has engaged in illegal activities, its corporate assets have been wasted, the value of its common stock has been adversely affected, the company has been and will continue to be subjected to litigation as a result of the wrongful conduct alleged, and the company has lost credibility, its reputation has been damaged, and its ability to be competitive has been seriously undermined," Ms. Shapiro's lawsuit alleges.

Chiquita officials did not respond Friday to Enquirer questions about the lawsuits.

The lawsuits were filed on behalf of the shareholders by Richard S. Wayne and William K. Flynn of the Cincinnati law firm Strauss & Troy. Each shareholder also has retained New York lawyers.

Efforts to reach Mr. Wayne and Mr. Flynn were unsuccessful.

Stanley M. Grossman, the New York lawyer representing Ms. Shapiro, told the Enquirer Friday that the "extensive and well-documented" newspaper articles, along with additional information obtained by the attorneys, prompted the quick legal action.

"It sounds like a very serious situation at Chiquita and there is just no reason to wait when this information is currently available," Mr. Grossman said. "Hopefully, these lawsuits will prompt some corrective action by the (Chiquita) board."

Mr. Grossman said "it is still being decided" whether Ms. Shapiro will attend Chiquita's annual stockholders' meeting in Cincinnati on Wednesday.

Arthur N. Abbey, the New York attorney representing Ms. Bondy, and Marian P. Rosner, the New York attorney for Mr. Bloomberg, could not be reached for comment.

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Environmental group loosens pesticide standards; Chiquita SECRETS

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CBI-V1-004 000219
CHIQUITA NSD 7685

Revealed

Publication: Cincinnati Enquirer
Date: May 13, 1998
By: CAMERON MCWHIRTER and MIKE GALLAGHER

The environmental partner of Chiquita Brands International Inc. issued pesticide standards Tuesday that loosen restrictions to conform to Chiquita's existing pesticide practices.

In a two-page statement issued in response to questions by the Enquirer, the New York-based Rainforest Alliance stated that its rules prohibit banana plantations from using pesticides that are banned by the U.S. Environmental Protection Agency (EPA) or the European Union. These rules are less restrictive than previously published alliance standards.

The statement comes a week after the Enquirer published a special section May 3 on Chiquita's business practices. The newspaper reported that Chiquita subsidiary farms used several pesticides in violation of stated alliance policy.

In documents provided earlier to the Enquirer, the alliance stated in its "General Production Standards" for its Better Banana program that certified farms can "only use products that are registered for use in the United States, Canada and Europe."

To be banned by the EPA or the European Union means a chemical cannot be used anywhere in the world on produce shipped to the United States or Europe, a restriction that must be adhered to by food importers according to U.S. and European law.

But the alliance's previously issued "General Production Standards" held producers to a higher standard. If a chemical is not registered for use in the United States, it cannot be used on farms in the United States but may be used on produce being shipped from overseas. The list of banned chemicals is far shorter than the list of chemicals not registered by the EPA or authorized by the European Union.

The Enquirer reported May 3 that several pesticides on Chiquita's own list of approved chemicals were not registered for use in the United States, Canada or one or more nations of the European Union, in contradiction to stated Rainforest Alliance policy.

Those pesticides included bitertanol, sold as Baycor, a pesticide that Chiquita and its subsidiaries use in aerial spraying. Both the company that manufactures the product as well as the EPA stated that bitertanol is not, and never has been, registered for use in the United States on bananas or any other crop.

Under the standards released Tuesday, pesticides used by Chiquita subsidiaries that were in violation of the previous rules are now permitted.

Since 1993, the Rainforest Alliance and Chiquita have worked on the ECO-O.K. - Better Banana program, an environmental certification designed to assure protection for workers and the environment on Costa Rican farms of Chiquita's subsidiaries, Compania Bananera Atlantica Ltda. (COBAL) and the Chiriqui Land Co. The program, originally called "ECO-O.K." but later changed to "Better Banana," has since expanded to Chiquita subsidiary farms in Panama and

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Colombia. Of 81 Latin American farms involved in the program, 74 are Chiquita subsidiaries. The farms pay for the alliance's certification process.

Eric Holst, New York coordinator of the alliance's Better Banana program, would not comment on the statement issued Tuesday, except to say that it had been approved by Chiquita.

Joseph Hagin, Chiquita's vice president for corporate affairs, did not return calls Tuesday.

The alliance statement made no reference to an Enquirer finding that Chiquita also conducts aerial spraying of banana farms while the workers are in the fields - another violation of the alliance's environmental policy.

In a story published May 3, the Enquirer reported that workers are exposed to pesticides through aerial spraying on Chiquita subsidiary farms in Costa Rica - and all these farms are certified under the Better Banana program. The newspaper quoted workers on Chiquita subsidiary farms.

For that story, Mr. Holst told the Enquirer, "We require that workers have protection from the application of chemicals. That clearly is a violation."

The Enquirer also published statements from tape recordings made from internal Chiquita voice-mail messages in which company officials discussed that Chiquita subsidiaries are conducting aerial spraying while workers are in the fields. Those tapes were provided to the Enquirer by a high-level source in Chiquita's Cincinnati headquarters.

In the United States, aerial spraying while workers are in the fields is banned by the EPA. EPA spokeswoman Denise Kearns said the EPA will, on rare occasions, allow an individual dressed in full safety gear to "flag" for a crop-dusting airplane, but all other workers are removed.

Asked why the EPA had such regulations, Ms. Kearns said "because of the acute reactions to pesticide applications of this kind and also over time, you have all kinds of chronic effects that creep up for the workers, so we simply don't permit it," she said.

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Chiquita backed at annual meeting; Banana giant defends practices, blasts Enquirer

Publication: Cincinnati Enquirer
Date: May 14, 1998
By: URSULA MILLER and MARK SKERTIC

More than 400 shareholders and employees turned Chiquita Brands International Inc.'s annual meeting Wednesday into a testimonial to the Lindner family and the Cincinnati-based banana company.

The outpouring of support, which included a standing ovation for Chiquita Chairman and Chief Executive Officer Carl H. Lindner Jr., followed a May 3 investigation of the company by the Enquirer. That

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report revealed questionable overseas business practices including bribery, hidden control of farms, environmental problems and political influence.

"We reject the outrageous allegations reported by the Enquirer," Chiquita President and Chief Operating Officer Steven G. Warshaw told shareholders and employees at the meeting at the Omni Netherland hotel downtown.

"You cannot imagine the moral outrage of Chiquita associates in this room and around the world," he added.

Enquirer Editor Lawrence K. Beaupre declined to comment on any specific criticism Wednesday, except to say: "The Enquirer's stories were highly detailed and fully documented."

Mr. Warshaw wrapped up the regular business portion of the meeting in less than 15 minutes. He then took a few moments to say Chiquita expects improved profits in its core banana business this year.

But the bulk of his remarks - 20 minutes of the 55-minute meeting - were spent denouncing the Enquirer's reporting as "tabloid journalism" and "atrocious misrepresentations."

Though Mr. Warshaw adamantly defended Chiquita's business practices, he did say he "couldn't guarantee" the honesty of each of the company's "40,000 associates in 50 countries." He added that Chiquita disciplines employees who disobey company policies.

Mr. Warshaw also attacked the newspaper for publishing the contents of internal Chiquita voice-mail messages. A high-level source within Chiquita provided the Enquirer with tape recordings of more than 2,000 voice-mail messages. Mr. Warshaw said the tapes were "stolen." The Enquirer has reported that its source also has turned copies of the tapes over to U.S. Securities and Exchange Commission (SEC) investigators. In April, the SEC launched an investigation into the company's business practices and issued multiple subpoenas for internal Chiquita records.

Mr. Warshaw did not mention the SEC investigation during his speech. However, talking to reporters after the meeting, he said the company is cooperating with the investigation.

At the conclusion of his remarks, Mr. Warshaw opened the floor to questions from shareholders.

A half-dozen shareholders or friends of the company spoke. Only two asked questions. The others lambasted the Enquirer and praised Chiquita for its contribution to Cincinnati's economy and the Lindner family's charitable donations.

Mr. Warshaw was the only company executive who discussed official business at the meeting. Mr. Lindner thanked the audience for the standing ovation. Keith Lindner, the elder Lindner's son and vice chairman of Chiquita, briefly offered his appreciation for the shareholders' support.

Meanwhile, on the sidewalk outside the Omni, more than 30 protesters demonstrated against Chiquita. Several badgered Mr. Lindner as he pulled up to the hotel in his white Bentley.

"Hey, Carl, stop killing the workers," one of the protesters gathered along Race Street shouted at the 79-year-old businessman.

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Mr. Lindner ignored the man and questions from local media as he walked into the hotel.

The group was hoping to send a message to shareholders, said Scott Campbell, a North Avondale resident.

"They call themselves good corporate citizens, and they've certainly done a lot for Cincinnati," he said. "But being a good corporate citizen involves more than that."

A second group of protesters arrived while the meeting was in progress to demand the Enquirer take a hard look at its practices. Unlike the anti-Chiquita crowd, which was mostly dressed in jeans and carried homemade signs, those supporting the banana company came dressed in business suits or white shirts and dark slacks. The signs they carried had been printed by a computer and all carried the same message:

"Enquirer ought to investigate their own unethical business and union practices."

Among the findings of the Enquirer's May 3 report:

Chiquita secretly controls dozens of supposedly independent banana companies through business structures designed to avoid restrictions on land ownership and security laws in Central American countries.

Chiquita and its subsidiaries are engaged in pesticide use that threatens the health of workers and residents at the company's Central American banana plantations, despite an agreement with an environmental group to adhere safe practices.

Authorities seized more than a ton of cocaine from seven Chiquita ships in 1997. The company was unaware and didn't approve of the cocaine shipments, but the problem was traced to lax security on its Colombian docks.

Employees of Chiquita and a subsidiary were involved in a bribery scandal in Colombia.

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2 more shareholders file suit against Chiquita

Publication: Cincinnati Enquirer
Date: May 28, 1998
By: CAMERON MCWHIRTER

Two stockholders of Chiquita Brands International Inc. filed a lawsuit Wednesday in Cincinnati against the company and its board of directors, claiming the plaintiffs have suffered damages "caused by a pervasive and on-going course of illegal conduct designed to artificially inflate the earnings of Chiquita."

The two stockholders originally filed separate suits in New Jersey, where Chiquita was incorporated, after The Cincinnati Enquirer published a report on May 3 about Chiquita's international business practices.

The cases were refiled in Cincinnati, where Chiquita is headquartered, at the request of Chiquita attorneys, who wanted to

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consolidate the complaints with three other shareholder suits, according to Robert Harwood, a New York attorney representing William Steiner of New York, one of the plaintiffs.

The other plaintiff was listed as Harbor Finance Partners, Ltd. Steven Mizel of San Diego signed an addendum in support of the suit stating he was a general partner of Crandon Capital Partners, the managing general partner of Harbor Finance Partners.

Joseph Hagin, Chiquita's vice president for corporate affairs, did not return telephone calls Wednesday.

The lawsuit, called a derivative complaint, was filed in the Hamilton County Court of Common Pleas. Named as defendants were Chiquita and all seven members of the board: Carl H. Lindner, chairman and chief executive officer; Keith E. Lindner, vice chairman; Fred J. Runk, director; Jean Head Sisco, director; William W. Verity, director; Oliver W. Waddell, director, and Steven G. Warsaw, director, president and chief operating officer.

"The Director Defendants through both their culpable action and inaction have permitted Chiquita to systematically engage in violations of the laws of the United States and foreign countries in which Chiquita does business," the suit contends.

The suit includes allegations that:

Chiquita attempted to conceal the amount of land it controlled in Latin America "well in excess of the legal requirements of each country."

Chiquita officials have been implicated in a bribery scheme involving the Colombian government.

Chiquita officials permitted lax security at its Central American shipping locations even though more than a ton of cocaine was found on Chiquita ships docking in Europe in 1997.

"Chiquita has been damaged by, inter alia, the unnecessary payment of millions of dollars, loss of reputation in the community as well as the securities market, all as a result of unacceptable business practices," the suit contends.

The new suit, plus the other suits, are all being handled locally by attorneys Richard S. Wayne and William K. Flynn of the Cincinnati law firm of Strauss & Troy.

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OAS
INTERAMERICAN COMMISSION ON HUMAN RIGHTS

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CHAPTER IV

G. THE CONVIVIR

1. Background

316. The Commission considers it necessary to analyze the status and activities of the so-called CONVIVIR in this Chapter relating to violence in Colombia for several reasons. First, the creation and existence of the CONVIVIR as such have certain consequences for the violence and the armed conflict taking place in Colombia. Second, the Commission has begun to receive information indicating that some CONVIVIR have directly carried out acts of violence in violation of human rights and international humanitarian law norms.

317. The CONVIVIR were first created by decree on February 11, 1994, although this decree did not employ the name "CONVIVIR". Decree 356, issued on that date, set forth the rules and regulations which would govern different guard and private security services ("servicios de vigilancia y seguridad privada"). These rules provided for the establishment of "special guard and private security services" ("servicios especiales de vigilancia y seguridad privada") which would consist of groups of civilians who would be allowed to carry weapons and who would work with the Colombian Military Forces. The Superintendency for Guard and Private Security Services (Superintendencia de Vigilancia y Seguridad Privada) was given the authority to regulate and supervise the various guard and security services established in Decree 356.

318. On April 27, 1995, the Superintendency issued a resolution establishing that the special guard and private security forces would be referred to as "CONVIVIR." In a subsequent resolution dated October 22, 1997, the Superintendency determined that the name CONVIVIR should no longer be used. The Commission notes that it continues to refer to these groups by the name CONVIVIR, because this is the term generally used by the public and the groups themselves.

319. On February 14, 1997, the constitutionality of the CONVIVIR and of Decree 356 was formally challenged in a complaint before the Constitutional Court. On November 7, 1997, the Constitutional Court decided to affirm the constitutionality of Decree 356 and of the CONVIVIR. (150) The Court did place some restrictions on the functioning of the CONVIVIR and declared unconstitutional the provision which allowed these groups to carry weapons designated for "restricted" use. Members of the CONVIVIR may thus use only personal weapons and are not allowed any special permit to use weapons designated as "restricted" or "for exclusive use of the Military Forces."

320. After the Constitutional Court decision, the Government also issued new rules regarding the creation and operation of the CONVIVIR. The Government announced that it would not authorize the creation of new CONVIVIR in conflict areas. Also, the Government would require information regarding the criminal history of persons who wish to become members of CONVIVIR. Finally, the Government would require a clearer delineation by each CONVIVIR of the area in which it intends to operate.

321. Statistics regarding the exact number of CONVIVIR groups and members in existence are difficult to obtain and depend on which private security groups are treated as CONVIVIR. However, various sources indicate that there exist approximately 414 CONVIVIR associations. The President of the National Federation of CONVIVIR Associations, Carlos Alberto Díaz, indicated to the press in December of 1997 that he believed that membership in the CONVIVIR well exceeds 120,000 men. (151)

322. The legal regime permits the CONVIVIR only to engage in self-defense and information-gathering activities. The law also foresees significant cooperation between the groups and the State's Military Forces. However, as noted earlier in this Chapter, based on interviews with members of various CONVIVIR and other sources, the Commission has found that some of these groups also actually gather intelligence and otherwise cooperate with the Military Forces in their counter-insurgency operations. This type of work apparently includes identifying individuals believed to support armed dissident groups for subsequent attack by the Military Forces or by paramilitary groups working in collaboration with the Military Forces. The CONVIVIR clearly identify their mission with the counter-insurgency objectives of the Military Forces. The President of the CONVIVIR Federation stated to the

press on July 6, 1997 that "we are convinced that the guerrillas will only negotiate on the day that we have them on their knees."

2. Impact of the Existence of the CONVIVIR on the Armed Conflict and Violence

323. As noted above, the Commission considers that the status and activities of the CONVIVIR create serious difficulties under international humanitarian law. Based on the information available to the Commission, it appears that members of some CONVIVIR have abused their status as civilians by assuming the role of a combatant, in violation of international humanitarian law. As a result, these CONVIVIR members lose their immunity from attack, at least during the time that they directly engage in hostilities.

324. The direct participation in hostilities of even some of their members is particularly troubling, since it blurs the distinction between civilians and combatants and, thereby, degrades the protection of the civilian population from the effects of hostilities. This problem is aggravated by the fact that the membership of the CONVIVIR groups is generally kept confidential. It is thus all the more difficult to distinguish members of the CONVIVIR from those members of the civilian population who have never participated directly in hostilities.

325. This type of blurring of the distinction between civilians and combatants has perhaps been the cause of violent incidents in the municipality of El Dorado, Department of Meta. El Dorado is located in the traditionally conflictive and violent Alto Ariari region of the Department of Meta. However, for the last several years, a fragile peace had apparently been achieved and no homicides were reported in the community. The creation of a CONVIVIR in the town in March of 1997 led to attacks on the population by armed dissident groups, resulting in the violent death of four persons.

326. In addition, by creating legal armed civilian groups, the Colombian State has made it more difficult and dangerous to combat illegal paramilitary groups. The State's Military Forces and investigative and prosecutorial authorities will be forced to struggle constantly to distinguish between those armed civilian groups which are legal and those which are illegal before taking any measures. This distinction becomes particularly important when the Military Forces seek to carry out military operations against paramilitary groups. Before executing any such operation, they will be required to ensure that the proposed targets are combatants in paramilitary groups and not members of CONVIVIR who have not directly participated in the hostilities or who have ceased to do so. Because the distinction between members of paramilitary groups and CONVIVIR will be difficult in some circumstances, civilians who enjoy immunity attack may be placed in danger.

327. The Commission has also received numerous complaints indicating that the legal figure of the CONVIVIR has been utilized by paramilitary groups as cover for their illegal violent actions. The Commission considers that, by creating the CONVIVIR without a mechanism for adequate control by any supervisory authority, the State has created conditions which allow for this type of abuse.

328. The Superintendency for Guard and Private Security Services has openly stated that it does not have sufficient resources or personnel to supervise properly the numerous CONVIVIR which have formed. Until recently, this office did not even have statistics regarding the number of such groups in existence.

329. This lack of control permits members of paramilitary groups to join or even form legal

CONVIVIR groups to carry out their activities. Connections of this nature between members of paramilitary groups and CONVIVIR have been discovered on several occasions. For example, a member of the paramilitary group which carried out the massacre of 14 persons in the community of La Horqueta, municipality of Tocaima, Department of Cundinamarca on November 21, 1997 was killed during the attack. The individual who was killed was identified as Luis Carlos Mercado Gutiérrez. It was later revealed that this individual was named as the legal representative of an officially recognized CONVIVIR registered for operation in San Juan de Urabá, Department of Antioquia. (152)

330. On other occasions, illegal paramilitary groups simply identify themselves as CONVIVIR without obtaining official authorization to act as such. However, the Superintendency for Guard and Private Security Services does not maintain or make readily accessible clear lists and other information regarding the existing official CONVIVIR groups and does not investigate alleged instances of abuse of the CONVIVIR title. These illegitimate groups may thus freely make use of the name and the authority which it invokes to carry out illegal and violent acts.

3. Violent Acts Committed by the CONVIVIR

331. The Commission has also received a significant number of complaints indicating that CONVIVIR groups have committed acts of violence against civilians. (153) For example, the disappearance of Jaime Pedraza Mora in the municipality of Sopó, Department of Cundinamarca, has been attributed to members of a CONVIVIR group acting in the area. The victim was last seen on February 1, 1997.

332. The Commission also received detailed information regarding the death of Gustavo Cabeles in the municipality of Acacias, Department of Meta on September 20, 1997, allegedly at the hands of CONVIVIR members. According to the information given to the Commission, Mr. Cabeles had entered into a dispute, the day before his murder, with a neighbor who announced that he would send for the CONVIVIR. On the morning of September 20, an individual approached Mr. Cabeles, claiming that he was from the CONVIVIR, and warned him that he should leave town immediately or suffer the consequences. The same individual entered into Mr. Cabeles' home later in the day and shot him to death.

333. The Office of the Prosecutor General of the Nation recently ordered the arrest of four members of a CONVIVIR who allegedly participated in the massacre of ten persons on August 14, 1997 in the community of El Carmen, near Medellín, Department of Antioquia. Prosecutorial authorities are also investigating complaints that the head of the CONVIVIR in Dabeiba, Department of Antioquia, threatened public transportation operators. The CONVIVIR leader allegedly told the operators that they would face reprisals if they agreed to transport displaced persons arriving in the town after the massacre of 14 peasants in the area in November, 1997.

4. Legal Consequences Deriving from the Creation and Activities of the CONVIVIR

334. Based on its prior experience with similar armed civilian organizations in other countries of the hemisphere and on the previous experience in Colombia with legalized civilian defense groups which developed into paramilitary organizations, the Commission is extremely concerned about the CONVIVIR in Colombia. As noted above, the Commission believes that these organizations have been created and have sometimes acted in a manner which is not compatible with international humanitarian law and which creates significant difficulties for the State in complying with its duties under international humanitarian law and human rights law.

335. The Commission further notes that members of CONVIVIR groups, when they act as such, must be considered State agents. These individuals enjoy membership in a group which is authorized by the State and which carries out activities in coordination with the State's public security forces. They therefore act under color of official authority. Thus, when members of these groups carry out extrajudicial killings or other acts of violence, the State faces international responsibility, pursuant to the American Convention, for the violations of the right to life and physical integrity which occur.

336. In its observations to this Report, the State argued that the CONVIVIR do not act as State agents. The State suggested that the security services in Colombia act in the private, rather than the public, realm. According to the State, the fact that it regulates and licenses the security services does not convert those services into State agents.

337. The Commission agrees that the mere licensing of private security services would not convert them into State entities. However, the CONVIVIR are not just like other private security services which only receive a license to operate from the State. The 1994 decree setting forth the legal regime for the various security services established a special category, among all the security services, of "special guard and private security services," which would come to be known as the CONVIVIR. The decree provided that these "special" services would collaborate with the Military Forces and would carry arms for that purpose. The legal norms which govern the CONVIVIR still provide for this special relationship between the CONVIVIR and the Military Forces and give the military an important role in approving the creation of CONVIVIR and training and supervising existing CONVIVIR associations. This close working relationship between the Military Forces and the CONVIVIR is what, under the above described circumstances, gives CONVIVIR members State agent stature. (154) The communities where they act unquestionably believe that the members of the CONVIVIR act as State agents, demonstrating the degree to which their actions are cloaked with State authority.

338. In any case, the Commission has verified that in certain areas of the country the CONVIVIR participate both in intelligence and counterinsurgency operations for the Armed Forces and that, as already explained in this Chapter of the Report, they have occasionally been involved in acts of violence. These elements demonstrate that, in practical terms, the nature of the activities carried out by the CONVIVIR operating in the areas of conflict place their members in a role that can be identified with that of State agents in terms of the international responsibility of the State.

339. The Commission was pleased to learn of the recent decision of the president of the National Federation of CONVIVIR to dismantle the majority of the CONVIVIR associations. The Commission hopes that the appropriate State authorities, particularly the Superintendency for Guard and Private Security Services, will exercise sufficient control and supervision to ensure that those associations which renounce their licenses effectively demobilize. The Commission notes that this unilateral decision on the part of the CONVIVIR in no way alters the legal regime which provides for the existence of the CONVIVIR.

(154) See IACHR, Report No. 32/96, case 10.553 (Guatemala), Annual Report of the IACHR 1996, para. 57. In this Report the Commission found that the members of the civilian self-defense patrols (PAC) in Guatemala acted as State agents because they were coordinated by the Ministry of Defense, received training and arms from the Army and were formed and

terminated by the Army. The Commission notes that, in the case of Colombia, the determination that the members of the CONVIVIR act as State agents is separate from any conclusion regarding whether the members of these organizations participate in the armed conflict. That question is discussed above.

CBI-V1-004 025944

CHIQUITA NSD

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SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
FOURTH QUARTER, 2000 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	7,057	Army and Police Officials	Facilitating payments for security services.
		94,594	Convivir	Government sponsored citizen reconnaissance group.
		845	Army and Police Officials	Christmas gifts.
	Total Payments	102,496		

(TOUR?) Union



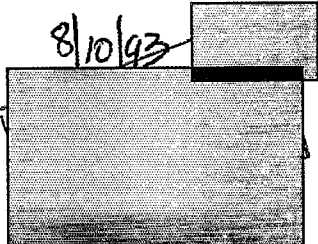
✓ ① Mgrs Exp report for 1992-1993 ^{who makes business payments} *Daig*



✓ ② 1992 VM doesn't work *sure*

✓ ③ Need B/O 1016 for 1992 *gtd*

✓ ④ Have reports for 1992 & 1993 OTR 1993 reporting no projects - contrary to head



8/10/93

- New MTS mgr
- He is not making more payments
- Nothing to customs officials or expedite operation
- There is Bororo Assoc in Turbo "Agua" give contribution to them. 3+1 Box (units, 10000)
- Gave gasoline etc before - now all paid
- In the past reported payments to the Army - now payments all made by Agua. Agua also improves roads, water etc also.

How much goes to security? Should report on quarterly reports. Report the security contributions quarterly.

But works to have irregular ~~some~~ *some* ~~for 1992 & 1993~~ *for 1992 & 1993*

(b)(6), (b)(7)(C)

TRANSLATION

DATE: Medellin, June 10, 1994
TO: [REDACTED]
FROM: [REDACTED]
RE: Law On Kidnapping and Extorsion

Law 40 of 1993, modified the general standards regarding kidnapping and extortion crimes in that it increased the penalties that those crimes carry. Additionally, it especially penalized those who interfere in rescue negotiations of kidnapped persons or those who do not report the perpetration of such crimes, when they become aware of them, to the corresponding authorities.

Law 40 of 1993 was petitioned/appealed before our Constitutional Court which decided that the standards regarding the above-mentioned were unconstitutional "when the person acts under one of the justified circumstances provided under the criminal law."

The above-mentioned means that if someone participates in the negotiation of a kidnapping or extortion, under the pressure that this conveys, he acts in a "State of Necessity" and, therefore, cannot be penalized.

Sincerely,

/ss [REDACTED]

cc: [REDACTED]

(b)(6) (b)(7)(c)

Memo

Confidential and Legally Privileged

b(6)
b(7)(c)

To: [REDACTED]
From: [REDACTED]
Date: August ____, 2000
Subject: Colombian Security

You asked me to review the relevant provisions of the Colombian Criminal Code, regarding the possibility that C.I. Banadex, S.A. or its senior managers, have been victims of a crime committed by certain Colombian paramilitary groups active in the regions of that country where Banadex operates. Colombia's criminal system is similar to the Costa Rican in its philosophy and policy and, although my review should not be considered that of a Colombian legal expert, it is similar to the one that would be used by a Colombian lawyer.

Fact Summary

Based on your August ____ memorandum to File (of which you provided me a copy for purposes of providing this review and which I return to you with it), I summarize the facts as follows:

There are two separate sets of facts that need to be reviewed.

Uraba Facts

About three and half years ago, Banadex senior managers were approached by representatives of the Colombian paramilitary with the request that Banadex make contributions to a new

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GRI-V1-003-000065

"Convivir"^o organization for the Uraba region (Dept. of Antioquia). The paramilitary made no explicit threats against Banadex or its employees; however, both the context in which the conversations took place as well as the paramilitary's reputation for being ruthlessly violent against those they perceive as their enemies (which includes those that merely refuse to cooperate with them), convinced Banadex management that there was no choice but to make payments to that Convivir organization.

Magdalena Facts.

About one and a half years ago, another request for contributions was made by the paramilitary to Banadex management, this time with respect to its operations in Magdalena (area around the city of Santa Marta). Again, the demeanor of the paramilitary representatives and the context in which the meeting took place eliminated the need for them to make direct or explicit threats to the Banadex representatives regarding what would come of their refusal to comply with their requests. Again the requests were that Banadex would make payments to an entity. This time, since no new Convivir organizations were being authorized by the Colombian Government, the paramilitary representatives informed Banadex management that payments should be made to a Colombian corporation ("Sociedad Anonima") which they designated. Banadex originally made the payments to that corporation but is now making the payments through the above-described Convivir organization operating in the Uraba region.

^o Convivir organizations can be characterized as non-profit associations duly chartered per general statutes regarding this type of entities. These organizations have the explicit goal of improving communications with government authorities by providing civilian intelligence gathering of guerilla movements and other threats to the community.

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Analysis

General

Colombian criminal law, as is typical of Civil Law jurisdictions, is statute-based. The main statute is the Criminal Code (Codigo Penal) which contains general provisions regarding applicability, statute of limitations and other general principles as well as a list of descriptions of felonies and misdemeanors ("tipos penales"). A crime is committed technically when the behavior exhibited by the perpetrator ("agent" or "felon") matches one of the descriptions inventoried by the criminal code.

It is clear from the facts stated in your memorandum that the conduct of Banadex management was not voluntary. Neither attending the meetings with the paramilitary representatives nor making the payments or contributions requested by them was something freely decided by Banadex management in the exercise of their judgment as business managers of that corporation. These persons were (and are) convinced that their failure to comply with the paramilitaries' wishes would imperil the lives and property of Banadex employees and dependents (including their own), as well as that company's assets and operations entrusted to their care. It is also important to note that the facts imply that these managers were not sought by the paramilitary in their personal capacity but as representatives of the corporation they work for and represent (Banadex).

What is affected by the paramilitaries' conduct in this case is the ability of Banadex managers (and by extension of Banadex the corporation) to decide freely. The choices made by Banadex managers in response to the paramilitaries' requests were not expressions of their own free will

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but rather a reaction to the implied threat against the well being of people under their charge and the assets and operations of the company they represent. A review of the Colombian Criminal Code reveals two possible felonies that match the conduct exhibited by the paramilitaries and their agents.

The first possible felony is called "Constreñimiento Ilegal" (Illegal Constraint, article 276 of the Colombian Criminal Code), a translation of which reads as follows: "Whoever constrains another to do, tolerate or omit some thing, will be imprisoned for a term of six (6) months to two (2) years."

The second possible felony is called "Extorsión" (Extortion, article 355 of the Colombian Criminal Code), a translation of which reads as follows:

Whoever constrains another to do, tolerate or omit some thing, with the purpose of obtaining an illicit gain for him or for others, will incur in a prison term of four (4) to twenty (20) years.

The penalty will be increased by one third to one half, if the constraint implies the threat to take action that could result in public calamity, public mishap or public endangerment.

If the purpose or objective pursued by the perpetrator is to facilitate the commission of terrorist acts, constraining another by threats, to force that person to do, provide, tolerate or omit some thing, the penalty shall be of twenty (20) to thirty (30) years imprisonment and fines of one thousand (1000) to two thousand (2000) monthly legal minimum salaries.

Likewise, whoever has knowledge of the plans and activities of one of the aforementioned groups or organizations of persons in relation to the commission of extortion fails to notify the authorities on a timely basis, or fails to notify the authorities

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about an extortion whose perpetrators or participants he knows, will incur in a penalty equivalent to one half the penalty established in the first paragraph above.

Uraba

Although the first felony described fits the facts (i.e., The paramilitary organization in each case constrained Banadex management to pay a contribution to a particular entity), the second felony (extortion) contains additional details that are also found in the facts described above. There is an illicit gain by the Convivir organization since it is receiving contributions from Banadex this company would not make in absence of the perceived threat. The implied threat suffered by Banadex is that persons might get killed or injured and company assets might be destroyed or rendered useless if Banadex refused to make the requested contributions. The methods typically used by paramilitary organizations (and reported routinely by the press in Colombia and elsewhere), include mass assassinations and bombings, which imply at least public endangerment.

Based on the facts summarized above and more fully described in your August _____ memorandum, one can reasonably conclude that the crime of Extortion, as described in the second paragraph of the felony description transcribed above, is being committed by the paramilitary against Banadex and its management. A further review of the objectives of the paramilitary organization and the possible misuse of the funds paid by Banadex to Convivir might further aggravate the type of extortion committed as per the description contained in the third paragraph of the felony description transcribed above.

Magdalena

DRAFT

Here again, the facts provided in your memorandum support a conclusion that the crime of extortion is being committed by the paramilitary against Banadex. The implied threats and the paramilitaries' history of reprisals against those they perceive as their enemies are the reasons why Banadex agreed to make the payments. The use of a "dummy" corporation, at least initially, to collect the payments further points to illicit gains and create a reasonable suspicion that those monies are being used to finance paramilitary operations. Whether the paramilitary groups can be considered terrorist organizations, akin to guerrilla groups is not entirely clear. However, some of the news clippings and other documents annexed to your memorandum tend to create that impression. This additional element, were it proven true, could indicate that the type of extortion committed against Banadex falls within the definition of the third paragraph of the second felony quoted above.

Possibility of Banadex violating the fourth paragraph of article 355 of the Colombian Criminal Code.

Should the paramilitary organizations fall within the definition established by paragraph 3 of article 355, in both cases Uraba and Magdalena, Banadex and its managers and employees who know of the extortion would be required to promptly notify the authorities under penalty of prison. In effect Banadex and its managers and employees could be criminally liable for being victims a crime and not reporting it to the authorities promptly. There is the possibility that an affirmative defense exists for Banadex and those of its managers and employees that have knowledge of the extortion. This defense would be akin to the one issued by the Supreme Court in the case of victims of extortive kidnapping.

DRAFT

I am attaching copies of the legal provisions in Spanish whose translations I transcribed above. The translations are mine alone and should be used only to facilitate the understanding of this document. Any analysis should only be made on the original Spanish text.

DRAFT

(b)(6) (b)(7)(c)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

MEMORANDUM

DRAFT FOR DISCUSSION PURPOSES ONLY

DATE: August 30, 2000

STRICTLY PRIVATE & CONFIDENTIAL

TO:

[Redacted]

FROM:

[Redacted]

ATTORNEY-CLIENT PRIVILEGED
COMMUNICATION
ATTORNEY WORK PRODUCT

RE.: Legal treatment in Colombia of the crime of extortion.

Dear [Redacted]

This will confirm and expand our comments with respect to the legal consequences that would apply in Colombia to a company (the "Company") and its officers that, as a result of threats from a right-wing paramilitary group, made payments to a third party designated by the paramilitary group.

1. Relevant facts.

We understand the relevant facts to be the following:

- a. The Company conducts operations in rural areas of Colombia that are under the influence of right-wing paramilitary groups.
- b. In one of these areas, employees of the Company were approached by members of a right-wing paramilitary group that threatened, explicitly or implicitly, to cause damage to the Company, its employees and/or its future business, unless the Company made a financial "contribution" to a so-called "Convivir"¹ that operates in the area.

¹ The term "Convivir" does not have a precise legal connotation. It is the name by which the general public referred to entities that were authorized by Decree 356, 1994 as a means to guarantee citizens the right of self-defense against all types of illegal armed groups, under the supervision and regulation of the government. Among the types of entities that were authorized are the *Servicios Especiales de Vigilancia y Seguridad Privada* formed by private citizens or businesses for their own protection, and the *Servicios*

(b)(5), (b)(7)(C)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

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c. The officers of the Company assessed the threat as being very serious and proceeded to make the payment to the Convivir.

d. Some time later, a right-wing paramilitary group with similar demands approached and threatened the employees of the Company in another area. This group initially instructed the Company to make payments to a company that the paramilitary group had formed to receive payments of this type, but later agreed that the payment should be made to the same Convivir mentioned in paragraph a. above, apparently with the conviction that the funds would somehow be funneled to their area of influence.

e. Once again the officers of the Company assessed the threat as being very serious and proceeded to make the payment to the Convivir.

f. Neither of the two incidents were reported to the Colombian authorities.

2. Applicable provisions.

The foregoing facts indicate that the conduct of the members of the right-wing paramilitary group would qualify either as extortion or illegal coercion as defined by the Colombian Criminal Code.

2.1 Extortion.

a. Article 355 of the Colombian Criminal Code, as amended by Law 40, 1993 and 365, 1997, defines the crime of extortion as follows:

"He/she who forces another to do, tolerate or omit something, with the purpose of obtaining an illicit benefit, for him/herself or for the benefit of a third party, shall be imprisoned from four (4) to twenty (20) years.

"The term of imprisonment shall be increased by one third to one half if the force consists of the threat of performing an act that may derive in calamity, misfortune or common danger.

"If the objective that is sought by the agent is to facilitate terrorist acts, threatening another with the purpose of making

Comunitarios de Vigilancia y Seguridad Privada, formed for the protection of the interests of a particular community.

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CHIQUITA NSD 6504

(b)(6), (b)(7)c

MEMBERS OF THE FIRM
BAKER & MCKENZIE

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him do, deliver, tolerate or omit something, the penalty shall be twenty (20) to thirty (30) years imprisonment, and a fine of one thousand (1000) to two thousand (2000) minimum monthly wages.²

"Likewise, whoever has knowledge of the plans or activities of the groups or organizations mentioned above, in connection with the crime of extortion, but omits to timely inform the authorities, or does not denounce the commission of an extortion if he has knowledge of the author or participants, shall incur in the in the penalty described in the first paragraph, reduced by one half."

b. Article 25 of Law 40, 1993 provides the following:

"Notwithstanding the other penalties that may apply, whenever an officer of a domestic or foreign enterprise, or his delegates, conceal or cooperate in the payment of ransom for the liberation of an employee of the enterprise, or any affiliates thereof, the Government shall be authorized to declare the caducity³ of any contracts that the enterprise may have with governmental entities. In the event that an officer or a delegate of a subcontractor of the latter commits the act, if foreign, the Government shall order that he/she be immediately expelled from the country. Domestic subcontractors shall be subject to the penalties established in this statute .

"Paragraph 1. The domestic or foreign contractor who pays sums of money to extortionists shall be subject to the penalties established in this article."

When the Constitutional Court ruled on the constitutionality of Article 25 of Law 40, 1993, which punishes the payment of ransom to kidnappers, it expressly stated that

² The minimum monthly wage is used in Colombia as a unit for the adjustment against inflation of amounts contained in legal provisions. It is currently equivalent to approximately US\$ 130.

³ In Colombian administrative law, "caducity" is a special form of unilateral termination of a contract, which generates additional effects, such as the ineligibility of the contractor to enter into any other government contracts for a period of five years.

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a person cannot be held responsible for these acts if payment is made under any of the circumstances that according to criminal law justify the commission thereof.⁴

According to Article 29 of the Colombian Criminal Code, an otherwise criminal conduct shall be justified if committed:

- "1. In strict compliance with a legal duty;
- "2. In compliance of a legitimate order of an authority having jurisdiction.
- "3. In the legitimate exercise of a right, of a lawful activity or public office.
- "4. In the need to defend the person's rights, or those of a third party, against the unjust aggression, actual or imminent, provided that the defense is proportional to the aggression.
(...)
- "5. In need to protect the person's rights, or those of a third party, against actual or imminent danger, as long as such danger is not caused by the victim and the victim is not under the legal obligation of enduring it."

2.2 Article 276 of the Colombian Criminal Code defines the crime of illegal coercion as follows:

"He/she who coerces another to do, tolerate or omit something, shall incur in imprisonment of six (6) months to two (2) years".

3. Classification of the conduct.

3.1 In our view, the acts carried out by the members of the paramilitary group correspond to the crime of extortion committed against the Company and its officers, and not illegal coercion.

⁴ Constitutional Court, Ruling No. C-542, 1993

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CHIQUITA NSD 6506

(b)(5), (b)(7)C

MEMBERS OF THE FIRM
BAKER & MCKENZIE

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The definition of the two crimes is very similar: For a person to commit either of them it is necessary that that he/she force or coerce someone to do something against his/her will. It is also clear that the manner in which a person can be forced to do something does not necessarily require physical force, because it can consist of "any type of conduct by one person that has the effect of affecting the free will of another person to the extent of making him/her do something that the former wants and the latter does not."⁵

The difference between the two crimes is the financial motivation: the crime of illegal coercion is catalogued as a crime against the free will of individuals; the crime of extortion is catalogued as a crime against property. Thus, to the extent that the victim of force or coercion is obligated to provide a benefit, either to the agent or to a third party, the crime that is being committed is extortion and not simply illegal coercion.⁶

Based on the foregoing analysis, the crime of extortion was committed against the Company and its officers because they were forced with implicit threats of force by the paramilitary group to make a payment against their will for the benefit of that group.

3.2 Under paragraph 1 of Article 25 of Law 40, 1993, "contractors" who pay extortionists are subject to the same administrative penalties applicable to persons who pay ransoms to kidnappers (i.e. declaration of caducity of government contracts and expulsion from the country).

Under the final paragraph of Article 355 of the Criminal Code, persons who fail to report extortion, are subject to one half the penalty applicable to extortionists.

The legal treatment applicable to these two conducts is different:

a. We understand that the Company is not a party to contracts with government entities. Therefore, the Company should not be considered a "contractor" for purposes of Paragraph 1 of Article 25 of Law 40, 1993, which means that the penalties established in that provision (caducity of government contracts and expulsion of foreigners from the country) would simply not apply to it.

Moreover, we consider that the Company and its officers and employees would not be subject to Article 25 of Law 40, 1993 even if we assumed, for the sake of argument, that the Company is engaged in business with the government of Colombia

⁵ Supreme Court, Criminal Section. April 8, 1986.

⁶ Supreme Court, Criminal Section. April 8, 1986.

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CHIQUITA NSD 6507

(b)(6), (b)(7)(C)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

This is so because, when the Constitutional Court ruled on the constitutionality of Article 25 of Law 40, 1993, that establishes administrative penalties for the payment of ransom to kidnappers, it expressly stated that a person cannot be held responsible for these events if payment is made under any of the circumstances that legally justify the commission of the act. Paragraph 5 of Article 29 of the Criminal Code establishes that a conduct will be justified if committed as a consequence of the need to protect the person's rights, or those of a third party, against actual or imminent danger, as long as such danger is not caused by the victim and the victim is not under the legal obligation of enduring it.

b. The Constitutional Court declared that the final paragraph of Article 355 of the Criminal Code is constitutional.⁷ However, no statements were made by the Court with respect to the circumstances in which the failure to report could be justified. Thus, in principle, the employees and officers of the Company that had knowledge of the extortion but did not report it could face a conviction of two (2) to ten (10) years of imprisonment.

However, paragraph 5 of Article 29 of the Criminal Code is also applicable to this conduct. Therefore, if the failure to report an extortion can be attributed to the need to protect the person's, or a third party's rights against a danger, present or imminent, it should not be punishable.

