

U.S. SECURITIES AND EXCHANGE COMMISSION

In the Matter of: CHIQUITA BRANDS INTERNATIONAL, INC. File No. 00-3361

WITNESS: (b)(7)(C)

PAGES: 4 CAPTION: 188

PLACES: Securities and Exchange Commission 450 Fifth Street, N.W. Washington, D.C.

DATE: Tuesday, April 27, 1999

The above-captioned matter came on for hearing at 10:03 a.m. pursuant to notice.

APPEARANCES:

On behalf of the U.S. Securities and Exchange Commission:

(b)(7)(C)

Division of Enforcement U.S. Securities and Exchange Commission Mail Stop 7-3 450 Fifth Street, N.W. Washington, D.C. 20549

(b)(7)(C)

On behalf of the Witness:

(b)(7)(C)

Forrest Goldstein, Frasier & Murphy, LLP 1501 Pennsylvania Avenue, N.W., Ninth Floor Washington, D.C. 20004

(b)(7)(C)

PROCEEDINGS

1 (b)(7)(C) On the record at 10:05 a.m. of 2 Tuesday, April 27, 1999 at the offices of the Securities & 3 Exchange Commission in Washington, D.C.

4 My name is (b)(7)(C) With me is (b)(7)(C)

5 (b)(7)(C) We are officers of the Securities & Exchange 6 Commission for the purposes of this proceeding.

7 Whereupon,

8 (b)(7)(C)

9 was called as a witness and, having been first duly sworn,

10 was examined and testified as follows:

EXAMINATION

11 BY (b)(7)(C)

12 Q (b)(7)(C) your testimony has been requested by 13 the staff as part of a formal investigation by the United 14 States Securities & Exchange Commission entitled in the 15 Matter of Chiquita Brands International, HO-3361.

16 This investigation seeks to determine whether there 17 have been any violations of federal securities laws.

18 However, the facts developed may constitute violations of 19 other federal or state civil or criminal laws.

20 Do you understand this?

21 A Yes, I do.

22 Q Prior to going on the record, you were provided

23 with a copy of the Formal Order. That's the second document.

CONTENTS

WITNESSES: EXAMINATION

(b)(7)(C)

EXHIBITS: DESCRIPTION IDENTIFIED

23 Cover letter and response ad (b)(7)(C) 1

24 1994 General Manager's Report prepared by (b)(7)(C) and other documents 76

25 Form 1016 for 18 million shares, 1-13-96 102

1 You've got it right there. It will remain available for you 2 to review throughout the course of the proceeding.

3 Have you had an opportunity to review the Formal 4 Order?

5 A Yes, I did.

6 Q Also, prior to going on the record, you were 7 provided with a copy of the Commission's Supplemental 8 Information Form 1662, which has been marked as Commission 9 Exhibit Number 1.

10 Have you had an opportunity to review Exhibit 11 Number 1?

12 A Yes, I did before.

13 Q (b)(7)(C), are you being represented by counsel 14 here today?

15 A Yes.

16 (b)(7)(C): Would counsel please identify himself 17 and herself for the record?

18 (b)(7)(C) (b)(7)(C) from (b)(7)(C) 19 (b)(7)(C)

20 (b)(7)(C) (b)(7)(C) from the same firm.

21 (b)(7)(C): Are you both of you representing (b)(7)(C)

22 (b)(7)(C) here today?

23 (b)(7)(C) Correct.

24 (b)(7)(C) Yes.

25 (b)(7)(C) Okay.

1 (b)(7)(C) I'm handing you what has been marked as
 2 Commission Exhibit Number 23. This document contains a copy
 3 of the subpoena ad testificandum. For the record, Commission
 4 Exhibit Number 23 is a two-page document consisting of a one-
 5 page cover letter and a subpoena behind it.
 6 (SEC Exhibit No. 23 was marked
 7 for identification.)
 8 BY (b)(7)(C)
 9 Q (b)(7)(C) is this the subpoena pursuant to which
 10 you are appearing today?
 11 A Yes, it is.
 12 Q Could you please state and spell your full name for
 13 the record?
 14 A Of course. My name is (b)(7)(C) last name
 15 (b)(7)(C)
 16 Q Do you have any middle names?
 17 A Yes. My initial, middle name, is H.
 18 Q Does the H. stand for anything?
 19 A (b)(7)(C)
 20 Q Could you spell that for the record?
 21 A (b)(7)(C)
 22 Q That's your complete name?
 23 A I have a second last name, my maiden last name. It
 24 is (b)(7)(C) My full name is (b)(7)(C)
 25 (b)(7)(C)

1 (b)(7)(C) was the number.
 2 Q How long did you live at that address?
 3 A I was there since (b)(7)(C) I'm sorry. Since
 4 (b)(7)(C)
 5 Q Where did you live between (b)(7)(C) and
 6 (b)(7)(C)
 7 A (b)(7)(C)
 8 Q What is your phone number at your current address?
 9 A Area Code (b)(7)(C)
 10 Q Starting after high school, can you tell me what
 11 your educational background is -- where you went to school,
 12 what degrees you obtained?
 13 (b)(7)(C)
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23 (b)(7)(C) (b)(7)(C)
 24 THE WITNESS: I'm sorry. (b)(7)
 25 (b)(7)(C) Okay.