We consider that the payment of monies to extortionists is invariably carried out in the need to protect the person's, or a third party's rights against a danger, present or imminent. This is the very nature of the crime of extortion. If the danger were not present or imminent, then the conduct would not qualify as extortion.

What this means in practice is that the final paragraph of Article 355 of the Criminal Code is extremely difficult to apply. In fact, we have not been able to locate a single investigation, much less a conviction, under this provision.⁸

Based on the foregoing analysis and given the circumstances existing in Colombia today, reporting the describe conduct to the authorities would have created a present or imminent danger to the Company and its officers that would warrant application of paragraph 5 of Article 29 of the Criminal Code and would relieve them from the application of the extortion statute for not reporting the crime committed against them.

⁷ Constitutional Court. Ruling C- 069, 1997.
⁸ Colombia does not have a centralized judicial database where the existence of convictions or investigations can be confirmed. However, a search of various reporting services, that are generally considered to be reliable, shows no precedents on the actual application of the final paragraph of Article 355.

(b)(5) (b)(7)(C)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

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4. On July 24, 2000 a new Criminal Code (Law 599, 2000) was enacted in Colombia, that will become effective on July 24, 2001. The new Criminal Code does not include as criminal offences either payments to extortionist groups or the failure to report an extortion. Under the principle of "favorability" established in the Colombian Constitution,⁹ a provision that is more favorable than another shall be applied in preference to the other, even if this means that it must be applied retroactively. Thus, when the new Criminal Code becomes effective, the purported violation of the final paragraph of Article 355 of the current code would cease to be a crime, which means that any action or investigation against the Company, its officers or employees under this provision would have to be immediately terminated.

Regards,

⁹ Constitution, Article 29. "In criminal matters, a statute that is more permissive or favorable, even if enacted later in time, shall be applied in preference to the restrictive or unfavorable statute.

CBI-V1-003-000226

CHIQUITA NSD 6509

From: [redacted]
To: [redacted]
Date: 9/10/01 10:36AM
Subject: Re: Audit Committee reporting

[redacted]
the number that was reported in Q4 2000 included a provision for \$25,000 and that same amount was reported in Q1 2001 when the payment was actually made. The manner in which we report payments is on a cash basis and NOT on the accrual basis. The accrual that we did in Q4 2000 should NOT have been made and is not the normal procedure that we use for recording payments. I would suggest that we leave the Q1 2001 payment (correctly recorded on the cash basis) as is and make the correction on the Q4 2000, backing out the \$25M payment so that we are consistent with the application of recording payments on the Cash basis. Your thoughts??

Additionally, there have been NO changes in 2001... We continue to pay .03/box in Santa Marta and .02/box in Turbo

If you need any additional info., please let me know... I will be traveling this afternoon and will return to the office on Wed..

>>> [redacted] 09/07/01 07:04AM >>>
[redacted]

Similar to last quarter, I'd like to get confirmation on the reasonableness of the Colombia payments and whether anything has changed during 2001.

You may recall that your Director of Security "accrued" a large payment in December 2000 which caused Q4 to look high. Was that considered in Q1 of 2001 (e.g. excluded the cash payment in 2001 that was reported/ accrued in 2000)?

Please review attached and comment on the reasonableness:

2000
Q1 \$ 28,591
Q2 \$ 78,835
Q3 \$ 82,373
Q4 \$127,496

2001
Q1 \$ 65,333
Q2 \$ 51,033

Regards,

[redacted]

CC: [redacted]

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
JULY 1 - SEPTEMBER 30, 2000**

COUNTRY OR COMPANY	PRINCIPAL BUSINESS		1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST 2ND 3RD 4TH QTR	1999
	2000	2000	2000	2000	2000	2000	2000	QTR
COLOMBIA			28,591	79,835	82,373	189,799		67,419
Banadex	Banana Operations							
COSTA RICA			276	358	0	634		2,732
Cobal	Banana Operations							846
Bocas Fruit Company	Banana Operations		249	261	210	720		
Great White Fleet	Shipping Operations		1,557	1,676	1,613	4,846		3,225
	Sub-total		2,082	2,295	1,823	6,200		6,803
ECUADOR			0	0	0	0		0
Brandicorp	Banana Operations							
GUATEMALA			0	0	0	0		0
Cobiqua	Banana Operations							
HONDURAS			0	0	0	0		214
Agricultura de Rio Tinto	Processed Banana Products							0
Cobalisa	Banana Operations		7,933	0	0	7,933		10,787
San Alejo Oil Palm Operations	Oil Palm Cultivation		595	0	844	1,439		1,163
Tela Railroad	Banana Operations		5,135	6,800	5,104	17,039		33,324
Great White Fleet	Shipping Operations		6,530	7,000	7,123	20,653		13,446
	Sub-total		20,193	13,800	13,071	47,064		58,934
PANAMA			90	363	74	527		2,701
Chiquita Land Company	Banana Operations							34,366
Puerto Armuelles Fruit Company	Banana Operations		6,024	2,965	800	9,789		36,224
Bocas Fruit Company	Banana Operations		11,006	13,354	10,565	34,925		75,291
	Sub-total		17,120	16,682	11,439	45,241		
UNITED STATES			393	481	161	1,035		423
Chiquita Brands International, Inc.								
TOTAL PAYMENTS			68,379	112,093	108,867	289,339		208,870

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
THIRD QUARTER, 2000 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	6,294	Army and Police Officials	Facilitating payments for security services.
		76,079	Convivir	Government sponsored citizen reconnaissance group.
Total Payments		<u>82,373</u>		

CBI-V1-003-000724

Exchange Rate: Various per Banadex quarterly report

Testimony of Lawrence P. Meriage

Vice President, Executive Services and Public Affairs

Occidental Oil and Gas Corporation

Before the House Government Reform Subcommittee on

Criminal Justice, Drug Policy and Human Resources

Hearing on Colombia

February 15, 2000

Thank you, Mr. Chairman. I am honored to have the opportunity to testify before this distinguished subcommittee regarding the U.S. response to the crisis in Colombia. This is a subject of paramount importance to my company, Occidental Petroleum Corporation ("Oxy"), and one that I believe should be at the forefront of America's foreign policy agenda.

In my testimony today, I will present a private sector perspective on Colombia based on nearly three decades of business experience in the country. I will offer our observations highlighting the vital U.S. economic interests in Colombia and how those interests are being undermined by the dramatic rise in narcotics cultivation that is tied directly to the sharp increase in violence perpetrated by subversive groups operating throughout the country. I also want to call attention to the critical importance of foreign investment in Colombia's energy sector and, finally, to present our thoughts on the aid package submitted by the Administration.

Importance of Economic Ties with United States

Often overlooked in discussions regarding Colombia is the vital, strategic nature of the U.S.-Colombia relationship from an economic and commercial perspective. Colombia is the 5th largest economy in Latin America. Colombia also is the 5th largest trading partner of the United States in the region, with two-way trade in 1998 reaching nearly \$11 billion. The United States has long been Colombia's top supplier. The total value of U.S. exports to Colombia in 1998 was nearly \$5 billion, accounting for roughly 32 percent of Colombia's total imports. On a worldwide basis, this Andean nation ranks as our 26th largest export market. U.S. products sold in Colombia include telecommunications and computer equipment, energy components and auto parts. The U.S. is the number one foreign investor in Colombia, accounting for 28 percent of accumulated foreign direct investment in 1998 (not including petroleum).

Colombia also is the 8th largest supplier of foreign crude oil to the United States, with more than 330,000 barrels per day shipped primarily to Gulf coast refineries in Texas and Louisiana. Colombian oil is of a vital strategic importance to the United States because it reduces our dependence on oil imports from the volatile Middle

CBI-V1-004 025947

East. Colombia's current oil production is 820,000 barrels per day, and the potential to add new production is very high because large areas of the country are unexplored.

Despite an increasingly difficult operating environment characterized by the escalation of the country's long-standing civil conflict, Colombia remains an attractive market for U.S. firms due to a combination of demographic, geographic and cultural factors. Colombia is strategically located at the northwest tip of South America with only a two-hour plane ride separating Miami from the Colombian port city of Cartagena. With a shoreline that touches both the Atlantic and Pacific oceans, the economic activity of this nation of more than 40 million inhabitants is as varied as its topography.

The capital city of Bogota is home to 6 million residents. Over 70 percent of the population live in urban areas, including more than 30 cities with populations in excess of 100,000. Medellin, a city of nearly 2 million in western Colombia, is a major industrial center that produces textiles, clothing, chemicals, plastics and printed materials. A large number of foreign multinationals have established manufacturing plants in Cali, the third largest city. Other cities with important industrial activity are Barranquilla, Cartagena, Bucaramanga and Pereira.

Occidental's Experience in Colombia – The Explosive Growth of Subversive Groups

Since the early 1980's, Occidental has operated the billion-barrel Caño Limon oil field in the northeastern part of the country in the Department of Arauca - adjacent to the Venezuelan border. Occidental's 1983 discovery of this giant field transformed Colombia from a net importer of crude oil into a major oil-exporting nation.

In the more than three decades Occidental has operated in Colombia, we have seen a steep rise in the number of subversive groups operating throughout the country – in both the North and the South. Since 1964, much of the Department of Arauca has been controlled by the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). As illustrated by Exhibits 1-18, the growth of both FARC and ELN units in this region has been especially pronounced since the mid-1990s.

Despite efforts by units of Colombia's armed forces to maintain security in the area surrounding Caño Limon production facilities, units of both the FARC and ELN have attacked the government operated 483-mile pipeline that transports oil from Caño Limon to the Caribbean port of Covenas over 700 times since operations began – 79 times in 1999 alone. These attacks have caused nearly \$100 million in losses (including lost production) and more than 1.7 million barrels have been lost. As the violence perpetrated by leftist groups has increased in geographic scope and intensity, the rise of competing paramilitary forces on the right over the last five years have raised the level of violence to new heights.

Alongside the rise of these subversive activities in the northern regions of the country, we have witnessed a parallel, exponential expansion of the cultivation, processing, and export of illegal narcotics – predominantly cocaine and heroin. In 1999, some 4 square miles in the Department of Arauca were planted with coca. In the neighboring Department of North Santander, where we are preparing to drill an important exploration well, the 1999 planting of more than 30 square miles of new coca plants represents an increase of approximately 300 percent over the previous year.

Occidental representatives, who have over-flown the border regions of North Santander, have observed lush, green terrain on the Venezuelan side and large charred areas on the Colombian side where native vegetation has been burned to clear land for the planting of coca and heroin poppies. The environmental degradation resulting from the slash and burn activities of Colombia's drug cartels, under the protection of the guerillas and paramilitaries, is significant.

Oil's Impact on Colombia's Economy

Armed assaults by leftist guerillas on Colombia's oil infrastructure are intended to deprive the government of its principal source of foreign exchange – the revenue derived from oil exports. Such attacks not only weaken the government by undermining the national economy, but they also strip away vital resources that could be deployed in the fight against the subversive groups. In 1999, oil was Colombia's largest export, accounting for approximately 31 percent of the country's total exports and 24 percent of the central government's income.

There are other factors, however, that account for the attacks on oil projects. For example, Occidental's operations in Colombia represent more than just newfound government revenue (it is important to note that the Colombian government receives 85 percent of the net revenues generated by our Caño Limon project - including a 20 percent royalty on production at the wellhead distributed to local and regional jurisdictions). Both Caño Limon and planned drilling activities in the North Santander region have led to an increased police and military presence in areas where subversive elements previously operated with little or no restraints. In addition, our investments result directly in the creation of good jobs in the legitimate economy and provide ancillary benefits to the local population that contradict the rhetoric of the guerilla groups regarding "exploitation by foreign multinationals." Here are a few examples.

When Occidental's exploration activities began in Colombia in 1981, the surrounding countryside was sparsely populated. There were no roads connecting the provincial capital (also named Arauca) with the rest of Colombia. Residents eked out a meager subsistence in tiny, isolated hamlets by cultivating corn, plantain and yucca, and by fishing in nearby rivers. Illiteracy, high infant mortality rates, infectious disease and poverty were endemic. The few existing schools, clinics and other public services were concentrated in the towns of Arauca, Saravena and Arauquita.

Occidental has played an important role in helping the area to overcome its economic and social isolation. In 1985, Occidental completed the first permanent road linking Arauca to other parts of Colombia. The company also connected the area to the country's electric system, and constructed a bridge across the Caño de Agua Limon River that eliminated a major obstacle that effectively prevented local people from selling their products in the regional and national marketplace. Occidental has paid over \$1 billion in royalties that have been distributed among the provincial and local governments.

Part of this income has been invested in building new roads, hospitals, schools and other public works projects. Occidental itself has built or renovated over 30 schools and provided materials and equipment for the establishment of a network of 12 regional health clinics. Since 1986, Occidental and its partners have provided roughly \$2 million annually to local communities to support sustainable initiatives in health, education and micro-enterprise development that will directly raise living standards by means that are not dependent on oil revenues.

The impact of oil development is perhaps of even greater importance to the country as a whole, particularly with respect to the implementation of "Plan Colombia" and the revival of the country's battered economy. Between 1994 and 1998, Colombia's oil sector accounted for nearly 23 percent of total foreign investment. The Colombia Petroleum Association estimates that crude oil sales produced nearly \$3.2 billion in revenues for the central government in 1999 – more than double the revenue generated by coffee sales.

But known reserves of crude oil are being rapidly depleted. Unless new reserves are discovered, Colombia will become a net importer of oil by 2004 (See Exhibit 19). The importation of nearly 200,000 barrels per day at today's oil prices (\$25-28 per barrel) would have a devastating impact on the country's balance of payments and impede the government's efforts to stage a recovery from what is currently among the worst economic recessions the country's history.

It is for these reasons that our new exploration project in North Santander has received nearly universal support in Colombia – including the strong backing of President Pastrana. Only two groups are intent on blocking the project - leftist guerillas who seek to undermine the country's democratically elected government and several fringe non-governmental organizations (NGOs) in the U.S. Both groups are united in their opposition to oil exploration and development.

The opposition of Marxist rebels is driven by their goal of toppling the Colombian government. They attack foreign oil interests, while couched in ideological terms related to excessive foreign involvement in Colombia's oil industry, in practical terms is bent on depriving the government of vital oil revenues. The guerillas know that oil projects in remote areas will lead to a stronger central government presence in parts of Colombia they have long dominated.

The opposition of these NGOs to this project is part of their global drive against the development and use of fossil. These groups have deliberately and irresponsibly

misrepresented the facts in their campaign to halt this project, thereby serving as *de facto* allies of the subversive forces that are attacking oil installations, electric power stations and other legitimate businesses enterprises that are vital to Colombian civil society.

Indeed, these non-Colombian organizations have pursued their own narrow self-interests with total disregard for the harmful impact their actions have on the lives of 40 million Colombians. Moreover, their tactics have the effect of undermining efforts by President Pastrana's government to promote economic development that is a vital component of "Plan Colombia".

The guerillas and the U.S.-based radical NGOs are both engaged in the cynical manipulation of the small indigenous U'wa community in order to advance their own agendas. The undeniable truth is that the U'wa live in a guerilla infested area that has seen a spectacular increase in the production of illegal drugs bound for the U.S., and the community has been under intense pressure by the guerillas to oppose oil development anywhere in the region. These uncontested facts are well known in Colombia. Rather than acknowledge the truth, namely that the U'wa are in no position to speak openly about what is really happening, the NGOs continue to attack Occidental – not the guerillas and drug traffickers – for threatening the survival of the U'wa. The stridency of the NGO assaults on Occidental to the total exclusion of any reference to the region having a serious problem with guerillas and narcotics should at least raise some intriguing questions about the real agenda of the NGOs.

Economic development and the creation of jobs in the legitimate economy are essential if Colombia is to break the cycle of drugs and violence inflicted on Colombian victims by left-wing guerillas and right-wing paramilitaries – both of which are in partnership with the drug cartels. Drug trafficking is the engine of violence driving Colombia down the road to ruin – not economic development of which oil exploration is a key component:

If Occidental's current attempts to explore for oil in North Santander succeed in finding up to 1.4 billion barrels of reserves, it would produce an estimated \$14 billion in new revenues for Colombia – including \$4.8 billion for the regional governments. A discovery also would lead to the creation of an estimated 400-500 high paying, long - term jobs for Colombian citizens (Occidental's current workforce, from top to bottom, is virtually all comprised of Colombians.) Moreover, it would provide the means to enhance the regional infrastructure including the building of new schools, health clinics, and water purification facilities, and provide new income generating opportunities to a broad array of local contractors and subcontractors, thereby boosting living standards throughout the region.

Without question, reviving the economy is absolutely fundamental in order to address the array of problems faced by Colombia today. Oil development is the foundation for this recovery. According to the *Financial Times*, approximately \$2 billion in oil investment has been "deferred" over the past decade due to guerilla attacks on production facilities and pipelines.

The U.S. Response to Colombia's Crisis

Mr. Chairman, I share your view that the United States is confronting a humanitarian crisis of dramatic proportions right in our own backyard. According to Colombia's Human Rights & Displacement Consulting Office (HRDCO), armed conflict brought on by both guerilla groups and paramilitary organizations have led to the displacement of an estimated 1.7 million Colombians since 1990. Sixty percent of the total (1.06 million) occurred just in the past 5 years. These numbers are well in excess of the displacements we witnessed in Bosnia, Kosovo and East Timor. The international community has largely ignored this problem since the overwhelming majority of displaced persons remain in Colombia. This level of displacement has helped undermine Colombia's legitimate economy, resulting in heightened illiteracy rates (according to HRDCO, 77 percent of displaced school-age children do not return to school) and negatively impacting standards of living, land ownership, agricultural production and animal husbandry.

Moreover, subversive elements have targeted legitimate business enterprises for extortion. Our contractors are forced to pay a "war tax" or face the very real threat of having their equipment destroyed and their personnel attacked. Local workers at our facilities must pay "protection" money or place their personal safety and that of their families at risk. And these problems are becoming regional in nature, as subversive forces from Colombia routinely cross into Venezuela, Panama, Ecuador and Peru.

It is clear that urgent action must be taken. The "Plan Colombia" put forward by the Pastrana Administration presents a comprehensive strategy designed to address the range of challenges faced by Colombia. U.S. support of President Pastrana will be critical to the Plan's success, which is why we strongly support the provision of a substantial supplemental aid package.

Let me offer a few comments and observations on a possible aid package based on our experience in Colombia.

We have witnessed firsthand the tremendous successes of the Colombian National Police (CNP), and can offer nothing but high praise for the courage and dedication they have shown under the leadership of General Rosso José Serrano. But while the DANTI, the CNP's ant-narcotics unit, is a highly capable and professional organization, it is comprised of only 2,500 men. This unit cannot possibly be expected to confront guerilla forces whose estimated numbers exceed 20,000, as well as 6,000 paramilitaries, all of whom are heavily armed and well financed by drug money and other illegal activities.

If the police are to be effective in carrying out counter-narcotics activities, it is essential that they have the backing of Colombia's armed forces. But Colombia's military forces also have been disadvantaged in their efforts to engage the guerillas. They lack mobility, equipment, and perhaps most serious, they lack the intelligence gathering capabilities afforded to their better-funded adversaries. The counter-narcotics battle simply cannot be won without a stronger, better equipped and

CBI-V1-004 025952

highly disciplined military force. We would urge members to ensure that whatever aid package emerges ensures a careful balance of support between the CNP and the military.

I believe we all share a common interest and concern regarding the observance of human rights practices by the Colombian military. From our vantage point, we have seen a dramatic shift in emphasis on human rights issues in Colombia, from the President on down through the ranks of the armed forces. President Pastrana has acknowledged that there had been problems involving some units and their commanders and he has taken the initiative to address the problem. Occidental has supported these initiatives by sponsoring workshops and symposiums on human rights and International Humanitarian Law in the northeast part of the country under the auspices of the International Red Cross and the Roman Catholic Church.

We understand that the package put forward by the Administration targets aid for counter-narcotics activities in the southern part of the country in the Putumayo region near the Ecuadorian border. We have two concerns relating to this approach. It does not address the explosion of coca cultivation that is occurring in other parts of the country, particularly the northern regions where the bulk of existing and prospective oil development takes place. Moreover, a massive concentration of force in the Putumayo region could ultimately lead narco-guerilla forces to move operations further south into Ecuador. Occidental also has operations in Ecuador some 40 kilometers from the Colombian border. Recent kidnappings near our area of operation in Ecuador have been attributed to the FARC.

It will be critical to ensure that the implementation of the strategy does not have the unintended consequence of heightening regional instability. Moreover, I would urge you to consider support of counter-narcotics operations in the northern regions as well as the south. This will help augment security for oil development operations, which, as noted earlier, are fundamental to the success of "Plan Colombia."

Mr. Chairman, I wish the Members of the subcommittee could meet some of the fine people we have working for us in Colombia. They and their families are the ones that will suffer most if we fail to support the Pastrana government and "Plan Colombia". The supplemental request - if approved - will benefit the United States as well, by giving the Pastrana government the tools needed give them a fighting chance to retake Colombia from the outlaws and the drug lords. Taking the drug war to its source is not the only answer in defeating what has become a serious national problem in the streets and homes of America. But, it is one answer, and failure to act here and now will only worsen the situation.

Thank you.

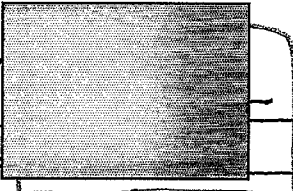

CBI-V1-004 025953

V. _____ I am aware of the following payment(s), contribution(s), donation(s), barter transaction(s), gift(s), or other transfers) of anything of value described in Section III. A. 1, 2, 3, and 4.

<u>Recipient's Name</u>	<u>Recipient's Position</u>	<u>Purpose of Payment</u>	<u>Amount of Payment in Local Currency</u>	<u>Method of Payment</u>	<u>Date of Payment</u>
-------------------------	-----------------------------	---------------------------	--	--------------------------	------------------------

(b)(6) - (b)(7)(c)

VI. _____ I am aware of the following instances in which the Company's books, records and accounts are inaccurate.

Signature:		Period Covered
Print Name:		(Circle appropriate period)
Title:	<u>VP</u>	<u>January 1 - March 31, 1994</u>
Company:	<u>QBI</u>	April 1 - June 30, 1994
		July 1 - September 30, 1994
		October 1 - December 31, 1994

Please contact me to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)

um 8/21/78

CBI-V1-003-000292

CHIGUITA NSD 6437

(b)(6) (b)(7)(C)



MEMORANDUM

DATE : February 5, 1993

TO : [Redacted]

FROM : [Redacted]

RE : Colombia's New Anti-Kidnapping
Extortion Law

PHONE NO. : [Redacted]

On January 19, 1993, the Colombian passed a new Anti-Kidnapping/Extortion Law which makes the payment of ransom, extortion, and failure to inform authorities of a kidnapping.

Enclosed for your information, you will find a summary of this new law. After you have read this summary, I would like to meet with you to discuss the effect of this laws in our operation in Colombia.

[Redacted]

Attachment: As stated

cc: [Redacted]

[Redacted]



**Chiquita
Brands
International**

MEMORANDUM

PRIVILEGED AND CONFIDENTIAL
ATTORNEY WORK-PRODUCT

RECEIVED
FEB 4 - 1993
U.S. DEPARTMENT OF JUSTICE
SECURITY

TO:

FROM:

DATE: February 4, 1993

RE: Colombia's New Anti-Kidnapping/Extortion Law

You asked me to prepare a summary of the pertinent provisions of Law N°40, recently adopted by the Colombian legislature. The law in general provides for fines and imprisonment for individuals and entities condoning, failing to disclose, or participating in kidnapping and extortion. I have put in bold type those which are particularly relevant.

Article 1. Kidnapping is defined as the retention or capture of a person against their will for political, economic or other gain. The crime of kidnapping carries a penalty of 25-40 years jail and a fine of 100-500 monthly minimum salaries ("MMS"). For purposes of this memo, one MMS is equivalent approximately to \$110.

Article 3. Under the following circumstances, the prison term will increase 8-20 years: torture; detainment lasting more than 15 days; if the culprit is a relative of the victim or a governmental official; if the victim is a government official, journalist or candidate for public office; if the ransom demand is coupled with the threat of violence; if the motive of the kidnapping is terrorism; if ransom or other gain requested is actually received; if the victim is killed or seriously injured; if the victim is a community, labor, political or religious leader; if the detainment is obtained through the issuance of a false arrest order; or if the victim sustains professional or economic hardship. If more than one of these conditions occurs, the imprisonment will increase by an additional 50%.

Article 4. If the victim is released within 15 days and no ransom is paid, the imprisonment and fines are reduced by 50%. However, this reduction does not apply if the victim is tortured, sustains personal injury or dies, or if the victim is a government official, journalist or political candidate.

Article 5. Each conspirator in a kidnapping will receive 5-10 years imprisonment. The leader of a kidnapping group will receive 25% higher sanctions.

Article 6. Any person receiving a ransom payment will suffer 5-10 years imprisonment plus be fined in the same amount as the payment received.

Article 7. A person who helps to conceal the occurrence of a kidnapping or obstructs a government investigation will receive 5-10 years imprisonment, even if the individual was not part of the original conspiracy. The same penalty will apply to anyone who intervenes in the ransom payment process if the individual knew the nature of the transaction.

Article 8. Any person who hides, uses, helps to hide or helps to use ransom money shall receive 1-5 years imprisonment.

Article 9. Any person who directly knows a kidnapping will occur and fails to disclose that fact to the authorities or who fails to disclose known culprits when a kidnapping occurs shall receive 1-5 years imprisonment.

Article 10. The failure to disclose the occurrence of a kidnapping is subject to imprisonment of 6 months to 1 year. The Colombian Justice Department will guarantee confidentiality of informants.

Article 11. Following an investigation by the Colombian Justice Department, the Colombian Treasury will garnish all of the kidnap victim's assets.

Article 12. Any participant in the execution of a ransom insurance or payment agreement for possible kidnappings shall receive 1-2 years imprisonment. The same penalty applies to participants in ransom negotiations.

Article 13. Any assets used in connection with a kidnapping shall be subject to forfeiture to the Colombian Treasury, with protection being made for entities having indirect claims of ownership (e.g., banks with mortgages).

a. If the owner of the property is convicted, any income from the seized goods will be used by the state.

b. The Colombian Treasury will return all assets and any income derived if the owner or any third party can prove that the assets were not used in relationship with a kidnapping.

Article 14. Any person participating in a kidnapping shall not receive amnesty or other legal exceptions to prosecution.

Article 15. Any person accused and/or convicted of kidnapping shall not be subject to parole, probation or early release. However, if the accused or convict cooperates with the police with information, lenient treatment may be available.

CBI-V1-003-000254

CHIQUITA NSD 6473

Article 16. Any public official who participates in a ransom payment shall be fired or shall be removed from his/her post and shall be forbidden from serving as a public servant for 10 years. These are in addition to any other penalties to which the public official may be subject.

Article 17. At the discretion of the Colombian Treasury and Justice Departments, a person accused and/or convicted of kidnapping may have their sentence or fine reduced by 50% if he/she cooperates with police. If information given by the accused leads to the capture of other kidnap participants, the proceedings against the informant may be dismissed entirely.

Article 18. Upon the occurrence of a kidnapping, the assets of the victim and his/her family will be placed under government supervision. Assets of non-relatives may also be placed under supervision if the government has reason to believe such assets might be used to pay ransom for the victim. Finally, any assets of companies in which such individuals are shareholders or partners shall also be subject to supervision if the company assets might be used to pay the ransom.

a. Any administrative supervision only encompasses an inventory process and the owner's inability to sell or grant security interests over the property without government consent. Sales and the granting of liens are permitted if they are in the ordinary course of business.

b. The rightful owner is entitled to possession of the assets under supervision and any income derived therefrom. However, the owner is required to give a periodic accounting to the government.

c. Any unauthorized or illegal transfer of assets under supervision shall be null and void.

d. Government supervision shall last during the duration of the kidnap plus a post-release time determined by the government.

e. Anyone wishing to take advantage of this provision by simulating a kidnapping will receive 5-10 years imprisonment.

f. Government may agree to release assets if it deems it useful to follow or track the perpetrators.

g. Government may also set up alternatives to supervisory authority if the owner of the assets cooperates fully with the government investigation.

Article 19. The law will not recognize as a cause of action or defense the payment of ransom money.

Article 20. Any financial institution having a customer whose assets are under supervision and who authorizes any payment over 16 MMS or a payment other than in the ordinary course of business, shall be fined 2,000 MMS by the Colombian banking authorities, following an administrative investigation. In order to protect its customers' economic condition, the financial institution shall cooperate fully with the Colombian Justice Department.

Article 21. If a financial institution receives a request for payment that is outside the accepted limits, it shall immediately notify the Colombian Justice Department. The Colombian Justice Department has 10 days to respond. Silence is deemed approval.

Article 23. The Colombian Justice Department will have broad investigative powers under this new law. All entities and any commercial enterprises must disclose information requested in connection with an investigation.

Article 24. Any financial institution that lends money, guarantees payment or disburses funds for the purpose of making ransom payments shall be fined between 500-2,000 MMS. Any payment made by a bank in violation of this Article shall not be recoverable in a legal action.

Article 25. Any local or foreign company official who participates in or conceals a ransom payment for its kidnapped employee shall face the cancellation of any public contracts with the Colombian government. If the payment is made by a foreign subcontractor of a local or foreign company, the Colombian government may expel the subcontractor entirely from the country. Any national or foreign contractor that makes extortion payments shall be subject to the same penalties.

Article 26. Any insurance contract issued to cover ransom payments for possible kidnappings shall be null and void. Insurance companies and brokers issuing such policies shall be subject to fines of 200-2,000 MMS to be imposed by the Banking authorities following an administrative investigation.

Article 335. Any person who demands extortion payments shall receive 4-20 years in prison. The jail time shall be increased 30-50% if the threat on which the extortion is based includes public harm. If the extortion money is used to finance terrorism, the imprisonment will be 20-30 years plus a fine of 1,000-2,000 MMS.

a. Anyone belonging to an organization sponsoring extortion, interfering with a government investigation into the extortion, hiding or using the extortion proceeds shall receive at least 67% of the above penalties and fines.

b. Anyone knowing of individuals directly involved in extortion and failing to disclose their identity shall be subject to at least 50% of the above penalties and fines.

CBI-V1-003-000256

CHIQUITA NSD 6475

Article 33. Public officials directly or indirectly involved in extortion or acquiescing to such transactions shall receive 2-10 years in jail and the loss of public functions for the same time period.

Article 35. The Colombian government will assist the kidnap victim and his/her family in any way feasible.

Article 38. Anyone cooperating in an extortion/kidnapping investigation shall receive government protection. Any reward or other government payment received by the informant will be tax free.

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
APRIL 1 - JUNE 30, 1997**

COUNTRY & COMPANY	1997		1996	
	1ST QTR	2ND QTR	FIRST HALF	FIRST HALF
COLOMBIA				
Banadex	3,866	34,754	38,380	9,310
COSTA RICA				
Cobal	245	355	600	3,513
Chiquita Brands	174	576	750	147
Chiriqui Land Company	2,526	1,869	4,395	3,130
	2,945	2,800	5,745	6,790
		Sub-total		
GUATEMALA				
Cobigua	808	727	1,535	6,889
HONDURAS				
Agricultura de Rio Tinto	848	428	1,276	3,435
Cobaltes	8,568	11,452	20,018	11,811
San Alejo Oil Palm Operations	1,498	1,048	2,544	1,327
Tela Railroad	24,740	22,365	47,105	124,314
	36,690	35,293	70,943	149,887
		Sub-total		
PANAMA				
Chiriqui Land Company	13,838	21,485	35,423	52,405
Polymer Extrusion, S.A.	92	1,495	1,587	921
	14,030	22,980	37,010	63,326
		Sub-total		
UNITED STATES				
Chiquita Brands International, Inc.	0	882	882	1,241
TOTAL PAYMENTS	57,089	97,416	154,505	218,322

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
SECOND QUARTER, 1997 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	29,894	Convivir	Donation to citizen reconnaissance group made at request of Army.
		4,840	Army and Police Officials	Donations for security services.
Total Payments		<u>34,734</u>		

CBI-V1-003-000483

Exchange Rate: .0008552

02:27 00:00 1997

FROM:

TO:

02/26/1997 02:10

PAGE: 2

PAGE 00

TRANSLATION

Medellin, February 3, 1997

To: [redacted]
From: [redacted]
Copy: [redacted]

Re: Crime of Extorsion and Kidnapping in Colombia

Law 40 of 1993 governs, in Colombia, the crimes of extorsion and kidnapping, and establishes severe penalties for both.

The same Law used to be that a person who gives money to pay ransom for kidnapping is also liable of criminal punishment, but this rule (paragraph 2, article 7 of Law 40/93) was declared contrary to the National Constitution by the Supreme Court of Justice, which considered that the fact that a person gives money to kidnapers could not be punished, because he gives the money for a noble purpose, namely to save a human life or the freedom of a person.

The same Law 40/93, Article 25, established the following:

"... SANCTIONS AGAINST NATIONAL AND FOREIGN COMPANIES: Without prejudice to the other punishments applicable, when an executive of a national or foreign company, or his delegate, hides or cooperates in paying for the release of a kidnapped executive or employee of the company or one of its subsidiaries, the government shall be entitled to decree the cancellation of the contracts executed by said company with state institutions. If the act is committed by an executive or delegate of a subcontractor of the company, and it is a foreign entity... the government shall order his immediate deportation from the country. National subcontractors shall be subject to the punishments set forth in this law...

Although the above rule is in force, the Constitutional Court also declared it unconstitutional when the person acts in any of the justifying circumstances set forth in the Criminal Law, such as in the case of a state of necessity. In other words, when one acts in a state of necessity, no punishment will be applied.

As to the specific point concerning extorsion, it is clear in our legal system that the person who pays for extorsion is not subject to penalty, because such payment takes place without free consent, and under threat of immediate injury. In other words, a person who pays for extortion is a victim, not an accomplice to the crime, and therefore cannot be punished.

I am at your disposal for any additional clarifications.

Sincerely,

[redacted signature]

From: [redacted]
To: [redacted]
Date: 9/10/01 11:05AM
Subject: Fwd: Re: Audit Committee reporting

FYI - [redacted] comments about extra \$25,000 in Q4 of 2000.

Regards,

[redacted]

CC:

[redacted]

[redacted] Book does not mention 4Q 2000

going forward 4Q 2000 will be reduced by
\$25,000

A mistake previously reported for 4Q 2000

V. _____ I am aware of the following payment(s), contribution(s), donation(s), barter transaction(s), gift(s), or other transfer(s) of anything of value described in Section III. A. 1, 2, 3, and 4.

<u>Recipient's Name</u>	<u>Recipient's Position</u>	<u>Purpose of Payment</u>	<u>Amount of Payment in Local Currency</u>	<u>Method of Payment</u>	<u>Date of Payment</u>
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(b)(6) (b)(7)(c)

VI. _____ I am aware of the following instances in which the Company's books, records and accounts are inaccurate.

Signature: _____

Print Name: _____

Title: _____

Company: _____

[Redacted Signature]

Director Projects & Audits
CBI

Period Covered

(Circle appropriate period)

January 1 - March 31, 1994

April 1 - June 30, 1994

July 1 - September 30, 1994

October 1 - December 31, 1994

Please contact me to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)

via 4/21/94

Recommendation

- **Require local management to report facilitating payments in accordance with Chiquita's Statement of Policies and Procedures (Section A-2.0 of the Financial and Administrative Policies).**

We found during our audit that facilitating payments to government sponsored organizations are not being reported to the Corporate Law Department as required by the above noted policy. Amounts paid in 2000 and through June 2001 are \$14,589 and \$6,236, respectively. The payments are paid primarily to police and tribal officials for security. The amounts have been properly disclosed in the local financial statements as donations to government officials.

The primary reason given for not reporting above payments to the Chiquita Law Department was that the executive with oversight responsibility for the Ivory Coast, who resides in Paris, France, didn't understand that the payments noted above were facilitating payments. Neither the local General Manager nor the local Controller have been required to complete FCPA compliance statements.

We are recommending that the local General Manager and local Controller immediately begin completing compliance statements and that data supporting payments made in 2000 and 2001 year to date be provided to the Corporate Law Department.

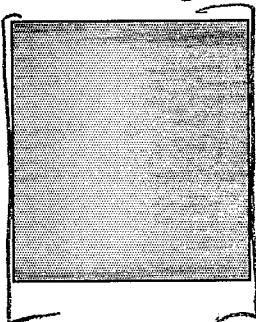
Management's response

Agreed. Members of local management will immediately submit the above statements, with the assistance of the Corporate Law Department. Additionally, appropriate data will be provided for historical periods.

Audit team:



cc:



Internal Audit Report #2001.23
:IvoryCoastFCPA.doc



Organization of American States
www.oas.org

E-148/02

July 23, 2002

FIRST PHASE OF OAS ARMS SHIPMENT INVESTIGATION COMPLETE

Ambassador Morris Busby, Special Representative of the Secretary General of the Organization of American States (OAS) in charge of investigating the circumstances surrounding the export of a shipment of arms and ammunition that allegedly originated in Nicaragua and apparently fell into the hands of the United Self-Defense Forces of Colombia, today announced the completion of the first phase of his investigation.

The first phase of the investigation involved collecting, analyzing and determining the facts of the case, based on available information including documents provided by the three governments who requested the OAS investigation: Colombia, Nicaragua and Panama.

"Our team is working to uncover all the facts in this case and will make a full report to the Secretary General. We are receiving complete cooperation from the governments involved and are confident that the facts will come to light", said Ambassador Busby.

As part of the second phase of the investigation, and with the purpose of collecting additional information on the ground, the Ambassador will travel in mid-August to meet with officials of the three Governments as well as with individuals with direct knowledge of the case.

At the same time, members of Busby's team of investigators are looking at ways to strengthen arms control agreements and mechanisms in the hemisphere, including how to ensure the effective implementation of the provisions of the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

"This investigation is very important for the OAS since it will enable the Organization to assist the governments of the region to put into place more effective controls on arms trafficking", said Busby. The Ambassador added that he expected to present his report in September.

CBI-V1-003-000191

Ambassador Morris Busby was appointed by Secretary General César Gaviria in June to lead the Secretariat's investigation. He has held senior U.S. government positions, serving among other things, as Ambassador in Colombia, director of the Counter-Terrorism Office of the Department of State and Special Envoy for Central America. Busby has served under four U.S. presidents during his lengthy career.

CBI-V1-003-000192

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
JANUARY 1 - MARCH 31, 1997**

COUNTRY & COMPANY		PRINCIPAL BUSINESS	IS	OS	TS	CS	OS	TS	CS
COLOMBIA									
	Banadex	Banana Operations				3,666			6,640
COSTA RICA									
	Cobel	Banana Operations				245			3,317
	Chiquita Brands	Markets Tropical Fruit				174			147
	Chiquit Land Company	Banana Operations				2,528			2,160
		Sub-total				2,948			6,614
GUATEMALA									
	Cobloga	Banana Operations				808			3,138
HONDURAS									
	Agricole de Rio Tinto	Processed Banana Products				848			1,002
	Cobalusa	Banana Operations				8,566			5,390
	San Alejo Oil Palm Operations	Oil Palm Cultivation				1,496			409
	Tela Redwood	Banana Operations				24,740			98,023
		Sub-total				36,660			104,824
PANAMA									
	Chiquit Land Company	Banana Operations				13,938			30,159
	Polymer Group	Plastic Products				92			886
		Sub-total				14,030			31,065
UNITED STATES									
	Chiquita Brands International, Inc.					0			740
TOTAL PAYMENTS						57,099			150,911

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
FIRST QUARTER, 1997 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	3,656	Army and Police Officials	Donations for security services.
Total Payments		<u>3,656</u>		

CBI-V1-003-000467

Exchange Rate: .0008552

From: [redacted]
To: [redacted]
Date: 3/6/02 9:26AM
Subject: Re: FCPA Presentation

FYI,

Official shipped volumes from Colombia declined as shown below:

	<u>Santa Marta</u>	<u>Turbo</u>	<u>total</u>
2000	2,804,000	9,292,000	12,096,000
2001	2,575,000	8,419,000	10,994,000

[redacted] the convivir payment decrease is smaller (percentage wise) than the volume decrease because Convivir payments in Santa Marta began in early 2000 and I believe there was a small rate increase (per box) in 2000. Consequently, since the rate increase was only partially reflected in 2000, the FCPA 2001 effective rate per box should be somewhat higher.

Regards,

[redacted]

>>> [redacted] 03/05/02 07:59PM >>>

Here's today's draft of the notes.

(b)(5), (b)(7)(C)

from [redacted]

To: [redacted]

Date: 5/11/94

- For your information
- For your files
- As requested
- For your comments and suggestions
- For your signature
- Please return
- Please handle

Other Remarks:

CBI-V1-003-000289

(b)(6), (b)(7)(c)

**Current Chiquita & Banadex Employees
That May Have Knowledge or Information Regarding the Payments.**

[REDACTED]
Banadex
Medellin, Colombia
[REDACTED]
[REDACTED]@chiquita.com

[REDACTED]
Chiquita Brands International, Inc.
[REDACTED]
[REDACTED]@chiquita.com

✓
[REDACTED]
Banadex
Medellin, Colombia
[REDACTED]
[REDACTED]@chiquita.com

✓
[REDACTED]
Banadex
Medellin, Colombia
[REDACTED]
[REDACTED]@chiquita.com

[REDACTED]
[REDACTED]
[REDACTED]@chiquita.com

[REDACTED]
Banadex
Medellin, Colombia
[REDACTED]
[REDACTED]@chiquita.com

[REDACTED]
San Jose, Costa Rica
[REDACTED]
[REDACTED]@chiquita.com

[REDACTED]
[REDACTED]
Chiquita Brands International, Inc.
[REDACTED]
[REDACTED]@chiquita.com

(b)(5), (b)(7)C

BAKER & MCKENZIE
CHICAGO
MEMORANDUM

DRAFT FOR DISCUSSION PURPOSES ONLY

STRICTLY PRIVATE AND CONFIDENTIAL
ATTORNEY-CLIENT PRIVILEGED COMMUNICATION
ATTORNEY WORK PRODUCT

DATE: August 30, 2000
TO: [REDACTED]
FROM: [REDACTED]
RE: Events in Colombia

Dear [REDACTED]

As requested, we reviewed with [REDACTED] of our Bogota office the matter that you described to us regarding the legal consequences associated with certain events that have occurred in Colombia. Attached is the draft memorandum prepared by [REDACTED] in which he states his conclusions after reviewing the facts under the applicable Colombian legislation. As instructed, we have analyzed the issues raised exclusively under applicable Colombian law.

This correspondence and the attached draft memorandum should be treated as strictly private and confidential, and constitute a privileged attorney-client communication that contains our attorney work product.

Please do not hesitate to contact us if you have any questions or comments.

With best regards,

CHIDQCS01:263049.1

CBI-V1-003-000053
CHIQUITA NSD 6240

DRAFT

On August 1, [redacted] told me what he learned in these meetings and gave me the attached documents. He did not keep any notes or other documents. This memorandum summarizes what [redacted] told me.

La Tagua (Antioquia)

About 3½ to 4 years ago, a prominent Medellin banana producer and cattle farmer contacted [redacted] and told him that Autodefensas was supporting the establishment of a new Convivir organization for the Uraba region and would like to meet with Banadex management. [Autodefensas is a widely-known, illegal vigilante organization.] [redacted] explained to [redacted] that Banadex had no choice but to attend the meeting. Banadex was, and still is, a well-known member of the Medellin business community. Refusing to meet would antagonize the Colombia military, local and state government officials, and Autodefensas.

[redacted] then Banadex's [redacted] and [redacted] were told to go a very large, private home in Medellin where they were met by [redacted] Autodefensas, and two others whose names [redacted] does not remember. [redacted] recounted the well-known killings and property destruction carried out in Uraba by various guerilla groups, and he told [redacted] that Banadex shared a common interest with the government, military, and business community in driving the guerillas out of Uraba. It was well-known at the time that senior officers of the Colombian military and the Governor of the Department of Antioquia were campaigning for the establishment of a Convivir organization in Uraba. [redacted] said he was sure [redacted] agreed the guerillas needed to be driven out of Uraba and looked forward to their support of Convivir.

Although [redacted] was polite and made no explicit threats, he sent an unspoken but clear message - Autodefensas was already well established in Antioquia (e.g. a very wealthy person had offered their home for the meeting) and supported the establishment of a Convivir organization in Uraba, Autodefensas expected Banadex to support Convivir, and if Banadex did not, Autodefensas would attack Banadex's people and property. [redacted] understood the unspoken threat in [redacted] remarks, and after the meeting, they agreed that when asked Banadex would have to support Convivir.

About 4 or 5 months after this meeting, a known Autodefensas organizer and supporter contacted [redacted] and told him that Banadex needed to start paying 3¢/box to the new Convivir organization in Uraba called La Tagua del Darien. [How did we know how much to pay and where to send the money? [redacted] to check with [redacted]] Like [redacted] at the earlier meeting, this representative made no threats; he didn't need to. [redacted] knew Autodefensas supported Convivir and expected Banadex to make the payments, and he knew what would happen if Banadex refused.

[Add history of payments and attempts to slow down and reduce the payments when possible. [redacted] to check with [redacted]]

DRAFT

Autodefensas (Magdalena)

About 1 to 1½ years ago the same Medellin banana producer and cattle farmer that first approached [redacted] about Convivir contacted [redacted] and told him that the leader of the Autodefensas armed operation in Magdalena wanted to meet with him at a hotel in Cienaga, a small town near Santa Marta. [redacted] believed he could not refuse to go to the meeting. [redacted] told [redacted] about the meeting, and [redacted] agreed [redacted] needed to attend.

[redacted] described the hotel as "... an armed camp..." - the only people at the hotel were Autodefensas soldiers. He said the leader "had the coldest eyes he had ever seen." During a very short meeting, the leader bluntly and as matter of fact told [redacted] that Autodefensas had arrived in Magdalena and had started operations and that it was time for Banadex to start making payments to Autodefensas. He did not threaten [redacted]; neither did he indicate any willingness to discuss the issue. The leader's unspoken but clear message was "we are here in Santa Marta and we are strong (e.g. all the soldiers at the hotel), we know who you are, and you need to make sure Banadex pays when we ask."

The leader frightened and intimidated [redacted]. He also worried that police, Colombian military, or guerilla informants might have spotted him arriving for the meeting. Guerillas commonly execute people they believe are Autodefensas sympathizers.

[redacted] promptly reported leader's demand to [redacted] who agreed that when the request was made, Banadex would have to make the payments.

Two weeks later, a business man serving as an Autodefensas "collector" contacted [redacted]. The collector told [redacted] to have Banadex make payments to Inversiones Manglar, S.A. which Autodefensas has created to collect payments. [Who did we give the checks to? [redacted] to check with [redacted].] The collector did not say how much Banadex should pay, but [redacted] understood that since Autodefensas was demanding the payments, the amount would be the same as Banadex was paying to Convivir in Turbo. [redacted] will check on whether any cash payments were made, and if so, how much, when, and how.]

[How much time between this meeting and the first payment? Does chronology make sense? Hotel meeting 1 to 1½ years ago (Jan. to June 1999). 2 weeks later collector contacts [redacted]. First Manglar 1016 is undated - I thought I saw a copy dated 10/99. If it is 10/99, seems like a long time to wait to make first payment. [redacted] will check chronology.]

Banadex paid Manglar 40,000,000 pesos in _____, 1999, 12,000,000 pesos in February, 2000, and 57,500,000 pesos in June 2000. Banadex's Director of Security prepared a payment request form (Form 1016) for each payment, the General Managers signed each form, and the Cashier's Office cut a check and gave it to the Director of Security (initially [redacted]).

DRAFT

The first two payments were given to Manglar [How?]. The third payment was given to La Tagua, which forwarded it to Autodefensas in Magdalena. Future payments will also be made through La Tagua. Banadex will manage the amount and timing of these payments as they do the La Tagua payments. Despite these efforts, the payments are expected to average _____ per month.

[redacted] to get same facts for Santa Marta re: efforts to delay and reduce payments.]

(b)(6), (b)(7)C

From OWA Files

CONVIUR



Chiquita Brands International

From:

[Redacted]

7/12/05

I would appreciate any comments
of any nature you might have. I
don't think the additional text I
need from the ID train my memo will
change based on my financial opinion.

[Redacted]

___ For Your Signature

___ For Your Information

___ Please Return

___ For Your Files

___ Please Handle

___ As Requested

___ For Your Comments and Suggestions

AK-47's - OAS Press Release

From: [REDACTED]
To: [REDACTED]
Date: 7/25/2002 10:20 AM
Subject: AK-47's - OAS Press Release

http://www.oas.org/library/mant_press/press_release.asp?sCodigo=E-148/02

CBI-V1-003-000190

file://C:\Documents%20and%20Settings\cbuym\Local%20Settings\TEMP\GW}00009.HTM 7/25/2002

CHIQUITA NSD 6539

(b)(6) (b)(7)(C)

[REDACTED] **Special Payments**

From: [REDACTED]@chiquita-enza.c<
To: [REDACTED]@chiquita.com>
Date: 3/4/2002 5:38 PM
Subject: Special Payments
CC: [REDACTED]@chiquita.com>

[REDACTED]

I want to confirm the amount of the special payments in Colombia for each location. In turbo the payment is .025/box, while the amount paid in smarta is .03/box.

I'll be in the office tomorrow afternoon if you need add'l info. for the audit mtg, or you can reach me at my cell.

[REDACTED]

HIGHLIGHTS (using the full year 1998 #'s at Tab 6 of the presentation book):

- ▶ The main reason for the increase in total payments in 1998 vs. 1997 (\$569k vs. \$437k) is a \$150,000 contribution to Armuelles strikers for food relief. The contribution was made in three separate checks, each in the amount of \$50,000 and made payable to a private, non-profit organization traditionally headed by the First Lady of Panama.
- ▶ CONVIVIR: 1998 payments were up \$14,000 over 1997, but the payments didn't start until 2Q97 so the comparison is not for a full year in 1997. We make these payments by making contributions to the local banana growers association (AUGURA), which collects contributions from all participating banana companies and then passes them on to the CONVIVIR.

Note: Security payments in Colombia, other than to CONVIVIR, were down \$20,000 in 1998 vs. 1997.

- ▶ COBALISA: Payments were down 33% in 1998 (\$24k vs. 36k). All of COBALISA's payments are for security. Local management was unhappy with how this security had been provided in the past and pressed for changes. These changes resulted in lower payments. Local management is not sure how long they can keep the payments at this level.

- ▶ Tela Railroad:

Security payments were the same in 1998 and 1997: \$78,000.

Customs payments were up \$13,000 (\$45k vs. \$32k). Reasons for the increase: (i) added break bulk ships to Europe in 1H98 - these ships required more time and work at the port - this has stopped; (ii) added container ships to Europe in 2H98 - this has stopped; (iii) port officials increased amount of payments - type of payments didn't change; and (iv) added 1 ship/week for dedicated Miami service.

Note: 4Q98 customs payments of \$7k were higher than might be expected (Hurricane Mitch) because of shipments of humanitarian aid into Puerto Cortes.

- ▶ Armuelles: Excluding the \$150k contribution described above, payments were down by 50% or \$11,000 due to strike in 1H98. Armuelles payments would have been de minimis if not for donation of two used pick-ups (book value: \$8440) to local police.

Note: Armuelles Fruit Co. and Bocas Fruit Co. didn't have any payments in 1Q & 2Q 1998 because they didn't exist.

- ▶ GWF: The report contains payments from GWF in Costa Rica and Honduras. These payments are for customs documentation associated with back haul into those countries. GWF started reporting these items in 1998 after an FCPA presentation to CBNA management. In Costa Rica the payments average ~\$85 per voyage; in Honduras they average ~\$190 per voyage.



**Chiquita
Brands
International**

MEMORANDUM

TO: Distribution

DATE: November 12, 1999

FROM: [REDACTED]

PHONE: [REDACTED]

SUBJECT: Accounting for Confidential Payments

This memorandum confirms current practices superceding previous guidance provided by [REDACTED]. These practices help ensure operating units have accurate books and records and adequate systems of internal control, while allowing appropriate confidentiality.

There are two options for recording confidential payments.

1. Follow standard Company practices in recording and classifying these transactions in the operating unit's books and records; or
2. Record these transactions in a Manager's Expense account and comply with the following procedure:
 - a. The General Manager will maintain the details and documents supporting the transactions recorded in the Manager's Expense account.

At least once each quarter, the Manager of the San José, Costa Rica, Internal Audit Regional Office will perform an on-site review of each transaction recorded in the Manager's Expense account to determine whether:

- X The transaction was properly authorized, documented and supported;
- X Documentation and support exists for each transaction (a list of such transactions should be prepared by the local controller); and
- X If required, transactions were reported on an appropriate quarterly Foreign Corrupt Practices Act Compliance Certificate.

During this review, the Internal Audit Manager may request copies of supporting details and documents for further review with the Law Department.

b. Internal Audit will periodically perform on-site reviews of disbursements at the operating units which use a Manager's Expense account to assure that quarterly reviews of this account cover all appropriate transactions.

(b)(6), (b)(7)c

c. As part of the operating unit's TCS, the General Manager's supervisor should approve the budget for the Manager's Expense account.

If an operating unit does not have a Manager's Expense account and would like to use one, [redacted] should be contacted for authorization. The Financial & Administrative Policies relating to this subject are:

- X Internal Control A-1.0, pp. 1/7
- X Quarterly Representation Letter B-3.0, pp. 1-6
- X Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- X FCPA commentary and the Company's "Statement of Policies & Procedures," A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have any questions.

Distribution

[Large redacted distribution list]

12/06 16:06 1994

FROM:

2708811

TO:

PAGE: 3

SENT BY:

12- 6-84 : 14:58 : FRUTERA DE SEVILLA

3



COMPANIA FRUTERA DE SEVILLA

MEDELLIN - COLOMBIA

2 70 88 11
FAX: 57 404 2111111

FAX COVER LETTER

Envigado, 6 de diciembre de 1994

DATE: _____
 TO: _____
 FROM: _____

COMMENTS:

ATTACHED THE INFORMATION REQUESTED REPAYMENT TO THE ARMY.
 THIS IS TO PAY FOR SECURITY AT THE LOADING SITES IN TURBO.

CORDIALLY,

2

TOTAL PAGES INCLUDING FAX COVER LETTER: _____

CARRERA 43 A No. 23 SUR 15 — CONMUTADOR: 331 74 74 — EDIFICIO ZURIGA — ENVIGADO - ANTIQUIA

(b)(6) (b)(7)(c)

RECEIVED
 DEC 6 1994
 LAW DEPARTMENT

CBI-V1-003-000287

Re: Audit Committee reporting

From: [redacted]
To: [redacted]
Date: 9/10/01 10:36AM
Subject: Re: Audit Committee reporting

[redacted] the number that was reported in Q4 2000 included a provision for \$25,000 and that same amount was reported in Q1 2001 when the payment was actually made. The manner in which we report payments is on a cash basis and NOT on the accrual basis. The accrual that we did in Q4 2000 should NOT have been made and is not the normal procedure that we use for recording payments. I would suggest that we leave the Q1 2001 payment (correctly recorded on the cash basis) as is and make the correction on the Q4 2000, backing out the \$25M payment so that we are consistent with the application of recording payments on the Cash basis. Your thoughts??

Additionally, there have been NO changes in 2001,,, We continue to pay .03/box in Santa Marta and .02/box in Turbo

If you need any additional info., please let me know... I will be traveling this afternoon and will return to the office on Wed..

[redacted]
Similar to last quarter, I'd like to get confirmation on the reasonableness of the Colombia payments and whether anything has changed during 2001.

You may recall that your Director of Security "accrued" a large payment in December 2000 which caused Q4 to look high. Was that considered in Q1 of 2001 (e.g. excluded the cash payment in 2001 that was reported/ accrued in 2000)?

Please review attached and comment on the reasonableness:

2000
Q1 \$ 28,591
Q2 \$ 78,835
Q3 \$ 82,373
Q4 \$127,496

2001
Q1 \$ 65,333
Q2 \$ 51,033

Regards,

[redacted]
CC: [redacted]

~~Baradex - Justice - outside~~
~~asked legal rep to meet with them at Sta. Santa PAS office.~~
~~Luis fernan went. Met with them on 6/15/02. Lights out. So went to~~
~~Baradex office via Sta. Santa. About 2 hours.~~
~~Had to show docs. related to shipment confiscated~~
~~Working with Santa Police~~

DIAW interviewed our people related to the 2 DIAW employees.
They wrote their own internal memo on our computer.
Did not delete. Very clear they are not focused
on us.

Some authority (police, army) asked us to provide
documents re shipment.

No add'l news or questions since Noticias Uno story

(b)(6), (b)(7)c

Colombia audit committee stuff

Page 1

From: [redacted]
To: Internet: [redacted]@chiquita-enza.cl
Date: 03/01/2002 5:40PM
Subject: Colombia audit committee stuff

[redacted]
Could you please call me on Monday in Cincinnati and help me (and [redacted]) understand 3rd and 4th quarter Colombia payments?

The amounts reported have gone up quite a bit. We would like to understand why. I've attached a schedule you did for me in 2001 that documents the payment details.

Thanks and regards,

[redacted]

CC:

[redacted]

CBI-V1-003-000304
CHIQUITA NSD 6640

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
FOURTH QUARTER, 1998 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	19,224	Army and Police Officials	Donations for security services.
		507	Officials of Government Agencies	Christmas gifts.
	Sub-total	19,731		
	Total Payments	19,731		

5/11/94

Standard report

Page 1

Firm	Period	Matter	Fees	Disbursements	Total	Status	Charge Code	Budget Code
BAKER-CH	1/94	FCPA ISSUES AT CLC IN ARRIJELLES, PANAMA	42,434.00	420.84	42,854.84	TO AP	67A-1488	479-611
BAKER-CH	2/94	FCPA ISSUES AT CLC PUERTO ARRIJELLES	31,591.50	6,172.07	37,763.57	ON HOLD	67A-1488	479-611
BAKER-CH	3/94	CHIRIQUI LAND CO ARRIJELLES FCPA ISSUES	4,433.00	2,679.55	7,112.55	ON HOLD	67A-1488	479-611
					<i>57,730.86</i>			

(b)(6) (b)(7)(c)

From: [redacted]
To: [redacted]
Date: 9/10/01 11:05AM
Subject: Fwd: Re: Audit Committee reporting
FYI [redacted] comments about extra \$25,000 in Q4 of 2000.

Regards,

[redacted]

CC: [redacted]

9/14/2001
US \$25,000 deducted from \$127,496 total reported for
Columbia in Q4, 2000. New total is \$102,496.00 U.S.

Open Letter: This is a transcript of a letter written by a member of an auto-defense group of Colombia. The translation is literal.

Marta Lucía Ramírez
Minister of National Defense
Open Letter

The members of the Political and Military Commands of the Self-defense peasant Groups (army) of the Cordoba and Uraba provinces, feel compelled to inform you and the public opinion of some terrible situations for the country, which frequently occur in regions where our anti- subversive troops have an influence. We would also like to inform you of the actions we plan to take to contribute to social order (civility).

As is well known to the authorities, our coasts, ports, airports in the north of Colombia are drug traffickers' favorite places from where to ship drugs to the United States and Europe.

A large portion of the Pacific and Atlantic coast is now controlled by various Auto-defense groups (ADG), some more idealistic and others more capitalistic, all former members of the defunct AUC.

The Drug cartels have infiltrated most of the Auto-defense groups, and in some cases the line that separates us from the drug traffickers has vanished. This doesn't mean that the Auto-defense groups are responsible for all the drug shipments from ports under our control. One can't even blame them of being the owners of such shipments for we don't believe that they are drug traffickers. It is clear that although they finance themselves this way, their essence is not drug trafficking. Some groups do it more than others do.

It is impossible to hide the corruption that this drug trafficking has begun to generate. This has created a state of crisis in the ADG as well as in some government institutions which are totally discredited because of some isolated officials that succumb to the temptation of the drug traffickers' money.

What happened to the Guerilla when they roamed the north of the country is now happening to us. In the south the drug situation has continued. The combination of AUG, guerillas, drug traffickers, and the tolerance of a few members of the government have created unprecedented corruption. The only losers are honest people and those of us that are fighting to prevent the self-destruction of all that each one of us honestly represents, legally or illegally.

We don't know what is happening in the government institutions, where undoubtedly the majorities are enemies of the drug traffickers. The ADG of today have to be differentiated into two groups: Those that are friendly to the cartels and those like the ACCU that aren't. Although there are many more ADG that completely agree with us, it is they who should say it.

It is not a matter of declaring war on the drug traffickers, but to fight against their penetration into our organizations.

This is why the ADG have decided to close ranks against the drug traffickers who are using and destroying us in a planned fashion.

Lets Talk about the Gulf of Uraba from where the drug traffickers have been shipping drugs for a very long time, and where lately it involved workers from a banana company, their trade companies and their carriers. In this recent case, a gigantic shipment of cocaine was found in Belgium onboard one of their boats that had departed from Turbo. This has endangered all the banana operation and has made government officials and the ADG suspects since the people of Uraba regard us as a regional authority.

For these and other reasons derived from our national re-orientation the ACCU declare:

From this moment on, we prohibit any drug trafficking in Uraba. We will publicly denounce the drug traffickers who use the gulf and the banana piers for their drug shipments and they will become our military objective if they persist in corrupting the ADG and government officials in order to make them tolerate their activities.

Mrs. Minister, we hope that with this attitude we are able to contribute to the eradication of drug trafficking. He best way to do this is destroying their financing. The coca plantations are not the problem, the shipments of cocaine in the north are the problem, because they use the money to finance the guerilla in the south and in this way keep the country in chaos and while they use dosed bribes to maintain the ADG depending on them.

Our war is against subversion (guerilla) and so far we have believed that fighting against drug traffic was not our job, but now we perceive them as attacking us and we will defend ourselves.

We have also demonstrated to other ADG that it is possible to sustain our cause with out support from drug traffickers.

Several ADG have agreed to this valiant effort, to "close their doors" to drugs. Others like Commander Adolfo Paz who is responsible for the Calima group in the pacific region has shown his interest in contributing to the cause by abandoning this type of financing. We have done the same in the gulf of Morrosquillo with the northern group and we think that the Bolivar group, which is very friendly to the UCCA, should follow as well. Unfortunately some of their bosses unnecessarily are related to this type of activity (drugs) The Mineros Group will have to do this too with less people and a clear will to change.

For now, we tell you (Mrs. Minister) and the Colombians that the ACCU are sincerely trying very hard to be a model of Auto-defense group. We want the rest of the ADG to follow our example. When we all are honest with our commitment with Colombia and the anti-subversive cause prevails over individual economic interests (then) again, we will be the United Auto-defense of Colombia, for war, or preferably for peace.

We are making a frank confession of our reality. This way the Colombians will know whom to count on. We warn you that the FARC guerilla confession with respect to drug trafficking would be the size of an encyclopedia, although among them terrorism or drug trafficking are not condemnable. We understand this, the ADG are Colombia's friend, and the guerillas are not.

Sincerely

Salvatore Mancuso

Commander ACCU

Rodrigo Molano

Sub-Commander ACCU

Carlos Castaño

Political Command ACCU

José Vicente Castaño

Military Strategist ACCU

Alfredo Berrio Alemán

General Staff ACCU

Commander Bloque Elmer Cárdenas

Pedro Ponte

General Staff ACCU

Political Boss Bloque Elmer Cárdenas

Hernán Hernández

Commander ACCU Turbo

Juan Simón Salamanca

Inspector Nacional ACCU

Agosto 1 de 2002

(b)(6) (b)(7)(c)

MEMBERS OF THE FIRM

BAKER & MCKENZIE

MEMORANDUM

DRAFT FOR DISCUSSION PURPOSES ONLY

DATE: August 30, 2000

TO:



STRICTLY PRIVATE & CONFIDENTIAL

FROM:

ATTORNEY-CLIENT PRIVILEGED
COMMUNICATION
ATTORNEY WORK PRODUCT

RE.: Legal treatment in Colombia of the crime of extortion.

Dear 

This will confirm and expand our comments with respect to the legal consequences that would apply in Colombia to a company (the "Company") and its officers that, as a result of threats from a right-wing paramilitary group, made payments to a third party designated by the paramilitary group.

I. Relevant facts.

We understand the relevant facts to be the following:

- a. The Company conducts operations in rural areas of Colombia that are under the influence of right-wing paramilitary groups.
- b. In one of these areas, employees of the Company were approached by members of a right-wing paramilitary group that threatened ~~explicitly~~ or implicitly, to cause damage to the Company, its employees and/or its future business, unless the Company made a financial "contribution" to a so-called "Convivir"¹ that operates in the area.

¹ The term "Convivir" does not have a precise legal connotation. It is the name by which the general public referred to entities that were authorized by Decree 356, 1994 as a means to guarantee citizens the right of self-defense against all types of illegal armed groups, under the supervision and regulation of the government. Among the types of entities that were authorized are the *Servicios Especiales de Vigilancia y Seguridad Privada* formed by private citizens or businesses for their own protection, and the *Servicios*

(b)(5), (b)(7)C

MEMBERS OF THE FIRM
BAKER & MCKENZIE

implicitly

- 2 -

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c. The officers of the Company assessed the threat as being very serious and proceeded to make the payment to the Convivir.

d. Some time later, a right-wing paramilitary group with similar demands approached and threatened the employees of the Company in another area. This group initially instructed the Company to make payments to a company that the paramilitary group had formed to receive payments of this type, but later agreed that the payment should be made to the same Convivir mentioned in paragraph a. above, apparently with the conviction that the funds would somehow be funneled to their area of influence.

e. Once again the officers of the Company assessed the threat as being very serious and proceeded to make the payment to the Convivir.

f. Neither of the two incidents were reported to the Colombian authorities.

2. Applicable provisions.

The foregoing facts indicate that the conduct of the members of the right-wing paramilitary group would qualify either as extortion or illegal coercion as defined by the Colombian Criminal Code.

2.1 Extortion.

a. Article 355 of the Colombian Criminal Code, as amended by Law 40, 1993 and 365, 1997, defines the crime of extortion as follows:

"He/she who forces another to do, tolerate or omit something, with the purpose of obtaining an illicit benefit, for him/herself or for the benefit of a third party, shall be imprisoned from four (4) to twenty (20) years.

"The term of imprisonment shall be increased by one third to one half if the force consists of the threat of performing an act that may derive in calamity, misfortune or common danger.

"If the objective that is sought by the agent is to facilitate terrorist acts, threatening another with the purpose of making

Comunitarios de Vigilancia y Seguridad Privada, formed for the protection of the interests of a particular community.

CBI-V1-003-000055
CHIQUITA NSD 6242

(b)(5), (b)(7)c

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 3 -

him do, deliver, tolerate or omit something, the penalty shall be twenty (20) to thirty (30) years imprisonment, and a fine of one thousand (1000) to two thousand (2000) minimum monthly wages.²

"Likewise, whoever has knowledge of the plans or activities of the groups or organizations mentioned above, in connection with the crime of extortion, but omits to timely inform the authorities, or does not denounce the commission of an extortion if he has knowledge of the author or participants, shall incur in the in the penalty described in the first paragraph, reduced by one half."

b. Article 25 of Law 40, 1993 provides the following:

"Notwithstanding the other penalties that may apply, whenever an officer of a domestic or foreign enterprise, or his delegates, conceal or cooperate in the payment of ransom for the liberation of an employee of the enterprise, or any affiliates thereof, the Government shall be authorized to declare the caducity³ of any contracts that the enterprise may have with governmental entities. In the event that an officer or a delegate of a subcontractor of the latter commits the act, if foreign, the Government shall order that he/she be immediately expelled from the country. Domestic subcontractors shall be subject to the penalties established in this statute .

"Paragraph 1. The domestic or foreign contractor who pays sums of money to extortionists shall be subject to the penalties established in this article."

When the Constitutional Court ruled on the constitutionality of Article 25 of Law 40, 1993, which punishes the payment of ransom to kidnappers, it expressly stated that

² The minimum monthly wage is used in Colombia as a unit for the adjustment against inflation of amounts contained in legal provisions. It is currently equivalent to approximately US\$ 130.

³ In Colombian administrative law, "caducity" is a special form of unilateral termination of a contract, which generates additional effects, such as the ineligibility of the contractor to enter into any other government contracts for a period of five years.

*said, it was
constitutional
but subject
to
this
defeats
including*

(b)(5), (b)(7)(C)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

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a person cannot be held responsible for these acts if payment is made under any of the circumstances that according to criminal law justify the commission thereof.⁴

According to Article 29 of the Colombian Criminal Code, an otherwise criminal conduct shall be justified if committed:

- "1. In strict compliance with a legal duty;
- "2. In compliance of a legitimate order of an authority having jurisdiction.
- "3. In the legitimate exercise of a right, of a lawful activity or public office.
- "4. In the need to defend the person's rights, or those of a third party, against the unjust aggression, actual or imminent, provided that the defense is proportional to the aggression.
(...)
- "5. In need to protect the person's rights, or those of a third party, against actual or imminent danger, as long as such danger is not caused by the victim and the victim is not under the legal obligation of enduring it."

2.2 Article 276 of the Colombian Criminal Code defines the crime of illegal coercion as follows:

"He/she who coerces another to do, tolerate or omit something, shall incur in imprisonment of six (6) months to two (2) years".

3. Classification of the conduct.

3.1 In our view, the acts carried out by the members of the paramilitary group correspond to the crime of extortion committed against the Company and its officers, and not illegal coercion.

⁴ Constitutional Court, Ruling No. C-542, 1993

(b)(6) (b)(7)(c)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 5 -

The definition of the two crimes is very similar: For a person to commit either of them it is necessary that that he/she force or coerce someone to do something against his/her will. It is also clear that the manner in which a person can be forced to do something does not necessarily require physical force, because it can consist of "any type of conduct by one person that has the effect of affecting the free will of another person to the extent of making him/her do something that the former wants and the latter does not."⁵

The difference between the two crimes is the financial motivation: the crime of illegal coercion is catalogued as a crime against the free will of individuals; the crime of extortion is catalogued as a crime against property. Thus, to the extent that the victim of force or coercion is obligated to provide a benefit, either to the agent or to a third party, the crime that is being committed is extortion and not simply illegal coercion.⁶

Based on the foregoing analysis, the crime of extortion was committed against the Company and its officers because they were forced with implicit threats of force by the paramilitary group to make a payment against their will for the benefit of that group.

3.2 Under paragraph 1 of Article 25 of Law 40, 1993, "contractors" who pay extortionists are subject to the same administrative penalties applicable to persons who pay ransoms to kidnappers (i.e. declaration of caducity of government contracts and expulsion from the country).

Under the final paragraph of Article 355 of the Criminal Code, persons who fail to report extortion, are subject to one half the penalty applicable to extortionists.

The legal treatment applicable to these two conducts is different:

a. We understand that the Company is not a party to contracts with government entities. Therefore, the Company should not be considered a "contractor" for purposes of Paragraph 1 of Article 25 of Law 40, 1993, which means that the penalties established in that provision (caducity of government contracts and expulsion of foreigners from the country) would simply not apply to it.

Moreover, we consider that the Company and its officers and employees would not be subject to Article 25 of Law 40, 1993 even if we assumed, for the sake of argument, that the Company is engaged in business with the government of Colombia.

⁵ Supreme Court, Criminal Section. April 8, 1986.

⁶ Supreme Court, Criminal Section. April 8, 1986.

CBI-V1-003-000058

CHIQUITA NSD 6245

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 6 -

This is so because, when the Constitutional Court ruled on the constitutionality of Article 25 of Law 40, 1993, that establishes administrative penalties for the payment of ransom to kidnapers, it expressly stated that a person cannot be held responsible for these events if payment is made under any of the circumstances that legally justify the commission of the act. Paragraph 5 of Article 29 of the Criminal Code establishes that a conduct will be justified if committed as a consequence of the need to protect the person's rights, or those of a third party, against actual or imminent danger, as long as such danger is not caused by the victim and the victim is not under the legal obligation of enduring it.

b. The Constitutional Court declared that the final paragraph of Article 355 of the Criminal Code is constitutional.⁷ However, no statements were made by the Court with respect to the circumstances in which the failure to report could be justified. Thus, in principle, the employees and officers of the Company that had knowledge of the extortion but did not report it could face a conviction of two (2) to ten (10) years of imprisonment.

However, paragraph 5 of Article 29 of the Criminal Code is also applicable to this conduct. Therefore, if the failure to report an extortion can be attributed to the need to protect the person's, or a third party's rights against a danger, present or imminent, it should not be punishable.

We consider that the payment of monies to extortionists is invariably carried out in the need to protect the person's, or a third party's rights against a danger, present or imminent. This is the very nature of the crime of extortion. If the danger were not present or imminent, then the conduct would not qualify as extortion.

What this means in practice is that the final paragraph of Article 355 of the Criminal Code is extremely difficult to apply. In fact, we have not been able to locate a single investigation, much less a conviction, under this provision.⁸

Based on the foregoing analysis and given the circumstances existing in Colombia today, reporting the described conduct to the authorities would have created a present or imminent danger to the Company and its officers that would warrant application of paragraph 5 of Article 29 of the Criminal Code and would relieve them from the application of the extortion statute for not reporting the crime committed against them.

⁷ Constitutional Court. Ruling C-069, 1997.

⁸ Colombia does not have a centralized judicial database where the existence of convictions or investigations can be confirmed. However, a search of various reporting services, that are generally considered to be reliable, shows no precedents on the actual application of the final paragraph of Article 355.

(b)(5), (b)(7)(c)

MEMBERS OF THE FIRM

BAKER & MCKENZIE

- 7 -

4. On July 24, 2000 a new Criminal Code (Law 599, 2000) was enacted in Colombia, that will become effective on July 24, 2001. The new Criminal Code does not include as criminal offences either payments to extortionist groups or the failure to report an extortion. Under the principle of "favorability" established in the Colombian Constitution,⁹ a provision that is more favorable than another shall be applied in preference to the other, even if this means that it must be applied retroactively. Thus, when the new Criminal Code becomes effective, the purported violation of the final paragraph of Article 355 of the current code would cease to be a crime, which means that any action or investigation against the Company, its officers or employees under this provision would have to be immediately terminated.

Regards,

⁹ Constitution, Article 29. "In criminal matters, a statute that is more permissive or favorable, even if enacted later in time, shall be applied in preference to the restrictive or unfavorable statute.

(b)(6) (b)(7)(C)

documents, no indication that Chesquiter is being investigated. Page 1 of 1
DJO: Original B/L had Comader as consignee. Captain changed this.

[Redacted]

Colombian Television Program Referring to AK-47's

7/18/02; Left message for [Redacted]

From: [Redacted]
To: [Redacted]
Date: 7/18/2002 10:50 AM
Subject: Colombian Television Program Referring to AK-47's

Any indication that Chesquiter is under investigation.

The story appeared in a Colombian television news program named *Noticias Uno*. This is the same program that some months ago presented a story on the "Chiquita Customs Bribery Scandal." One of the journalists who now works for *Noticias Uno* is the Colombian journalist who most aggressively pursued the bribery story. At that time he was working for a Bogota daily newspaper (*El Espectador*).

The story lasts a bit over three minutes.

Bear in mind that the incident in question occurred in November 2001, and it received significant press coverage last April and May. In a five-minute internet search I found four articles from last April-May, none of which refers to Chiquita. As mentioned below, the *Noticias Uno* story features Chiquita quite a bit.

The story is introduced as dealing with the trafficking of weapons to paramilitary groups, specifically the arrival of 1,500 AK-47 rifles at a private port in Uraba, which were declared to be toy plastic balls from Mexico.

It is stated that the weapons were sold by the Nicaraguan police to the paramilitary group lead by Carlos Castano. (Castano is famous in Colombia as the leader of the main paramilitary group, named "AUC.") Twenty-three containers were loaded in Mexico. Upon their arrival in Colombia fourteen of the containers actually contained the AK-47's. "As previously reported by *Noticias Uno*, the wharf in question has a special status that allows it to be operated exclusively by the multinational banana company Chiquita Brands." This statement is made while showing a brief (five seconds) excerpt from an old Chiquita television commercial with the Chiquita jingle.

Fourteen seconds into the piece, toward the bottom of the screen there appears - for four seconds - the phrase "Chiquita Trafficked in Arms." Beneath that phrase is the phrase "Multinational Banana Company Implicated in Contraband." This latter phrase remains on the screen for twenty-four seconds.

It is reported that the incident is being investigated by the DIAN (the Colombian customs authority). The AK-47's were loaded in Nicaragua. The Nicaraguan police force says it sold the rifles to the Panamanian police force, through a Guatemalan intermediary. This is denied by the Panamanians, who ask why the Nicaraguans never contacted them directly.

It is reported that the DIAN investigation is focused on the possible involvement of customs officials, who apparently certified that the items in question were "toys." "But they are also looking for those who, within the installations of the multinational banana company, unloaded the containers and sent the weapons in trucks to the criminal organization of Carlos Castano." (This statement is made while showing a Chiquita container being hauled through a gate which presumably is the entrance to the Chiquita facility.)

The DIAN investigation is supposed to be completed prior to the installation of the new President (August 7).

It is reported that the Organization of American States is also investigating the incident, from the perspective of treaties prohibiting arms trafficking. The OAS has appointed former US ambassador to Colombia Morris Busby to lead the investigation, which is to be completed by the end of this month. (The OAS website has a June 20 press release announcing Busby's appointment.)

Finally, it is reported that the US State Department has complained that the traffickers would have been caught red-handed had it not been for information leaked to and published by the Nicaraguan press.

7/19/02 TCU [Redacted]

~~As a result DIAN is investigating 2 employees DIAN employees who were responsible for clearing DIAN, Fiscalía & local police have all told us that were case not under investigation~~

file://C:\Documents%20and%20Settings\cbuym\Local%20Settings\TEMP\GW\00009.HTM 7/18/2002

(b)(5), (b)(7)c

[REDACTED] - Special Payments

From: [REDACTED]@chiquita-enza.cl>
To: [REDACTED]@chiquita.com>
Date: 3/4/2002 5:38 PM
Subject: Special Payments
CC: [REDACTED]@chiquita.com>

[REDACTED]

I want to confirm the amount of the special payments in Colombia for each location. In turbo the payment is .025/box, while the amount paid in smarta is .03/box.

I'll be in the office tomorrow afternoon if you need add'l info. for the audit mtg, or you can reach me at my cell.

[REDACTED]

CBI-V1-003-000303

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
THIRD QUARTER, 1998 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	34,273	Army and Police Officials	Donations for security services.
	Sub-total	34,273		
	Total Payments	<u>34,273</u>		

CBI-V1-003-000581

Exchange Rate: .0006895



**Chiquita
Brands
International**

MEMORANDUM

TO: Distribution

DATE: November 12, 1999

FROM: [REDACTED]

PHONE: [REDACTED]

SUBJECT: Accounting for Sensitive Payments

This memorandum is intended to conform current practices being followed by operating units and supercedes previous guidance provided by [REDACTED]

It is important to emphasize that the intent of recording sensitive payments is to provide for adequate records along with the need for maintaining an appropriate level of confidentiality about the recipients of such payments. Please note that there are two options for recording these payments. They are:

1. Following standard Company practices in recording and classifying the payments in the business unit books and records; or
2. Using an account code "Manager's Expense" to record these expenses. These types of expenses would *not* fall into other account classifications such as Contributions, Donations, Consulting Services, Public Relations, etc. use of such an account is acceptable through the following procedure:
 - a. Underlying details supporting Manager's Expenses should be maintained by the General Manager to assure compliance with provisions of the Foreign Corrupt Practices Act.

On an on-going basis and at least once each quarter the Manager of the San José, Costa Rica Internal Audit Regional Office, will perform an on-site review of each transaction and ensure on an after-the-fact basis that:

- X The expenditure was properly authorized, documented and supported;
- X Documentation and support exists for each transaction recorded in the Manager's Expenses account (a list of such transactions should be prepared by the local controller); and
- X Payments to government organizations or individuals were reported on the appropriate quarterly report of the Statement of Policies & Procedures sent to the Law Department.

(b)(6), (b)(7)(c)

During the above mentioned on-site review, the Internal Audit Manager will collect and maintain records of the underlying supporting detail for subsequent review with the Law Department.

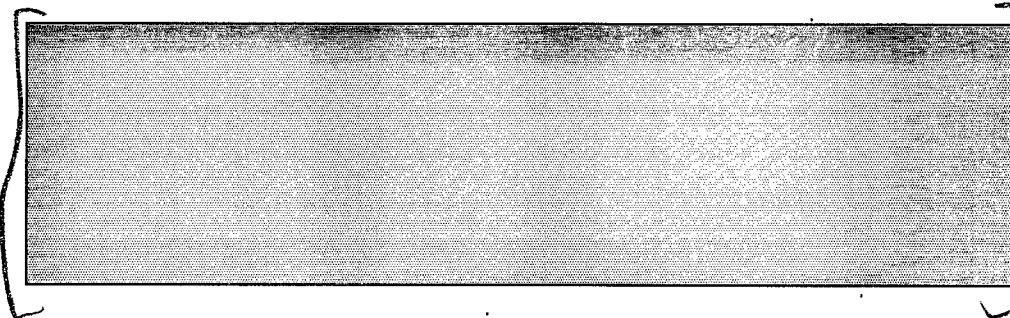
- b. Internal Audit teams will periodically perform on-site reviews of disbursements at the operating units which use the "Manager's Expense" account to assure that quarterly reviews contain all appropriate transactions.
- c. During the preparation of the location's TCS, the amount budgeted for the Manager's Expense account code should be identified and approved by the General Manager's supervisor.

If an organization does not use a "Manager's Expense" account code for sensitive payments but would like to use such an account, [REDACTED] should be contacted for authorization to open it. The policies relating to this subject are located in the Financial & Administrative Policy manual:

- X Internal Control A-1.0, pp. 1/7
- X Quarterly Representation Letter B-3.0, pp. 1-6
- X Fiduciary Responsibilities of Local Chief Financial Officers A-6.0, pp. 1-2
- X FCPA commentary and the Company's "Statement of Policies & Procedures," A-2.0, pp. 1-3 (and exhibits)

Please contact me if you have any questions.

Distribution



10/26/92

Santa Marta

Have Vehicle to army
in Santa Marta

- in Paramo looks ?
- not in violation of law
- have Control report
it in FCPA

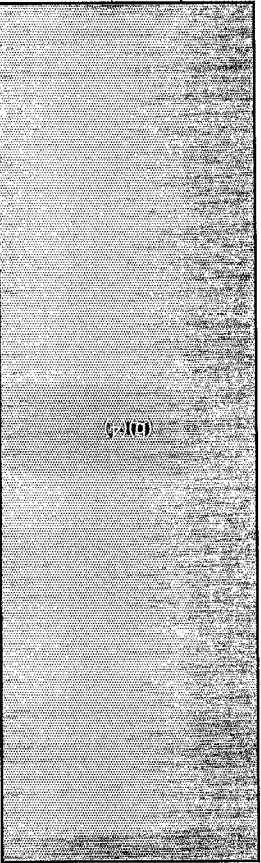
Isacolis my OK

- 25000

4th Quarter.

Agenda

■ Current Security Conditions in Colombia



■ Recommendations

June 12, 2003

Current Security Conditions

AUC

- Divided over negotiations with government to disarm
- Divided over participation in drug traffic
- The groups that decide to continue fighting and continue in drug business will need more financing, as they will lose financing from centralized AUC – this will come from drugs
- As a result we expect increased pressure both in Turbo and Santa Marta to put drugs on our ships

June 12, 2003

2

(b)(5), (b)(7)(c)

15-08-94 12:34

[Redacted]

IDENTIF. = 2887008

P. 01



COMPANIA FRUTERA DE SEVILLA
MEDELLIN - COLOMBIA

RECEIVED
JUN 15 1994
LAW DEPARTMENT
FAX COVER LETTER

FAC 381 65 44 - INT 68 88

DATE: June 15, 1994

TO:

[Redacted]

FROM:

COMMENTS: Please copy this message to [Redacted]

Thanks.

[Redacted]

TOTAL PAGES INCLUDING FAX COVER LETTER: 2

CARRERA 47 No. 60-24 EDIF. FRUTERA - PISO 14 TEL: 381 69 88 A.A. 30609 TELEF 68 748 SERVICIO MED.