1 Q Have you changed your name?
 2 A No.
 3 Q Do you go by any other name?
 4 A No.
 5 Q What is your date of birth?
 6 A (b)(7)(C)
 7 Q Where were you born?
 8 A (b)(7)(C)
 9 Q Can you spell Arequipa for us?
 10 A (b)(7)(C)
 11 Q What is your citizenship?
 12 A (b)(7)(C)
 13 Q Do you have a Social Security number?
 14 A (b)(7)(C)
 15 Q Do you know what it is?
 16 A (b)(7)(C)
 17 Q What is your current home address?
 18 A
 19
 20 Q How long have you lived there?
 21 A (b)(7)(C)
 22 Q Where did you live prior to that?
 23 A (b)(7)(C)
 24 Q Do you recall the address?
 25 A It is -- I don't recall the number. (b)(7)(C)

1 BY (b)(7)(C):
 2 Q (b)(7)(C)
 3 A From the (b)(7)(C)
 4 (b)(7)(C)
 5
 6
 7
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 9
 10
 11
 12
 13 Q Is that it?
 14 A That's it.
 15 (b)(7)(C)
 16
 17
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 22
 23
 24 and
 25 we

Page 9

1 A (b)(7)(C)

2 (b)(7)(C)

3 Q (b)(7)(C)

4 A (b)(7)(C)

5 (b)(7)(C)

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7 (b)(7)(C)

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Page 11

1 (b)(7)(C) when Chiquita Brands gave me an offer letter to

2 become a full-time employee, and I started with Chiquita as

3 (b)(7)(C)

4 Q Why don't you tell me what you did in that

5 position?

6 (b)(7)(C)

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12 Q Did that include operations in Colombia?

13 A At that time, yes. The role was for all Chiquita

14 sourcing locations, all Central America and South America,

15 including the Caribbean and Mexico.

16 (b)(7)(C)

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21 Q Why don't you describe for me what you did in that

22 position?

23 (b)(7)(C)

24

25

Page 10

1 Q (b)(7)

2 A Yes.

3 Q (b)(7)(C)

4 (b)(7)(C)

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21 (b)(7)(C)

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Page 12

1 (b)(7)(C)

2 I helped to make the process. And I also started

3 working with how to improve the operating plan, again

4 everything focused to the banana business, and mainly related

5 to the tropical cost.

6 Q Did you have any responsibility in that position

7 for the financial reporting of the company?

8 A (b)(7)(C)

9 Q Did you have any responsibility in that position

10 (b)(7)(C)

11 A (b)(7)(C)

12 Q How long were you in the position (b)(7)(C)

13 (b)(7)(C)

14

15 In this position, I moved from the, what we call

16 the tropical accounting group to the operations group, and

17 this position was mainly focused in planning for the

18 business, mainly analyzing different situations, potential

19 applications, potential investments.

20 At that time, the company was at the end of the

21 process to expand its production capacity, and I was

22 basically at the end of that expansion.

23 Q In that position, did you have any responsibility

24 for the reporting, financial reporting?

25 A. Not at all.

1 Q Did you have any responsibility for any FCPA
 2 compliance in that position?
 3 A Not at all.
 4 Q Where were you located, up until this point?
 5 A In Cincinnati, Ohio.
 6 Q For all of these positions that we've been talking
 7 about --
 8 A Yes.
 9 Q -- you were in Cincinnati?
 10 A Yes.
 11 Q With respect to being the (b)(7)(C)
 12 (b)(7)(C) who did you report to?
 13 A I reported to the (b)(7)(C)
 14 (b)(7)(C) I guess was the
 15 title at that time.
 16 Q Who was that person?
 17 A At that time, it was (b)(7)(C)
 18 Q (b)(7)(C)
 19 A (b)(7)(C)
 20 Q Did anybody report to you in that position?
 21 A No.
 22 Q What did you do next?
 23 A Yeah. Sometime in the last quarter of 1994, I was
 24 invited by (b)(7)(C)
 25 to evaluate different alternatives for the business in

1 (b)(7)(C) Would you spell his name, for the
 2 record?
 3 THE WITNESS: (b)(7)(C) It was (b)(7)
 4 (b)(7)(C) It was also (b)(7)
 5 (b)(7)(C)
 6 (b)(7)(C) It was also (b)(7)(C)
 7 (b)(7)(C)
 8 (b)(7)(C)
 9 BY (b)(7)(C)
 10 Q And what was (b)(7)(C) position at the time?
 11 A He was the (b)(7)(C) for the banana
 12 business group, in charge of some of the countries, including
 13 Colombia, at that time.
 14 Q Was he located in Colombia or in Cincinnati?
 15 A He was located in (b)(7)(C)
 16 Q What about (b)(7)(C) What was his position at
 17 the time?
 18 A He was the (b)(7)(C) in Colombia.
 19 Q He was located in Colombia?
 20 A He was living, located in Colombia.
 21 Q What about (b)(7)(C)
 22 A (b)(7)(C)
 23 Q
 24 A
 25 Q (b)(7)(C) I'm sorry.