CBI-V1-003-000002

CHIQUITA NSD 6298

01/11/1995 04:17

POSSE HERRERA RUIZ

PAGE 01

From OWA File

**POSSE
HERRERA
& RUIZ**

ABOGADOS

Cra 7A No. 69-67
Tels: [REDACTED]
Fax: [REDACTED]
E-mail: phr@posseherreraruiz.com
Bogotá - Colombia

(b)(6), (b)(7)(C)

**PORTADA DE TRANSMISION DE FAX
FAX TRANSMISSION COVER
(571) 313 0259 / 348 0995**

PARA: [REDACTED]
TO: CHIQUITA BRANDS INTERNATIONAL

DE: [REDACTED]
FROM: [REDACTED]

FECHA: May 7, 2001
DATE:

FAX NUMERO: [REDACTED]
FAX NUMBER:

PAGINAS: C + 6
PAGES:

MENSAJE: YOUR TELEPHONE CALL OF MAY 3, 2001
MESSAGE:

SI NO RECIBE COMPLETAS TODAS LAS PAGINAS POR FAVOR LLAME A LOS TELEFONOS INDICADOS EN LA PARTE SUPERIOR DE ESTA CARATULA. LA INFORMACION CONTENIDA EN ESTE MENSAJE ES PRIVILEGIADA Y CONFIDENCIAL ENTRE EL REMITENTE Y LA PERSONA O ENTIDAD A LA QUE SE DIRIGE. SI RECIBE POR ERROR ESTA COMUNICACION POR FAVOR INFORMENOS Y DESTRUYA EL ORIGINAL GRACIAS.

IF YOU DO NOT RECEIVE THIS MESSAGE WITH ALL THE PAGES, INCLUDING COVER, PLEASE CALL TO THE TELEPHONES MENTIONED IN HEADING. THE INFORMATION CONTAINED IN THIS MESSAGE IS PRIVILEGED AND CONFIDENTIAL BETWEEN THE SENDER AND THE PERSON OR ENTITY NAMED ABOVE. IF YOU RECEIVE THIS INFORMATION IN ERROR, PLEASE NOTIFY US AND DESTROY THE ORIGINAL THANK YOU.

05/07/2001 04:34PM

CBI-V1-003-000179
CHIQUITA NSD 6329

**POSSE
HERRERA
& RUIZ**
ABOGADOS

(b)(6), (b)(7)(C)

Pedro A. Posse Camargo
(1894-1975)
León Posse Arboleda
(1931-1989)
Daniel Posse Velásquez
Mariana Posse Velásquez
Jaime Herrera Rodríguez
Juan Guillermo Ruiz Hurtado
José A. Torres Hernández
Cecilia M. Mateus Niño
Alvaro José Rodríguez Gómez
María Cecilia Pérez Varela
María Rocío Arjona Duque
Rodrigo Lozano Villa
Andrés Montoya Benítez
Cecilia Vargas Cifuentes
María Lucía Posada Isaacs
Ibibianna Camacho Reyes

**CONTENTS COVERED BY ATTORNEY CLIENT PRIVILEGE &
ATTORNEY WORK PRODUCT DOCTRINE**

Bogotá, May 7, 2001

VIA FACSIMILE (513) 564 2916

Mr.

CHIQUITA BRANDS INTERNATIONAL
250 East Five Street
Cincinnati, Ohio 45202
USA

Reference: Your telephone call of May 3, 2001

Dear

1. We refer to the conference call held on May 3, 2001. You have requested (i) a brief description of the legal framework applicable to "CONVIVIR" organizations in Colombia, and (ii) an opinion as to the legality of payments to "CONVIVIR" organizations under Colombian law.
2. At the outset we would like to caveat that the analysis below is preliminary in nature. As you will see a number of complex legal issues stem out of the issues touched upon below, a due assessment of which would require a more detailed study of subject matter.
3. Please be informed that "CONVIVIR" organizations are expressly authorized under Colombian law. The legislative background of the institution can be traced to Law 61, 1993.

**POSSE
HERRERA
& RUIZ**

A B O G A D O S

(b)(5) - (a)(7)C

whereby the Colombian Congress vested the executive branch with temporary powers to issue the "Surveillance and Private Security Statute" (article 1(j), Law 61, 1993).

4. Based on such legislative powers the President of the Republic issued Decree 356, 1994, which constitutes the governing Surveillance and Private Security Statute" (the "Statute"). The Statute created a number of security related entities, including, *inter alia*, Surveillance and Private Security Companies, Security Departments, Surveillance and Private Security Cooperative Institutions, Transportation of Valuables, and most notably for the subject matter of this communication, the Surveillance and Private Security Community Services (the "Community Services") and Surveillance and Private Security Special Services (the "Special Services").

5. Community Services and Special Services became known as "CONVIVIR" organizations by virtue of Resolution No. 368 issued by the Surveillance and Private Security Superintendence (the "Superintendence") on April 1995.

6. The Special Services are defined by article 39 of the Statute as so:

"Article 39.- Definition. Surveillance and Private Security Special Services are those juridical persons of private or public law, expressly, individually and temporarily authorized by the Surveillance and Private Security Superintendence, with the exclusive purposes of providing its own security for the development of activities in high risk areas or of public interest, which require a security level of high capability".

Paragraph.- A surveillance and private security services is considered special, whenever it deploys restricted fire weapons, and proceeds with techniques and procedures different to those established to other surveillance and private security services, to which end it requires the approval by the Arms Committee of the Ministry of National Defense".

7. The distinguishing feature of Special Services is that a given company or enterprise is in need of providing security services to protect the activities carried in its ordinary course of business, within a prescribed geographical area. Therefore, it is the same company providing Special Services for its own benefit and credit.

8. Community Services, in turn, are defined by the Statute in the following manner:

"Article 41. Definition. Surveillance and Private Security Community Services are defined as the organization of the community in cooperative form, community action boards or community enterprises, with the purpose of providing surveillance and private security services to its affiliates or members within the area where the respective community is located.

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**CBI-V1-003-000181
CHIQUITA NSD 6331**

**POSSE
HERRERA
& RUIZ**

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(b)(6), (b)(7)(c)

Paragraph 1.- Surveillance and private security communities may not provide surveillance and private security services to persons other than its affiliates or members, or beyond the authorized zone.

Paragraph 2.- The National Government may regulate this activity".

9. It is worth noting that affiliate and members of Community Services can be individuals or juridical persons, but in any case, need to reside within the area of operation of the Community Services. As opposed to Special Services, in Community Services, a plural number of persons or entities are associated in order to provide security services to its members and affiliates, within the area of residence of such members and affiliates. It is not one person providing its own security, but a number of persons associated to provide services for the benefit of the associates.

10. By 1997, through Resolution 7164, the Superintendence prohibited the use of the expression "CONVIVIR" to identify Special Services and Community Services. On same year, the National Government issued Decree 2974, whereby both the Special Services and the Community Services were integrally regulated.

11. As highlight of the above regimes we have the following:

(i) Before the initiation of operations, both the Special Services and the Community Services need to obtain a license from the Superintendence. The Superintendence is vested with discretionary powers to grant such licenses.

Licenses for Special Services may be granted for up to two (2) years, and Special Services may obtain indefinitely new licenses upon elapsing of previous licenses. Likewise Community Services may obtain anew license each time current license expires, and such licenses may be granted for up to three (3) years each time. Granting of anew licenses is subject to the existence of security conditions warranting the continuance of the provision of the respective security service.

(ii) To obtain a license for Special Services, the relevant company must detail, amongst other things, the resources to be allocated to the provision of the Special Services.

(iii) For Community Services, although there is no express provision ordering the disclosure of budgetary aspects of the organization, there is the duty to disclose the list of members and affiliates.

(iv) In both cases, only weaponry suitable for self-defense may be deployed, unless otherwise authorized by the Ministry of Defense.

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05/07/2001 04:34PM

**CBI-V1-003-000182
CHIQUITA NSD 6332**

**POSSE
HERRERA
& RUIZ**

ABOGADOS

(b)(5) - (D) (C)

(v) Special Services may be provided by any entity, both non-profitable institutions, and commercial entities. Community Services may only be organized in communal like entities, which means that in principle funds may only be collected from members for the benefit of same members.

(vi) There is an extensive and exhaustive list of duties instated for these organizations, including the observance of the law and the respect of human rights.

(vii) Special Services and Community Services may not provide security services to persons other than for its own benefit (in the case of the Special Services) and to its members (in the case of Community Services).

12. Payments to fund the operations of Special Services and Community Services are legal under Colombian law, provided the respective Special Services and Community Services have obtained and maintain appropriate licenses from the Superintendence. Payments to Special Services should take the form of budgetary appropriations within the same company or entity. Payments to Community Service take the form of contributions made by affiliates, to which it is indispensable to become a registered member before making contributions.

13. In addition, please be advised that it is possible to have unrelated third parties (*i.e.*, entities different from the entity providing duly authorized Special Services, and non-members of Community Services) contribute to Special Services and/or Community Services via donations. To this respect please be informed that periodic donations are authorized by Colombian law. If the amount of the donation exceeds 50 times the minimum legal monthly salary (approximately US \$6,000), the donation must be effected through a previous notarial representation of donation (*insinuación notarial de donación*).

14. We should underline that the legality of payments, is subject to the due observance of the requisites described above. In addition the actual use by Special Services and Community Services of contributed funds should be borne in mind. If funds are used for the conduction of activities that comply with legal requirements, legality of such payments will be preserved. However, if funds are used in connection of activities beyond the scope authorized to Special Services or the Community Services, including the conductions of activities that are contrary to law, the actual (or even constructive) knowledge of such activities by the contributing party may taint such payments as illegal and even result in criminal responsibility.

15. To summarize:

(a) Organizations formerly known as CONVIVIR, are authorized under Colombian law, under the caption of Special Services and Community Services of the Statute.

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ATTORNEY WORK PRODUCT DOCTRINE**

4

CBI-V1-003-000183
CHIQUITA NSD 6333

**POSSE
HERRERA
& RUIZ**

ABOGADOS

(b)(6), (b)(7)(C)

(b) Special Services and Community Services are stringently regulated by law, with respect to the its creation, licensing and operation.

(c) Both Special Services and Community Services require licenses of the Superintendence to legally operate.

(d) The scope of action of the Special Services and Community Services is heavily restricted by law. They can only operate within a prescribed geographical area, and services can only be provided for the benefit of the same entity (in the case of the Special Services) and of the members or affiliates (in the case of Community Services).

(e) Funding of Special Services and Community Services is lawful in Colombia, provided (i) made as intra-company budgetary appropriation in the case of Special Services, (ii) made in the form of contributions by registered members in the case of Community Services, (iii) the receiving Special Services and Community Services are duly licensed by the Superintendence, and (iv) funds are used for activities carried in strict compliance of the law.

(f) Contributions by non-related parties to Special Services and Community Services are lawful under Colombian law, subject to the compliance of applicable donation formalities, in addition to the observance of requisites listed in (iii) and (iv) above.

(g) If funds are distracted towards activities not expressly authorized by law, the actual knowledge of constructive knowledge thereof by the contributing party, could entail the unlawfulness of the payment, and even expose such party to criminal liabilities.

16. It is important to overstress the sensitiveness of these institutions within the Colombian political and social environment, and therefore forcefully caution on the making of these kind of payments. This matter should be treated with the utmost care and attention, on pain, amongst many other things, of possibly facing liabilities on account of criminal aiding and abetting.

17. Please do not hesitate in calling upon us for your questions and comments.

Yours sincerely,

POSSE, HERRERA & RUIZ

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ATTORNEY WORK PRODUCT DOCTRINE**

5

08/07/2001 04:34PM

**CBI-V1-003-000184
CHIQUITA NSD 6334**

(b)(5), (b)(7)c

01/11/1995 04:17

PAGE 01

**POSSE
HERRERA
& RUIZ**

ABOGADOS

Cra 7A No. 69-67

Tels:

Fax:

E-mail:

Bogotá - Colombia

From Own File

CONFIDENTIAL

**PORTADA DE TRANSMISION DE FAX
FAX TRANSMISSION COVER
(571) 313 0259 / 348 0995**

PARA: [REDACTED]
TO: CHIQUITA BRANDS INTERNATIONAL

DE: [REDACTED]
FROM: [REDACTED]

FECHA: May 7, 2001
DATE:

FAX NUMERO: [REDACTED]
FAX NUMBER:

PAGINAS: C + 5
PAGES:

MENSAJE: YOUR TELEPHONE CALL OF MAY 3, 2001
MESSAGE:

SI NO RECIBE COMPLETAS TODAS LAS PAGINAS POR FAVOR LLAME A LOS TELEFONOS INDICADOS EN LA PARTE SUPERIOR DE ESTA CARATULA. LA INFORMACION CONTENIDA EN ESTE MENSAJE ES PRIVILEGIADA Y CONFIDENCIAL ENTRE EL REMITENTE Y LA PERSONA O ENTIDAD A LA QUE SE DIRIGE. SI RECIBE POR ERROR ESTA COMUNICACION POR FAVOR INFORMENOS Y DESTRUYA EL ORIGINAL GRACIAS.

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05/07/2001 04:15:48 PM

CBI-V1-003-000172

CHIQUITA NSD 6336



**Chiquita
Brands
International**

**MEMORANDUM
PRIVILEGED AND CONFIDENTIAL
ATTORNEY WORK PRODUCT**

(b)(6), (b)(7)(C)

To: [REDACTED]

From: [REDACTED]

Date: August 29, 1997

Re: CONVIVIR

During my trip to Colombia last week, I discussed the issue of CONVIVIR with [REDACTED] Head of Security, and [REDACTED] advised me that we currently are members of an organization called CONVIVIR Puntepedra, S.A., a legal entity in which we participate with other banana exporting companies in the Turbo region. Banadex currently pays \$0.03 per box to this CONVIVIR (from week 18th of this year through week 17th of next year).

CONVIVIR are entities that legally operate and exist under Colombian law. However, Banadex is not a shareholder per se (and likewise does not know who the real shareholders are, people which for obvious reasons wish to remain anonymous). CONVIVIR organizations have been pushed by the government as a means of combating guerilla terrorism. While they operate under military supervision (and have offices at the military bases), their sole function is to provide information on guerilla movements and the funds supplied by companies like Banadex go to buy radios, motorcycles and other equipment. The CONVIVIR members are not paramilitary groups and are generally unarmed.

[REDACTED] vehemently emphasizes that CONVIVIR operate under full legal protection in Colombia and that our participation is not illegal. Likewise, they advised me that CONVIVIR organizations are not public entities.

Should you have any question, please let me know.

**CBI-V1-003-000161
CHIQUITA NSD 6352**

15-08-84 12:34 [REDACTED]

IDENTIF. - 2887888

P. 01



COMPANIA FRUTERA DE SEVILLA

MEDELLIN - COLOMBIA

RECEIVED

JUN 16 1994

LAW DEPARTMENT
FAX COVER LETTER

FAC 281 88 44 - 281 88 88

DATE: June 15, 1994
TO: [REDACTED]
FROM: [REDACTED]

COMMENTS: Please copy this message to Mr. [REDACTED]

Thanks.



TOTAL PAGES INCLUDING FAX COVER LETTER: 2

CARRERA 47 No. 80-24 EDIF. FRUTERA - PISO 14 TEL: 281 88 88 AA: 80808 TELECO 88748 SERVICIO MED.

[REDACTED]
(b)(6), (b)(7)(c)

(b)(5), (b)(7)(C)



Chiquita Brands International

MEMORANDUM

Direct

Discussed w/

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Who needs to get this info? Why is this being written?

TO: [Redacted] Esquire

DATE: January 5, 1994

FROM: [Redacted]

PHONE: [Redacted]

SUBJECT: Reportable Payments in Colombia and Manager's Expense Payments

This memo documents my understanding of the Turbo and Santa Marta Divisions' ^{payments} transactions that are reportable on the Statement of Policies and Procedures and Manager's Expense summaries. Also, I will include my understanding of the Divisions' handling and reporting of payments for security purposes and payments to the respective trade association. This information is based on inquiries of local Management and through my observation of documents that were made available to me. This memo with attachments will constitute our working papers related to this area and the documentation of the work that we performed.

We limited the scope of our testing and the related procedures performed to disbursements and certain corporate compliance areas. Our work primarily consisted of a disbursement sample, review of policies and procedures, and discussions with management, since this engagement constitutes a disbursement review. We did not perform detailed substantive testing of balance sheet values and compliance testing beyond the disbursement-related systems. ~~Had we performed additional procedures or had we performed a complete audit of each of the aforementioned entities, other matters may have come to our attention that would have been reported in this memorandum and detailed in the related working papers.~~

Manager's Expense

I understand, based on my discussions with Management and based on my review of documents Management made available to me, that the Manager's Expense Account at both Divisions ~~largely consists of guerrilla extortion payments made by the Security Department through our intermediary or Security Consultant, [Redacted]~~ I understand that the Security Consultant is our contact with the various guerrilla groups in both Divisions. Management in Santa Marta advised me that all ~~extortion~~ payments, referred to as "citizen security" by Management, are currently ~~handled~~ through the Security Department, either ~~John Stabior or Juan Manuel Alverado, in Medellin,~~ and recorded in the respective Division's accounting records in an account named "Gastos de Seguridad Ciudadana". ~~Management~~ understands that these payments are not supported by any receipt by any outside recipient and are being expended as a Company expense. Totals of such payments were ~~\$1,000,000 and \$2M~~ at Santa Marta for the period January 1, 1993 through October 25, 1993. These amounts have been expended via the Manager's Expense Account in 1993.

These "citizen security"

consulting

go consult w/ who d. Affore 61 Turbo CIA

Every thing on Exhibit II?

4m?

3865

by bits divisions

their respective

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Memorandum to [redacted] Esq.
January 5, 1994
Page 2

The Turbo General Manager told me that the Guerilla Groups are used to supply security personnel at the various farms. This is not practiced at the Santa Marta Division.

What is this relevant?
What is the obligation to have supporting documents?
Is this relevant?

Through October 1993, the Divisions are in a loss position for financial and tax purposes of \$2.3 million for Turbo and \$6.1 million for Santa Marta. Therefore, local Management is not very concerned that they are expensing these payments without supporting documentation. Management believes that the loss situation the divisions are experiencing would mitigate the lack of documentation for the payments, in the event that the Divisions are audited by local tax authorities. Nevertheless, I believe that Management should explore other methods to make and to record these payments to mitigate any potential personal risk to local management.

Are books & records accurate to the general control system?

I have included schedules ~~(Exhibits II through IV)~~ of the manager's expense accounts for both divisions for the period January through October 1993. I have agreed these to the general ledger activity and noted only two differences with a zero net effect. Both of the differences were at the Turbo Division, which I have documented on Exhibit II.

What were they?

Statement of Policies and Procedures Disclosures

payments
payments

1. Based on discussions I had with each of the General Managers at both of the Divisions, the only reportable ^{payments} transactions to governments, governmental agencies, governmental employees, political parties, or political candidates that they were aware of are the donations totalling \$1,441 at Turbo and \$444 at Santa Marta for the period January 1, 1993 through October 25, 1993, as outlined in Exhibit I. I noted no other reportable transactions from my review of the entity. I discussed the nature of reportable payments with them. They seem to better understand and committed to properly report the payments that constitute a reportable transaction. ~~These payments were reported separately in our internal audit reports of cash disbursements issued in early 1994.~~ *these*

2. Both Divisions belong to trade associations that represent the respective areas in promoting the region's bananas, in improving the general infrastructure, and coordinating the facilitation of government services, and promoting overall safety in the region. The involvement in and influence over the association varies by Division. The Turbo Division appears to have some influence over their respective trade association, AUGURA. Management receives a budget and certain transaction details, such as information relating to facilitating payments and donations to the various entities. Whereas, the Santa Marta Division receives no such transaction information or budgets from its regional trade association, FUNDEBAN. Due to the influence and knowledge factors, the Turbo Division reports the governmental-related AUGURA payments made by the trade

(b)(6), (b)(7)c

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Memorandum to [REDACTED] Esq.
January 5, 1994
Page 3

association on its quarterly Statement of Policy and Procedure disclosure (these started third quarter 1993); while the Santa Marta Division does not report governmental-related FUNDEBAN payments on its quarterly disclosure. *Could they?* The trade associations assess the Divisions \$0.02 per box of exported fruit. The Divisions pay for both produced and associate producer-purchased fruit. Amounts assessed by such associations for the period January 1, 1993 through October 25, 1993 were approximately \$106M at Turbo and \$133M at Santa Marta.

In the event that you should have questions or comments regarding the aforementioned areas, please feel free to contact me.

attachments

CBI-V1-003-000269

CHIQUITA NSD 6462

(b)(6) (b)(7)(c)

File Name - G.M. Expenses

Telcon3-28-02 [redacted] (following general advice of situation to [redacted] about a month ago)
Gastos de Gerente (non FCPA expenses)
Check made out to G.M., 1016 for Gastos de Gerente approved by Controller only (no CAO approval)
G.M. will use for Gastos de Representacion (check on tax implications) -will go to general overhead misc expenses.
G.M. keeps private ledger indicating recipient
G.M. gets and keeps written receipt from [redacted]
Only these expenses will go through this account
Qtly Controller will compile list of Gastos de Gerente transactions and provide to [redacted] (or his replacement) who will review entries in ledger kept by GM and receipts from [redacted]
I will review for reasonableness quarterly (no documentation specified at this time)
[redacted] to be aware of magnitude and advised of significant changes
[redacted] will inform audit committee and EY Cinn (not Colombia)
Discuss with [redacted] if monthly or biweekly

CBI-V1-003-000243
CHIQUITA NSD 6486

From: [REDACTED]
To: [REDACTED]
Date: 10/7/02 8:08AM
Subject: Fwd: FCPA

FYI,

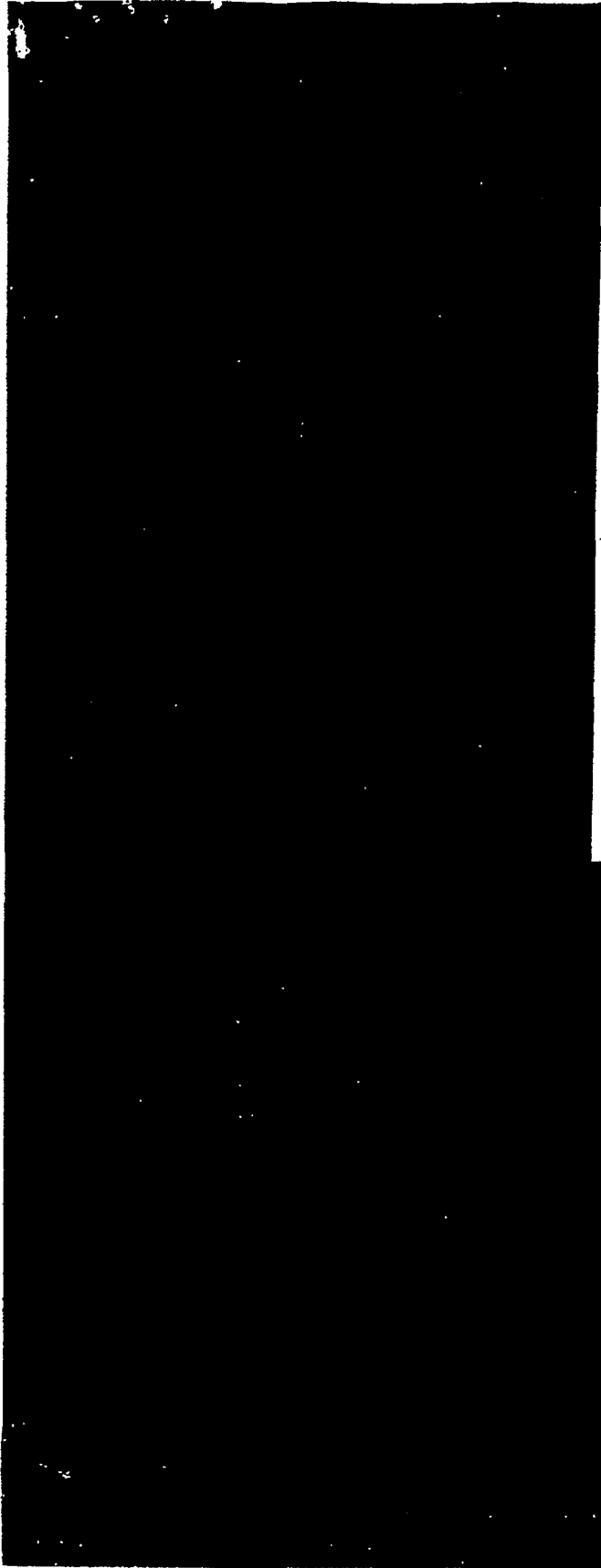
Note that [REDACTED] disclosed to the audit committee that the convivir payments in the first half of 2002 showed an increased rate per box from the same period in 2001. This is substantiated by attached e-mail from [REDACTED]

The detailed attached information should help us explain future quarterly payment variances in Colombia from prior periods.

Regards,

[REDACTED]

(b)(6), (b)(7)(C)



[Redacted]

Date: 1/4/94

To: [Redacted]

RECEIVED

JAN - - 1994

_____ For Your Information **LAW DEPARTMENT**

_____ For Your Files

_____ As Requested

X For Your Comments and Suggestions

_____ For Your Signature

_____ Please Return

_____ Please Handle

Other Remarks: *Should I log*

this as a positive report?

[Redacted]

[Redacted] 1/9/93

no.

Otterloo Case Press Coverage
August 19, 2003

DIAN Official Still on the Loose

- The unusual link in the Otterloo case

La Nacion- Colombia

The authorities captured a man, who lent his name to import 3,000 rifles, through an appliance store. The "partners" were two illiterate farmers.

The investigation into the smuggling of 3,000 AK-47 rifles that arrived in Colombia from Central America on board the Otterloo, and which were destined to the paramilitary groups, lead investigators to a northeast community in Medellin.

On July 27, 2003, 15 DAS agents arrived at a house in the Aranjuez neighborhood. It was the home of the legal representative of the company that imported the 23 containers, which supposedly, contained plastic balls.

When the detectives knocked on the door and asked for Nelson Saldarriaga Cuartas, an emaciated and badly dressed man came to the door and claimed to be the man they were looking for. After examining his identification documents and establishing it was in fact Saldarriaga, the man was arrested.

Documents from the investigation's file indicate that Saldarriaga, 33, is the representative of Inversiones Banoly, front company, which the police believe was created with the sole purpose of executing a gigantic arms smuggling operation.

However, after researching his activities, they concluded the man was used in the smuggling operation exposed in April, 2002 by *El Tiempo*.

Thanks to the documents he signed on November 5, 2001, the Panamanian ship Otterloo disembarked in Turbo, 14 containers [full of arms] mixed with other 9, without any problems.

The toys they were supposed to hold were replaced with guns and 5 million rounds of 7.62 mm. bullets, which found their way into the hands of a paramilitary group [Autodefensas Unidas de Colombia (Auc)]. The head of this group, Carlos Castaño, recognized the fact. "It's the best goal I have scored."

NEW LINK

"He (Saldarriaga) has never had the means or the money to create a company that could import [not even] one container. He is poor and unemployed," said one of the detectives who captured Saldarriaga.

In addition, sources close to the investigation told our reporters, that the man is terminally ill and is dependent on drugs. Because of this, although the man is still linked to the case, the authorities are searching for the person who set him up.

A few minutes after Saldarriaga's detention, the DAS captured his older brother, Erasmo, 35, who is a businessman in that city.

They also captured Paola Catherine Romero Benavides, an employee of a brokerage firm, and Henry Hernandez Ramirez and Herminio Martinez Mercado, who were DIAN officials.

Simultaneously, in the town of Apartado, the DAS captured Luis Anibal Chaverra Arboleda and Jovanny Hurtado Torres, the latter was an employee of Banadex, a port service company.

The Hypothesis

Although, the manner in which this arsenal was introduced into the country has not been conclusively established, according to DAS detectives, their hypothesis is the most plausible.

The business, according to the police, began in 2001, when Erasmo Saldarriaga was contacted by the AUC in Turbo, and they proposed he help them smuggle the guns.

According to the DAS, Erasmo decided to have his brother Nelson, unemployed, terminally ill and with economic problems, lend his name in order to create an import company.

On May 29, 2001, Nelson and two other persons registered Inversiones Banoly (No. 3971) in the Chamber of Commerce in Uraba. The purpose of the company was to import and market appliances.

The police established that the other two persons who registered the company were local farmers who did not know how to read or write. According to the DAS, Nelson only signed documents for small appliance importations made by the company as a façade.

Some time later, Colombia's Police intelligence determined that the arsenal was sold by the Nicaraguan Police, seemingly, to its Panamanian counterpart. Later, it was discovered that the Panamanian Police had not bought anything and it had all been a deception by the smugglers.

Because of this scandal, in January 2003 the OAS presented the results of its investigation that concluded Nicaragua was "guilty of professional negligence" and violating articles in the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials. Colombia was charged with corruption and Panama was exonerated.

According to the DAS, there was a corruption chain in Colombia, of which Saldarriaga was a link, and one by one they have been captured. However, a DIAN official is still on the loose and he may lead to other accomplices.

###

Otterloo Case Press Coverage
August 1, 2003

Otterloo Arrests

News Briefs

El Tiempo

Three DIAN [Direccion de Impuestos y Aduanas Nacionales – The customs agency of Colombia] officials began giving depositions before a prosecutor. The officials were detained Monday in the Otterloo investigation. The ship arrived in Turbo in November, 2003 loaded with an arsenal for the “paras” [paramilitary forces]. The officials are still linked to the DIAN, but they will have to explain why they did not report any irregularity when they inspected 23 containers, which were supposed to contain rubber balls.

###

Otterloo Case Press Coverage
August 3, 2003

More Arrests in Otterloo Case
El Tiempo

During the last few hours, the CTI [?] of the prosecutor's office made five more arrests in the Otterloo case. This time they were not government workers. An arsenal destined to paramilitary forces was smuggled on board the Otterloo in 2001. On Monday two DIAN officials were detained, Henry Ramirez and Herminio Martinez. They are accused of assisting in the transfer of the arms [from the boat to the trucks].

###

Otterloo Case Press Coverage
August 5, 2003

Seven Captured in Arms Smuggling Case

AFP
El Heraldo

Bogotá's secret police revealed they had captured seven persons in relation with the smuggling in November of 2001 of an arsenal of 3,000 AK-47 machine guns and 5 million bullets from Nicaragua

The seven detainees are accused of facilitating the entry of the arsenal, which was transported in 14 containers on board the Panamanian ship Otterloo.

Colombia's secret police (DAS) revealed in a press-release that after six months of investigation, they had made these arrests and established the ship departed from Veracruz, Mexico and loaded the arms in the port of Rana, Nicaragua.

According to the DAS, the ship then docked in Bluff, another Nicaraguan port, and reported it was sailing to Colon in Panama, but instead it headed to Turbo, Colombia, where the arms were unloaded.

The case of these arms, which were not confiscated, is a mystery to the Colombian authorities, who at first said there was the possibility they were destined to the FARC (Fuerzas Armadas Revolucionarias de Colombia -A guerrilla faction).

However, some time later, right-wing paramilitary extremists said these guns may be in their hands because they controlled the port.

###

Otterloo Case Press Coverage
August 3, 2003

Alleged arm Smugglers Captured

EFE
El Colombiano

Colombian and INTERPOL agents captured seven alleged members of an arm trafficking ring, in relation to the diverting of an arms shipment that ended up in the hands of the AUC [United Self-Defense Forces of Colombia] in late 2001.

The diversion of this shipment of 3,000 AK-47 rifles and 5 million rounds of ammunition apparently sold by the Nicaraguan Army to the Panamanian Police generated an argument between the two countries and Colombia, and the OAS intervened.

This arsenal arrived a year and a half ago in Turbo, Uraba, close to the Panamanian border, on board the Panamanian ship, the Otterloo. Twenty three containers of arms and ammunition were unloaded.

Among the apprehended are two DIAN officials, Henry Ramirez and Herminio Martinez Mercado.

The other detainees are representatives of the Import Company and employees of other companies who facilitated the contraband. According to the official report, they are brothers Nelson and Erasmo de Jesus Saldarriaga Cuartas, Luis Anibal Chaverra, Giovanni Hurtado and Paola Caterine Romero.

According to the OAS, Nicaraguan authorities were unprofessional in their handling of this shipment because they did not confirm with Panama whether their police would receive these rifles or if they had in fact bought them.

###

Otterloo Case Press Coverage
August 5, 2003

Detainees from the Otterloo case
El Tiempo

Yesterday, the director of the DAS presented in Bogotá the seven persons, among them a woman, who were captured last week as part of the Otterloo investigation. The facts occurred in November 2001, when a Panamanian ship, the Otterloo, came into the country with 3,000 rifles and 5 million bullets destined to paramilitary groups. The detectives assured there would make more arrests.

###

Otterloo Case Press Coverage
August 5, 2003

Seven Persons Captured in Otterloo Case

- The ship sailed from Nicaragua to Colombia with a load of arms for the paramilitary groups

La Tarde

Yesterday, DAS and INTERPOL agents in Colombia captured seven persons implicated in the case of the Otterloo, the ship that in November of 2001 brought into Colombia 3,000 rifles and 5 million bullets destined to paramilitary groups.

After six months of investigation, the authorities established that these people worked for the DIAN and the shipping companies Turboaduanas and Banadex S.A. in Turbo, Antioquia

DAS director Jorge Noguera said "The investigation confirms the arms were for Carlos Castaños' paramilitary group, and at this moment we do not know of any other people implicated in this case"

This story began when the ship Otterloo arrived in Puerto Bluff, Nicaragua from Veracruz, Mexico in November 2001 loaded with nine containers of plastic balls.

According to the investigation, the ship then sailed to Rana, Nicaragua, and picked up 14 containers loaded with 3,000 AK-47 rifles and 5 million bullets.

The Otterloo returned to Bluff and reported it would sail toward Colon, Panama, but instead it went to Turbo, Colombia, where the 23 containers, 14 containing arms and 9 plastic balls, were unloaded. From there it sailed with an empty hull to Barranquilla.

Among the arrested there are two DIAN officials, Henry Hernandez Ramirez and Herminio Martinez Mercado.

The other detainees are representatives of the Import Company and employees from other companies who facilitated the contraband. These are, according to the official report, brothers Nelson and Erasmo de Jesus Saldarriaga Cuartas, Luis Anibal Chaverra, Giovanni Hurtado and Paola Caterine Romero.

The authorities' report says that this operation was executed in three phases. Phase one, from 1999 to 2000, when the Israeli Ori Zoller, owner of the GIRSA Company in Guatemala proposed trading the rifles and ammunition for 100 UZI sub-machine guns and 465 Jerico pistols made in Israel. In the second phase, from July 2000 to July 2001,

another Israeli, Shimon Yelinek appears as Zoller's partner, and the third phase from July to November 2001, when the shipment was actually made.

###

Otterloo Case Press Coverage
August 1, 2003

Arm Dealers Captured

El Informador

The Administrative Department of Security (DAS- Colombia's secret police) captured 7 people accused of being members of a band of arm smugglers. The detainees allegedly participated in the smuggling of 3,000 AK-47 rifles and 5 million bullets destined to paramilitary groups.

According to DAS director Jorge Noguera, they created a network of fictitious companies in order to legalize the entry to Colombia of 14 containers of weapons for an illegal armed group.

The ship, he said, left Veracruz, Mexico, and loaded the arms in Nicaragua, "They stopped and loaded the containers. We believe they picked the arms up in Nicaragua. They were supposed to go to Colon, Panama. However the boat was diverted to Turbo, Colombia, and there they unloaded the arms," said Noguera.

Noguera identified two of the detainees as Henry Hernandez Ramirez and Herminio Martínez Mercado, who were DIAN officials. "They are part of the group that participated in the legalization of the containers," Noguera added.

He said that these arrests would prevent UN sanctions to Colombia derived from the arms scandal. Noguera pointed out that the arrests "demonstrate the government's commitment to clarify this issue and to prosecute the perpetrators." They will face charges for arms trafficking and collusion.

###

Otterloo Case Press Coverage
August 19, 2003

DIAN Official Still on the Loose

- The unusual link in the Otterloo case

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Authorities captured a man, who lent his name to import 3,000 rifles, through an appliance store. The "partners" were two illiterate farmers.

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However, after researching his activities, they concluded the man was used in the smuggling operation exposed in April 2002 by *El Tiempo*.

Thanks to the documents he signed on Nov. 5, 2001, the Panamanian ship Otterloo disembarked in Turbo 14 containers [full of arms] mixed with another nine, without any problems.

The toys they were supposed to hold were replaced with guns and 5 million rounds of 7.62 mm. bullets, which found their way into the hands of a paramilitary group [Autodefensas Unidas de Colombia (AUC)]. The head of this group, Carlos Castaño, said, "It's the best goal I have scored."

NEW LINK

"He (Saldarriaga) has never had the means or the money to create a company that could import [even] one container. He is poor and unemployed," said one of the detectives who captured Saldarriaga.

In addition, sources close to the investigation told our reporters, that the man is terminally ill and is dependent on drugs. Because of this, although the man is still linked to the case, the authorities are searching for the person who set him up.

A few minutes after Saldarriaga's detention, the DAS captured his older brother, Erasmo, 35, who is a businessman in that city.

They also captured Paola Catherine Romero Benavides, an employee of a brokerage firm, and Henry Hernandez Ramirez and Herminio Martinez Mercado, who were DIAN officials.

Simultaneously, in the town of Apartado, the DAS captured Luis Anibal Chaverra Arboleda and

The Hypothesis

Although the manner in which this arsenal was introduced into the country has not been conclusively established, according to DAS detectives, their hypothesis is the most plausible.

The business, according to the police, began in 2001, when Erasmo Saldarriaga was contacted by the AUC in Turbo, and they proposed he help them smuggle the guns.

According to the DAS, Erasmo decided to have his brother Nelson, unemployed, terminally ill and with economic problems, lend his name in order to create an import company.

On May 29, 2001, Nelson and two other persons registered Inversiones Banoly (No. 3971) in the Chamber of Commerce in Uraba. The purpose of the company was to import and market appliances.

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Some time later, Colombia's police intelligence determined that the arsenal was sold by the Nicaraguan police, seemingly, to its Panamanian counterpart. Later, it was discovered that the Panamanian police had not bought anything, and it had all been a deception by the smugglers.

Because of this scandal, in January 2003, the OAS presented the results of its investigation that concluded Nicaragua was "guilty of professional negligence" and violating articles in the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials. Colombia was charged with corruption, and Panama was exonerated.

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August 3, 2003

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August 5, 2003

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AFP
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According to the DAS, the ship then docked in Bluff, another Nicaraguan port, and reported it was sailing to Colon in Panama, but instead it headed to Turbo, Colombia, where the arms were unloaded.

The case of these arms, which were not confiscated, is a mystery to the Colombian authorities, who at first said there was the possibility they were destined to the FARC (Fuerzas Armadas Revolucionarias de Colombia -A guerrilla faction).

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This story began when the ship Otterloo arrived in Puerto Bluff, Nicaragua from Veracruz, Mexico in November 2001 loaded with nine containers of plastic balls.

According to the investigation, the ship then sailed to Rana, Nicaragua, and picked up 14 containers loaded with 3,000 AK-47 rifles and 5 million bullets.

The Otterloo returned to Bluff and reported it would sail toward Colon, Panama, but instead it went to Turbo, Colombia, where the 23 containers, 14 containing arms and 9 plastic balls, were unloaded. From there it sailed with an empty hull to Barranquilla.

Among the arrested there are two DIAN officials, Henry Hernandez Ramirez and Herminio Martinez Mercado.

The other detainees are representatives of the Import Company and employees from other companies who facilitated the contraband. These are, according to the official report, brothers Nelson and Erasmo de Jesus Saldarriaga Cuartas, Luis Anibal Chaverra, Giovanni Hurtado and Paola Caterine Romero.

The authorities' report says that this operation was executed in three phases. Phase one, from 1999 to 2000, when the Israeli Ori Zoller, owner of the GIRSA Company in Guatemala proposed trading the rifles and ammunition for 100 UZI sub-machine guns and 465 Jerico pistols made in Israel. In the second phase, from July 2000 to July 2001,

another Israeli, Shimon Yelinek appears as Zoller's partner, and the third phase from July to November 2001, when the shipment was actually made.

###

Otterloo Case Press Coverage
August 1, 2003

Arm Dealers Captured

El Informador

The Administrative Department of Security (DAS- Colombia's secret police) captured 7 people accused of being members of a band of arm smugglers. The detainees allegedly participated in the smuggling of 3,000 AK-47 rifles and 5 million bullets destined to paramilitary groups.

According to DAS director Jorge Noguera, they created a network of fictitious companies in order to legalize the entry to Colombia of 14 containers of weapons for an illegal armed group.

The ship, he said, left Veracruz, Mexico, and loaded the arms in Nicaragua, "They stopped and loaded the containers. We believe they picked the arms up in Nicaragua. They were supposed to go to Colon, Panama. However the boat was diverted to Turbo, Colombia, and there they unloaded the arms," said Noguera.

Noguera identified two of the detainees as Henry Hernandez Ramirez and Herminio Martinez Mercado, who were DIAN officials. "They are part of the group that participated in the legalization of the containers," Noguera added.

He said that these arrests would prevent UN sanctions to Colombia derived from the arms scandal. Noguera pointed out that the arrests "demonstrate the government's commitment to clarify this issue and to prosecute the perpetrators." They will face charges for arms trafficking and collusion.

###

(b)(6) (b)(7)(C)

11/14/02 [redacted] documents, No indication that Chiquita is being investigated. Page 1 of 1
DJO: Original B/L had bananas as consignee. Captain changed this.

[redacted]

Colombian Television Program Referring to AK-47's

From: [redacted]
To: [redacted]
Date: 7/18/2002 10:50 AM
Subject: Colombian Television Program Referring to AK-47's

7/18/02: Left message for [redacted] re: banner
Any indication that Chiquita is under investigation.

The story appeared in a Colombian television news program named *Noticias Uno*. This is the same program that some months ago presented a story on the "Chiquita Customs Bribery Scandal." One of the journalists who now works for *Noticias Uno* is the Colombian journalist who most aggressively pursued the bribery story. At that time he was working for a Bogota daily newspaper (*El Espectador*).

The story lasts a bit over three minutes.

Bear in mind that the incident in question occurred in November 2001, and it received significant press coverage last April and May. In a five-minute internet search I found four articles from last April-May, none of which refers to Chiquita. As mentioned below, the *Noticias Uno* story features Chiquita quite a bit.

The story is introduced as dealing with the trafficking of weapons to paramilitary groups, specifically the arrival of 1,500 AK-47 rifles at a private port in Uraba, which were declared to be toy plastic balls from Mexico.

It is stated that the weapons were sold by the Nicaraguan police to the paramilitary group lead by Carlos Castano. (Castano is famous in Colombia as the leader of the main paramilitary group, named "AUC.") Twenty-three containers were loaded in Mexico. Upon their arrival in Colombia fourteen of the containers actually contained the AK-47's. "As previously reported by *Noticias Uno*, the wharf in question has a special status that allows it to be operated exclusively by the multinational banana company Chiquita Brands." This statement is made while showing a brief (five seconds) excerpt from an old Chiquita television commercial with the Chiquita jingle.

Fourteen seconds into the piece, toward the bottom of the screen there appears - for four seconds - the phrase "Chiquita Trafficked in Arms." Beneath that phrase is the phrase "Multinational Banana Company Implicated in Contraband." This latter phrase remains on the screen for twenty-four seconds.

It is reported that the incident is being investigated by the DIAN (the Colombian customs authority). The AK-47's were loaded in Nicaragua. The Nicaraguan police force says it sold the rifles to the Panamanian police force, through a Guatemalan intermediary. This is denied by the Panamanians, who ask why the Nicaraguans never contacted them directly.

It is reported that the DIAN investigation is focused on the possible involvement of customs officials, who apparently certified that the items in question were "toys." "But they are also looking for those who, within the installations of the multinational banana company, unloaded the containers and sent the weapons in trucks to the criminal organization of Carlos Castano." (This statement is made while showing a Chiquita container being hauled through a gate which presumably is the entrance to the Chiquita facility.)

The DIAN investigation is supposed to be completed prior to the installation of the new President (August 7).

It is reported that the Organization of American States is also investigating the incident, from the perspective of treaties prohibiting arms trafficking. The OAS has appointed former US ambassador to Colombia Morris Busby to lead the investigation, which is to be completed by the end of this month. (The OAS website has a June 20 press release announcing Busby's appointment.)

Finally, it is reported that the US State Department has complained that the traffickers would have been caught red-handed had it not been for information leaked to and published by the Nicaraguan press.

7/19/02 [redacted]

DIAN is investigation 2 employees DIAN employees who were responsible for clearing DIAN, Fiscalía & local police have all told us that none are under investigation

file://C:\Documents%20and%20Settings\cbuym\Local%20Settings\TEMP\GW}00009.HTM 7/18/2002

From: [redacted]
To: [redacted]
Date: 3/6/02 9:26AM
Subject: Re: FCPA Presentation

FYI,

Official shipped volumes from Colombia declined as shown below:

	<u>Santa Marta</u>	<u>Turbo</u>	<u>total</u>
2000	2,804,000	9,292,000	12,096,000
2001	2,575,000	8,419,000	10,994,000

[redacted] the convivir payment decrease is smaller (percentage wise) than the volume decrease because Convivir payments in Santa Marta began in early 2000 and I believe there was a small rate increase (per box) in 2000. Consequently, since the rate increase was only partially reflected in 2000, the FCPA 2001 effective rate per box should be somewhat higher.

Regards,

[redacted]

>>> [redacted] 03/05/02 07:59PM >>>

Here's today's draft of the notes.

Open Letter: This is a transcript of a letter written by a member of auto-defense groups of Colombia.

Marta Lucía Ramírez
Minister of National Defense
Open Letter

The members of the Political and Military Command of the Self-defense peasant Groups (army) of the provinces of Cordoba and Uraba, feel compelled to inform you, and the public opinion of some terrible events for the country, which frequently occur in regions where our anti-subversive troops have an influence. We would also like to inform of the actions we plan to contribute to social order.

As it is well known to the authorities, our coasts, ports, airports in the north of Colombia are drug traffickers' favorite places from where to ship drugs to the United States and Europe.

A large portion of the Pacific and Atlantic coast is now controlled by various Auto-defense groups (ADG), some more idealistic and others more capitalistic, all former members of the defunct AUC (United Auto-defense of Colombia).

The Drug cartels have infiltrated most of the Auto-defense groups, and in some cases the line that separates us from the drug traffickers has vanished. This doesn't mean that the Auto-defense groups are responsible for all the drug shipments from ports under our control. One can't even blame them of being the owners of such shipments, for we don't believe that they are drug traffickers. It is clear that although they finance themselves this way, their essence is not drug trafficking. Some groups do it more than others do. It is impossible to conceal the corruption that this drug trafficking has begun to generate. This has created a state of crisis in the ADG as well as in some government institutions which are totally discredited because of some isolated officials who have succumbed to the temptation of the drug traffickers' money.

What happened to the Guerilla when they roamed the north of the country is now happening to us. In the south the drug situation has continued. The combination of AUG, guerillas, drug traffickers; and the tolerance of a few members of the government have created unprecedented corruption. The only losers are the honest people and those of us who are fighting to prevent the self-destruction of all that each one of us honestly represents, legally or illegally.

We don't know what is happening within the government institutions, where undoubtedly the majorities are enemies of the drug traffickers. The ADG of today must be differentiated into two groups: Those that are friendly to drug traffickers and those like the ACCU that aren't. Although there are many more ADG that completely agree with us, it is they who should say it.

It is not a matter of declaring war on the drug traffickers, but to fight against their penetration into our organizations.

This is why the ADG have decided to close ranks against the drug traffickers who are using and destroying us in a planned fashion.

Lets Talk about the Gulf of Uraba from where the drug traffickers have been shipping drugs for a very long time, and where lately it involved workers from a banana company, their trade companies and their carriers. In this recent case, a gigantic shipment of cocaine was by Belgium's police found onboard one of their boats that had sailed from Turbo. This has endangered all the banana operation and has made government officials and the ADG suspects because the people of Uraba regard us as a regional authority.

For these and other reasons derived from our national re-orientation the ACCU proclaim:

From this moment on, we forbid any drug trafficking in Uraba.

We will publicly denounce the drug traffickers who use the gulf, and the banana piers for their drug shipments. They will become our military objective if they persist in corrupting the ADG and government officials in order to make them tolerate their activities.

Mrs. Minister, we hope that with this attitude we can contribute to the eradication of drug trafficking. The best way to do this is by destroying their financing. The coca plantations are not the problem. The shipments of cocaine in the north are the problem because they use the money to finance the guerilla in the south and in this way manage to keep the country in chaos, while they use "dosed" bribes to maintain the ADG depending on them.

Our war is against subversion (guerilla) and so far we have believed that fighting against drug traffickers was not our job, but now we perceive them as attacking us, and we will defend ourselves.

We have also demonstrated to other ADG that it is possible to sustain our cause without support from drug traffickers.

Several ADG have agreed to this valiant effort; to "close their doors" to drugs. Others like Commander Adolfo Paz who is responsible for the Calima group in the pacific region has demonstrated his interest in contributing to the cause by abandoning this type of financing. We have done the same in the gulf of Morrosquillo with the northern group and we think that the Bolívar group, which is very friendly to the UCCA, should follow us as well. Unfortunately some of their bosses are unnecessarily related to this type of activity (drugs) The Mineros Group will have to do this too with less people and an sincere will to change.

For now, we tell you (Mrs. Minister) and the Colombians that the ACCU are sincerely trying very hard to be an exemplary Auto-defense group. We want the rest of the ADG to follow our example: When we all are honest in our commitment to Colombia and the anti-subversive cause prevails over individual economic interests (then) again, we will be the United Auto-defense of Colombia, for war, or preferably for peace.

We are making a frank confession of our reality. This way the Colombians will know whom to count on. We warn you that a confession from the FARC guerilla with respect to drug trafficking would be the size of an encyclopedia, although they consider that

terrorism or drug trafficking are not condemnable. We understand. The Auto-defense Groups are Colombia's friends, and the guerillas are not.

Sincerely

Salvatore Mancuso

Commander ACCU

Rodrigo Molano

Sub-Commander ACCU

Carlos Castaño

Political Command ACCU

José Vicente Castaño

Military Strategist ACCU

Alfredo Berrío Alemán

General Staff ACCU

Commander Bloque Elmer Cárdenas

Pedro Ponte

General Staff ACCU

Political Boss Bloque Elmer Cárdenas

Hernán Hernández

Commander ACCU Turbo

Juan Simón Salamanca

Inspector nspector ACCU

August 1, 2002.

(b)(6), (b)(7)c

TRANSCRIPTION OF CMX MESSAGE

[REDACTED]

[REDACTED] In a reply to your voice mail, you are correct. The first item on business info is to an individual that works at the port, which at this moment is _____ agency. The other two items, the only reason we put those two items in the report is because we were dealing with transactions where the General Manager was given cash for a transaction that basically only had the normal description we put on those type of items, that being expenses for the manager's account, but they have nothing to do with any official and really they were put into that account namely because of the reason I just mentioned and these have to do with consultant that periodically comes to Santa Marta to help us offset situations related to the environment in terms of security issues. I meant to explain this to [REDACTED] in Miami, but I didn't have the opportunity because when I had the report completed and signed it was the second day of the meetings and at that time he was already not participating in the meetings anymore, so I just sent the envelope to him. So, if you need more information, please let us know. Thank you.

VPTJMCX001

CBI-V1-003-000285

CHIQUITA NSD 6444

SUPPORT INFORMATION TO SUMMARY REPORT
 QUARTERLY REPORT OF PAYMENT
 STATEMENT OF POLICIES AND PROCEDURES
 FIRST QUARTER, 2001 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	3,246	Army and Police Officials	Facilitating payments for security services.
		62,087	Convivir	Government sponsored citizen reconnaissance group.
	Total Payments	<u>65,333</u>		

OEA CULPA A NICARAGUA

01/21/2003

AUTOR: SERGIO GOMEZ MASERI Corresponsal de EL TIEMPO

LUGAR: WASHINGTON

MEMO: Afirma que este país es el gran culpable de que a los 'paras' colombianos le hayan llegado 3.000 fusiles. Exonera a Panamá y pide a Colombia investigar un posible caso de corrupción.

La OEA, tras ocho meses de investigación, dio ayer su veredicto sobre el caso 'Otterloo': la venta de un paquete de armas entre las policías de Nicaragua y, supuestamente, la de Panamá que terminó en manos de los paramilitares colombianos.

Según el informe del organismo, Nicaragua es "culpable por negligencia profesional" y por infringir disposiciones de la Convención Interamericana contra la Fabricación y Tráfico Ilícito de Armas de Fuego (Cifta). A Colombia la señala responsable de corrupción, mientras que a Panamá la exonera de culpa.

Sin embargo, el informe de más de 600 páginas endilga la mayor responsabilidad al israelí Simón Yelinek; actualmente detenido en Panamá, quien, según el documento, efectuó la compra y venta final de los 3.000 fusiles AK-47 y millones de cartuchos para las mismas, y al que ahora se le atribuyen nexos con la organización terrorista Al Qaeda.

Igualmente, le atribuye responsabilidad a Trafalgar Maritime Inc. -compañía "fachada" que transportó las armas hasta Colombia- y a la firma Grupo de Representaciones Internacionales (Girsa), que opera desde Guatemala y que puso en contacto a Yelinek con los nicaraguenses.

El escándalo por este trasiego de armas estalló en abril del año pasado, luego de que EL TIEMPO reveló que el barco panameño 'Otterloo' desembarcó en Turbo, el 5 de noviembre del 2001, 14 contenedores en los que venía el armamento con manifiestos de aduana en los que la carga figuraba como pelotas plásticas.

Días después, según las investigaciones de inteligencia colombiana, el arsenal que figuraba como vendido por la policía de Nicaragua a su homóloga de Panamá; llegó a manos de las Autodefensas Unidas de Colombia (Auc), como lo reconoció a este diario su jefe Carlos Castaño: "Es el mejor gol que he hecho".

El negocio

La comisión de la OEA encontró que la transacción original, se suponía, era entre la Policía de Nicaragua (PNN) y Girsa.

La PNN deseaba intercambiar un lote de fusiles AK-47 por pistolas y mini Uzis que se ajustaban más a sus necesidades y Girsa mostró interés en el negocio. Sin embargo, para realizarlo esta empresa necesitaba de un tercero interesado en comprar las armas de los 'nicas'.

Hacia junio del 2000, Girsa, luego de estudiar tres propuestas diferentes, se decidió por la de Yelinek, quien ofreció 575 mil dólares por el cargamento. Yelinek decía representar a la Policía de Panamá (PNP) y presentó una orden de compra de la policía panameña.

Pero dicha orden, como pudo comprobar la OEA, "era falsa". Para la investigadores, sin embargo, ni Girsa -experimentados compradores de armas- ni oficial alguno en Nicaragua puso en duda la orden de compra ni tampoco trataron de verificar que Panamá hubiese ofrecido comprar el armamento.

"Ori Zoller y Uzy Kissilevich, propietario y gerente de Girsa, y los demás involucrados aceptaron rápidamente la orden de compra panameña falsa y demostraron una total falta de interés acerca del destino final de las armas", dice el informe.

"No existe registro alguno de comunicaciones entre Girsa y la policía panameña. No hay indicio alguno de que estos o los oficiales nicaraguenses hayan intentado verificar si la compra era legítima. Basarse en una única orden de compra no respaldada por ninguna otra documentación a lo largo de

esta compleja transacción y utilizar este documento como determinante final es poco profesional y creíble", añade.

Es por esto, según los investigadores, que se llegó a la conclusión de que Nicaragua, aunque en el papel no infringió ley alguna, violó los estatutos de la Cifta.

CBI-V1-002-000394

CHIQUITA NSD 7397

Este acuerdo, del cual Panamá y Nicaragua son firmantes, establece que antes de que se autorice un embarque de armas de fuego deberán "asegurarse" de que los países importadores y de tránsito han otorgado las licencias necesarias y que se ha desarrollado "un sistema eficaz" para las autorizaciones de ventas de armas que elimine posibles "desviaciones".

Por la misma fecha en que culmina el negocio (julio del 2001), un ciudadano mexicano, Miguel Onatopp Ferriz, establece una empresa naviera en Panamá (Trafalgar Maritime), cuyo único barco es el 'Otterloo'.

La nave zarpa de Veracruz (México) el 15 de octubre y su capitán, Miguel Iturrios Maciel, certifica que transporta pelotas plásticas. Luego llega a Nicaragua donde se montan los contenedores que portan las armas y se firma otro documento que indica que el destino final es el puerto de Colón (Panamá).

El 5 de noviembre del 2001 el barco llega a Turbo sin haber pasado por Panamá. La empresa colombiana Banadex, a pedido de un agente naviero, Turbana Ltda., es la encargada del descargue. Y existe un formulario del DAS, firmado por el capitán del barco, que demuestra su arribo y desembarco en Colombia.

Según inteligencia de la Policía colombiana, en los documentos figura que se desembarcaron pelotas, pero lo que en realidad venía adentro, eran los 3.000 fusiles AK-47 y cinco millones de balas.

Pocos meses después, Trafalgar Maritime se disuelve y el 'Otterloo' es vendido a un ciudadano colombiano Edgar Aaron Villalba. En esta parte la OEA, concluye que "alguien en Colombia" asociado con Yelinek recibió el barco. Y le recomienda al Gobierno investigar lo que parece un claro ejemplo de corrupción.

Más sospechas

La OEA se declara sorprendida por las declaraciones dadas por el jefe de las Auc Carlos Castaño, quien afirmó que el negocio era por 13.000 armas y no por 3.000 como consta en los documentos.

Para los investigadores esto indica que se pudieron dar otras transacciones y pide a las autoridades de los países involucrados investigar más al respecto. A Colombia le sugiere revisar armas decomisadas a las autodefensas, para determinar si alguna es de procedencia nicaraguense y no hace parte del lote de las 3.000 registradas.

Según el documento, también despierta sospecha un segundo negocio de compraventa de armas que se comenzó a maquinarse poco después de que se concretó el primero y también con las mismas partes involucradas.

Se trataba de la venta de 5.000 fusiles AK-47 del ejército nicaraguense a la policía panameña a través del mismo sistema de documentación falsa. La OEA señala que en este caso pareciera que altos oficiales del Ejército nicaraguense, entre ellos su inspector general, Robert Calderón, "actuaron de manera criminal pues intentaron vender artículos del Estado por casi un millón de dólares sin que las autoridades civiles estuvieran enteradas, usando una orden de compra falsa que tenía casi dos años de antigüedad".

Aunque el negocio nunca se llevó a cabo, también genera muchos interrogantes. Una vez enteradas del primer embarque y en conocimiento del segundo planeado, las autoridades de Colombia, Nicaragua y Panamá decidieron planear una operación conjunta, la 'Triángulo', que buscaba dar con los implicados.

El operativo fracasó pues Girsá se enteró de que los tres gobiernos investigaban el asunto y canceló la transacción. Según Zoller, fue el general Calderón quien le informó sobre la pesquisa, pero Calderón niega que Girsá estuviese enterada.

Al investigar, la OEA se topó también con que los negocios de Girsá con Calderón venían de tiempo atrás y merecen ser investigados con profundidad. Menciona una solicitud de compra al Ejército nicaraguense, fechada en enero del 2001, de cañones antiaéreos cuádruples y dobles, misiles antiaéreos, granadas propulsadas por cohetes y lanzadores antitanques.

Para la OEA, este hecho sumado al caso colombiano y los otros mencionados indican que los vendedores internacionales de armas consideran a Nicaragua como "una fuente potencial de armas de guerra con objetivos ilegales".

LO QUE RECOMIENDA

CBI-V1-002-000395

CHIQUITA NSD 7396

Además de sugerir a cada país la apertura de investigaciones contra cada uno de los implicados, los investigadores de la OEA les sugieren a los países miembros de la organización establecer programas de destrucción de excedentes de armas.

Aunque no lo menciona, esta recomendación obedece a las miles de armas que han quedado deambulando tras los acuerdos de paz en Centroamérica y que despiertan el apetito de los grupos irregulares y comerciantes.

También que se establezcan modelos armonizados que rijan las importaciones y exportaciones de armas y que se haga énfasis en los apartes de la Cifte que exigen pruebas de emisión de las licencias o autorizaciones de importación necesarias para la liberación de los embarques de armas destinados a la exportación.

NICARAGUA RESPONDE

La cancillería de Nicaragua deslindó este lunes responsabilidad directa en el caso del 'Otterloo' y sostuvo que "la operación fue planificada fuera de Nicaragua y tanto nuestro país como Panamá y Colombia fuimos víctimas de una acción del crimen organizado".

"El informe (de la OEA) señala que el desvío fue posible debido a actos negligentes cometidos en Nicaragua, a causa de fallas sustanciales en su legislación que debemos corregir", señaló en un comunicado sin entrar en mayores detalles.

Nicaragua manifestó disposición de facilitar "una inspección ocular inmediata del inventario de armas y municiones de la Policía Nacional y del Ejército de Nicaragua en el mismo espíritu de apertura y transparencia" que ha caracterizado el proceso de desarme iniciado en los años 90.

Por su parte, anoche la cancillería colombiana, a través de un comunicado, informó que remitió el informe a la Fiscalía pues consideró que "las conclusiones del informe se hace referencia a la probable violación de legislación colombiana", y dijo que ya está analizando medidas para dar "pronta y cumplida aplicación a las recomendaciones en él contenidas".

CAE ISRAELI POR 'OTTERLOO'

12/06/2002

SECCION: POLITICA

EDICION: BOGOTÁ

PAGINA: 1-8

AUTOR: JORGE LUIS DURAN PASTRANA. Redactor de EL TIEMPO

MEMO: Es el primer detenido en el caso que involucra a los gobiernos de Panamá y Nicaragua. Shimon Yelínek, hoy en la cárcel, dice que no tuvo que ver con la transacción.

Cuando todo estaba listo para la entrega de un informe de la OEA sobre la venta de 3.000 fusiles nicaraguenses a las Autodefensas Unidas de Colombia (Auc), una captura, la primera que se produce en el caso, hizo frenar en seco su divulgación.

Se trata del empresario israelí Shimon Yelínek, quien fue detenido por la policía el pasado 21 de noviembre en el aeropuerto de Tocumen, de Ciudad de Panamá, y de inmediato fue puesto a disposición de la Fiscalía Segunda de Drogas, que investiga el caso en ese país.

Según testimonios recopilados por los investigadores, Yelínek fue uno de los intermediarios en el presunto negocio de armas entre las policías de Nicaragua y de Panamá, que luego fueron desviadas ilegalmente a Colombia.

El jefe de la policía panameña, Carlos Barés, le confirmó a EL TIEMPO que el israelí se encuentra detenido en las instalaciones de la Policía Nacional. "El está a disposición de las autoridades competentes, quienes son las que deberán determinar si participó o no en este desvío de armas", añadió.

En cuanto al informe de la OEA, el ex embajador de Estados Unidos en Colombia Morris Busby, responsable del mismo, al parecer ha solicitado al gobierno panameño una entrevista personal con Yelínek y podría viajar a este país en cualquier momento.

CBI-V1-002-000396

CHIQUITA NSD 7395

En abril pasado, EL TIEMPO reveló que el 5 de noviembre de 2001 el barco panameño 'Otterloo' desembarcó en el puerto de Turbo (Antioquia) 14 contenedores en los que venían 3.000 fusiles AK-47 y 5 millones de balas calibre 7,62 milímetros.

Días después, el material bélico llegó a manos de las Auc, como lo reconoció a EL TIEMPO su jefe Carlos Castaño: "Es el mejor gol que he hecho".

Posteriormente, inteligencia de la Policía de Colombia estableció que el arsenal, que figuraba como una carga de pelotas plásticas, había sido vendido por la Policía de Nicaragua, aparentemente, a su homóloga panameña.

También halló que el intermediario, la empresa Girsaque aseguró representar a la policía de Panamá, utilizó documentación y firmas falsas de las autoridades de ese país.

Según el copropietario de Girsaque, el israelí Ori Zoller, la orden de compra de la policía de Panamá - que resultó falsa - se la entregaron a él sus compatriotas Shimon Yelinek y Marcos Shrem.

'Está detenido ilegalmente'

Shimon Yelinek es un empresario israelí de 41 años que hace tres está radicado en Panamá, donde se casó con una natural de ese país. Allí se dedica a la construcción, pero también tiene negocios en África, especialmente en el Congo, ligados a la seguridad y al comercio.

Precisamente desde esa nación, en julio pasado y ante el escándalo desatado por este caso, Yelinek envió una declaración juramentada a la justicia panameña en la que asegura que nada tuvo que ver con el desvío de los 3.000 fusiles.

Yelinek niega que suministró la orden de compra a Zoller y que haya actuado como representante de la Policía de Panamá.

Sin embargo, acepta que se reunió en varias ocasiones con Zoller y el socio de este, Uzzi Kisselvich, para negociar sobre ventas de armas desde Nicaragua.

Incluso, reconoce que en el 2000 vio con Zoller un lote de armas de la policía de ese país y que a finales del 2001 le ofrecieron participar en otra transacción similar en Nicaragua, pero le indicaron que el negocio debía concluir antes de las elecciones presidenciales de enero del 2002.

Al final, asegura Yelinek en el documento, se abstuvo de participar en el negocio pues "había elementos no legales" en él. En la declaración, el empresario anunció que se presentaría ante la justicia de Panamá para aclarar su situación.

Uno de sus abogados, Sidney Sitton, le dijo a este diario que el pasado 21 de noviembre su cliente llegaba a Panamá con esas intenciones. "Pero acá montaron un espectáculo en el avión y lo detuvieron ilegalmente, a pesar de que ya se había hablado que Yelinek se iba a presentar voluntariamente", añadió.

Según Sitton, en el momento de la detención, el empresario no tenía en su contra orden de captura ni le habían formulado cargos, aunque ahora si le aparecen: tráfico de armas, falsificación de documentos públicos y asociación ilícita para delinquir.

"Además no hay pruebas de que él haya participado en ese ilícito. Lo único que hay contra Yelinek son las declaraciones de Zoller, que son mentiras. Por esas irregularidades interpusimos un recurso de hábeas corpus, para que él quede libre rápido", dijo Sitton.

Por su parte, investigadores de la Policía de Colombia ya se desplazaron a Panamá para conocer las declaraciones de Yelinek. Mientras tanto, voceros de la Fiscalía dijeron que la investigación estaba "un poco lenta", porque la encargada estaba comisionada en otro caso.

CUATRO ARSENALES EN DOS AÑOS

05/08/2002

SECCION: JUDICIAL

EDICION: BOGOTA

PAGINA: 1-9

MEMO: Uno de los cargamentos traía 7.640 fusiles AK-47. Investigan complicidad de civiles y militares que habrían usado firma del general Jorge Mora. DAS captura a enlace de Montesinos y Farc.

CBI-V1-002-000397

CHIQUITA NSD 7394

V. _____ I am aware of the following payment(s), contribution(s), donation(s), barter transaction(s), gift(s), or other transfer(s) of anything of value described in Section III, A, 1, 2, 3, and 4.

<u>Recipient's Name</u>	<u>Recipient's Position</u>	<u>Purpose of Payment</u>	<u>Amount of Payment in Local Currency</u>	<u>Method of Payment</u>	<u>Date of Payment</u>
-------------------------	-----------------------------	---------------------------	--	--------------------------	------------------------

(b)(6), (b)(7)(c)

VI. _____ I am aware of the following instances in which the Company's books, records and accounts are inaccurate.

Signature:

Print Name:

Title:

Company:



CB11

Period Covered

(Circle appropriate period)

January 1 - March 31, 1994

April 1 - June 30, 1994

July 1 - September 30, 1994

October 1 - December 31, 1994

Please contact me to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)



(b)(5), (b)(7)(C)

V. I am aware of the following payment(s), contribution(s), donation(s), barter transaction(s), gift(s), or other transfers) of anything of value described in Section III. A. 1, 2, 3, and 4.

Recipient's Name	Recipient's Position	Purpose of Payment	Amount of Payment in Local Currency	Method of Payment	Date of Payment
Items paid through the Controller's office in Armielles, Panama, previously reported to the law department and investigated by the law department and the internal audit department.					

VI. _____ I am aware of the following instances in which the Company's books, records and accounts are inaccurate.

None

Signature:		Period Covered
Print Name:		(Circle appropriate period)
Title:	<u>Sr. Director</u>	January 1 - March 31, 1993
Company:	<u>C.B.I.</u>	April 1 - June 30, 1993
		July 1 - September 30, 1993
		<u>October 1 - December 31, 1993</u>

_____ Please contact me to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)

CBI-V1-003-000300



Chiquita Brands International

MEMORANDUM

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

TO: [Redacted] Esquire

DATE: January 4, 1994

FROM: [Redacted]

PHONE: [Redacted]

SUBJECT: Reportable Payments in Colombia and Manager's Expense Payments

This memo documents my understanding of the Turbo and Santa Marta Divisions' transactions that are reportable on the Statement of Policies and Procedures and Manager's Expense summaries. Also, I will include my understanding of the Divisions' handling and reporting of payments for security purposes and payments to the respective trade association. This information is based on inquiries of local Management and through my observation of documents that were made available to me. This memo with attachments will constitute our working papers related to this area. ~~Our professional standards require that we document the work that we perform.~~ ^{AND THE}

We limited the scope of our testing and the related procedures performed to disbursements and certain corporate compliance areas. ~~This was the first internal audit review at the location in approximately ten years.~~ Our work primarily consisted of a disbursement sample, review of policies and procedures, and discussions with management, since this engagement constitutes a disbursement review. We did not perform detailed substantive testing of balance sheet values and compliance testing beyond the disbursement-related systems. Had we performed additional procedures or had we performed a complete audit of each of the aforementioned entities, other matters may have come to our attention that would have been reported in this memorandum and detailed in the related working papers.

Statement of Policies and Procedures Disclosures

Based on discussions I had with each of the General Managers at both of the Divisions, the only reportable transactions to governments, governmental agencies, governmental employees, political parties, or political candidates that they were aware of are the donations totalling \$1,441 at Turbo and \$444 at Santa Marta for the period January 1, 1993 through October 25, 1993, as outlined in Exhibit I. I noted no other reportable transactions from my review of the entity. I discussed the nature of reportable payments with them. They seem to better understand and committed to properly report the payments that constitute a reportable transaction. ^{THESE ITEMS WERE REPORTED SEPARATELY IN OUR INTERNAL AUDIT REPORTS OF CASH DISBURSEMENTS ISSUED IN EARLY 1994.}
Manager's Expense

I understand, based on my discussions with Management and based on my review of documents

MOVE TO END

(b)(5), (b)(7)(C)

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Memorandum to [redacted] Esq.
January 4, 1994
Page 2

Management made available to me, that the Manager's Expense Account at both Divisions largely consists of guerilla extortion payments made by the Security Department through our intermediary or Security Consultant, Rene Osorio. I understand that the Security Consultant is our contact with the various guerrilla groups in both Divisions. Management in Santa Marta advised me that all extortion payments, referred to as "citizen security" by Management, are currently handled through the Security Department, either [redacted] in Medellin, and recorded in the respective Division's accounting records in an account named "Gastos de Seguridad Ciudadana". I understand that these payments are not supported by any receipt by any outside recipient and are being expensed as a Company expense. Totals of such payments were \$110M at Turbo and \$3M at Santa Marta for the period January 1, 1993 through October 25, 1993. These amounts have been expensed via the Manager's Expense Account in 1993.

The Turbo General Manager told me that the Guerilla Groups are used to supply security personnel at the various farms. This is not practiced at the Santa Marta Division.

? [redacted] I was told by a member of management that such payments to guerilla groups are considered illegal by the Colombian government, and that penalties include 70 year jail terms for individuals found guilty in a court of law.

Through October 1993, the Divisions are in a loss position for financial and tax purposes of \$2.3 million for Turbo and \$6.1 million for Santa Marta. Therefore, local Management is not very concerned that they are expensing these payments without supporting documentation. Management believes that the loss situation the divisions are experiencing would mitigate the lack of documentation for the payments, in the event that the Divisions are audited by local tax authorities. Nevertheless, I believe that Management should explore other means in order to record these payments outside the Colombian entities' books due to the extremely high personal risk this presents to local Management.

I have included schedules (Exhibits II through IV) of the manager's expense accounts for both divisions for the period January through October 1993. I have agreed these to the general ledger activity and noted only two differences with a zero net effect. Both of the differences were at the Turbo Division, which I have documented on Exhibit II.

INVESTIGATIVE STATE POWERS & PROCEDURES
Trade Associations

[redacted]
He says
all we
as reflects
new doc
NH

② Both Division belong to trade associations that represent the respective areas in promoting the region's bananas, in improving the general infrastructure, and coordinating the facilitation of government services, and promoting overall safety in the region. The involvement in and

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Memorandum to [redacted] Esq.
January 4, 1994
Page 3

influence over the association varies by Division. The Turbo Division appears to have some influence over their respective trade association, AUGURA. Management receives a budget and certain transaction details, such as information relating to facilitating payments and donations to the various entities. Whereas, the Santa Marta Division receives no such transaction information or budgets from its regional trade association, FUNDEBAN. Due to the influence and knowledge factors, the Turbo Division reports the governmental-related AUGURA payments made by the trade association on its quarterly Statement of Policy and Procedure disclosure (these started third quarter 1993); while the Santa Marta Division does not report governmental-related FUNDEBAN payments on its quarterly disclosure. The trade associations assess the Divisions \$0.02 per box of exported fruit. The Divisions pay for both produced and associate producer-purchased fruit. Amounts assessed by such associations for the period January 1, 1993 through October 25, 1993 were approximately \$106M at Turbo and \$133M at Santa Marta.

WES
~~STATEMENT OF POLICY AND PROCEDURE~~

In the event that you should have questions or comments regarding the aforementioned areas, please feel free to contact me.

attachments

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
SECOND QUARTER, 2000 (US\$)

SUPPORT INFORMATION TO SUMMARY REPORT

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	15,795	Army and Police Officials	Facilitating payments for security services.
		63,040	Convivir	Government sponsored citizen reconnaissance group.
Total Payments		<u>78,835</u>		

Transcripts of Colombian TV news Reports
Re: Arms Smuggling

First Report - Noticias Uno

Background: INVESTIGATION

Newscaster:

Now, an issue being investigated by Noticias Uno: the smuggling of weapons destined to paramilitary groups. The machine guns came in through the port of Uraba and declared as toys. The DIAN (Direccion de Impuestos y Aduanas Nacionales -Colombia's port and customs agency) said it would investigate if custom officials were involved.

On Screen: CHIQUITA DEALS WEAPONS - MULTINATIONAL COMPANY IMPLICATED IN SMUGGLING
Chiquita Banana song in background

Reporter:

This private wharf in Turbo, Uraba, received a shipment of 1,500 AK 47 machine guns sold by the Nicaraguan police to Carlos Castaños' paramilitary group. As *Noticias Uno* had noted, this wharf is under a special system, which allows it to be operated exclusively by the multinational Chiquita Banana Company. The boat unloaded 23 containers of rubber balls, which had been loaded in Mexico, but 14 of them were guns secretly loaded in Nicaragua.

Leonardo Sicard - Customs Director, DIAM:

This shipment began...came in with different types of declared products...

Reporter:

The Nicaraguan police said it had sold the guns to the Panamanian police, but they [The Panamanian police] absolutely deny this.

Carlos Bares -Director of the Panamanian Police:

They never sold anything to the Panamanian National Police.

Anibal Salas – Panama's Minister of State:

We have rebuked Nicaraguan authorities – why did they not ask or consult Panamanian authorities?

Reporter:

Suspicion falls on the custom assessors who certified the gun shipment was toys, but also on those within the banana organization who unloaded the shipment and sent the guns in trucks to Carlos Castaños' criminal organization.

Leonardo Sicard – Customs Director, DIAN

If from the law's standpoint, there has been some kind of violation, there would be some kind of punishment... Naturally, the fault could not only be the official's, but of all those, who somehow participated in receiving the shipment.

Reporter:

Results of the investigation are expected before the current government is over.

Background: INTERNATIONAL PROBLEM

Newscaster:

However, the matter does not end there, the OAS is investigating if Nicaragua or Panama violated gun trafficking international agreements. A former American ambassador in Colombia, Morris Busby, will conduct the investigation.

On Screen: BUSBY INVESTIGATES – FORMER US AMBASSADOR INVESTIGATES GUN TRAFFICKING

Reporter:

Because of the Nicaraguan gun shipment that wound up in the hands of Carlos Castaño's criminal organization, five OAS countries have exchanged a series of mutual accusations. The multilateral organization has tried to

solve the issue by naming former US ambassador in Colombia Morris Busby as an independent mediator in this case.

Anibal Salas -- Panama's Minister of State:

We cooperated with the authorities of Colombia, Nicaragua and the United States in the investigation...

Reporter:

In addition to Panama, whose name, port and ship were used in the smuggling, and Nicaragua, whose police sold the guns; the transaction was made by a Guatemalan arms dealer, and the American State Department protested because the agents who wanted to capture the smugglers in the act were alerted by Nicaragua through the press.

Anibal Salas -- Panama's Minister of state:

There was a second shipment, law enforcement agencies from the US, Nicaragua, Colombia and Panama were set in motion to capture the smugglers. This operation was exposed...

Reporter:

Morris Busby, who received from the OAS' General Assembly the mission of establishing responsibilities among members for violations to the Multilateral Arms Trafficking Agreement, must present his report by the end of this month.

Second Report

La Red Independiente

Background: ARMS TRAFFICKING

Newscaster:

Chiquita Banana, the largest multinational banana exporting company in Colombia is being investigated because it received a shipment of Nicaraguan weapons destined to paramilitary groups in their warehouses in Turbo, Antioquia

On Screen: CHIQUITA COMES BACK AND PLAYS – BANANA COMPANY DEALS IN WEAPONS

Chiquita Banana song in background

Reporter:

The multinational banana company that bribed DIAM officials to obtain this private port in Turbo is now being investigated for its participation in the smuggling of 3,000 Nicaraguan guns destined to paramilitary groups.

Glauco Rebelo – Nicaragua's Intelligence Commander

The ship Otterloo arrived in Turbo, Colombia, and was unloaded by the shipping company Banadex two days later...

Reporter:

According to documents in this investigation, Banadex is entirely controlled by Chiquita.

Reporter speaking to Mr. Noguera:

... they [the arms] disappeared from Banadex's wharf... (?)

Jorge Noguera – Director of DAS (Departamento Administrativo de Seguridad – Colombia's equivalent to the FBI)

Several companies, private and public persons and natural and juridical persons are being investigated.

Reporter:

This story goes back to October 2001, when a group of investigators headed by Craig Brook [?] from the American SEC, imposed sanctions on Chiquita Brands because its Colombian subsidiary paid a bribe in Colombia.

Greg Bruch – Investigator SEC

According to the papers I have here, the bribe was to obtain an export-import wharf in Turbo...

Reporter:

In the opinion of the new director of DIAN Mario Aranguren, the procedure followed by his predecessors to grant the license to operate the port is not clear.

Mario Aranguren – Director of DIAN

... however, we should have looked to see what kind of investigation was previously performed by DIAN. Which documents were used to grant all these operation permits...

Reporter:

Banadex and its employees are being investigated because 14 containers were unloaded from the boat Otterloo on their wharf and the 3,000 guns in those containers were loaded on trucks and sent to Castaño's paramilitaries.

(b)(5), (b)(7)(C)



**Chiquita
Brands
International**

MEMORANDUM

CONFIDENTIAL

TO:

[Redacted]

DATE: July 19, 1996

FROM:

PHONE:

[Redacted]

SUBJECT: COLOMBIA GENERAL MANAGERS' EXPENSES 1993 - 1996

As you know, we periodically review the Law Department and Internal Audit records to verify that we have received summary reports of, and supporting documentation for, General Managers' expenses. As a result of these reviews over the last two years we have, on a number of occasions, requested reports and documentation for Turbo and Santa Marta. At this point, we have not received all the information needed for 1993-1996.

The information we need is described in the attached Exhibits I through VIII. These exhibits describe by year "What We Have" and "What We Need." In most cases, we need the 1016's or other appropriate documentation for the expenses listed in the summary reports. In one case (1994 Santa Marta), we need the summary report and the supporting documentation.

As described in the voice mail, we will need this information by August 31, 1996. Thank you for helping us meet this deadline. If you have questions, call [Redacted]

cc:

[Redacted]

Exhibits I-VIII attached
Exhibits I-VIII attached (without Division listings)
Exhibits I-VIII attached
Exhibits I-VIII attached

.KEISER.VVVV

CBI-V1-003-000051
CHIQUITA NSD 6249

CONFIDENTIAL

GENERAL MANAGERS' EXPENSES

EXHIBIT I - 1993 TURBO

A. What We Have:

1. Exhibit I - We received the 1993 General Mangers' Expenses dated March 15, 1994 for January - December 1993 (Total \$135,725).
2. We have 1016 Forms for January - June 1993 and August 1993.

B. What We Need:

1. We need 1016 Forms for July 1993 (total \$21,894) and for September, October, November, December 1993 (Total \$61,288).

:EXHIBITS.WWW

CBI-V1-003-000052

CHIQUITA NSD 6248

RCV BY:

3-15-94 8:10AM FRUTERA DE SEVILLA

2 8:4299924E13

REPORT TO: 1993
 REPORT BY: SAH/M
 APPROVED BY: MARIANA GONZALEZ
 DATE: 1993/03/15

CMI INTERNAL AUDIT DEPARTMENT
 1993 GENERAL MANAGERS' EXPENSES

Listing of all transactions to total General Manager's Expenses
 expense for the period of January 1, 1993 to December 31, 1993.

MONTH	DATE OF TRANSACTIONS	ACCOUNT #	AMOUNT OF PAYMENT (LOCAL CURRENCY)	AMOUNT OF PAYMENT (US DOLLARS)	* DESCRIPTION OF PAYMENT (FROM ACCOUNT NUMBER OR CASE OR OTHER NUMBER)	COMMENTS
January	01-01-93	60160100	100.00	100.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	250.00	250.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	350.00	350.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	450.00	450.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	550.00	550.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	650.00	650.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	750.00	750.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	850.00	850.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	950.00	950.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1000.00	1000.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1100.00	1100.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1200.00	1200.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1300.00	1300.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1400.00	1400.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1500.00	1500.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1600.00	1600.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1700.00	1700.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1800.00	1800.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	1900.00	1900.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2000.00	2000.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2100.00	2100.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2200.00	2200.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2300.00	2300.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2400.00	2400.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2500.00	2500.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2600.00	2600.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2700.00	2700.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2800.00	2800.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	2900.00	2900.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3000.00	3000.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3100.00	3100.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3200.00	3200.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3300.00	3300.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3400.00	3400.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3500.00	3500.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3600.00	3600.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3700.00	3700.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3800.00	3800.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	3900.00	3900.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4000.00	4000.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4100.00	4100.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4200.00	4200.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4300.00	4300.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4400.00	4400.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4500.00	4500.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4600.00	4600.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4700.00	4700.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4800.00	4800.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	4900.00	4900.00	Trip Security Payment	Approved by C/S
January	01-01-93	60160100	5000.00	5000.00	Trip Security Payment	Approved by C/S

CBI-V1-003-000049

MISSIN

1993 TORBO

RCV BY:

3-15-94 8:10AM FRUTERA DE SEVILLA

5137846875# 1



(b)(6) (b)(7)(C)

C.I. BANADESA S.A.
COLCIMA

C.I. BANADESA DE EXPORTACION S.A.

FAX: 251 85 44 - 251 83 35

FAX COVER LETTER

DATE: 15-03-94

TO:

FROM:

COMMENTS: ATTACHED you will find General Manager expenses.
TURBO Division 1993.

RECIBO



3

TOTAL PAGES INCLUDING FAX COVER LETTER:

CARRERA 47 No. 50-24 BDF. FURATENA - PISO 14 TEL.: 251 80 25 AA. 60309 TELECO 06746 SERVIFICO MED.

COPY TO



5/24/94

1993
4/18/92

EXHIBIT I. 1993 TURBO.