1 Colombia.
 2 The situation in Colombia was very clear. The cost
 3 to produce bananas was pretty high. The local economy was
 4 affecting the business, and we were basically focused in
 5 analyzing how we could improve the business. And we started
 6 this process sometime in August or September 1994, around
 7 then.
 8 During the next few, three-four months, the task
 9 force had several trips to Colombia. We met with some of the
 10 heads of departments from Colombia at that time to ask about
 11 how they were doing business, and the task force was
 12 charged to propose a business alternative, in how to
 13 reorganize the structure in Colombia.
 14 It was not until sometime, October or November
 15 1994, when I received an offer to relocate to Colombia and
 16 work as a controller for economic operations, basically
 17 implementing what the task force recommended.
 18 Q What was it that the task force had recommended?
 19 A The task force recommended to synergize the two
 20 groups that we had in Colombia, the Banadex and Samarex, the
 21 operations in Santa Maria and Turbo into one - one group,
 22 under one management and one administrative group.
 23 Q Who else was on the task force, other than
 24 yourself?
 25 A It was (b)(7)(C) it was --

1 A He was an (b)(7)(C)
 2 Q (b)(7)(C)
 3 A
 4 Q Oh, okay.
 5 A I'm sorry. (b)(7)(C) I don't know if it was
 6 manager or director, for a region in Latin America, including
 7 Colombia, based in Costa Rica.
 8 Q What about (b)(7)(C)
 9 A (b)(7)(C)
 10 (b)(7)(C) Cincinnati, Ohio.
 11 Q And (b)(7)(C)
 12 A (b)(7)(C) working
 13 for (b)(7)(C)
 14 Q And (b)(7)(C)
 15 A (b)(7)(C)
 16 (b)(7)(C) s, living in
 17 Cincinnati, Ohio.
 18 Q You said in October or November of 1994 you had an
 19 offer to relocate as controller of Colombia?
 20 A Yes. I got an offer, a very difficult decision,
 21 because the violence in Colombia, it really was not too safe
 22 to move to Colombia (b)(7)(C)
 23 (b)(7)(C)
 24
 25

1 I was working in Medellin as a controller for Banadex.
 2 Q Was this a promotion?
 3 A Yes, it should - I don't know. It sounds like,
 4 because going into -
 5 (b)(7)(C) You can't be asking that now.
 6 (Laughter.)
 7 THE WITNESS: A much - a very high responsibility,
 8 to, you know, reorganize a business that was pretty
 9 significant for you company in conditions where security was
 10 a major concern for everybody, especially for Americans or
 11 people working for American companies at that time.
 12 BY (b)(7)(C)
 13 Q How long were you in that position?
 14 A I was in that position until (b)(7)(C)
 15 (b)(7)(C)
 16 (b)(7)(C)
 17 (b)(7)(C) You said (b)(7)(C)
 18 THE WITNESS: The new (b)(7)(C) The
 19 (b)(7)(C)
 20 I'm sorry.
 21 BY (b)(7)(C)
 22 Q So you were there from (b)(7)(C)
 23 (b)(7)(C)
 24 A No. (b)(7)(C)

1 and also I spent a lot of time with his assistant controller,
 2 (b)(7)(C) to whom I explained
 3 some of the roles and responsibilities of the position, as
 4 well.
 5 It was around (b)(7)(C) when I decided to take a
 6 (b)(7)(C)
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 17 Q Was that move a promotion?
 18 A It was a promotion. And I took the offer
 19 immediately. I was very happy to have this. It was a big
 20 challenge for myself. (b)(7)(C)
 21 It was sometime - I received the offer sometime in
 22 (b)(7)(C) and I started, you know, getting all the
 23 paperwork for my working (b)(7)(C)
 24 position was based.
 25 And after I came from my location in (b)(7)(C)

1 (b)(7)(C) and I was in Colombia until basically sometime
 2 (b)(7)(C) in Colombia.
 3 Q The replacement of the management came -
 4 A The replacement came. The first person who was
 5 hired was the (b)(7)(C)
 6 who joined the company sometime (b)(7)(C) who at
 7 the same time decided (b)(7)(C)
 8 (b)(7)(C)
 9 (b)(7)(C)
 10 It was sometime in early -- sometime in (b)(7)(C)
 11 (b)(7)(C) when a task force headed by, I
 12 guess, Cincinnati was called to continue the process
 13 improvement that we started a year earlier.
 14 In this task force was included (b)(7)(C)
 15 (b)(7)(C) as well, and sometime in (b)(7)(C)
 16 (b)(7)(C) to join his management team as
 17 (b)(7)(C)
 18 He agreed, he took the position, and (b)(7)(C)
 19 asked me to basically turn my responsibilities in to (b)(7)(C)
 20 (b)(7)(C) and
 21 that is exactly what I did.
 22 And from basically middle or end of (b)(7)(C)
 23 (b)(7)(C) I was doing the transition -
 24 Q You were what? I'm sorry?
 25 A Doing the transition of my position in to (b)(7)(C)

1 applied to my (b)(7)(C)
 2 (b)(7)(C)
 3
 4
 5 Q What did your new position in (b)(7)(C)
 6 A My new position was (b)(7)(C)
 7 (b)(7)(C)
 8
 9 Q What do you mean by that?
 10 A (b)(7)(C)
 11 (b)(7)(C)
 12
 13
 14 (b)(7)(C)
 15
 16
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 21 Q (b)(7)(C) was an area you had worked in
 22 previously in (b)(7)(C)
 23 A Yes. Yes. But in this case, it was with a much
 24 wider responsibility, because it was more related to a
 25 combination of the European business, the source to market

1 (b)(7)(C)
 2 (b)(7)(C)
 3 (b)(7)(C)
 4 Q How did the transition from leaving (b)(7)(C)
 5 job in (b)(7)(C) It sounds like (b)(7)(C)
 6 (b)(7)(C)
 7 (b)(7)(C)
 8 A Yes, in Banadex.
 9 (b)(7)(C) Chiquita or Banadex?
 10 THE WITNESS: I was working for Banadex in
 11 Colombia.
 12 BY (b)(7)(C)
 13 Q In Colombia.
 14 A And not for Chiquita.
 15 Q Right.
 16 A For Banadex.
 17 (b)(7)(C) I think your question was during
 18 the transition, after you were replaced, before you went to
 19 (b)(7)(C)
 20 THE WITNESS: I was a (b)(7)(C)
 21 and I remained in the payroll in Banadex, even though there
 22 was somebody else doing my job. I was assisting the (b)(7)(C)
 23 projects, and basically more focused on my new assignment
 24 coming.
 25 That's why I took the chance to - I had. I should

1 this new position; as well, the chance to, or the challenge
 2 of to create the European planning group.
 3 Q When were you approached by (b)(7)(C)
 4 A It was sometime in (b)(7)(C) He said that they
 5 were talking (b)(7)(C) they were
 6 talking about the need to redesign the way that they were
 7 handling the logistics and also the need to create this new
 8 position in Europe.
 9 Q Was that approximately a month after (b)(7)(C) had
 10 asked (b)(7)(C) that you were
 11 approached?
 12 A Around those dates. Around those dates.
 13 (b)(7)(C) What was his title? I'm sorry.
 14 (b)(7)(C)
 15 THE WITNESS: (b)(7)(C)
 16 (b)(7)(C)
 17 (b)(7)(C): In Chiquita?
 18 THE WITNESS: In Chiquita, for Chiquita Brands in
 19 Cincinnati.
 20 BY (b)(7)(C)
 21 Q When (b)(7)(C) asked you to turn your
 22 responsibilities (b)(7)(C)
 23 A (b)(7)(C)
 24 Q (b)(7)(C) Sorry. - what was your understanding of
 25 your employment status at that point?

1 say I had not a full agenda. That's why I decided to take
 2 (b)(7)(C)
 3 (b)(7)(C)
 4 (b)(7)(C)
 5 BY (b)(7)(C)
 6 Q How did the opportunity in (b)(7)(C)
 7 A The need to do a different way to handle the
 8 logistics for the company, and the need to group the European
 9 planning process created the need to open this position in
 10 Antwerp.
 11 Q Do they post these positions? How did you find out
 12 about it?
 13 A I was approached by the new (b)(7)(C)
 14 (b)(7)(C)
 15 Q Who is that?
 16 A Whose name (b)(7)(C) He
 17 was (b)(7)(C) (b)(7)(C)
 18 (b)(7)(C) And he asked me if I was
 19 interested in taking this new position (b)(7)(C)
 20 It was a very interesting position, mainly because
 21 I was - I had the chance to get involved in an area that
 22 very few people in the company have access to, because, you
 23 know, you don't need a lot of people to do it, and only a few
 24 people in the company had the chance to learn about it.
 25 Therefore, it was pretty exciting for me to go into

1 A At that time, I knew that there was a different
 2 position for myself. It wasn't clear, it wasn't - they were
 3 not sure that I was the person for the position (b)(7)(C)
 4 because that position was still in project, okay?
 5 At the same time, they also gave me the alternative
 6 to go back to the U.S. and work for the North American
 7 regional unit.
 8 Q So you weren't being let go?
 9 A No.
 10 Q You just were going to be moved somewhere?
 11 A Yes. Yes. And it was mainly because - I would
 12 not, I think, leave this for the records, as well - when I
 13 went myself, moving to Colombia, I knew that all the
 14 relocations were one-way tickets, and I -
 15 Q What do you mean by that?
 16 A Meaning they treat you nice, they give you the
 17 chance, they send you to Panama for two years or three years,
 18 and they never come back, okay, because they don't want to or
 19 because the company wants for them to remain there, for
 20 whatever reason. And that was not my choice.
 21 And I was very clear with, even with the senior
 22 management, with the president of the banana group, and I
 23 said to him and our people: "If the company has an intention
 24 to let me stay in Colombia for more than two years, I'm not
 25 moving. I prefer to leave the company, because I don't have

1 any intention to move into Latin America."
 2 And they gave me their word that it was going to be
 3 a two-year assignment, that's it, and with the -- a new CAO
 4 and with his idea to replace -- bring his own people on
 5 board, it was basically part of the agreement with Chiquita
 6 that they said two years and no more.
 7 That's why the alternative to move into another
 8 Latin American country wasn't there.
 9 Q When you took your new position (b)(7)(C) how
 10 long were you in that position?
 11 A (b)(7)(C)
 12 Q Yeah, (b)(7)(C)
 13 A (b)(7)(C)
 14 Q Did you have any further contact with the Colombian
 15 Banadex organization while you were (b)(7)(C)
 16 A Not as part of the business in Colombia, but yes,
 17 as part of my new role, that was basically the -- I was
 18 receiving of the production forecast, and that was
 19 information that was useful.
 20 Q Let's finish up with your employment, then. And
 21 after (b)(7)(C) where did you work next?
 22 A I was bringing back to the U.S. I returned to
 23 Cincinnati, and working in the (b)(7)(C)
 24 (b)(7)(C)
 25 Q (b)(7)(C)