CBI-V1-003-000048

CHIQUITA NS

TL- [redacted] 8/6/96

Don't have 1016's for 1993 or 1994 for Turbo

* [redacted] will send memos describing by person how much was paid and the purpose

G.M.X. will include in the future:

- security
- commercial information
- other expenses: w/o local documentation

G.M.X. will not include in the future:

- FOIA payments (these will be reported on quarterly FOIA reports)

1994 Turbo: ~\$134K for security is part of the ~\$159K

- [redacted] will look for [redacted] May 16, 1995 memo

* WB need a letter for \$25K

1995 Turbo / 1996 Turbo

- only includes commercial information;
- need to add security and other expenses

* has 1016's for these expenses

(2)

• [redacted] has info/documents on security for 1995
Turbo

• 1993: Santa Marta

- should be able to get 1016's; if can't will send
letter signed by GSA (person/4/ purpose)

• 1994 Santa Marta

- lack of reports may be due to fact Santa Marta
didn't make any payments; the payments
may have been made by Medellin

• 1995/1996 Santa Marta

- all expenses made out

• Will review w/ [redacted] this and will have
documents ready week of 8/12 for [redacted] to bring
back to us.

DIVERSON: SANTA MARTA - COLOMBIA		CBI INTERNAL AUDIT DEPARTMENT		Signed by: I. BERO	
Form # 5734 202-04		1993 GENERAL MANAGERS EXPENSES		for the period of January 1, 1993 to December 31, 1993.	
Prepared by: APRIL 12, 1993		AMOUNT OF PAYMENT (LOCAL CURRENCY)		AMOUNT OF PAYMENT (US DOLLARS)	
DATE OF TRANSACTION	ACCT. JV # OR REFERENCE #	AMOUNT OF PAYMENT (LOCAL CURRENCY)	DESCRIPTION OF PAYMENT FROM ACCTG RECORDS OR CASH OFFICE RECORDS	IN KIND	COMMENTS
02/19/93	6P - 0636	42,000	EXPENSES - ORAL MOR. OFFICE	IN KIND	7-14-93 2025-10
02/19/93	6P - 0636	49,000	EXPENSES - ORAL MOR. OFFICE	IN KIND	100700 W/P
02/19/93	6P - 0636	70,000	EXPENSES - ORAL MOR. OFFICE	IN KIND	G/L REPAIR
03/19/93	6P - 0636	65,200	ORAL MOR. EXPENSES	CASH	
		211,000	11193 - 10/31/93		
TOTAL		211,000			

NOTE: A check and copies of any (should) in Division concerning each item required for this form. --- such information will be reviewed later by the V.P. Internal Audit and the Law Department.

157-Quarantia 1993
SANTA MARTA

DIVISION: SANTA MARTA - COLOMBIA
 Form # 52 54 232865
 Proposed by: [REDACTED]
 Date Prepared: OCTOBER 1, 1995

Listing of transactions to record General Manager's Expense for the periods of July through September, 1993

Assigned to: L. RIBBO

MONTH	TRANSACTION	DATE OF TRANSACTION	ACCT. IV # OR REFERENCE #	ACCOUNT # CHARGED	AMOUNT OF PAYMENT (LOCAL CURRENCY)	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM A/C TO RECORDS OR CASH OFFICE RECORDS	COMMENTS
09/93		09/18/93	81888	637-0036	50,000	104.70	ORAL MOR. EXPENSES	B/R/for
09/93		09/27/93	KAB1(1)	637-0036	15,000	18.29	ORAL MOR. EXPENSES	Security
09/93		09/19/93	KAB1(1)	637-0036	50,778	1,138.65	ORAL MOR. EXPENSES	Security
TOTAL						1,155,795	1,428.64	

NOTE: A detailed explanation of confidential information concerning each item reported for this form -- such information will be referred later by the V.P. Internal Audit and the Law Department.

3RD QUARTER
1993

THE SANTA MARTA SENT THIS TO US QUARTERLY
 T-110 No. 5 and number initial of Jan - Oct 1993

Listing of transactions from General Manager's Manager's expense for the period of January 1, 1993 to October 31, 1993

DIVISION: CHIKUITA NATIONAL AUCTIONEERS
Form # 513421146
Prepared by: [REDACTED]
Date Prepared: OCTOBER 31, 1993

MONTH	TRANSACTION DATE	ACCT. IV # OR REFERENCE #	ACCT. # CHARGED	AMOUNT OF PAYMENT (SOCIAL CURRENCY)	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM ACCTO RECORDS OR CASE OFFICE RECORDS	COMMENTS
01/93	03/19/93		GF - 0054	30.00	63.20	General Manager Expenses	Information of Bureau Industry
02/93	05/06/93		GF - 0034	34.00	71.59	General Manager Expenses	Information of Bureau Industry
03/93	06/20/93		GF - 0034	*	2,541.43	General Manager Expenses	Information of Bureau Industry
04/93	06/10/93		GF - 0034	84.00	104.70	General Manager Expenses	Information of Bureau Industry
05/93	07/27/93		GF - 0034	*	183.29	General Manager Expenses	Information of Bureau Industry
06/93	07/15/93		GF - 0056	*	1138.65	General Manager Expenses	Information of Bureau Industry
08/93	10/05/93		GF - 0056	86.00	1084.11	General Manager Expenses	Information of Bureau Industry
				TOTAL FIRST QUARTER	65.23		
				TOTAL SECOND QUARTER	2,613.62		
				TOTAL THIRD QUARTER	1,263.35		
				TOTAL FOURTH QUARTER	288.70		
				TOTAL	4210.70		

Note: This report has been prepared by manual means and is not necessarily accurate. It is not intended to be used for tax purposes. It is not intended to be used for legal purposes. It is not intended to be used for any other purpose.

2541
185
1139
3865 SECURITY

EXHIBIT IV

DESGLOSE CUENTA 0636				CUENTA DEL GERENTE			
		PESOS	DOLLARES			PESOS	DOLLARES
ENERO	EB-011	44,500	55.36	JULIO	KA-016	320,000	400.02
	IA-001	204,382	273.56		KA-016	320,000	400.02
	IA-026	377,400	503.20		KA-017	(36,000)	(45.60)
TOTAL DEL MES		626,282	832.12		KA-017	1,600,000	2,000.10
FEBRERO	BA-005	150,000	20.19		KA-017	(1,265,300)	(1,581.70)
	BA-025	13,253	25.50		KA-017	(44,500)	(55.63)
	BA-040	32,780	43.57		KA-017	(3,500)	(4.38)
	EB-016	38,000	47.96		KA-017	(32,760)	(40.96)
	JA-033	4,400	5.88		KA-017	(19,253)	(24.07)
	EVF-05	95,040	127.44		KA-017	(1,282,040)	(1,615.13)
	EVF-006	313,200	418.60		KA-018	(275,000)	(343.77)
	EVF-006	59,400	79.30		KA-018	(69,400)	(87.25)
	EVF-006	129,600	173.21		KA-018	(96,040)	(118.81)
	EVF-006	21,600	28.87		KA-018	(129,600)	(162.01)
TOTAL DEL MES		851,253	1,151.70		KA-018	(313,200)	(391.52)
MARZO	AA-008	3,500	4.56		KA-018	(377,400)	(471.77)
	BA-208				KA-018	(32,760)	(40.95)
	EB-016	32,780	42.76		KA-018	(16,120)	(18.90)
	IA-070	1,265,300	1,647.55		KA-018	(16,998)	(21.25)
	IA-074	1,292,040	1,685.83		KA-018	(16,200)	(20.25)
	JA-013	275,000	359.60		KA-018	(4,400)	(5.50)
	EVF-08	16,300	21.34		KA-018	(34,560)	(43.20)
	EVF-08	15,120	19.82		KA-018	(21,600)	(27.00)
	EVF-08	34,560	45.60		KA-018	(4,500)	(5.63)
TOTAL DEL MES		2,884,480	3,802.30		KA-018	(204,382)	(255.49)
ABRIL	AA-006	7,563	9.76		KA-020	(87,575)	(121.97)
	BA-125	32,780	42.64		KA-020	(87,240)	(121.56)
	BA-275	(149,210)	(192.48)		KA-020	(32,760)	(40.95)
	EB-013	4,400	5.68		KA-021	(7,553)	(9.44)
	KA-031	(790)	(1.02)		KA-021	(32,760)	(40.95)
	KA-034	(1,600,000)	(2,079.70)		KA-021	(88,150)	(85.19)
TOTAL DEL MES		(1,705,287)	(2,216.13)		KA-021	(4,400)	(5.50)
MAYO					KA-021	(244,000)	(305.02)
	BA-167	32,780	42.34		KA-021	(32,760)	(40.95)
	CA-010	(320,000)	(408.61)		KA-021	(28,000)	(32.50)
	IA-006	26,000	33.66		KA-021	(60,350)	(75.44)
	IA-028	68,165	87.16				
	JA-007	244,000	315.32		TOTAL DEL MES	(2,757,058)	(3,446.49)
	JA-025	60,850	77.66				
TOTAL DEL MES		187,560	219.40				
JUNIO	BA-037	97,210	123.88				
	BA-076	32,780	42.01				
	BA-076						
	CA-002	(320,000)	(407.23)				
	CA-007	16,926	21.80				
	CA-007	4,500	5.72				
	JA-074	97,575	123.00				
TOTAL DEL MES		1,929,071	2,462.45				
TOTAL A JUNIO		4,883,069	6,338.84				

THIS IS LISTING OF GENERAL LEDGER
FOR ACCOUNT 65F-0636 (MANAGER EXPENSE)
JAN - OCT 1995

~~CONFIDENTIAL~~

Identified Statement of Policies and Procedures disclosure items

<u>Month</u>	<u>Payee</u>	<u>Purpose</u>	<u>Pesos</u>	<u>Payment Form</u>
Santa Marta Division				
SAMAREX				
SEP	Departamento Administrativo de Seguridad	Sports Trophies	45,800	In-kind
SEP	Batallon Cordoba (Army)	Appliances	68,874	In-kind
JUL	Batallon Cordoba (Army)	Appliances	39,945	In-kind
MAY	Policia Nacional	Donation for Posters	20,000	Petty Cash
MAY	Policia CAI	2 Tires	65,388	In-kind
APR	Departamento Policia Magdalena	Motorcycle Parts	45,090	In-kind
FEB	Departamento Administrativo de Seguridad	A/G Repair	<u>70,000</u>	In-kind
		Total Sta. Marta Div.	<u>355,097</u>	
		Total Dollar Equiv.	<u>\$444</u>	(800 pesos per \$1)
Turbo Division				
BANADEX				
AUG	Antinarcotics Police	Fill-dirt	220,000	Check
CFS				
JAN	Operative Command (Army)	Security - Fuel	79,440	In-kind
JAN	Operative Command (Army)	Security - Oil Meas Stick	68,000	In-kind
MAR	Operative Command (Army)	Security - Fuel	79,440	In-kind
MAR	Operative Command (Army)	Security - Fuel	79,440	In-kind
APR	Operative Command (Army)	Security - Fuel	79,440	In-kind
MAY	Operative Command (Army)	Security - Fuel	79,440	In-kind
JUN	Operative Command (Army)	Security - Fuel	79,440	In-kind
JUL	Operative Command (Army)	Security - Fuel	79,440	In-kind
AUG	Operative Command (Army)	Security - Fuel	79,440	In-kind
SEP	Admin. Dept. of Security	Anniversary Celebration	150,000	Check
OCT	Operative Command (Army)	Security - Fuel	<u>79,440</u>	In-kind
		Total Turbo Division	<u>1,152,960</u>	
		Total Dollar Equiv.	<u>\$1,441</u>	(800 pesos per \$1)



COMPANIA FRUTERA DE SEVILLA

MEDELLIN - COLOMBIA

CONFIDENTIAL

FAC 251 05 44 - 251 05 26

FAX COVER LETTER

DATE: MARZO - 11 - 93

TO: [REDACTED]

FROM: [REDACTED] FAX # (901) 513) 784-6691

COMMENTS:

CONFIDENTIAL

TOTAL PAGES INCLUDING FAX COVER LETTER: 20 + FAX COVER

CARRERA 47 No. 80 - 24 EDIF. FLORITENA - PISO 14 TEL: 251 60 82 AA 80308 TELEX: 05746 SERVICOO MED.

(b)(6), (b)(7)(c)

CONFIDENTIAL

CBI-V1-003-000399

CHIQUITA NSD 6546

DIVISION: SANTA MARTA - COLOMBIA
Office #: [REDACTED]
Prepared by: [REDACTED]
Date Prepared: JANUARY 11, 1994

CSIE INTERNAL AUDIT DEPARTMENT
1993 GENERAL MANAGERS' EXPENSES

Listing all enclosures to avoid General Manager's Expenses for the periods of October through December, 1993

MONTH	DATE OF TRANSACTION	ACT. IV # OR REFERENCE #	ACCOUNT # CHARGED	AMOUNT OF PAYMENT (LOCAL CURRENCY)	AMOUNT OF PAYMENT (US DOLLARS)	DESCRIPTION OF PAYMENT FROM ACCTO RECORDS OR CASH OFFICE RECORDS	COMMENTS
CURRENT QUARTER							
10-93	10/05/93	BM 102	65F - 0636	84,000	103	GRAL. MGR. EXPENSES	CASH
12-93	12/07/93	BL 241	65F - 0636	28,000	35	GRAL. MGR. EXPENSES	CASH
(1) PAYMENTS OMITTED ON PREVIOUS QUARTERS							
02-93	02/01/93	IA 002 (1)	65F - 0636	70,000	93.00	GRAL. MGR. EXPENSES	DAS (A/C REPAIR) (A) DONATION
04-93	04/01/93	EVF 12 (1)	65F - 0636	45,000	59.00	GRAL. MGR. EXPENSES	POLICIA NA (MOTORCYCLE PARTS) DONATION
05-93	05/06/93	EVF 19 (1)	65F - 0636	65,388	84.00	GRAL. MGR. EXPENSES	POLICIA NA (2 TIRES) DONATION
05-93	05/15/93	CA 011 (1)	65F - 0636	20,000	25.00	GRAL. MGR. EXPENSES	POLICIA NA (DONATION FOR FOSTERS) DONATION
07-93	07/15/93	JA 106 (1)	65F - 0636	39,945	50	GRAL. MGR. EXPENSES	BATALION CORDOBA - ARMY (APPLIANCES) DONATION
09-93	09/25/93	BL 250 (1)	65F - 0636	68,874	75	GRAL. MGR. EXPENSES	BATALION CORDOBA - ARMY (APPLIANCES) DONATION
09-93	09/14/93	BL 211 (1)	65F - 0636	45,800	57	GRAL. MGR. EXPENSES	DAS (SPORTS TROPHIES) (A) DONATION
			65F - 0636	355,097	=		(A) DAS - DEPARTMENT ADMINISTRATIVE OF SECURITY
				45,800			
				438,86			
				7433			
				467,097			
				581,000			

NOTE: A detailed explanation of confidential information concerning each is not required for this form -- such information will be reformulated by the V.P. Internal Audit and the Law Department.

SUPPORT INFORMATION TO SUMMARY REPORT
 QUARTERLY REPORT OF PAYMENT
 STATEMENT OF POLICIES AND PROCEDURES
 SECOND QUARTER, 2001 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	4,211	Army and Police Officials	Facilitating payments for security services.
		46,822	Convivir	Government sponsored citizen reconnaissance group.
	Total Payments	<u>51,033</u>		

(b)(6) - (b)(7)(c)

15-05-94 12:34

IDENTIF. = 26878

P. 01



COMPANIA FRUTERA DE SEVILLA
MEDELLIN - COLOMBIA

RECEIVED

JUN 15 1994

FAC 251 65 44 - 251 65 99

FAX COVER LETTER

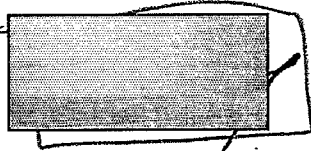
DATE June 15, 1994

TO:

FROM:

COMMENTS: Please copy this message to Mr. [REDACTED]

Thanks.



TOTAL PAGES INCLUDING FAX COVER LETTER: 2

CARRERA 47 No. 50-24 EDIF. FRUTERA - PISO 14 TEL: 251 60 83 A.A. 6000 TELECOM 60746 SERVICO MED.

BZÑGA	1991			1992			1993			MONTO PAGADO			
	OCT	NOV	DIC	ENE	FEB	MAR	ABR	MAY	JUN		JUL	AGO	SEP
ELN													-0-
CRS													-0-
CBLLO													\$ 3.000.000
ESPZA													\$ 2.000.000
"													\$ 100.000
FARC													-0-
	TOTAL MONTO PAGADO ---->												\$ 5.100.000

1. Este grupo esta cobijado por las negociaciones de BADEX. con el ELN; hasta enero de 1993.
2. El grupo CARABALLO quien no ha formalizado pedidos de dinero; mas siembargo en una cita inicial hicieron saber que sus pretenciones son de \$ 10.000.000. estas negociación se esta llevando en el momento.
3. El grupo de las FARC no ha concretado aúninguna petición.

CBI-V1-003-000398

(b)(6), (b)(7)(C)

PHONE CALL

DATE 7/25 TIME 9:38 A.M. P.M.

FOR [REDACTED]

M [REDACTED]

OF [REDACTED]

PHONE AREA CODE NUMBER EXTENSION

MESSAGE _____

SIGNED [Signature]

<input checked="" type="checkbox"/>	PHONED
<input checked="" type="checkbox"/>	RETURNED YOUR CALL
<input checked="" type="checkbox"/>	PLEASE CALL
<input checked="" type="checkbox"/>	WILL CALL AGAIN
<input checked="" type="checkbox"/>	CAME TO SEE YOU
<input checked="" type="checkbox"/>	WANTS TO SEE YOU

TOPS FORM 4003

b(7)

CBI-V1-003-000261

CHIQUITA NSD

(b)(6) (b)(7)C

7/12/96 7/23/96

- FEPA
- Security
- Commercial for function
- Expense info local exploration: ~~to~~ to investigation
- Don't have a specific Central Managers Expense account
- Next week it will be available info.
- [redacted] will be in Medellin w/ 8/5 and [redacted] will give him info
- [redacted] will also info to [redacted] he gives it to [redacted]

CBI-V1-003-000262

(b)(5), (b)(7)(C)

CS 2C 20:03 :997

FROM:

TO:

PAGE: 2

05 20-97

08:09

INC.

NC.172 002

TRANSLATION

C.I. Banadex S.A.

MEMORANDUM

To: [redacted]
From: [redacted]
Date: Monday, May 19, 1997
Re: SPECIAL DONATIONS

*I will see
put more "meat"
on these "bones"*

BOOK DONATION. In the case of special donations of books, the company was pressured by the beneficiaries, which demanded the donations, threatening that they will not approve our customs zone in the TLO of Uraba, under the pretext that the company had been previously sanctioned for a minor customs violation. This meant that we would have had to use another customs zone, with storage and transport costs on the order of one million dollars a year, plus time and operating difficulties. Under these conditions, the company had no choice but to make the requested donation.

In principle, the behavior of the company could be considered in violation of the law. However, from the point of view of the court, it would be justified by a cause contemplated in our Criminal Code, Article 29, Item b, according to which the act is justified when committed:
"Due to the need to protect one's own right, or the right of another, against an actual or imminent danger, which cannot be avoided in any other manner and which the author did not cause intentionally or by imprudence..."

Consequently, this would be a "state of necessity," which exempts from liability according to the law itself.

REQUESTS FOR MONEY MADE BY GROUPS OF "MONTANISTAS." In this case, I have not doubt that the company did not commit any punishable act, because it was simply the victim of the illegal action of other persons who, by threatening to cause severe injury or damage, obtained the profits solicited. I am so sure about this because, a little while ago, there was a rule that penalized the payment of these type of contributions, and the Constitutional Court declared it contrary to the Constitution, precisely because a person who pays under threat acts without freedom of consent, and is a victim who cannot be punished.

CONVIVIR. The so called CONVIVIR are cooperatives legally organized, with operating license granted by the government, designed to defend private assets. For this purpose, they are authorized to have special communication equipment in order to communicate among them, as well as with the regular authorities, in emergencies; they may also purchase and equip their personnel with light weapons.

The government has been supporting these entities. Moreover, the current governor of the Department of Antioquia, who is from the zone of Uraba, has openly become a leader of CONVIVIR. Of course,

(b)(6), (b)(7)(c)

05.20 20:04 1997

FROM:

[REDACTED]

TO:

PAGE: 3

05-20-97

06:05

[REDACTED]

INC.

[REDACTED]

NC.170

003

armed groups from Columbia are opposed to these cooperatives because they surely are an important element of opposition to their purposes.

The above means that payments made by private persons to CONVIVIR are not against the law. On the contrary, nobody questions their legality, except for guerrilla groups.

I am ready to give you any other clarifications.

Regards,

[Signature]

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
JANUARY 1 - MARCH 31, 1998**

COUNTRY COMPANY		1991	1997
PRINCIPAL BUSINESS			
COLOMBIA	Banana Operations	31,984	15,626
	Banadex		
COSTA RICA	Banana Operations	170	245
	Cobel	0	174
	Chiquita Brands	1,635	2,526
	Chiriqui Land Company	1,806	2,945
	Sub-total		
ECUADOR	Banana Operations	836	0
	Brundcorp		
GUATEMALA	Banana Operations	1,019	808
	Cobijus		
HONDURAS	Processed Banana Products	146	848
	Agricola de Rio Tinto	6,811	8,566
	Coballisa	560	1,496
	San Alejo Oil Palm Operations	36,563	24,740
	Tela Railroad	44,080	36,650
	Sub-total		
PANAMA	Banana Operations	11,785	13,938
	Chiriqui Land Company	402	92
	Polymer Extrusion, S.A.	12,187	14,030
	Sub-total		
UNITED STATES		0	0
	Chiquita Brands International, Inc.		
TOTAL PAYMENTS		91,981	69,059

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
FIRST QUARTER, 1998 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	24,504	Convivir	Donation to citizen reconnaissance group made at request of Army.
		3,035	Army and Police Officials	Donations for security services.
		2,943	Santa Marta Police Dept.	Facilitating payment for assistance in recovering stolen bulldozer.
		1,472	International Coordinator	Facilitating payment for trade information.
Total Payments		<u>31,954</u>		

Exchange Rate: .0007357

SUPPORT INFORMATION TO SUMMARY REPORT
 QUARTERLY REPORT OF PAYMENT
 STATEMENT OF POLICIES AND PROCEDURES
 THIRD QUARTER, 2000 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	6,294	Army and Police Officials	Facilitating payments for security services.
		76,079	Convivir	Government sponsored citizen reconnaissance group.
Total Payments		<u>82,373</u>		

(b)(5) (b)(7)E

from [redacted]

To: [redacted]

Date: 6/16/94

- For your information
- For your files
- As requested
- For your comments and suggestions
- For your signature
- Please return
- Please handle

Other Remarks:

I'll send the English translation
when I get it.

attached

CONFIDENTIAL

CBI-V1-003-000382

CHIQUITA NSD 6563

Transcripts of Colombian TV news Reports
Re: Arms Smuggling

First Report - Noticias Uno

Background: INVESTIGATION

Newscaster:

Now, an issue being investigated by Noticias Uno: the smuggling of weapons destined to paramilitary groups. The machine guns came in through the port of Uraba and declared as toys. The DIAN (Direccion de Impuestos y Aduanas Nacionales - Colombia's port and customs agency) said it would investigate if custom officials were involved.

On Screen: CHIQUITA DEALS WEAPONS - MULTINATIONAL COMPANY IMPLICATED IN SMUGGLING
Chiquita Banana song in background

Reporter:

This private wharf in Turbo, Uraba, received a shipment of 1,500 AK 47 machine guns sold by the Nicaraguan police to Carlos Castaños' paramilitary group. As *Noticias Uno* had noted, this wharf is under a special system, which allows it to be operated exclusively by the multinational Chiquita Banana Company. The boat unloaded 23 containers of rubber balls, which had been loaded in Mexico, but 14 of them were guns secretly loaded in Nicaragua.

Leonardo Sicard - Customs Director, DIAM:

This shipment began... came in with different types of declared products...

Reporter:

The Nicaraguan police said it had sold the guns to the Panamanian police, but they [The Panamanian police] absolutely deny this.

Carlos Bares - Director of the Panamanian Police:

They never sold anything to the Panamanian National Police.

Anibal Salas – Panama's Minister of State:

We have rebuked Nicaraguan authorities – why did they not ask or consult Panamanian authorities?

Reporter:

Suspicion falls on the custom assessors who certified the gun shipment was toys, but also on those within the banana organization who unloaded the shipment and sent the guns in trucks to Carlos Castaño's criminal organization.

Leonardo Sicard – Customs Director, DIAN

If from the law's standpoint, there has been some kind of violation, there would be some kind of punishment... Naturally, the fault could not only be the official's, but of all those, who somehow participated in receiving the shipment.

Reporter:

Results of the investigation are expected before the current government is over.

Background: INTERNATIONAL PROBLEM

Newscaster:

However, the matter does not end there, the OAS is investigating if Nicaragua or Panama violated gun trafficking international agreements. A former American ambassador in Colombia, Morris Busby, will conduct the investigation.

*On Screen: BUSBY INVESTIGATES – FORMER US AMBASSADOR
INVESTIGATES GUN TRAFFICKING*

Reporter:

Because of the Nicaraguan gun shipment that wound up in the hands of Carlos Castaño's criminal organization, five OAS countries have exchanged a series of mutual accusations. The multilateral organization has tried to

solve the issue by naming former US ambassador in Colombia Morris Busby as an independent mediator in this case.

Anibal Salas – Panama's Minister of State :

We cooperated with the authorities of Colombia, Nicaragua and the United States in the investigation...

Reporter:

In addition to Panama, whose name, port and ship were used in the smuggling, and Nicaragua, whose police sold the guns; the transaction was made by a Guatemalan arms dealer, and the American State Department protested because the agents who wanted to capture the smugglers in the act were alerted by Nicaragua through the press.

Anibal Salas – Panama's Minister of state:

There was a second shipment, law enforcement agencies from the US, Nicaragua, Colombia and Panama were set in motion to capture the smugglers. This operation was exposed...

Reporter:

Morris Busby, who received from the OAS' General Assembly the mission of establishing responsibilities among members for violations to the Multilateral Arms Trafficking Agreement, must present his report by the end of this month.

Second Report

La Red Independiente

Background: ARMS TRAFFICKING

Newscaster:

Chiquita Banana, the largest multinational banana exporting company in Colombia is being investigated because it received a shipment of Nicaraguan weapons destined to paramilitary groups in their warehouses in Turbo, Antioquia.

On Screen: CHIQUITA COMES BACK AND PLAYS – BANANA COMPANY DEALS IN WEAPONS

Chiquita Banana song in background

Reporter:

The multinational banana company that bribed DIAM officials to obtain this private port in Turbo is now being investigated for its participation in the smuggling of 3,000 Nicaraguan guns destined to paramilitary groups.

Glauco Rebelo – Nicaragua's Intelligence Commander

The ship Otterloo arrived in Turbo, Colombia, and was unloaded by the shipping company Banadex two days later...

Reporter:

According to documents in this investigation, Banadex is entirely controlled by Chiquita.

Reporter speaking to Mr. Noguera:

... they [the arms] disappeared from Banadex's wharf... (?)

Jorge Noguera – Director of DAS (Departamento Administrativo de Seguridad – Colombia's equivalent to the FBI)

Several companies, private and public persons and natural and juridical persons are being investigated.

Reporter:

This story goes back to October 2001, when a group of investigators headed by Craig Brook [?] from the American SEC, imposed sanctions on Chiquita Brands because its Colombian subsidiary paid a bribe in Colombia.

Greg Bruch – Investigator SEC

According to the papers I have here, the bribe was to obtain an export-import wharf in Turbo...

Reporter:

In the opinion of the new director of DIAN Mario Aranguren, the procedure followed by his predecessors to grant the license to operate the port is not clear.

Mario Aranguren – Director of DIAN

... however, we should have looked to see what kind of investigation was previously performed by DIAN. Which documents were used to grant all these operation permits...

Reporter:

Banadex and its employees are being investigated because 14 containers were unloaded from the boat Otterloo on their wharf and the 3,000 guns in those containers were loaded on trucks and sent to Castaño's paramilitaries.

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
THIRD QUARTER, 2001 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	10,047	Army and Police Officials	Facilitating payments for security services.
		69,642	Convivir	Government sponsored citizen reconnaissance group.
	Total Payments	<u>79,689</u>		

(b)(6) (b)(7)(C)

Copy to:

DATE: Medellin, June 10, 1994
TO: [REDACTED]
FROM: [REDACTED]
RE: Law On Kidnapping and Extorsion

Law 40 of 1993, modified the general standards regarding kidnapping and extortion crimes in that it increased the penalties that those crimes carry. Additionally, it especially penalized those who interfere in rescue negotiations of kidnapped persons or those who do not report the perpetration of such crimes, when they become aware of them, to the corresponding authorities.

Law 40 of 1993 was petitioned/appealed before our Constitutional Court which decided that the standards regarding the above-mentioned were unconstitutional "when the person acts under one of the justified circumstances provided under the criminal law."

The above-mentioned means that if someone participates in the negotiation of a kidnapping or extortion, under the pressure that this conveys, he acts in a "State of Necessity" and, therefore, cannot be penalized.

Sincerely,

[REDACTED]
CC: [REDACTED]

CBI-V1-003-000277

CHIQUITA NSD 6452

(b)(6), (b)(7)(c)

Page 1 of 3

BBN 9/20 At Least 24 Colombian Banana Workers Killed in Massacre

Least 24 Colombian Banana Workers Killed in Massacre

Bogota. Sept. 20 (Bloomberg) -- At least 24 banana workers were shot and killed and five more injured in the latest massacre in Colombia's banana region, Colombian radio reported.

Armed men stopped two buses transporting workers to a banana plantation near the village of Apartado, in the northern region of Uraba early today. According to witnesses interviewed on radio, the workers were ordered off the bus, told to lie on the ground and the men opened fire.

While officials weren't certain who the killers were, they suspected they belonged to the Revolutionary Armed Forces of Colombia, or FARC, Colombia's largest guerrilla group.

"This is genocide, perpetrated by the FARC," Gen. Victor Julio Alvarez of the Colombian army told Caracol Radio.

Some 11,000 banana workers went on strike for five days earlier this month to protest the rising violence in the Uraba region, about 450 kilometers northwest of the capital Bogota.

With the latest killings, about 80 workers have been killed

Page 2 of 3

in the last six weeks, and more than 600 killed so far this year, according to the banana workers union.

Guerrillas, ex-guerrillas and para-military groups have been battling in the region for years.

Dole Food said on the weekend it would stop exports for two weeks due to rising violence near their banana facilities in the Ita Marta area, about 400 kilometers northeast of where these killings took place.

The military has sent in about 500 soldiers to patrol the area, up from the 100 soldiers on patrol before the recent killings.

There are 14,000 banana workers in the Uraba area, representing about 60 percent of national production, according to the Colombian Banana Association, which represents banana companies. The workers earn about \$10.50 a day.

Colombia is the third largest banana exporter in the world, behind Ecuador and Costa Rica.

Colombia shipped 34 million boxes of bananas worth \$185.7 million in the first six months of this year, down 4.7 percent in dollar terms from 40.3 million boxes worth \$194.9 million for the same period in 1994.

Page 3 of 3

-- David Scanlan in Bogota (571) 313-2537 or (573) 212-6502 or through the New York newsroom (212) 318-2300 /wfr

(To chart Dole's stock performance: DOL US <Equity> GP; For Colombia news: NI COLOM; for agriculture news: NI FBR; for Latin America news: NI LATAM; for emerging markets: NI LDC)

:12

- (BBN) Sep/20/95 10:13

CBI-V1-003-000369

CHIQUITA NSD 6576

COMPANIA FRUTERA DE SEVILLA


FORMA 1016

NIT. 860.008.820-1

No. _____

(b)(6) (b)(7)(C)

COMPROBANTE DE PAGO
INTRANSFERIBLE

	\$ 126.980=
Avance para Gastos de viaje	

CORRECTO:

REVISADO:

PAGO APROBADO:

CONTRALOR

FECHA:

Abril 7/93

VALOR A PAGAR:

Ocho y veintiseis mil novecientos

Ocho y veintiseis mil novecientos pesos M.L.

DISTRIBUCION				
CLAVE	PESOS	DOLARES	BASE RETENCION	NIT O CODIGO
60 16 01 00	126.980			

A FAVOR DE:



NIT

CIUDAD

Sevilla

HE RECIBIDO DE LA COMPANIA FRUTERA DE SEVILLA EL PAGO DE LA CUENTA MENCIONADA ARRIBA

CANCELADO

32

CBI-V1-003-000276

CHIQUITA NSD 6453

ENV10: 331-98-42

1-25-95 16:28

C.F.S./BANADEX-

1

DATE ENE 00 15-95

NUMBER OF PAGES 02

(Including Cover Sheet)

FAX NUMBER _____

TO: _____

TELEPHONE NUMBER _____

FROM: _____

TELEPHONE NUMBER _____

SPECIAL INSTRUCTIONS:

CONFIDENTIAL

CBI-V1-003-000367

CHIQUITA NSD 6578

(b)(6), (b)(7)(C)

Otterloo Case Press Coverage
August 19, 2003

DIAN Official Still on the Loose

- The unusual link in the Otterloo case

La Nacion- Colombia

The authorities captured a man, who lent his name to import 3,000 rifles, through an appliance store. The "partners" were two illiterate farmers.

The investigation into the smuggling of 3,000 AK-47 rifles that arrived in Colombia from Central America on board the Otterloo, and which were destined to the paramilitary groups, lead investigators to a northeast community in Medellin.

On July 27, 2003, 15 DAS agents arrived at a house in the Aranjuez neighborhood. It was the home of the legal representative of the company that imported the 23 containers, which supposedly, contained plastic balls.

When the detectives knocked on the door and asked for Nelson Saldarriaga Cuartas, an emaciated and badly dressed man came to the door and claimed to be the man they were looking for. After examining his identification documents and establishing it was in fact Saldarriaga, the man was arrested.

Documents from the investigation's file indicate that Saldarriaga, 33, is the representative of Inversiones Banoly, front company, which the police believe was created with the sole purpose of executing a gigantic arms smuggling operation.

However, after researching his activities, they concluded the man was used in the smuggling operation exposed in April, 2002 by *El Tiempo*.

Thanks to the documents he signed on November 5, 2001, the Panamanian ship Otterloo disembarked in Turbo, 14 containers [full of arms] mixed with other 9, without any problems.

The toys they were supposed to hold were replaced with guns and 5 million rounds of 7.62 mm. bullets, which found their way into the hands of a paramilitary group [Autodefensas Unidas de Colombia (Auc)]. The head of this group, Carlos Castaño, recognized the fact. "It's the best goal I have scored."

NEW LINK

"He (Saldarriaga) has never had the means or the money to create a company that could import [not even] one container. He is poor and unemployed," said one of the detectives who captured Saldarriaga.

In addition, sources close to the investigation told our reporters, that the man is terminally ill and is dependent on drugs. Because of this, although the man is still linked to the case, the authorities are searching for the person who set him up.

A few minutes after Saldarriaga's detention, the DAS captured his older brother, Erasmo, 35, who is a businessman in that city.

They also captured Paola Catherine Romero Benavides, an employee of a brokerage firm, and Henry Hernandez Ramirez and Herminio Martinez Mercado, who were DIAN officials.

Simultaneously, in the town of Apartado, the DAS captured Luis Anibal Chaverra Arboleda and Jovanny Hurtado Torres, the latter was an employee of Banadex, a port service company.

The Hypothesis

Although, the manner in which this arsenal was introduced into the country has not been conclusively established, according to DAS detectives, their hypothesis is the most plausible.

The business, according to the police, began in 2001, when Erasmo Saldarriaga was contacted by the AUC in Turbo, and they proposed he help them smuggle the guns.

According to the DAS, Erasmo decided to have his brother Nelson, unemployed, terminally ill and with economic problems, lend his name in order to create an import company.

On May 29, 2001, Nelson and two other persons registered Inversiones Banoly (No. 3971) in the Chamber of Commerce in Uraba. The purpose of the company was to import and market appliances.

The police established that the other two persons who registered the company were local farmers who did not know how to read or write. According to the DAS, Nelson only signed documents for small appliance importations made by the company as a façade.

Some time later, Colombia's Police intelligence determined that the arsenal was sold by the Nicaraguan Police, seemingly, to its Panamanian counterpart. Later, it was discovered that the Panamanian Police had not bought anything and it had all been a deception by the smugglers.

Because of this scandal, in January 2003 the OAS presented the results of its investigation that concluded Nicaragua was "guilty of professional negligence" and violating articles in the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials. Colombia was charged with corruption and Panama was exonerated.

According to the DAS, there was a corruption chain in Colombia, of which Saldarriaga was a link, and one by one they have been captured. However, a DIAN official is still on the loose and he may lead to other accomplices.

###

b(6)
b(7)(c)

4-5 months later [redacted] was contacted by guy saying to represent ADC

- said ADC was in the area (Uraba)
- Banudex needed to ~~help~~ start paying ADC
- [redacted] agreed to 3¢/box to be contributed to convivir which had been formed by this time
- ADC represented to [redacted] that 3¢/box was the price for bananas
- [redacted] didn't negotiate
- [redacted] felt compelled to contribute because ADC is porous and FE knew what they would do if we didn't pay
- very subtle; no overt pressure; ADC didn't need to threaten
- [redacted] didn't mention to AI that he did any legal analysis re: Convivir

ADC contacted [redacted] because he is Colombian and is well known at the top of Banudex and is on the board of [redacted]

- [redacted] was never the producer relations/public relations person at Banudex

So ~~Banudex~~ Banudex started paying

Tagua del Barro is name of Turbo Convivir organization

[redacted] and now [redacted] are over contacts w/ Tagua del Barro

(b)(6), (b)(7)(C)

5

Tosca del Darien are active in Turbo - very visible

[redacted] gave background on Turbo; [redacted] didn't have anything to say on Turbo

SANTA MARTA

[redacted] description

Some producer that contacted [redacted] re: Turbo computer [redacted] about 1-1/2 years ago.

- ATK wants to meet w/ you; told him when and where - hotel in Cienega
- [redacted] went to hotel; "like an armed camp"; there were operatives guys, not political guys - no one but soldiers were there
- met w/ leader of ATK
- said "we are here in SM, we are starting operations in SM; you need to start contributing payment"
- no question of "will you pay"; very blunt and direct
- [redacted] very frightened: ① leader was very cold; ② if guerrillas saw him meeting w/ leader
- very short meeting

Messaged if he meeting was we are powerful, we know who you are, and you need to pay

Coldest ops ever seen

About 2 weeks later, [redacted] was contacted by someone (Cingo like a business type) (basically the collector)

④

- we have set up a company and you should contribute to it

↳ Transitions Manager

- didn't say how much to pay; [redacted] understood it would be the same amount as Turbo
- [redacted] said he would pay

[redacted] reported hotel meeting to [redacted] who approved the need to pay

- probably told [redacted] about the hotel meeting b/c he went

[redacted] prepares 1016's for [redacted] to sign for payments to Transitions Manager

Should be \$10,000 - \$15,000 / month for both

[redacted] left 2/10/99; [redacted] took over after that

[redacted] supports the payments and want go to the area who is making the payments

↳ not involved in the initial decisions

[redacted] has no decision making on these issues

→ neither is [redacted]

— [redacted] are probably aware of the payments, but they are not

For both Santa Marta and Turbo there was no request for payment. We were told "it's time to pay."

TV interview of [redacted] — transcript available on the internet

www.colombialibre.org

[redacted] tactics:

— stop a bus; tell everyone to get off and show ID cards; ADC match ID cards against a list

— go to company firm and ask for hammocks, machetes, cell phone cards

— one parking station mgr said no to a request; got scared and left the area w/in day or two

— go into parking station, stop work and say "we are here in the area, we are

here to stay; we are going to chase the guerrillas out; "you are either with us or against us"; you cannot be neutral; if you are supporting the guerrillas you better leave the area or you will be executed.

- will go into a farm and stay in the area for 2 or 3 days

[redacted] had nothing to add about how we were contacted or how we are making payments.

↳ [redacted] is in labor relations and have strikes from unions, etc. about para activity.

During 3 months in 2000 when we stopped paying in Santa Marta, every time [redacted] was in the zone, he was contacted and asked what had happened. [redacted] started w/ "legal review" explanation.

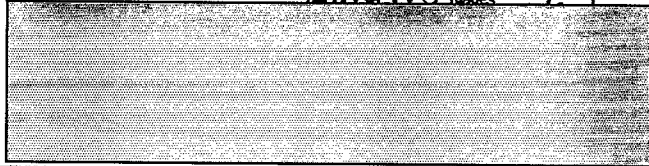
Everyone knows who they are and how to contact them.

09-09-1996 04:51PM FROM

TO

(b)(6), (b)(7)(C)

Post-It® Fax Note 7671 Date 9/6 # of pages 9



**Chiquita Banana Group
Colombia Division**



Memo

To: [Redacted]
From: [Redacted]
CC: [Redacted]

Date: September 7, 1996

Re: Colombia Managers Fund

Attached please find copy of the support documentation for the Colombian Manager Fund for 1993, 1994, 1995 and 1996 as requested.

The following is a summary of the information attached:

Exhibit I 1993 Turbo:

The following is the only support documentation we could not find.

July 1, 1993 Travel expenses paid by [Redacted] for: \$144

All the other information requested has being included in the enclosed package.

Exhibit II 1994 Turbo:

100% of the support documentation requested is attached. There are two transactions that deserve the following explanation:

September 1994 Contribution to the Navy in Uraba: amount reported \$900,000 pesos, the amount paid was \$102,240 (or US\$123.93). The amount originally typed was the total amount requested by the Navy, but, the Banadex portion was \$102,240.

December 1994. Payments to the Army: amount reported \$6,500,00 pesos. The right amount was \$5,500,000. The variance was due to a typo error.

With respect to your comment about a confidential memo from an individual, we understand that the information was prepared by somebody who do not have access to our accounting record and he does not understand what we should report or not in the GM's fund. The information reported by this individual to Cincinnati is not recognized as official information by the Division.

(b)(5), (b)(7)c

Exhibit III 1995 Turbo

The information originally reported included only the purchased of Industry Information for \$3,079.42. 100% if the support documentation is attached.

After our phone conversation 3 weeks ago about the definition of the type of expenses that we should report, Enclosed please find a quarterly summary for sensitivity payments for \$148,957.84 100% of the support documentation is attached as well.