1 (b)(7)(C)
 2 (b)(7)(C)
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 7 Q Any responsibility for FCPA compliance in your
 8 current position?
 9 A Not directly.
 10 Q How indirectly?
 11 A I am -- the company is heavily focused in
 12 compliance, meaning the number one priority for the company,
 13 from the top person in the company to the last person in the
 14 organization, is to compliance.
 15 And when I'm saying indirectly, I am actively
 16 working in making sure that every single person in my region
 17 has a full understanding on compliance, including FCPA.
 18 (b)(7)(C)
 19 (b)(7)(C) (b)(7)(C)
 20 (b)(7)(C)
 21 Q I want to go back to your position as (b)(7)(C)
 22 (b)(7)(C) Describe for me what your duties and
 23 responsibilities were in that position.
 24 A (b)(7)(C)
 25 (b)(7)(C)

1 A Yes.
 2 Q Was that a promotion?
 3 A No.
 4 Q How long were you in that position?
 5 A (b)(7)(C)
 6 Q Where did you go?
 7 A
 8 Q Cao you spell that?
 9 A
 10 Q What position were you hired into?
 11 A I was hired as a (b)(7)(C)
 12 (b)(7)(C)
 13 Q Is that your current position?
 14 A Yes, it is.
 15 Q Briefly, what are your current responsibilities?
 16 A (b)(7)(C)
 17 (b)(7)(C)
 18 Q What do you mean, (b)(7)(C)
 19 A Meaning each subsidiary are fully staffed with
 20 financial people, financial -- you know, they do their own
 21 reporting, and I provide technical assistance, professional
 22 assistance in solving whatever problems they have with
 23 corporate.
 24 (b)(7)(C)
 25

1 (b)(7)(C)
 2 Q What did that entail?
 3 A That means, they were two completely independent
 4 accounting groups with two controllers, and the staffs, there
 5 was over 100 people, both combined. (b)(7)(C)
 6 a team to reorganize and redesign how we can handle the
 7 business with only one staff base in Medellin.
 8 In that process, we replaced all the different
 9 systems that we used to generate financial statements. I'm
 10 talking about replacing the general ledger, accounts payable.
 11 We replaced payroll. We replaced all the different modules
 12 for financial planning. We replaced the chart of account.
 13 We standardized processes in how to treat different
 14 standard procedures, like, you know, level authorizations,
 15 and et cetera.
 16 In addition to that, (b)(7)(C)
 17 (b)(7)(C)
 18
 19
 20 and the company couldn't file the tax return at the end of
 21 the year, because the data was not there. We couldn't
 22 reproduce the financial statements in Colombia.
 23 Q Could you explain that a little bit?
 24 A Correct. It was sometime in (b)(7)(C)
 25 (b)(7)(C) or the systems person, (b)(7)(C)

1 apparently there was some request by the Colombian Internal
 2 Revenue Service to provide information.
 3 In the absence of the IES person, the controller at
 4 the time tried to extract information from the system from
 5 the backup tapes, and they found that they couldn't, and the
 6 whole issue was brought to Cincinnati.
 7 And a large task force from Cincinnati went to
 8 Colombia, I guess people to find out what was the problem.
 9 and they found out that the accounting records were -- I mean
 10 the tapes were not recorded properly, with all the proper
 11 names, the fields and the magnetic records were not recorded,
 12 perhaps, the date of the transaction was not recorded, the
 13 data was not fully recorded. It was an awful mess.
 14 Therefore, at that time, the former controller of
 15 Banadex decided to reconstruct the whole process.
 16 Q Who is that person?
 17 A It was (b)(7)(C)
 18 (b)(7)(C) And they started this process
 19 to try to reconstruct all the records sometime in September.
 20 I guess (b)(7)(C)
 21 When I was traveling to Colombia with the task
 22 force, I found that it was a tremendous effort. We were able
 23 to complete, during my management, the whole process sometime
 24 in (b)(7)(C) I don't recall exactly when.
 25 But we filed all the tax returns. We were able to

1 reconstruct everything. We hired over 90 people to do it.
 2 and at the end, the first part of (b)(7)(C) was a really difficult
 3 year, because we had, on one hand, to replace all the
 4 systems, train new people, because the head count went from
 5 140, I guess, down to 70. A lot of people left.
 6 We had to train them properly, because they didn't
 7 have good training in accounting, to implement the systems.
 8 We had to reconstruct, fix the past, and deal with different
 9 requests from the government.
 10 That was -- in (b)(7)(C) were difficult years,
 11 because this whole framework agreement created problems with
 12 Chiquita Brands in Colombia where and Colombian Government
 13 was harassing the company, because this whole 301 agreement,
 14 the U.S. was kind of pressing the Colombian operation, the
 15 Colombian Government not to support the quota regime in
 16 Europe, and Colombia was supporting the quota, and the U.S.
 17 tried to put some sanctions on Colombia.
 18 As a result of that, we received the pressure from
 19 the government. We couldn't renew loans. They make our life
 20 a little bit difficult. We received a lot of auditors all
 21 the time. Those years were very difficult, compounding the
 22 problem with the security, as you might be aware.
 23 Q You were referring to a 301 agreement. Can you
 24 just explain briefly what that is?
 25 A I don't know the details of that. What I know is,