Exhibit IV 1996 Turbo

The information originally reported included only the purchased of Industry Information for \$2,336.35. 100% if the support documentation is attached.

Enclosed please find summaries for the first and second quarter of 1996 for sensitivity payments for \$115,773.57 100% of the support documentation is attached as well.

Exhibit V 1993 Santa Marta

Of the 1993 information, we could not find the following supports:

February 1993	Donation to DAS for \$	93.00
April 1993	Donation to local Police for \$	59.00
May 1993	Donation to Local Police for \$	84.00
Total		\$236.00

The attached supports add to \$3,024.06 plus \$236.00 equal \$3,260.06 the amount requested.

Exhibit VI 1994 Santa Marta

Attached you will find 100% of the information requested.

Exhibit VII 1995 Santa Marta

Attached you will find 100% of the information requested.

Exhibit VIII 1996 Santa Marta

Attached you will find 100% of the information requested.

If you need any additional information, please give me a call

As of 1/1/95 all Santa Marta security payments made out of, and included in the #'s for Turbo.

(b)(6), (b)(7)(C)

COMPANIA FRUTERA DE SEVILLA
No.014
Ver anexo

FECHA: MEDELLIN. ABRIL 05 DE 1.993

PARA: [Redacted]

DE: PROTECCION INDUSTRIAL

ASUNTO: SOLICITUD DE VIATICOS

[Redacted]

Le solicito se sirva autorizarme el desembolso de unos viaticos asi:

- 1.Viaticos de viaje \$ 250.000
- 2.Tiquete bog-med-bog \$ 73.980
- 3.Tiquete med-chi-med \$ 53.000 ✓

Total a desembolsar \$ 376.980

Son: Trescientos setenta y seis mil novecientos ochenta pesos m.i.

Robo. Abril 6/93

Atentamente
[Redacted]

[Redacted]

CANCELADO

32

(b)(6) (b)(7)(c)

12/05 15:33 1994 FROM: [REDACTED]
SENT BY:

;12- 5-94 ; 14:28 ; FRUTERA DE SEVILLA-

PAGE: 1

1



C.I. BANADEX S.A.
COLOMBIA
C.I. BANANOS DE EXPORTACION S.A.

RECEIVED
DEC 5 - 1994
COMMUNICATIONS SECURITY

FAX: [REDACTED]

FAX COVER LETTER

dec 5, 1994

DATE: [REDACTED]
TO: [REDACTED] - Cincinnati [REDACTED] Miami
FROM: [REDACTED]

COMMENTS:



TOTAL PAGES INCLUDING FAX COVER LETTER: 7

CARRERA 43 A No. 23 SUR 13 -- CONMUTADOR: 331 74 74 -- EDIFICIO ZURIGA -- ENVIGADO - ANTIOQUIA

CHIQUITA BRANDS INTERNATIONAL, INC.
Cincinnati, Ohio



PRIVILEGED AND CONFIDENTIAL
ATTORNEY WORK-PRODUCT

(b)(5), (b)(7)C

Memo to: [Redacted]
From: [Redacted]
Re: Colombian Port Issues

Date: July 11, 2001

[Redacted] last Friday, [Redacted] and I traveled to Miami to meet with our Colombian lawyers. The topic of conversation was the legal impact of the recent use of our port installations in Turbo by extremist groups, by force and against our consent, to smuggle arms into Colombia.

The Colombian lawyers divided the criminal implications into three areas. The first and by far most serious was the assistance/cooperation with these groups, including illegal arms smuggling. The second group dealt with the use of false documents filed with public authorities. There is evidence that third parties filed false import documentation with the Colombian Customs authorities to hide the arms entering the country. The final group would encompass a general obligation under law to disclose to the authorities this type of activities by extremist groups.

The Colombian lawyers informed us criminal liability could be imposed only on individuals, not legal entities. Criminal liability attaches to the actor of the crime, the intellectual author or instigator, and/or any conspirator. Both of these follow established US principles. However, they did caution us that civil liability can be imposed on legal entities originating from criminal acts by their employees, including monetary damages and rescission of operating franchises.

They informed us of defenses available, including that of being coerced to engage in the criminal act. They believed that pressure on our employees and our company, in terms of personal threats and destruction of property, made this a viable defense to any criminal allegation.

Finally, they recommended that we not take any further action. In particular, they advised us to not go to the authorities and disclose these events, as this would possibly lead to retribution from extremists on both sides of the political spectrum as well as possible targeting by Colombian prosecutors.

Please call me should you have any further questions. I am attaching to this memo my entire file on this matter.

126.980.00

(b)(5) (b)(7)(c)

CIENTO VEINTISEIS MIL NOVECIENTOS OCHENTA PESOS ML.

MED ABRIL 7 de 1993.

[Handwritten signature]
COMPANIA FRUTERA DE SEVILLA

FECHA			DOCUMENTO
AÑO	MES	DIA	NUMERO
93	4	7	1109394

NIT. 850.008.820-1 ORDEN DE PAGO M N° 09937

PAGUESE A: *[Redacted]* C.C. & NIT.: *[Redacted]*

Avance para gastos de viaje.

[Handwritten signature]

airfare

BANCO: Ganadero.		VALOR TOTAL PAGADO: 126.980.00			
CUENTA CONTABLE	CENTRO DE COSTOS	VALOR PESOS	VALOR DOLARES	NIT.	BASE RETENCION FUENTE
		126.980.00			
SUBTOTAL					
ORDENADO POR:	CONTABILIZADO POR:	FIRMA Y SELLO			
		<i>[Redacted Signature Area]</i>			

CANCELADO

32

CONTABILIDAD

CBI-V1-003-000274
CHIQUITA NSD 6455

(b)(6), (b)(7)(c)

- FCPA

Page 1

From: [REDACTED]
To: [REDACTED]
Date: 10/3/02 7:36PM
Subject: FCPA

[REDACTED] the amount per box paid last year from January thru August was US\$0.020 instead of the US\$0.0225 that I reported you in prior e-mail (as per conversation w [REDACTED]). The increase to US\$0.025 per box began in September 2001.

Regards,
[REDACTED]

CBI-V1-003-000332
CHIQUITA NSD 6612

(b)(6), (b)(7)(c)



Chiquita Brands International

MEMORANDUM

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Laola
2/16/94

DRAFT

Discussed w/ [redacted] 3/8/94

Who needs to see this in B? why is this being written?

TO: [redacted] Esquire

DATE: January 5, 1994

FROM: [redacted]

PHONE: [redacted]

SUBJECT: Reportable Payments in Colombia and Manager's Expense Payments

This memo documents my understanding of the Turbo and Santa Marta Divisions' ^{payments} transactions that are reportable on the Statement of Policies and Procedures and Manager's Expense summaries. Also, I will include my understanding of the Divisions' handling and reporting of payments for security purposes and payments to the respective trade association. This information is based on inquiries of local Management and through my observation of documents that were made available to me. This memo with attachments will constitute our working papers related to this area and the documentation of the work that we performed.

We limited the scope of our testing and the related procedures performed to disbursements and certain corporate compliance areas. Our work primarily consisted of a disbursement sample, review of policies and procedures, and discussions with management, since this engagement constitutes a disbursement review. We did not perform detailed substantive testing of balance sheet values and compliance testing beyond the disbursement related systems. ~~Had we performed additional procedures or had we performed a complete audit of each of the aforementioned entities, other matters may have come to our attention that would have been reported in this memorandum and detailed in the related working papers.~~

Manager's Expense

I understand, based on my discussions with Management and based on my review of documents Management made available to me, that the Manager's Expense Account at both Divisions ~~consists of guerrilla extortion payments made by the Security Department through our intermediary or [redacted]. I understand that the Security Consultant is our contact with the various guerrilla groups in both Divisions. Management in Santa Marta advised me that all extortion payments, referred to as "citizen security" by Management, are currently [redacted] through the Security Department, either [redacted] in Medellin, and recorded in the respective Division's accounting records in an account named "Gastos de Seguridad Ciudadana". [redacted] that these payments are not supported by any receipt by any outside recipient, and are being expensed as a Company expense. Totals of such payments were [redacted] and \$334 at Santa Marta for the period January 1, 1993 through October 25, 1993. These amounts have been expensed via the Manager's Expense Account in 1993.~~

These citizen security

Everything on Exhibit II?

4m?

3865

by both divisions

their respective

90 consultant who differs w/ Turbo [redacted] the

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Memorandum to [redacted] Esq.
January 5, 1994
Page 2

Why is this relevant?
What is the date of the documents?
Are these relevant?

The Turbo General Manager told me that the Guerilla Groups are used to supply security personnel at the various farms. This is not practiced at the Santa Marta Division.

Through October 1993, the Divisions are in a loss position for financial and tax purposes of \$2.3 million for Turbo and \$6.1 million for Santa Marta. Therefore, local Management is not very concerned that they are expensing these payments without supporting documentation. Management believes that the loss situation the divisions are experiencing would [redacted] the lack of documentation for the payments, in the event that the Divisions are audited by local tax authorities. Nevertheless, I believe that Management should explore other methods to make and to record these payments to mitigate any potential personal risk to local management.

Are banks records accurate?
The general control - adequate

I have included schedules [redacted] of the manager's expense accounts for both divisions for the period January through October 1993. I have [redacted] these to the general ledger activity and noted only two differences with a zero net effect. Both of the differences were at the Turbo Division, which I have documented on Exhibit II.

What were they?

Statement of Policies and Procedures Disclosures

payments
payments

1. Based on discussions I had with each of the General Managers at both of the Divisions, the only [redacted] transactions to governments, governmental agencies, governmental employees, political parties, or political candidates that they were aware of are the donations totalling \$1,441 at Turbo and \$444 at Santa Marta for the period January 1, 1993 through October 25, 1993, as outlined in Exhibit I. I noted no other [redacted] transactions from my review of the entity. I discussed the nature of [redacted] payments with them. They seem to better understand and committed to properly report the payments that constitute a reportable transaction. [redacted] [redacted] internal audit reports of cash disbursements made in the early 1990s.

2. Both Divisions belong to trade associations that represent the respective areas in promoting the region's bananas, in improving the general infrastructure, and coordinating the facilitation of government services, and promoting overall safety in the region. The involvement in and [redacted] over the association varies by Division. The Turbo Division appears to have some [redacted] over their respective trade association, AUGURA. Management receives a budget and certain transaction details, such as information relating to facilitating payments and donations to the various entities. Whereas, the Santa Marta Division receives no such transaction information or budgets from its regional trade association, FUNDEBAN. Due to the [redacted] and knowledge factors, the Turbo Division reports the governmental-related AUGURA payments made by the trade

HIGHLY CONFIDENTIAL - PRIVILEGED CLIENT-ATTORNEY INFORMATION

Memorandum to [REDACTED] Esq.
January 5, 1994
Page 3

Could they?

association on its quarterly Statement of Policy and Procedure disclosure (these started third quarter 1993); while the Santa Marta Division does not report governmental-related FUNDEBAN payments on its quarterly disclosure. The trade associations assess the Divisions \$0.02 per box of exported fruit. The Divisions pay for both produced and associate producer-purchased fruit. Amounts assessed by such associations for the period January 1, 1993 through October 25, 1993 were approximately \$106M at Turbo and \$133M at Santa Marta.

In the event that you should have questions or comments regarding the aforementioned areas, please feel free to contact me.

attachments

⇒ Fee discharge

Questions
in Spanish

⇒ [redacted] & Quinn?
go on board the vessel

⇒ Guns never go in the Customs zone
Put in trucks & out the door.

⇒ Port of Call - 36,000 bags - it
offloaded. Do we have a
bodega receipt

⇒ Who does the customs clearance work?

We didn't confirm it was guns
until next day?

We had reason to know it was illegal

Do we have anything to do
of the customs clearance
process?

From: [REDACTED]
To: [REDACTED]
Date: 10/7/02 8:08AM
Subject: Fwd: FCPA

FYI,

Note that [REDACTED] disclosed to the audit committee that the convivir payments in the first half of 2002 showed an increased rate per box from the same period in 2001. This is substantiated by attached e-mail from [REDACTED]

The detailed attached information should help us explain future quarterly payment variances in Colombia from prior periods.

Regards,

[REDACTED]

(b)(6), (b)(7)(C)

Medallin, February 3, 1997

To: [REDACTED]
From: [REDACTED]
Copy: [REDACTED]
Re: Crime of Extorsion and Kidnapping in Colombia

Law 40 of 1993 governs, in Colombia, the crimes of extorsion and kidnapping, and establishes severe penalties for both.

The same Law used to be that a person who gives money to pay ransom for kidnapping is also liable of criminal punishment, but this rule (paragraph 2, article 7 of Law 40/93) was declared contrary to the National Constitution by the Supreme Court of Justice, which considered that the fact that a person gives money to kidnappers could not be punished, because he gives the money for a noble purpose, namely to save a human life or the freedom of a person.

The same Law 40/93, Article 25, established the following:

"... SANCTIONS AGAINST NATIONAL AND FOREIGN COMPANIES: Without prejudice to the other punishments applicable, when an executive of a national or foreign company, or his delegate, hides or cooperates in paying for the release of a kidnapped executive or employes of the company or one of its subsidiaries, the government shall be entitled to decree the cancellation of the contracts executed by said company with state institutions. If the act is committed by an executive or delegate of a subcontractor of the company, and it is a foreign entity... the government shall order his immediate deportation from the country. National subcontractors shall be subject to the punishments set forth in this law...

Although the above rule is in force, the Constitutional Court also declared it unconstitutional when the person acts in any of the justifying circumstances set forth in the Criminal Law, such as in the case of a state of necessity. In other words, when one acts in a state of necessity, no punishment will be applied.

As to the specific point concerning extorsion, it is clear in our legal system that the person who pays for extorsion is not subject to penalty, because such payment takes place without free consent, and under threat of immediate injury. In other words, a person who pays for extortion is a victim, not an accomplice to the crime, and therefore cannot be punished.

I am at your disposal for any additional clarifications.

Sincerely,

[Signature]
[REDACTED]

(b)(5) (b) (1)

DATE: Medellin, June 10, 1994
TO: [REDACTED]
FROM: [REDACTED]
RE: Law On Kidnapping and Extorsion

Law 40 of 1993, modified the general standards regarding kidnapping and extortion crimes in that it increased the penalties that those crimes carry. Additionally, it especially penalized those who interfere in rescue negotiations of kidnapped persons or those who do not report the perpetration of such crimes, when they become aware of them, to the corresponding authorities.

Law 40 of 1993 was petitioned/appealed before our Constitutional Court which decided that the standards regarding the above-mentioned were unconstitutional "when the person acts under one of the justified circumstances provided under the criminal law."

The above-mentioned means that if someone participates in the negotiation of a kidnapping or extortion, under the pressure that this convey, he acts in a "State of Necessity" and, therefore, cannot be penalized.

Sincerely,

[REDACTED]

(b)(6) (b)(7)(c)

MEMBERS OF THE FIRM

BAKER & MCKENZIE
ATTORNEYS AT LAW

CALLE 35 No. 7-25, 4TH FLOOR
APARTADO AEREO 3746
SANTA FE DE BOGOTA, D.C.
COLOMBIA

TELEPHONE [REDACTED]
TELEFAX [REDACTED]
FACSIMILE [REDACTED]
NIT 600.088.840-3

9 September 1997

[REDACTED] Esq.
Senior Counsel
Chiquita Brands International
Fax (513)7846691

Re: Payments to *guerrilla* groups.

Dear [REDACTED]:

During our recent telephone conference, you asked us about the legal consequences in Colombia of a foreign owned company making payments to a *guerrilla* group, in a case of extortion or kidnapping. In this respect we have the following comments:

1. Colombia enacted an "anti-kidnapping" legislation which prohibited the administrators of any Colombian or foreign company to effect, participate in, or hide, any payments made to release an employee of the company from a kidnapping¹.
2. The cited law was challenged as unconstitutional, at various occasions, before the Constitutional Court. As a result, the Constitutional Court voided some articles in the law. In reviewing the constitutionality of Law 40 of 1993, Article 25, the court indicated that the prohibition stated in that article may not be applicable when the person acts under conditions that justify the action, in accordance with criminal law. That is when the person acts under necessity and does not incur in any illegal conduct. In this sense we point out that:

2.1. Colombian criminal law recognizes as a justification of the criminal action the condition of necessity.

¹ Law 40 of 1993, Article 25.

CBI-V1-003-000166

18/09/97 13:17 [REDACTED] 2856908 10:00:00
09/10/1997 18:27 FROM: [REDACTED]
PAGE: 1 NO. 187 P001

CHIQUITA NSD 6346

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 2 -

- 2.2. He who pays with his funds or goods to save a life or terminate a kidnapping acts under a legal justification and, therefore, under the Constitution.
- 2.3. A legal provision, that characterizes as a crime the reasonable activities of the individuals directed to protect the life and freedom of other individuals, is unconstitutional.
- 3. The Court indicates, however, that he who obtains a personal benefit from a state of necessity (like a kidnapping or an extortion) incurs in a criminal action.
- 4. A new law enacted on the matter¹, created special government programs directed to fight kidnapping, such as the creation of *Gaula* (special forces), provides for other measures and empowers the Director of the Program (*Zar Antisecuestros*) to authorize the conduction of negotiations in case of a kidnapping.
- 5. Although not specially contemplated in the legislation, we consider that the case of a extortion is not different from that of a kidnapping, for purposes of the above legal analysis. Accordingly, a payment made in case of extortion in order to defend the life and freedom of individuals, without obtaining any personal benefits or committing any other unlawful action, should not be consider against the law.
- 6. The President of the Republic has been insisting recently in that payments from multinational companies to *guerrilla* groups shall be severely sanctioned. We consider that, unless there is a legislation amendment, any such sanction must be considered within the foregoing legal frame.

Should you have any questions or require additional information, please let us know.

Best personal regards,



¹ Law 282 of 1996.

CBI-V1-003-000167

FROM: 09/10 18:28 1997
 TO: 10/09/97 13:17
 (B&M)BOGOTI-COLOMBIA
 2856908
 NO. 127
 PAGE: 2

CHIQUITA NSD 6347

09/02 15:28 1997 FROM: [REDACTED]
SEP-02-97 12:21 PM

TO: [REDACTED]

PAGE: 1

P.01

(b)(6), (b)(7)(C)

Transmittal Sheet

EXTREMELY URGENT

Date: September 2, 1997

From: [REDACTED]

To: [REDACTED]

No. of pages including this: 2

Re: Your RUSH translation requisition No. 072.97

Regards,

[REDACTED]

*Pls
cc:*

[REDACTED]

09/02 15:28 1997

FROM:

TO:

PAGE: 2

SEP-02-97 12:21 PM

P.02

C.I. BANADEX S.A.

(b)(6) (b)(7)(C)

MEMORANDUM

To: [REDACTED]
From: C.I. BANADEX S.A. [REDACTED]

cc:

Date: Thursday, August 28, 1997

Re: Special Donations

Concerning the above referenced matter, our criminal code establishes three different types of punishable conduct for public officials, as follows: first, when he FORCES a private person to give him money or any profit; second, when the official receives a benefit to perform an illegal act; and third, when he receives it for an act that he is obligated to perform (extortion, direct and indirect bribe - Articles 140, 141 and 1432 of the Criminal Code).

On the other hand, Article 143 indicates that the private person who gives or offers money in cases of direct or indirect bribes commits the so-called "bribery by giving or offering," punished with prison from three to six years, fine of fifty to one hundred minimum monthly salaries (US\$8,500 to 17,000 approximately), and interdiction from rights and public functions for the same period as the imprisonment.

It must be noted that, according to the law, when the accused does not have a criminal record, in a case such as the one mentioned, the judge may condemn him only to the minimum of prison, i.e. three years, and, with this punishment, he is entitled to suspension (sentence of conditional execution). This means that, in practice, the time of deprivation of freedom is short, due to the benefit indicated.

I hope the above explains the point you wanted to know. If you need more explanations on the topic, let me know, and I will gladly inform you.

Sincerely,

[Signature]

(b)(6), (b)(7)(c)

DATE: Medellin, June 10, 1994
TO: [REDACTED]
FROM: [REDACTED]
RE: Law On Kidnapping and Extorsion

Law 40 of 1993, modified the general standards regarding kidnapping and extortion crimes in that it increased the penalties that those crimes carry. Additionally, it especially penalized those who interfere in rescue negotiations of kidnapped persons or those who do not report the perpetration of such crimes, when they become aware of them, to the corresponding authorities.

Law 40 of 1993 was petitioned/appealed before our Constitutional Court which decided that the standards regarding the above-mentioned were unconstitutional "when the person acts under one of the justified circumstances provided under the criminal law."

The above-mentioned means that if someone participates in the negotiation of a kidnapping or extortion, under the pressure that this conveys, he acts in a "State of Necessity" and, therefore, cannot be penalized.

Sincerely,

/ss [REDACTED]

cc: [REDACTED]

CBI-V1-003-000082
CHIQUITA NSD 6431

02/27 00:00 1997

FROM:

TO:

02/26/1997 22:12

KUDISH

PAGE: 2

PAGE 32

Medellin, February 3, 1997

To:

From:

Copy:

Re: Crime of Extorsion and Kidnapping in Colombia

Law 40 of 1993 governs, in Colombia, the crimes of extorsion and kidnapping, and establishes severe penalties for both.

The same Law used to be that a person who gives money to pay ransom for kidnapping is also liable of criminal punishment, but this rule (paragraph 2, article 7 of Law 40/93) was declared contrary to the National Constitution by the Supreme Court of Justice, which considered that the fact that a person gives money to kidnapers could not be punished, because he gives the money for a noble purpose, namely to save a human life or the freedom of a person.

The same Law 40/93, Article 25, established the following:

"... SANCTIONS AGAINST NATIONAL AND FOREIGN COMPANIES: Without prejudice to the other punishments applicable, when an executive of a national or foreign company, or his delegate, hides or cooperates in paying for the release of a kidnapped executive or employee of the company or one of its subsidiaries, the government shall be entitled to decree the cancellation of the contracts executed by said company with state institutions. If the act is committed by an executive or delegate of a subcontractor of the company, and it is a foreign entity... the government shall order his immediate deportation from the country. National subcontractors shall be subject to the punishments set forth in this law...

Although the above rule is in force, the Constitutional Court also declared it unconstitutional when the person acts in any of the justifying circumstances set forth in the Criminal Law, such as in the case of a state of necessity. In other words, when one acts in a state of necessity, no punishment will be applied.

As to the specific point concerning extorsion, it is clear in our legal system that the person who pays for extorsion is not subject to penalty, because such payment takes place without free consent, and under threat of immediate injury. In other words, a person who pays for extortion is a victim, not an accomplice to the crime, and therefore cannot be punished.

I am at your disposal for any additional clarifications.

Sincerely,

[Redacted signature]

(b) (6), (b) (7) c

- Re: Convivir

Page 1

From: [REDACTED]
To: [REDACTED]
Date: 9/6/01 4:23PM
Subject: Re: Convivir

2q 2001	\$46822
1q2001	\$62087
4q2000	\$119594 - 25,000
3q2000	\$76079
2q2000	\$63040
1q2000	\$22360
4q1999	\$68658 - not defined as Convivir but could be?

>>> [REDACTED] 09/06/01 04:13PM >>>

Please send me the amounts for the last 10 quarters (last one being 2d quarter of 2001). Thanks.

(b)(6), (b)(7)(C)

10/94
V M C. MONTGOMERY
PRES RACE

Col.
\$20000 each to 2 pol parties
- legal col law
- " FCRA

written opinion

(b)(5), (b)(7)c

BAKER & MCKENZIE
CHICAGO

MEMORANDUM

DRAFT FOR DISCUSSION PURPOSES ONLY

STRICTLY PRIVATE AND CONFIDENTIAL
ATTORNEY-CLIENT PRIVILEGED COMMUNICATION
ATTORNEY WORK PRODUCT

DATE: August 30, 2000
TO: [REDACTED]
FROM: [REDACTED]
RE: Events in Colombia

Dear [REDACTED]

As requested, we reviewed with [REDACTED] of our Bogota office the matter that you described to us regarding the legal consequences associated with certain events that have occurred in Colombia. Attached is the draft memorandum prepared by [REDACTED] in which he states his conclusions after reviewing the facts under the applicable Colombian legislation. As instructed, we have analyzed the issues raised exclusively under applicable Colombian law.

This correspondence and the attached draft memorandum should be treated as strictly private and confidential, and constitute a privileged attorney-client communication that contains our attorney work product.

Please do not hesitate to contact us if you have any questions or comments.

With best regards,

(b)(6), (b)(7)(c)

MEMBERS OF THE FIRM

BAKER & MCKENZIE

MEMORANDUM

DRAFT FOR DISCUSSION PURPOSES ONLY

DATE: August 30, 2000

TO:

STRICTLY PRIVATE & CONFIDENTIAL

FROM:

ATTORNEY-CLIENT PRIVILEGED
COMMUNICATION
ATTORNEY WORK PRODUCT

RE.: Legal treatment in Colombia of the crime of extortion.

Dear 

This will confirm and expand our comments with respect to the legal consequences that would apply in Colombia to a company (the "Company") and its officers that, as a result of threats from a right-wing paramilitary group, made payments to a third party designated by the paramilitary group.

1. Relevant facts.

We understand the relevant facts to be the following:

a. The Company conducts operations in rural areas of Colombia that are under the influence of right-wing paramilitary groups.

b. In one of these areas, employees of the Company were approached by members of a right-wing paramilitary group that threatened, explicitly or implicitly, to cause damage to the Company, its employees and/or its future business, unless the Company made a financial "contribution" to a so-called "Convivir"¹ that operates in the area.

¹ The term "Convivir" does not have a precise legal connotation. It is the name by which the general public referred to entities that were authorized by Decree 356, 1994 as a means to guarantee citizens the right of self-defense against all types of illegal armed groups, under the supervision and regulation of the government. Among the types of entities that were authorized are the *Servicios Especiales de Vigilancia y Seguridad Privada* formed by private citizens or businesses for their own protection, and the *Servicios*

CBI-V1-003-000026

CHIQUITA NSD 6268

(b)(6), (b)(7)(C)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 2 -

c. The officers of the Company assessed the threat as being very serious and proceeded to make the payment to the Convivir.

d. Some time later, a right-wing paramilitary group with similar demands approached and threatened the employees of the Company in another area. This group initially instructed the Company to make payments to a company that the paramilitary group had formed to receive payments of this type, but later agreed that the payment should be made to the same Convivir mentioned in paragraph a. above, apparently with the conviction that the funds would somehow be funneled to their area of influence.

e. Once again the officers of the Company assessed the threat as being very serious and proceeded to make the payment to the Convivir.

f. Neither of the two incidents were reported to the Colombian authorities.

2. Applicable provisions.

The foregoing facts indicate that the conduct of the members of the right-wing paramilitary group would qualify either as extortion or illegal coercion as defined by the Colombian Criminal Code.

2.1 Extortion.

a. Article 355 of the Colombian Criminal Code, as amended by Law 40, 1993 and 365, 1997, defines the crime of extortion as follows:

"He/she who forces another to do, tolerate or omit something, with the purpose of obtaining an illicit benefit, for him/herself or for the benefit of a third party, shall be imprisoned from four (4) to twenty (20) years.

"The term of imprisonment shall be increased by one third to one half if the force consists of the threat of performing an act that may derive in calamity, misfortune or common danger.

"If the objective that is sought by the agent is to facilitate terrorist acts, threatening another with the purpose of making

Comunitarios de Vigilancia y Seguridad Privada, formed for the protection of the interests of a particular community.

CBI-V1-003-000027

CHIQUITA NSD 6268

(b)(6) (b)(7)(c)

MEMBERS OF THE FIRM

BAKER & MCKENZIE

- 3 -

him do, deliver, tolerate or omit something, the penalty shall be twenty (20) to thirty (30) years imprisonment, and a fine of one thousand (1000) to two thousand (2000) minimum monthly wages.²

"Likewise, whoever has knowledge of the plans or activities of the groups or organizations mentioned above, in connection with the crime of extortion, but omits to timely inform the authorities, or does not denounce the commission of an extortion if he has knowledge of the author or participants, shall incur in the in the penalty described in the first paragraph, reduced by one half."

b. Article 25 of Law 40, 1993 provides the following:

"Notwithstanding the other penalties that may apply, whenever an officer of a domestic or foreign enterprise, or his delegates, conceal or cooperate in the payment of ransom for the liberation of an employee of the enterprise, or any affiliates thereof, the Government shall be authorized to declare the caducity³ of any contracts that the enterprise may have with governmental entities. In the event that an officer or a delegate of a subcontractor of the latter commits the act, if foreign, the Government shall order that he/she be immediately expelled from the country. Domestic subcontractors shall be subject to the penalties established in this statute .

"Paragraph 1. The domestic or foreign contractor who pays sums of money to extortionists shall be subject to the penalties established in this article."

When the Constitutional Court ruled on the constitutionality of Article 25 of Law 40, 1993, which punishes the payment of ransom to kidnappers, it expressly stated that

² The minimum monthly wage is used in Colombia as a unit for the adjustment against inflation of amounts contained in legal provisions. It is currently equivalent to approximately US\$ 130.

³ In Colombian administrative law, "caducity" is a special form of unilateral termination of a contract, which generates additional effects, such as the ineligibility of the contractor to enter into any other government contracts for a period of five years.

CBI-V1-003-000028

CHIQUITA NSD 6270

(b)(6) (b)(7)c

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 4 -

a person cannot be held responsible for these acts if payment is made under any of the circumstances that according to criminal law justify the commission thereof.⁴

According to Article 29 of the Colombian Criminal Code, an otherwise criminal conduct shall be justified if committed:

- "1. In strict compliance with a legal duty;
- "2. In compliance of a legitimate order of an authority having jurisdiction.
- "3. In the legitimate exercise of a right, of a lawful activity or public office.
- "4. In the need to defend the person's rights, or those of a third party, against the unjust aggression, actual or imminent, provided that the defense is proportional to the aggression.
(...)
- "5. In need to protect the person's rights, or those of a third party, against actual or imminent danger, as long as such danger is not caused by the victim and the victim is not under the legal obligation of enduring it."

2.2 Article 276 of the Colombian Criminal Code defines the crime of illegal coercion as follows:

"He/she who coerces another to do, tolerate or omit something, shall incur in imprisonment of six (6) months to two (2) years".

3. Classification of the conduct.

3.1 In our view, the acts carried out by the members of the paramilitary group correspond to the crime of extortion committed against the Company and its officers, and not illegal coercion.

⁴ Constitutional Court, Ruling No. C-542, 1993

CBI-V1-003-000029

CHIGUITA NSD 6271

(b)(6) (b)(7)c

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 5 -

The definition of the two crimes is very similar: For a person to commit either of them it is necessary that that he/she force or coerce someone to do something against his/her will. It is also clear that the manner in which a person can be forced to do something does not necessarily require physical force, because it can consist of "any type of conduct by one person that has the effect of affecting the free will of another person to the extent of making him/her do something that the former wants and the latter does not."⁵

The difference between the two crimes is the financial motivation: the crime of illegal coercion is catalogued as a crime against the free will of individuals; the crime of extortion is catalogued as a crime against property. Thus, to the extent that the victim of force or coercion is obligated to provide a benefit, either to the agent or to a third party, the crime that is being committed is extortion and not simply illegal coercion.⁶

Based on the foregoing analysis, the crime of extortion was committed against the Company and its officers because they were forced with implicit threats of force by the paramilitary group to make a payment against their will for the benefit of that group.

3.2 Under paragraph 1 of Article 25 of Law 40, 1993, "contractors" who pay extortionists are subject to the same administrative penalties applicable to persons who pay ransoms to kidnappers (i.e. declaration of caducity of government contracts and expulsion from the country).

Under the final paragraph of Article 355 of the Criminal Code, persons who fail to report extortion, are subject to one half the penalty applicable to extortionists.

The legal treatment applicable to these two conducts is different:

a. We understand that the Company is not a party to contracts with government entities. Therefore, the Company should not be considered a "contractor" for purposes of Paragraph 1 of Article 25 of Law 40, 1993, which means that the penalties established in that provision (caducity of government contracts and expulsion of foreigners from the country) would simply not apply to it.

Moreover, we consider that the Company and its officers and employees would not be subject to Article 25 of Law 40, 1993 even if we assumed, for the sake of argument, that the Company is engaged in business with the government of Colombia

⁵ Supreme Court, Criminal Section. April 8, 1986.

⁶ Supreme Court, Criminal Section. April 8, 1986.

(b)(6), (b)(7)(c)

MEMBERS OF THE FIRM
BAKER & MCKENZIE

- 6 -

This is so because, when the Constitutional Court ruled on the constitutionality of Article 25 of Law 40, 1993, that establishes administrative penalties for the payment of ransom to kidnappers, it expressly stated that a person cannot be held responsible for these events if payment is made under any of the circumstances that legally justify the commission of the act. Paragraph 5 of Article 29 of the Criminal Code establishes that a conduct will be justified if committed as a consequence of the need to protect the person's rights, or those of a third party, against actual or imminent danger, as long as such danger is not caused by the victim and the victim is not under the legal obligation of enduring it.

b. The Constitutional Court declared that the final paragraph of Article 355 of the Criminal Code is constitutional.⁷ However, no statements were made by the Court with respect to the circumstances in which the failure to report could be justified. Thus, in principle, the employees and officers of the Company that had knowledge of the extortion but did not report it could face a conviction of two (2) to ten (10) years of imprisonment.

However, paragraph 5 of Article 29 of the Criminal Code is also applicable to this conduct. Therefore, if the failure to report an extortion can be attributed to the need to protect the person's, or a third party's rights against a danger, present or imminent, it should not be punishable.

We consider that the payment of monies to extortionists is invariably carried out in the need to protect the person's, or a third party's rights against a danger, present or imminent. This is the very nature of the crime of extortion. If the danger were not present or imminent, then the conduct would not qualify as extortion.

What this means in practice is that the final paragraph of Article 355 of the Criminal Code is extremely difficult to apply. In fact, we have not been able to locate a single investigation, much less a conviction, under this provision.⁸

Based on the foregoing analysis and given the circumstances existing in Colombia today, reporting the describe conduct to the authorities would have created a present or imminent danger to the Company and its officers that would warrant application of paragraph 5 of Article 29 of the Criminal Code and would relieve them from the application of the extortion statute for not reporting the crime committed against them.

⁷ Constitutional Court. Ruling C- 069, 1997.

⁸ Colombia does not have a centralized judicial database where the existence of convictions or investigations can be confirmed. However, a search of various reporting services, that are generally considered to be reliable, shows no precedents on the actual application of the final paragraph of Article 355.

(b)(6), (b)(7)(c)

MEMBERS OF THE FIRM

BAKER & MCKENZIE

- 7 -

4. On July 24, 2000 a new Criminal Code (Law 599, 2000) was enacted in Colombia, that will become effective on July 24, 2001. The new Criminal Code does not include as criminal offences either payments to extortionist groups or the failure to report an extortion. Under the principle of "favorability" established in the Colombian Constitution,⁹ a provision that is more favorable than another shall be applied in preference to the other, even if this means that it must be applied retroactively. Thus, when the new Criminal Code becomes effective, the purported violation of the final paragraph of Article 355 of the current code would cease to be a crime, which means that any action or investigation against the Company, its officers or employees under this provision would have to be immediately terminated.

Regards,

⁹ Constitution, Article 29. "In criminal matters, a statute that is more permissive or favorable, even if enacted later in time, shall be applied in preference to the restrictive or unfavorable statute.

From: [redacted]
To: internet [redacted]@chiquita-enza.cl
Date: 3/1/02 5:40PM
Subject: Colombia audit committee stuff

[redacted]
Could you please call me on Monday in Cincinnati and help me (and [redacted]) understand 3rd and 4th quarter Colombia payments?

The amounts reported have gone up quite a bit. We would like to understand why. I've attached a schedule you did for me in 2001 that documents the payment details.

Thanks and regards,

[redacted]

CC: [redacted]

CBI-V1-003-000329

CHIQUITA NSD 6615

[redacted] - Special Payments

From: [redacted]@chiquita-enza.cl>
To: [redacted]@chiquita.com>
Date: 3/4/2002 5:38 PM
Subject: Special Payments
CC: [redacted]@chiquita.com>

[redacted]

I want to confirm the amount of the special payments in Colombia for each location. In turbo the payment is .025/box, while the amount paid in smarta is .03/box.

I'll be in the office tomorrow afternoon if you need add'l info. for the audit mtg, or you can reach me at my cell.

[redacted]

CBI-V1-003-000328

file://C:\Documents%20and%20Settings\cbuyk\Local%20Settings\TEMP\GW}00005.HTM . 3/5/2002

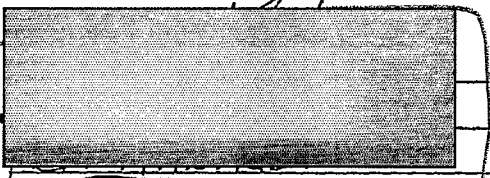
CHIQUITA NSD 6616

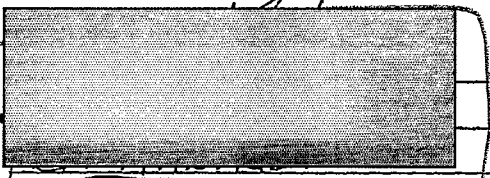
(b)(6) (b)(7)(C)

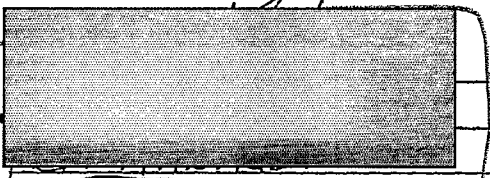
V. I am aware of the following payment(s), contribution(s), gift(s), or other transfer(s) of anything of value described in Section III. A. 1,2,3, and 4.

Recipient's Name	Recipient's Position	Purpose of Payment	Amount of Payment in Local Curra	Method of payment	Date of payment
Asociación Papagayo.	servicio	Sep/Oct. Security	129.962.829	56.410.97	13.11.01
Asociación Papagayo	servicio	Nov/Nov. Security	61.501.492	26.613.65.	10.12.01.
Asociación Papagayo -	provisión	costo Diciembre que se cancelará en Enero.	Security 66.791.350.	29.000.00	25.12.01.

VI. I am aware of the following instances in the Company's books, records and are inaccurate.

Signature: 

Print Name: 

Title: 

Company: C.I. BANADEX.

Period Covered (Circle appropriate period)

January 1- March 31, 2001

April 1- June 30, 2001

July 1- September 30, 2001

October 1- December 31, 2001

Please continue to discuss my reporting requirements under the Foreign Corrupt Practices Act. (Optional)

CBI-V1-003-000327

CHIQUITA NSD 6617

From: [redacted]
To: [redacted]
Date: 3/6/02 9:26AM
Subject: Re: FCPA Presentation

FYI,

Official shipped volumes from Colombia declined as shown below:

	<u>Santa Marta</u>	<u>Turbo</u>	<u>total</u>
2000	2,804,000	9,292,000	12,096,000
2001	2,575,000	8,419,000	10,994,000

[redacted] the convivir payment decrease is smaller (percentage wise) than the volume decrease because Convivir payments in Santa Marta began in early 2000 and I believe there was a small rate increase (per box) in 2000. Consequently, since the rate increase was only partially reflected in 2000, the FCPA 2001 effective rate per box should be somewhat higher.

Regards,

[redacted]

>>> [redacted] 03/05/02 07:59PM >>>

Here's today's draft of the notes.

(b)(5), (b)(7)c



From: [Redacted]
Ext. 8144

9/12/00

[Redacted]

I would appreciate any comments or suggestions you might have. I don't think the additional facts I need from [AI] to raise my memo will change Baker & McKenzie's opinion.

[Redacted]

For Your Signature

For Your Information

Please Return

For Your Files

Please Handle

As Requested

For Your Comments and Suggestions

[REDACTED] - **Special Payments**

From: [REDACTED]@chiquita-enza.c<
To: [REDACTED]@chiquita.com>
Date: 3/4/2002 5:38 PM
Subject: Special Payments
CC: [REDACTED]@chiquita.com>

[REDACTED]

I want to confirm the amount of the special payments in Colombia for each location. In turbo the payment is .025/box, while the amount paid in smarta is .03/box.

I'll be in the office tomorrow afternoon if you need add'l info. for the audit mtg, or you can reach me at my cell.
[REDACTED]

CBI-V1-003-000318

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CHIQUITA NSD 6621

DRAFT

Memo

Confidential and Legally Privileged

To: File
From: [redacted]
Date: September __, 2000
Subject: Colombia Security

I asked [redacted] to meet in Colombia with the relevant Banadex managers and review the history of Banadex's payments to La Tagua del Darien, the Convivir organization in Uraba region of Antioquia, and to learn how Banadex started making payments to the Autodefensas de Colombia operation in Magdalena. Banadex's Turbo Division is in Uraba, and its Santa Marta Division is in Magdalena. Antioquia and Magdalena are Departments (similar to a state or a province), and Medellin is the capital of Antioquia.

On July 21, [redacted] met in Medellin, with [redacted] one of Banadex's in-house attorneys, and [redacted] a consultant and outside counsel to Banadex. [redacted] described how Banadex was first contacted by supporters of a Convivir organization for the Uraba region of Antioquia. [redacted] described his administration of the La Tagua and Autodefensas payments since his predecessor [redacted] left in October, 1999. [redacted] had nothing specific to add, but as Banadex's senior lawyer handling labor relations in Turbo and Santa Marta, he is quite familiar with the security issues raised by Autodefensas' activities.

Later that day, also in Medellin, [redacted] interviewed [redacted]. [redacted] was not involved in the initial discussions regarding La Tagua or Autodefensas. But he knows about the payments and believes Banadex must make them. [redacted] said he would not want to travel to Banadex's farms in Santa Marta or Uraba if Banadex stopped making the payments. The risk of renewed guerilla attacks and reprisals from Autodefensas would be too great.

That evening, [redacted] met with in Bogota with [redacted] until October, 1999. [redacted] described how the Autodefensas operation in Magdalena first informed Banadex that payments would be required and how Banadex made those payments while he worked for Banadex.

On August 1, [redacted] told me what he learned in these meetings and gave me the attached documents. He did not keep any notes or other documents. This memorandum summarizes what [redacted] told me.

La Tagua (Antioquia)

About 3½ to 4 years ago, a prominent Medellin banana producer and cattle farmer contacted [redacted] and told him that Autodefensas was supporting the establishment of a new Convivir organization for the Uraba region and would like to meet with Banadex management. [Autodefensas is a widely-known, illegal vigilante organization.] [redacted] explained to [redacted] that Banadex had no choice but to attend the meeting. Banadex was, and still is, a well-known member of the Medellin business community. Refusing to meet would antagonize the Colombia military, local and state government officials, and Autodefensas.

[redacted] and [redacted] were told to go a very large, private home in Medellin where they were met by [redacted] the national leader of Autodefensas, and two others whose names [redacted] does not remember. [redacted] recounted the well-known killings and property destruction carried out in Uraba by various guerilla groups, and he told [redacted] and [redacted] that Banadex shared a common interest with the government, military, and business community in driving the guerillas out of Uraba. It was well-known at the time that senior officers of the Colombian military and the Governor of the Department of Antioquia were campaigning for the establishment of a Convivir organization in Uraba. [redacted] said he was sure [redacted] agreed the guerillas needed to be driven out of Uraba and looked forward to their support of Convivir.

Although [redacted] was polite and made no explicit threats, he sent an unspoken but clear message - Autodefensas was already well established in Antioquia (e.g. a very wealthy person had offered their home for the meeting) and supported the establishment of a Convivir organization in Uraba, Autodefensas expected Banadex to support Convivir, and if Banadex did not, Autodefensas would attack Banadex's people and property. [redacted] understood the unspoken threat in [redacted] remarks, and after the meeting, they agreed that when asked Banadex would have to support Convivir.

About 4 or 5 months after this meeting, a known Autodefensas organizer and supporter contacted [redacted] and told him that Banadex needed to start paying 3¢/box to the new Convivir organization in Uraba called La Tagua del Darien. [How did we know how much to pay and where to send the money? [redacted]] Like [redacted] at the earlier meeting, this representative made no threats; he didn't need to. Escobar knew Autodefensas supported Convivir and expected Banadex to make the payments, and he knew what would happen if Banadex refused.

[Add history of payments and attempts to slow down and reduce the payments when possible.

[redacted]

(b)(6), (b)(7)(c)

Autodefensas (Magdalena)

About 1 to 1½ years ago the same Medellin banana producer and cattle farmer that first approached [redacted] about Convivir contacted [redacted] and told him that the leader of the Autodefensas armed operation in Magdalena wanted to meet with him at a hotel in Cienaga, a small town near Santa Marta. [redacted] believed he could not refuse to go to the meeting. [redacted] told [redacted] about the meeting, and [redacted] agreed [redacted] needed to attend.

[redacted] described the hotel as "... an armed camp..." - the only people at the hotel were Autodefensas soldiers. He said the leader "had the coldest eyes he had ever seen." During a very short meeting, the leader bluntly and as matter of fact told [redacted] that Autodefensas had arrived in Magdalena and had started operations and that it was time for Banadex to start making payments to Autodefensas. He did not threaten [redacted] neither did he indicate any willingness to discuss the issue. The leader's unspoken but clear message was "we are here in Santa Marta and we are strong (e.g. all the soldiers at the hotel), we know who you are, and you need to make sure Banadex pays when we ask."

The leader frightened and intimidated [redacted]. He also worried that police, Colombian military, or guerilla informants might have spotted him arriving for the meeting. Guerillas commonly execute people they believe are Autodefensas sympathizers.

[redacted] promptly reported leader's demand to [redacted] who agreed that when the request was made, Banadex would have to make the payments.


Two weeks later, a business man serving as an Autodefensas "collector" contacted [redacted]. The collector told Aylarado to have Banadex make payments to Inversiones Manglar, S.A., which Autodefensas has created to collect payments. [Who did we give the checks to? [redacted] to check with [redacted]. The collector did not say how much Banadex should pay, but [redacted] understood that since Autodefensas was demanding the payments, the amount would be the same as Banadex was paying to Convivir in Turbo. [redacted] will check on whether any cash payments were made, and if so, how much, when, and how.]

[How much time between this meeting and the first payment? Does chronology make sense? Hotel meeting 1 to 1½ years ago (Jan. to June 1999). 2 weeks later collector contacts [redacted]. First Manglar 1016 is undated - I thought I saw a copy dated 10/99. If it is 10/99, seems like a long time to wait to make first payment. [redacted] will check chronology.]

Banadex paid Manglar 40,000,000 pesos in _____, 1999, 12,000,000 pesos in February, 2000, and 57,500,000 pesos in June 2000. Banadex's Director of Security prepared a payment request form (Form 1016) for each payment, the General Managers signed each form, and the Cashier's Office cut a check and gave it to the [redacted] (initially [redacted] now [redacted]).

(b)(5) (b)(7)C

The first two payments were given to Manglar [How?]. The third payment was given to La Tagua, which forwarded it to Autodefensas in Magdalena. Future payments will also be made through La Tagua. Banadex will manage the amount and timing of these payments as they do the La Tagua payments. Despite these efforts, the payments are expected to average _____ per month.

 to get same facts for Santa Marta re: efforts to delay and reduce payments.]

From: [redacted]
To: [redacted]
Date: 8/31/00 6:24PM
Subject: Re: FCPA info please

[redacted] first of all the amount listed as "production" is simply reported as such because the request for the donation came from our General Mgr., (versus security making the request) thus falling under the category of productionAlso, Incora and Foncimag are both govt. agencies (involving the agricul. sector)...

as for the payments to "D", we should see begin seeing payments every 2 months...As for the lapse, we held off pymts. until a review of these payments were made by [redacted] and the legal dept...

hope this helps
[redacted]

>>> [redacted] 08/29 9:52 am >>>

Hope you can help on these questions:

1) on [redacted] report for the 1st quarter there are 3 entries (250,000 and 100,000 and 3,000,000) and in the 2nd quarter there is 1 entry (100,000) where the purpose of the payment is listed as "Produccion" instead of security. The payments are to Incora, Foncimag (also, what are these organizations), a school and an orphanage.

2) also there are no payments to del D..... until May - please explain the lapse and resumption.
thanks, [redacted]

CBI-V1-003-000321

CHIQUITA NSD 6624

(b)(6) (b)(7)(c)

From: [REDACTED]
To: [REDACTED]
Date: 2/20/98 6:18pm
Subject: Re: 4TH QUARTER FCPA REPORT

[REDACTED] the payments to Convivir are calculated on a per box basis and the 4th quarter volume was almost 700 boxes greater than the 3rd Qtr.

Thanks,

[REDACTED]

>>> [REDACTED] 02/20 1:44 pm >>>

[REDACTED] Can you explain the increase in payment to CONVIVIR for the 4th quarter 1997?

Please reply asap.

Thanks, [REDACTED]

CBI-V1-003-000322


CHIQUITA NSD 6625

[Redacted]

7/6/99

- Casual in the zone for several years
- Turbo improved while he was there
- Mayor in Apurkha said he was don't spread
↳ got him suspended from the Army
- Quite well respected in the zone
- Fled to leave Military - sacrificial bomb
- [Redacted] wants to make a donation in his own
name
- Helped us previously
security
in the mountains that prevented kidnaps
- Want to show car
- 716mm = \$9000
- Other companies are putting in their
- Very popular in the military
- Cavities asked to fire

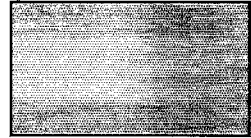
(b)(6) (b)(7)c


Acting General Manager

Telephone:



Cellular:



Fax:

3/30/94

• Armuttes '93: follow w/ [redacted] re: "justificar posterramente" - 5 items.

• Bocas '93: talk to (am) re: "Sec Def" (-1190)

vm 4/21/95

✓ [redacted] (-7342) need to find way to get better detail.

vm 3/30/95
vm 4/4/95
vm 4/21/95

✓ [redacted] (-7190) need '93 details on 12 of 15 items

need '94 details on 1st, 3rd + 4th quarter

vm 3/30/95
~~4/21/95~~

[redacted] (-7123) 11/1/93 → 12/31/93: need 1016's

need explanations for 1016's from 11/1/93 - 10/31/93

vm 3/30/95
4/21/95

✓ [redacted] (-7149) need 1016's for 7/93 → 12/31/94

✓ 4/26 @ 10:00 a.m.

6/6 @ 11:00 a.m.

(b)(6), (b)(7)(C)

2/30/95 meet

[Redacted]

1993. Efforts on 5 items

[Redacted]

- 1993 - Jerry Poy - what memo?
- 1993 - A. Cheryl - 3 items. only initial
- 1994 - Jim. Dune - Check initials on support
R.7 To Call Alberto

[Redacted]

- Not sure if will get report

Santa Monica

- Utley - 1993 need ^{BACKUP} 12 of 15 items ^{2/7/94} ^{REPORT}
- 1994 have A, M, S 1994 BUT
NOT JAN, FEB, MAR 1994

Telo

- NEED 1016's FOR 11/1/93 - 12/31/94
- " efforts for 1016 1/1/93 - 12/31/94

Tubes

- CAPAS TO VERIFY DETAILS (GREEN BARRIS)
OBTAIN REPORT FOR 1993 BUT
START OF 1992 -
- WE HAVE NOTHING FOR 1994 - THOMAS TO
LEAVE U.M.

Panama City

need report - letter may opened up out.

(b)(6) (b)(7)(c)

15-86-94 12:34

IDENTIF. = 2667000

P. 01



COMPANIA FRUTERA DE SEVILLA

MEDELLIN - COLOMBIA

FAC 251 66 44 - 251 66 22

FAX COVER LETTER

DATE: June 15, 1994

TO: [REDACTED]

FROM: [REDACTED]

COMMENTS: Please copy this message to [REDACTED]

Thanks,

[REDACTED]

TOTAL PAGES INCLUDING FAX COVER LETTER: 2

CARRERA 47 No. 80-24 EDIF. FRUTERA - PISO 14 TEL: 251 60 22 A.A. 2000 TELEF. 66 746 SERVICIO MIB.

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
OCTOBER 1 - DECEMBER 31, 1997**

COUNTRY & COMPANY PRINCIPAL BUSINESS	1997		1997		1997		1997		1997	
	STQTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
COLOMBIA										
Banadex	15,826	34,734	23,402	101,932	175,894					12,960
COSTA RICA										
Cobel	245	355	133	560	1,293					3,737
Chiquita Brands	174	576	0	0	750					1,200
Chiriqui Land Company	2,528	1,869	2,183	1,497	8,076					5,281
	2,945	2,800	2,316	2,057	10,118					10,218
ECUADOR										
Brunelcorp	0	0	0	682	682					0
GUATEMALA										
Cobigua	808	727	248	643	2,326					12,701
HONDURAS										
Agriculta de Rio Tinto	848	428	218	497	1,991					3,801
Cobalisa	8,566	11,452	7,670	9,016	36,704					27,387
San Alejo Oil Palm Operations	1,488	1,048	463	650	3,657					8,274
Tela Railroad	24,740	22,365	31,531	40,946	119,682					179,086
	36,860	35,293	39,882	51,109	181,934					218,868
PANAMA										
Chiriqui Land Company	13,938	21,485	29,140	17,833	82,396					96,610
Polymer Extrusion, S.A.	92	1,495	382	643	2,612					1,101
	14,030	22,980	29,522	18,476	85,008					97,711
UNITED STATES										
Chiquita Brands International, Inc.	0	882	188	381	1,461					2,741
TOTAL PAYMENTS	69,059	97,416	95,568	175,180	437,223					354,889

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
FOURTH QUARTER, 1997 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	83,945	Convivir	Donation to citizen reconnaissance group made at request of Army.
		5,483	Army and Police Officials	Donations for security services.
		11,143	Political Candidates	Campaign contributions (including airplane tickets and campaign materials).
		446	Civic Associations	Charitable donations.
		783	Trade, Customs, Tax, and Agricultural Officials	Christmas gifts.
		132	Foreign Trade Commission	Expenses related to meals provided during meetings to discuss banana issues.
Total Payments		<u>101,932</u>		

TRANSLATION OF ARTICLE IN THE 10/28/01 EDITION OF *EL ESPECTADOR*

Fingerprints of a Banana Bribe
By: Ignacio Gomez G.

The multinational banana company Chiquita Brand [sic] Inc. bribed DIAN employees to extend the special customs regime of Turbo to Carepa and Apartado in Antioquia and to have its installations at farms in those municipalities recognized as suitable for foreign trade activities.

This becomes clear by confronting Colombian documents with the conclusions of an U.S. governmental investigation resulting in Chiquita's payment of a \$100,000 fine on October 3, 2001. The U.S. Securities and Exchange Commission (SEC is its acronym in English) is the highest authority of control over that country's companies. Chiquita Brand Inc. is the largest fruit company in the world and owner of 100% of the shares of its subsidiary in Colombia, CI Bananos de Exportation, Banadex, S.A., the largest exporter of bananas from Uraba. The latter was found to have violated the accounting books rules as it made fictitious entries in order to cover up the bribery.

The SEC, after a three-year investigation, concluded that Banadex paid the equivalent of \$30,000 to DIAN officials so that they would not object to its request to approve the ports at the Chiquita farms, as customs zones.

Reinaldo Escobar de la Hoz, legal representative of Banadex, refused to comment on his own implication in the bribery. He said that he was not permitted to speak about the matter and that only the attorney Robert Olson, in Cincinnati, could do so.

Olson and other lawyers explained that the multinational paid the civil sanction without accepting or questioning the SEC's conclusions, but when faced with twelve questions made by *El Espectador*, their only response was: "We have no comments".

The lawyer for the customs agency in Medellin, Luis Humberto Rojo, refused to respond to the opportunities that *El Espectador* gave him to explain his role in the business, which, according to the mix of information between the SEC and DIAN documents, was that of promoter and intermediary in the payment of the bribes. His company, Comercio Exterior Asesores, Ltda. (CEA), that is mentioned as organizer of the payments, clarified that Rojo acted on his own and not as CEA's lawyer.

The transcription of Reinaldo Escobar's voice mails to the members of Chiquita's board of directors in Cincinnati, explaining the bribe, was disclosed by the Cincinnati Enquirer newspaper and then reprinted in *El Espectador* in 1998. The Cincinnati newspaper had to pay \$10 million to the multinational, for damages caused by the violation of the privacy of its employees.

In Colombia, due to the *El Espectador* publication, the DIAN and the Prosecutor's Office began investigations but both failed to obtain information regarding the recipients of the bribes.

The Peel

According to conclusions published by the SEC: "In September 1995, the Banadex employee in charge of materials and supplies told management that the license renewal for its port facilities was in jeopardy because two previous applications had not complied with regulations."

Documents in DIAN's files, analyzed by *El Espectador*, show that a first application sent in July of 1995 by Reinaldo Escobar was returned due to changes of the law. The second, handled by Luis Humberto Rojo, failed because, in addition to the warehouse in Turbo, it requested the approval of Banadex' warehouses in Carepa and Apartado, municipalities that were not within the jurisdiction of the special customs zone that had been legislated.

The SEC says: "The Banadex agent told the company that for \$30,000 the objections would be overlooked, guaranteeing the renewal of the license. Banadex agreed to pay two installments, \$18,000 in advance and the remainder after the renewal."

DIAN's documents show that a subsequent filing by attorney Rojo was answered by that entity's administration in Turbo, in December 1996, with an order that a new visit be made to the Banadex installations. The customs department in Turbo, this time, did not object to the fact that there was not one but three different sites for which approval was requested, "taking into consideration that these warehouses cooperation in the transfer of employees." That same report requests the extension of the coverage of the decree and the resolution that left two Banadex warehouses outside the special customs zone.

On December 16, DIAN's director issued Resolution 7684 of 1996 extending the customs jurisdiction from Turbo to the adjacent municipalities, and on February 25 the operations division approved Banadex' warehouses and ports.

The accounting entry for the first payment, according to the U.S. investigators, appeared in December 1996 as a "maritime donation" and the second, in March 1997, was entered as "maritime agreement". In both cases, the payments were incorporated into discretionary expenses available for use by the security department of the Colombian subsidiary.

Chiquita promised the SEC to "take corrective actions, including the dismissal of the responsible employees and reinforcing Banadex' internal controls."

The Slip

According to the recordings of the multinational's voice mail obtained by the Enquirer, when in Cincinnati it was known that the SEC was investigating the bribery, it tried to get rid of the customs zone and fire those who had information on the case. Banadex forced the resignations of its administrative director and its chief of security (whose names it refused to reveal) and was studying Reinaldo Escobar's situation on December 13, 1997, when he called Manuel Escobar, Chiquita lawyer, in an attempt to calm down the board of directors and to defend his position. In these calls, he left two messages referring to the customs zone and the manner in which it was obtained.

"I am afraid that there is an excess of precaution in this, almost paranoia ... What happened --remember Manuel--was that the company sent what had to be sent to the customs agent who delivered it to a third person and this third person finally to its final destination, which means a lot of time without being traced," he said.

"I don't see any risk, maybe one in a thousand, that this matter could mean a problem for us. Now, if someone within the company found something in order to cause a scandal, that is something else," explained Escobar.

The DIAN's Office of Disciplinary Investigations began an investigation based on a petition filed by El Espectador but it closed it two months later, asserting that the available information was inconsistent. On its own accord, because of the publication of this newspaper, the Antioquia Prosecutor's Office began an investigation pursuant to No. 4495, but stated in March of 2000 that, at that point, the protagonists had not been identified.

[end]

Who authorized the payments to the original organization?

How much were the payments?

article { What do people in other divisions expect as a response?
How is this episode different from the previous one?

4Q 1909 Inversiones Manglar S.A. (#20K)

↳ Santa Marta

~\$16K/month in 2000 — average pr mo.

(b)(6) (b)(7)(C)

[Redacted]

From:

[Redacted]



Chiquita
Brands
International

①

3/6/00

Commercial Corporation

↳ disguised the real purpose
of providing security

↳ don't know who the shareholders are

↳ "produce harvest and export fruit and
cattle"

Same people who formed Convivir formed
this new company; gov't won't permit
another Convivir; too much political
pressure re: para-military.

___ For Your Signature

___ For Your Information

___ Please Return

___ For Your Files

___ Please Handle

___ As Requested

___ For Your Comments and Suggestions

CBI-V1-003-000014

CHIQUITA NSD 6286

(b)(6), (b)(7)(C)



Chiquita Brands International (2)

From [redacted]

Don't know whether the govt is aware what this organization does.

Military in Santa Marta may know what this company does. Military won't acknowledge formally that they know what the corporation does.

Note: In Turbo we issue a check to Convivir or another code name and deliver it to a variety of intermediaries for transfer to Convivir.

- For Your Signature
- For Your Information
- Please Return
- For Your Files
- Please Handle
- As Requested
- For Your Comments and Suggestions

(b)(6), (b)(7)(c)



From: [Redacted]

Tajua del Darien is name of cooperative formed as part of Convivir movement

■ Santa Marta 3 \$/box; first payment in October 1999. Money fr into on guerilla movements; into not given to govt military.

Investiones ~~MA~~ SA ← checks made out to

↳ Asociacion Para la Paz Del Magdalena

- For Your Signature
- For Your Information
- Please Return
- For Your Files
- Please Handle
- As Requested
- For Your Comments and Suggestions

(b)(6), (b)(7)(c)



From: [Redacted]

Natural persons w/ no affiliation to military formed *Inversos Manguar* S.A.

[Redacted] says we should continue making the payments; can't get the same level of support from the military.

[Redacted] says all other banana companies are contributing in Santa Marta.

Convivir is back up to 2¢ box request; we ^{was} ~~are~~ paying 1 1/2¢ box in 1999. Convivir requests 3¢ box.

- For Your Signature
- For Your Information
- Please Return
- For Your Files
- Please Handle
- As Requested
- For Your Comments and Suggestions

(b)(5) (b)(7)c

C.I. Banadex S.A.

MEMORANDUM

To:

From:

Date: Monday, May 19, 1997

Re: SPECIAL DONATIONS

Handwritten notes:
C.I. Banadex S.A.
I will seek to put more "meat" on these boxes

BOOK DONATION. In the case of special donations of books the company was pressured by the beneficiaries, which demanded the donations, threatening that they will not approve our customs zone in the TLO of Uraba, under the pretext that the company had been previously sanctioned for a minor customs violation. This meant that we would have had to use another customs zone, with storage and transport costs on the order of one million dollars a year, plus time and operating difficulties. Under these conditions, the company had no choice but to make the requested donation.

In principle, the behavior of the company could be considered in violation of the law. However, from the point of view of the court, it would be justified by a cause contemplated in our Criminal Code, Article 29, Item b, according to which the act is justified when committed:

"Due to the need to protect one's own right, or the right of another, against an actual or imminent danger, which cannot be avoided in any other manner and which the author did not cause intentionally or by imprudence..."

Consequently, this would be a "state of necessity," which exempts from liability according to the law itself.

REQUESTS FOR MONEY MADE BY GROUPS OF "MONTANISTAS." In this case, I have not doubt that the company did not commit any punishable act, because it was simply the victim of the illegal action of other persons who, by threatening to cause severe injury or damage, obtained the profits solicited. I am so sure about this because, a little while ago, there was a rule that penalized the payment of these type of contributions, and the Constitutional Court declared it contrary to the Constitution, precisely because a person who pays under threat acts without freedom of consent, and is a victim who cannot be punished.

CONVIVIR. The so called CONVIVIR are cooperatives legally organized, with operating license granted by the government, designed to defend private assets. For this purpose, they are authorized to have special communication equipment in order to communicate among them, as well as with the regular authorities, in emergencies; they may also purchase and equip their personnel with light weapons.

The government has been supporting these entities. Moreover, the current governor of the Department of Antioquia, who is from the zone of Uraba, has openly become a leader of CONVIVIR. Of course,

05/20 20:04 1997

FROM:

TO:

PAGE: 3

05/20/97

06:09

TRANSPERFECT TRANSLATIONS, INC. → 15137846691

NO.170 003

(b)(6) (b)(7)(c)

armed groups from Columbia are opposed to these cooperatives because they surely are an important element of opposition to their purposes.

The above means that payments made by private persons to CONVIVIR are not against the law. On the contrary, nobody questions their legality, except for guerrilla groups.

I am ready to give you any other clarifications.

Regards,

[Signature]

CBI-V1-003-000079
CHIQUITA NSD 6435

(b)(5), (b)(7)C

CHIQUITA BRANDS INTERNATIONAL, INC.

Cincinnati, Ohio

Assistant General Counsel

**PRIVILEGED AND CONFIDENTIAL
ATTORNEY WORK-PRODUCT**

Memo to [REDACTED]

From: [REDACTED]

Re: Colombian Port Issues

Date: July 11, 2001

[REDACTED] last Friday [REDACTED] and I traveled to Miami to meet with our Colombian lawyers. The topic of conversation was the legal impact of the recent use of our port installations in Turbo by extremist groups, by force and against our consent, to smuggle arms into Colombia.

The Colombian lawyers divided the criminal implications into three areas. The first and by far most serious was the assistance/cooperation with these groups, including illegal arms smuggling. The second group dealt with the use of false documents filed with public authorities. There is evidence that third parties filed false import documentation with the Colombian Customs authorities to hide the arms entering the country. The final group would encompass a general obligation under law to disclose to the authorities this type of activities by extremist groups.

The Colombian lawyers informed us criminal liability could be imposed only on individuals, not legal entities. Criminal liability attaches to the actor of the crime, the intellectual author or instigator, and/or any conspirator. Both of these follow established US principles. However, they did caution us that civil liability can be imposed on legal entities originating from criminal acts by their employees, including monetary damages and rescission of operating franchises.

They informed us of defenses available, including that of being coerced to engage in the criminal act. They believed that pressure on our employees and our company, in terms of personal threats and destruction of property, made this a viable defense to any criminal allegation.

Finally, they recommended that we not take any further action. In particular, they advised us to not go to the authorities and disclose these events, as this would possibly lead to retribution from extremists on both sides of the political spectrum as well as possible targeting by Colombian prosecutors.

Please call me should you have any further questions. I am attaching to this memo my entire file on this matter.

CBI-V1-003-000227

CHIQUITA NSD 6502

(b)(6), (b)(7)c

Audit Committee reporting

Page 1

From: [REDACTED]
To: [REDACTED]
Date: 9/7/01 8:05AM
Subject: Audit Committee reporting

[REDACTED]

Similar to last quarter, I'd like to get confirmation on the reasonableness of the Colombia payments and whether anything has changed during 2001.

You may recall that your Director of Security "accrued" a large payment in December 2000 which caused Q4 to look high. Was that considered in Q1 of 2001 (e.g. excluded the cash payment in 2001 that was reported/ accrued in 2000)?

Please review attached and comment on the reasonableness:

2000
Q1 \$ 28,591
Q2 \$ 78,835
Q3 \$ 82,373
Q4 \$127,496

2001
Q1 \$ 65,333
Q2 \$ 51,033

Regards,

[REDACTED]

CC: [REDACTED]

CBI-V1-003-000313
CHIQUITA NSD 6631

**SUMMARY OF PAYMENTS
STATEMENT OF POLICIES AND PROCEDURES OF FEBRUARY 19, 1976
JULY 1 - SEPTEMBER 31, 1997**

COUNTRY & COMPANY	PRINCIPAL BUSINESS			1ST 2ND 3RD			1ST 2ND 3RD		
	1997	1997	1997	1997	1997	1997	1997	1997	1997
COLOMBIA									
Banadex	16,626	34,734	23,402	73,762	11,609				
COSTA RICA									
Banana Operations	245	355	133	733	3,610				
Cobal	174	576	0	750	437				
Chiquita Brands	2,526	1,869	2,183	6,578	3,809				
Chiqui Land Company	2,945	2,800	2,316	8,061	7,866				
Sub-total									
GUATEMALA									
Banana Operations	808	727	248	1,783	12,349				
HONDURAS									
Agrícola de Rio Tinto	848	428	218	1,494	3,451				
Cobal	8,586	11,452	7,670	27,686	17,789				
San Alejo Oil Palm Operators	1,496	1,048	463	3,007	6,519				
Tela Railroad	24,740	22,365	31,531	78,636	146,089				
	35,660	56,293	39,882	110,826	173,828				
PANAMA									
Chiqui Land Company	13,938	21,485	29,140	64,563	73,889				
Polymer Extrusion, S.A.	92	1,495	382	1,969	1,029				
	14,030	22,980	29,522	66,532	76,028				
UNITED STATES									
Chiquita Brands International, Inc.	0	882	188	1,080	2,217				
TOTAL PAYMENTS	59,059	97,416	95,568	262,043	282,787				

SUPPORT INFORMATION TO SUMMARY REPORT

QUARTERLY REPORT OF PAYMENT
STATEMENT OF POLICIES AND PROCEDURES
THIRD QUARTER, 1997 (US\$)

COUNTRY	SUBSIDIARY	AMOUNT (US \$)	GOVERNMENT BRANCH	DESCRIPTION/COMMENTS
Colombia	Banadex	18,635	Convivir	Donation to citizen reconnaissance group made at request of Army.
		1,502	Army and Police Officials	Donations of equipment repairs in exchange for security services.
		3,265	Assembly Candidate	Campaign contribution (airplane tickets and campaign materials).
Total Payments		<u>23,402</u>		

Exchange Rate: .0007432

JUN-19-00 13:53

N.A./EUROPEAN-SOURC.Rica

5062042394

PAG



European Sourcing Department
Parque Empresarial Forum - Building D
Santa Ana, Costa Rica

(b) (5) (b) (7) (D)

June 19, 2000

TO:

[Redacted]

Fax #:

FROM:

[Redacted]

[Redacted]

THE ATTACHED SAYS IT ALL

Regards

[Redacted]

[Redacted]

CBI-V1-003-000011

CHIQUITA NSD 6289



• El Mundo
 Medellín, Colombia
 June 18, 2000

11

HORA

DESANGRE

El Ejército afirmó que los guerrilleros y los paramilitares asesinaron a 785 civiles entre enero y mayo de este año, 170 más que en el mismo periodo de 1999. Según ese informe, los guerrilleros mataron a 394 personas y las Autodefensas Unidas de Colombia a 391.

CBI-V1-003-000012

El Mundo newspaper
Medellin, Colombia
June 18, 2000

Bleeding

The army stated that guerillas and the paramilitary killed 785 civilians between January and May of this year, 170 more than during the same period in 1999. According to that report, guerillas killed 394 people and the United Self Defenders of Colombia killed 391.

CBI-V1-003-000013

CHIQUITA NSD 6287



**Chiquita
Brands
International**

MEMORANDUM

RECEIVED
MAY 8 1992
Law Department

TO: [REDACTED]
FROM: [REDACTED]
DATE: May 8, 1992
RE: Fundiban - Colombian Military

[REDACTED] you requested a written opinion regarding potential Foreign Corrupt Practices Act ("FCPA") issues arising under a fact situation described to me over the telephone. My preliminary opinion was that your proposed course of action should not result in FCPA problems.

The facts described are as follows. Guerrilla activity has been on the increase in the Santa Marta area over the past months. To counteract this growing threat, members of the Colombian military have approached Santa Marta industry leaders in an effort raise funds for the purchase of vehicles and other equipment. Apparently, the major weakness the Colombian military has in dealing with the guerrilla insurgency is the lack of mobility in the area.

Compañía Frutera de Sevilla ("CFS") would provide \$21,000 to be applied towards the purchase of a vehicle. This contribution would be made to Fundiban, a trade association of banana exporters in the Santa Marta area. We do not control Fundiban or its decisions, since we are only one of at least three members of the organization. Fundiban will, using contributions from its members, acquire the vehicle and transfer it to the Colombian military authorities in Santa Marta.

These facts should not, in our opinion, raise FCPA concerns. The FCPA allows for direct or indirect facilitating payments. In our view, this contribution is being made to assist the Colombian military in a nondiscretionary activity (i.e., they are already required to counteract the guerrilla activity). In this regard, the fact that the contribution is being made indirectly through an intermediary does not obviate FCPA analysis.

I would also like to point out three final factors. First, under the FCPA, CFS' books and records must accurately reflect the payment made to Fundiban and its purpose. For example, the CFS accounting entry could read as follows:

(b)(6), (b)(7)c

"Cash (or check) contribution to FUNDIBAN in the amount of \$21,000 to be applied toward the purchase of vehicles for the Colombian military. These vehicles will be used for counterinsurgency efforts near Company facilities in the Santa Marta area."

Second, we have assumed that contributing a vehicle to the Colombian military does not violate Colombian law. You should have [redacted] confirm in writing (or have him initial this memo). In either case, please have [redacted] fax me a signed document as well. If the payment violates Colombian law, please contact me immediately. Finally, to conform with our FCPA policy, please report this contribution on your next quarterly FCPA report.

I discussed this with [redacted] our FCPA expert, who agreed with my original assessment. Should you have any questions, please feel free to contact me.

cc: [redacted]

[redacted] (via fax - Santa Marta)

(b)(6), (b)(7)(c)

29/20/92

Voice mail from [redacted] to [redacted]

[redacted] Hi [redacted] This is a message from [redacted] that I am sure that this is a question that you will have to address so I am going to just pass it on to you. Thank you.

[redacted] good afternoon. This is [redacted] from Medellin, Colombia. Sorry I couldn't answer your telephone call before. I would like to explain something about the report that we sent on the 2nd quarter for 1992. We include the recipient's name guerilla. This is something that we have to pay in order that the guerilla permit to us to work. Really I don't know if these payments are under or not the only category the expenses that we need to report because this is something that the only is lacking to support the guerilla. I know nothing about a receipt or an invoice but this is a payment that we need to give to them in order to operate.

The second is for the naval station. We actually are paying for Floyd for the vehicles of the army, part of the army does now operate in Turbo. But we do not obtain any special retribution for this payment. I mean that we are not giving this payment in order to pay something. It just because they say that they don't have enough funds in order to be in Turbo because the central office do not send enough money in order to operate them. For me this is another item that in my concept shouldn't be included in this report. I would like to hear from you on this comment about the subject. Goodbye and thanks.

(b)(6), (b)(7)(C)

02/26/1997 00:00 1997 FROM: [REDACTED]
02/26/1997 22:12 [REDACTED]

TO: [REDACTED]

PAGE: 2

PAGE 02

Medellin, February 3, 1997

To: [REDACTED]

From: [REDACTED]

Copy: [REDACTED]

Re: Crime of Extorsion and Kidnapping in Colombia

Law 40 of 1993 governs, in Colombia, the crimes of extorsion and kidnapping, and establishes severe penalties for both.

The same Law used to be that a person who gives money to pay ransom for kidnapping is also liable of criminal punishment, but this rule (paragraph 2, article 7 of Law 40/93) was declared contrary to the National Constitution by the Supreme Court of Justice, which considered that the fact that a person gives money to kidnapers could not be punished, because he gives the money for a noble purpose, namely to save a human life or the freedom of a person.

The same Law 40/93, Article 25, established the following:

"... SANCTIONS AGAINST NATIONAL AND FOREIGN COMPANIES: Without prejudice to the other punishments applicable, when an executive of a national or foreign company, or his delegate, hides or cooperates in paying for the release of a kidnapped executive or employee of the company or one of its subsidiaries, the government shall be entitled to decree the cancellation of the contracts executed by said company with state institutions. If the act is committed by an executive or delegate of a subcontractor of the company, and it is a foreign entity... the government shall order his immediate deportation from the country. National subcontractors shall be subject to the punishments set forth in this law...

Although the above rule is in force, the Constitutional Court also declared it unconstitutional when the person acts in any of the justifying circumstances set forth in the Criminal Law, such as in the case of a state of necessity. In other words, when one acts in a state of necessity, no punishment will be applied.

As to the specific point concerning extorsion, it is clear in our legal system that the person who pays for extorsion is not subject to penalty, because such payment takes place without free consent, and under threat of immediate injury. In other words, a person who pays for extortion is a victim, not an accomplice to the crime, and therefore cannot be punished.

I am at your disposal for any additional clarifications.

Sincerely,

[REDACTED]

CBI-V1-003-000005

CHIQUITA NSD 6295

In Regard to Discrimination

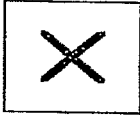


CBI-VI-004 000256

- SA 8000 norms search for equal treatment of all employees in all areas. Employees will be employed, trained, promoted or compensated only on the basis of their ability to perform and will be free of any type of verbal, physical, or sexual harrassment or any other type of discriminatory practice.



Evaluation Results



■ **CRITICAL GAPS: in order to achieve SA8000 certification:**

TRANSLATION OF ARTICLE IN THE 3/9/03 EDITION OF EL ESPECTADOR

Unity of Peace

The government's exploratory commission has encountered two big surprises in its approaches to the Self-Defense Forces. The first is to know the true dimension of the political and social phenomenon that these represent in the regions. And the second, to confirm that the Self-Defense Forces are not a single organization lead by Carlos Castano, but armed groups dispersed throughout the entire country, with their own leadership and with particular interests.

Castano, who in the beginning seemed to represent recognized commanders, today, according to himself, is ending up alone. The possibility of a unified process is becoming more and more remote, and the panorama for the next stage, that of the negotiation, is complex.

Unity is Lost

Carlos Castano has no problem speaking about himself. This has been a characteristic since he publicly assumed general command of AUC in the late 1990s. At that time, the organization initiated a unification process that implied establishing the bases of a political discourse and structuring a military hierarchy.

Using his leadership, Castano explained the reasons of his counterinsurgent struggle, accepted the responsibility for various assassinations. Published a book and, in the vehement opposition to the peace process forwarded by President Pastrana with the FARC, always appeared as the sole spokesman of the Self-Defense Forces.

But in practice, this unification never came to pass. The crisis of the leadership of Carlos Castano began in May of 2001 with the resignation as commander-in-chief the he himself acknowledged. This is explained, among other things, by the very nature of the Self-Defense Forces, which have been a federation of groups that were created at different times and for different reasons throughout the country, many times without connection between them.

In December of 2002, Castano takes the lead and accepts making a cessation of hostilities to as to establish conversations with the government of Alvaro Uribe. The communication is accompanied by a long list of commanders, but some of them have withdrawn from the process. Persons close to self-defense groups consulted by El Espectador affirm that "Castano is alone, because they criticize his personal interest above the collective interest."

On February 4, Castano accepted that there is no unity in the organization. "The AUC organically as a national movement do not exist; the political project failed and the penetration of narcotraffic cannot be concealed; in a world that convulsed turns in any case, we did not know how to adjust or mold ourselves to it."

Ten days later, in an editorial published on the internet page, he enumerates the commanders and the fronts that did not accept entering into the process with the government and accepts that the process fragments more every day and that if the situation continues that way, "it will be difficult for it to be fruitful." He warns that it is possible that "the government, in the best of cases, will have to initiate isolated negotiations with many self-defense groups throughout the country, which is complicated and inconvenient for those groups and for the government."

[FIVE PARAGRAPHS OMITTED]

The panorama thus is not promising. The exploratory commission soon will deliver the report that will establish the road to follow in this process, that is, the viability of commencing full-fledged negotiations. Up to now it has met six times with different groups throughout the entire country.

[LAST PARAGRAPH OMITTED]

CBI-V1-004 025936

CHIQUITA NSD

000021275

Open Letter: This is a transcript of a letter written by a member of auto-defense groups of Colombia.

Marta Lucía Ramírez
Minister of National Defense
Open Letter

The members of the Political and Military Command of the Self-defense peasant Groups (army) of the provinces of Cordoba and Uraba, feel compelled to inform you, and the public opinion of some terrible events for the country, which frequently occur in regions where our anti-subversive troops have an influence. We would also like to inform of the actions that we plan to take in order to contribute to social order.

As it is well known to the authorities, our coasts, ports, airports in the north of Colombia are drug traffickers' favorite places from where to ship drugs to the United States and Europe.

A large portion of the Pacific and Atlantic coast is now controlled by various Auto-defense groups (ADG), some more idealistic and others more capitalistic, all former members of the defunct AUC (United Auto-defense of Colombia).

The Drug cartels have infiltrated most of the Auto-defense groups, and in some cases the line that separates us from the drug traffickers has vanished. This doesn't mean that the Auto-defense groups are responsible for all the drug shipments from ports under our control. One can't even blame them of being the owners of such shipments, for we don't believe that they are drug traffickers. It is clear that although they finance themselves this way, their essence is not drug trafficking. Some groups do it more than others do. It is impossible to conceal the corruption that this drug trafficking has begun to generate. This has created a state of crisis in the ADG as well as in some government institutions which are totally discredited because of some isolated officials who have succumbed to the temptation of the drug traffickers' money.

What happened to the Guerilla when they roamed the north of the country is now happening to us. In the south the drug situation has continued. The combination of AUG, guerillas, drug traffickers, and the tolerance of a few members of the government have created unprecedented corruption. The only losers are the honest people and those of us who are fighting to prevent the self-destruction of all that each one of us honestly represents, legally or illegally.

We don't know what is happening within the government institutions, where undoubtedly the majorities are enemies of the drug traffickers. The ADG of today must be differentiated into two groups: Those that are friendly to drug traffickers and those like the ACCU that aren't. Although there are many more ADG that completely agree with us, it is they who should say it.

It is not a matter of declaring war on the drug traffickers, but to fight against their penetration into our organizations.

This is why the ADG have decided to close ranks against the drug traffickers who are using and destroying us in a planned fashion.

Lets Talk about the Gulf of Uraba from where the drug traffickers have been shipping drugs for a very long time, lately involving workers from banana companies, their marketing companies, and their carriers. As was the recent case, a huge shipment of cocaine that had been shipped from Turbo was found by Belgium's authorities. This affected all the banana business and has placed suspicion on members of state institutions and also on the ADG, who are regarded by the people of Uraba and others as the authority of that region.

For these and other reasons derived from our national re-orientation the ACCU proclaim:

From this moment on, we forbid any drug trafficking in Uraba.

We will publicly denounce the drug traffickers who use the gulf, and the banana loading facilities for their drug shipments. They will become a military objective of our troops if they persist in corrupting the ADG and private and government officials in order to make them tolerate their activities.

Mrs. Minister, we hope that with this attitude we can contribute to the eradication of drug trafficking. The best way to do this is by destroying their financing. The coca plantations are not the problem. The shipments of cocaine in the north are the problem because they use the money to finance the guerilla in the south and in this way manage to keep the country in chaos, while they use "dosed" bribes to maintain the ADG depending on them.

Our war is against subversion (guerilla) and so far we have believed that fighting against drug traffickers was not our job, but now we perceive them as attacking us, and we will defend ourselves.

We have also demonstrated to other ADG that it is possible to sustain our cause without support from drug traffickers.

Several ADG have agreed to this valiant effort; to "close their doors" to drugs. Others like Commander Adolfo Paz who is responsible for the Calima group in the pacific region has demonstrated his interest in contributing to the cause by abandoning this type of financing. We have done the same in the gulf of Morrosquillo with the northern group and we think that the Bolívar group, which is very friendly to the UCCA, should follow us as well. Unfortunately some of their bosses are unnecessarily related to this type of activity (drugs) The Mineros Group will have to do this too with less people and an sincere will to change.

For now, we tell you (Mrs. Minister) and the Colombians that the ACCU are sincerely trying very hard to be an exemplary Auto-defense group. We want the rest of the ADG to follow our example. When we all are honest in our commitment to Colombia and the anti-subversive cause prevails over individual economic interests (then) again, we will be the United Auto-defense of Colombia, for war, or preferably for peace.

We are making a frank confession of our reality. This way the Colombians will know whom to count on. We worn you that a confession from the FARC guerilla with respect to

drug trafficking would be the size of an encyclopedia, although they consider that terrorism or drug trafficking are not condemnable. We understand. The Auto-defense Groups are Colombia's friends, and the guerillas are not.

Sincerely

Salvatore Mancuso

Commander ACCU

Rodrigo Molano

Sub-Commander ACCU

Carlos Castaño

Political Command ACCU

José Vicente Castaño

Military Strategist ACCU

Alfredo Berrío Alemán

General Staff ACCU

Commander Bloque Elmer Cárdenas

Pedro Ponte

General Staff ACCU

Political Boss Bloque Elmer Cárdenas

Hernán Hernández

Commander ACCU Turbo

Juan Simón Salamanca

Inspector nspector ACCU

August 1, 2002

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August 1, 2002

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[LAST PARAGRAPH OMITTED]

CBI-V1-004 025938

CHIQUITA NSD

000021077