1 with the quota regime in Europe, there were some countries in
 2 Latin America, Costa Rica, Nicaragua, Colombia that were
 3 supporting the quota regime in Europe, and I understand the
 4 U.S. has the power to impose sanctions in countries that
 5 were, you know, attempting against any U.S. citizen or any
 6 U.S. company.
 7 I don't know the real terminology, but that was
 8 part of the quota regime that was created sometime in 1990,
 9 sometime in the '90s. But still, I don't know where we were
 10 with this issue, but I guess it is pretty public knowledge,
 11 this issue.
 12 BY (b)(7)(C)
 13 Q The quote regime you're talking about European
 14 import restrictions on bananas?
 15 A Yes. Yes. Yes.
 16 BY (b)(7)(C)
 17 Q What were your other responsibilities?
 18 A To do the financial consolidation and report all
 19 the financial statements to Cincinnati, as well.
 20 Q Who did you report them to in Cincinnati?
 21 A I was reporting to the (b)(7)(C)
 22 Cincinnati.
 23 Q Anyone in particular?
 24 A It was, at that time, (b)(7)(C)
 25 (b)(7)(C) He was the manager in charge of the

1 process, to getting the financial statements.
 2 Q Did you have contact with him during --
 3 A All the time. I mean, we were working together
 4 when I started in the company. He was my supervisor, and we
 5 always kind of kept in touch with things.
 6 The Colombian operation was one of the worst
 7 companies in the Chiquita group in reporting to Cincinnati.
 8 and we worked towards becoming the top three in the company.
 9 and my communication with him was, during the closing
 10 process, daily almost, to make sure that all the different
 11 legal entities that we had were reported to Cincinnati
 12 properly, on time. We had 36 legal entities in Colombia.
 13 Q Thirty-six?
 14 A Yeah. Farms, farms, local farms.
 15 Q Oh, oh.
 16 A I mean, local farms. That's the way that we need
 17 to do.
 18 (b)(7)(C) You mean where the bananas are
 19 grown?
 20 THE WITNESS: Yeah. Yeah. I mean, if this farm
 21 here in this region is one legal entity, you need to do that
 22 this other one -- think about the reporting process, because
 23 we had to keep the costs for those people, the expenses for
 24 those people.
 25 BY (b)(7)(C)

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1 Q But the administrative and accounting functions
 2 were all being consolidated?
 3 A All being consolidated, correct, in one group.
 4 Q Any other responsibilities?
 5 A I was also working with the acquisition of a group
 6 of farms that belonged to the (b)(7)(C)
 7 o.
 8 (b)(7)(C) I'm sorry. (b)(7)(C)
 9 THE WITNESS: (b)(7)(C) Okay. And that was
 10 a process that started many, many years ago, I don't know
 11 when.
 12 Finally, sometime in 1996, I think July 1996, we
 13 were able to acquire some of the farms that they owned, and I
 14 was involved in the, you know, providing all the financial
 15 calculations on the investment, dealing with the controller
 16 or financial director from this group.
 17 BY (b)(7)(C)
 18 Q The (b)(7)(C)
 19 A The (b)(7)(C) because we were buying fruit from
 20 them, we had a contract of technical services, as well. We
 21 were providing our knowhow to their farms, and with the
 22 acquisition of their farms we brought into our head count
 23 some of the people, as well, accountants mainly, to be able
 24 to have a good control of what exactly they had in those
 25 farms.

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1 Q Any other duties and responsibilities?
 2 (b)(7)(C) You mean (b)(7)(C)
 3 (b)(7)(C) Yes.
 4 BY (b)(7)(C)
 5 Q Did you have any duties and responsibilities that
 6 weren't related to your position as controller?
 7 A The financial reporting was mainly. I implemented
 8 almost every standard operating procedure related to the
 9 administrative side, in my area, related to my area, mainly.
 10 The other thing was also the tracking and better
 11 understanding of what we call sensitive payments in Colombia.
 12 Q Why don't you tell me about that?
 13 A Okay.
 14 (b)(7)(C) May I talk to him a second?
 15 (b)(7)(C) Sure. Why don't we go off the record
 16 for a second?
 17 (A brief recess was taken.)
 18 (b)(7)(C) On the record. There were no
 19 discussions between the staff and the witness and witness's
 20 counsel.
 21 THE WITNESS: Okay. I was saying that as part of
 22 the standard operating procedures that I had to implement, I
 23 wanted you to think about having Banadex in the middle in
 24 Medellin, with operations in Turbo, with operations in Santa
 25 Marta with Samarex, and the acquisition of these new farms in

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1 Turbo as well, and the idea that these three groups that were
 2 once handled independently, we synergized all the processes
 3 and we had to design a process where everything has to be
 4 done in Medellin for these three locations.
 5 BY (b)(7)(C)
 6 Q Can you just tell me, how far is Medellin from
 7 Turbo?
 8 A It is, by car, maybe 18 hours or something like
 9 that --
 10 Q Eighteen hours?
 11 A -- if you arrive alive, okay. Okay, by plane,
 12 there are only very small planes. It was, I guess, an-hour,
 13 something like that, or a little more. You are crossing the
 14 jungle, okay, and that is the land of nobody.
 15 And Santa Marta is well, like two hours by plane,
 16 commercial plane, to Santa Marta, and from the city to the
 17 farm in Santa Marta was two hours by car, to the farm in
 18 Santa Marta.
 19 Q Thank you.
 20 A Okay. And --
 21 Q You were describing how your designing
 22 processes --
 23 A Correct.
 24 Q -- were consolidated.
 25 A Things as simple as how we were paying our people.

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1 We are paying, you know, in different ways, cash, non-cash.
 2 It was -- we were totally different, and we tried to
 3 centralize and standardize all the different processes.
 4 We implemented the use of a voucher to track all
 5 payments, called 1016, for the three locations. The document
 6 was not only done in Banadex, Medellin but also in any
 7 location where we had an cash disbursement.
 8 Q A cash -- cash disbursement?
 9 A Cash disbursement, with the exception on petty
 10 cash. At the end of the week or at the end of the cut, the
 11 petty cash had to send the 1016 for the total, not for each
 12 independent, individual little payment.
 13 But basically, in addition to the implementation of
 14 the 1016s, I created what I call the matrix for approval
 15 authorizations.
 16 (b)(7)(C) You're not saying that before a
 17 1016 is required, that there has to be a cash payment, are
 18 you?
 19 THE WITNESS: Can you rephrase it?
 20 (b)(7)(C) Are you saying that the only time
 21 the companies in Colombia used 1016s are if they made cash
 22 payments?
 23 THE WITNESS: No. No. For any kind of payment, we
 24 implemented the 1016, and we eliminated cash payments.
 25 Whenever we do any payment, it has to be with a check with

1 approval and a 1016.
 2 BY (b)(7)(C)
 3 Q So any disbursement?
 4 A Cash disbursement --
 5 Q Right.
 6 A I mean, it's not "cash" cash.
 7 Q Right, right.
 8 A Any disbursement.
 9 Q Right.
 10 A We basically eliminated all kind of cash payments
 11 to anybody, including payroll. That was a major project for
 12 us.
 13 Q Now, before you came, what were they doing?
 14 A In Banadex, they started using partially the
 15 concept of 1016s, but there were some payments that were not
 16 with the 1016s.
 17 In the Samarex, most of the payments were with
 18 1016s, but the people who authorized the payments were not
 19 any local with the company, they were not grantors of
 20 authorizations.
 21 The payments that were done in the production areas
 22 were not necessarily with a 1016, they were with an invoice,
 23 they were paid with the invoice.
 24 Therefore, we did this. Everybody is going to
 25 start using the 1016s, and we created a matrix of approval

1 authorization.
 2 Q Okay. Now, you said matrix of --
 3 A Approval authorization.
 4 Q Approval authorization?
 5 A Yes.
 6 Q Okay.
 7 A Meaning who in the company are allowed to approve a
 8 payment, up to what amount, and for which concept.
 9 Q Do you want to explain that?
 10 A Correct. That is, we need to buy paper, and the
 11 paper, the purchase order is going to be for, you know, a
 12 million dollars, let's say, you know. This is a number. It
 13 doesn't mean anything. I don't know the -- I don't recall
 14 the magnitude, but it's a significant amount. It requires
 15 the signature of a CAO and the materials and supplies
 16 manager.
 17 If there will be a bank transaction that is going
 18 to require moving a big amount of funds, it's going to
 19 require the signature of the general manager and the CAO, you
 20 know, or perhaps if there is any check that is higher than
 21 five, six thousand dollars, it has to come to the controller
 22 or the equivalent, production manager, somebody at that
 23 level, to sign it.
 24 And some other, lower-level people were authorized
 25 to sign, you know, for a few hundred dollars.

1 That is, we said up to how much each person with
 2 the authorization can sign and under which concept, perhaps
 3 concept meaning I cannot sign a purchase of material. It has
 4 to be signed by the person in charge of the department with a
 5 higher signature as well.
 6 Q Was there any written --
 7 A Document.
 8 Q -- document that reflected this?
 9 A Yes. That's why it's called matrix. We put in one
 10 sheet all the names, the concepts, and the amounts.
 11 Therefore, in one sheet, the people from accounts payable and
 12 internal audit in Banadex was able to monitor if those
 13 payments followed the policies and procedures.
 14 Q When did you physically get this piece of paper put
 15 together?
 16 A Sometime in 1995, if I'm not wrong. I don't know
 17 exactly. But most of those changes were implemented in 1995.
 18 (b)(7)(C) I need a bathroom break here.
 19 (b)(7)(C) Okay. Well, this is a good time.
 20 Why don't we go off the record for a moment.
 21 (A brief recess was taken.)
 22 (b)(7)(C) Why don't we go back on the record.
 23 There were no discussions of substance between the
 24 staff and the witness and witness's counsel, other than the
 25 ordering of the transcript.

1 BY (b)(7)(C)
 2 Q We had gone off the record before the break. We
 3 were discussing the matrix of approval process. Did you have
 4 anything further to add to your response, when we were
 5 talking about that?
 6 A No.
 7 Q What other operating procedures were you setting up
 8 this time?
 9 A Okay.
 10 Q And let me guide you. We had been talking, we had
 11 started this conversation talking about sensitive payments
 12 tracking.
 13 A Correct. Correct.
 14 Q So if you could, keep going down that path.
 15 A I will try to explain the nature of it. I noticed
 16 that, in Colombia, there were payments done to different
 17 guerilla groups in Santa Marta, in Uraba, as well, for
 18 different concepts. That was also word that there was some
 19 payment done to the military groups in both zones, as well.
 20 And all those payments were done in two locations,
 21 one in Santa Marta with the prior management, and the other
 22 one in Medellin under (b)(7)(C) management, and with the
 23 unification of the groups, my role was to see how we could
 24 standardize and have a good control of those payments.
 25 Up until I arrived to Colombia, the company was not

1 in a position to track in detail those payments, mainly
2 because of poor accounting records or accounting system they
3 had and the lack of operating procedures that the company had
4 at that time.

5 Q How were they accounting for these payments?

6 A They were using an account, I don't recall which
7 account. But it was not easy to perhaps get a summary of how
8 much money we paid to the guerilla groups or how much money
9 we paid to the army, in either location.

10 We had different general ledgers, different
11 accounting systems. Therefore, it was a major task to try to
12 say how much we pay in Colombia. Okay.

13 It was sometime in 1995 when I received from
14 Cincinnati the request to summarize all the different
15 payments done, but from 1993 or 1992, I don't recall -- one
16 of those years -- for the different locations that we had in
17 Colombia.

18 I asked (b)(7)(C)
19 (b)(7)(C)

20 Q Who is he?

21 A He was the (b)(7)(C)

22 Q In Cincinnati?

23 A No, no, in Medellin.

24 Q Oh, in Medellin.

25 A Working for Banadex.

1 It was a little easier to do the summary for Santa
2 Marta, because he had some better knowledge on what happened
3 there, but even though he had the knowledge, when we tried to
4 get all the information, he had some difficulties, as well,
5 because some boxes were missing, and due to the move of
6 location from one building to the other one, at the time that
7 we packed, it was not done properly and there were some, you
8 know, boxes probably missing in the process, and documents,
9 et cetera.

10 Anyway, (b)(7)(C) spent months trying to do
11 this project, and we were able to put together some summaries
12 that we sent to Cincinnati, to the legal department, if I'm
13 not wrong, of the different payments that were done in
14 Colombia for the last four years, maybe three, four, five,
15 you know. It was already 1996 when we were able to complete
16 this project.

17 We went the information to Cincinnati and
18 Cincinnati sent me back a lot of questions with respect to
19 numbers that they had that didn't agree with what we
20 reported, and I recall in that situation, when somebody in
21 the legal department said that, "We have received some
22 information from somebody in Colombia and said that these
23 payments were done, X, Y, and Z."

24 And I said: "On one hand, I don't know who can
25 give you this information. On the other hand, the only

1 Q Okay.

2 A (b)(7)(C)

3 (b)(7)(C)
4
5
6
7
8
9

10 Q Why is that a slash?

11 A Cincinnati calls them general manager expenses. I
12 call them sensitive payments.

13 Q It's all the same?

14 A It's the same thing.

15 (b)(7)(C) I may have missed this. Did you
16 testify as to a time period when this was?

17 THE WITNESS: It was sometime early in '95.

18 (b)(7)(C) You started in January '95?

19 THE WITNESS: I started January '95.

20 (b)(7)(C) Shortly thereafter?

21 THE WITNESS: Immediately after, very few -- a
22 month or two after I started, I received a request. And

23 (b)(7)(C) spent a tremendous amount of time trying to

24 (b)(7)(C)
25

1 people who have a group, at least have the control over those
2 payments are in my group. (b)(7)(C) is doing this,
3 and this is the only official information that I am sending
4 you. If somebody else gave you anything else, I'm not aware
5 of that. I would like to know who is he, and then start
6 reconciling the information."

7 Therefore --

8 (b)(7)(C) Wait a second. Are you relating a
9 conversation you had with someone in Cincinnati?

10 THE WITNESS: Yes.

11 (b)(7)(C) Who is that person?

12 THE WITNESS: That was (b)(7)(C)

13 BY (b)(7)(C)

14 Q When was this?

15 (b)(7)(C) He's a legal --

16 THE WITNESS: He's a legal -- he's an attorney for
17 Chiquita Brands in Cincinnati.

18 (b)(7)(C) I don't have a waiver here, by the
19 company, of attorney-client privilege, so I'm not going to
20 let him get into that, any discussions he had with them.

21 I'll be glad to call up (b)(7)(C) if you want, to see
22 what they're willing to allow him to say in that regard, but
23 I don't have authority to waive.

24 (b)(7)(C) Let's leave it on this one. We may
25 get into it later on, when we need to do that.

1 (b)(7)(C) Okay. I'm sorry, I don't have
 2 that --
 3 (b)(7)(C) This particular line of questions,
 4 I'm okay with what we've got.
 5 (b)(7)(C) Okay.
 6 THE WITNESS: Okay. And I continued this process.
 7 Most of the questions were clarified. We understood, and we
 8 got some, you know, additional information.
 9 BY (b)(7)(C)
 10 Q Now, just so I'm clear, all of what you're sending
 11 summaries of, are these all sensitive, so-called sensitive
 12 payments?
 13 A Yes.
 14 Q That's it?
 15 A That's it. That's it. And, as a result of this
 16 exercise, I found out that there was -- it was too painful to
 17 do it, within the process.
 18 I said, "There is no way that we can keep doing
 19 this in this way." And I implemented a procedure, sometime
 20 in '95. I wanted to have a better understanding on how those
 21 payments were supposed to be done.
 22 (b)(7)(C) I was not comfortable
 23 with payments done to different groups, and I said: "How do
 24 I feel those payments are really going to those groups? I
 25 mean, how can I audit? I cannot ask them a receipt."

1 Correct? And I had this -- this concern,
 2 (b)(7)(C) for if you want to stay there.
 3 (b)(7)(C) You could, but you wouldn't be
 4 here right now.
 5 THE WITNESS: And I raised this problem to (b)(7)(C)
 6 (b)(7)(C) and he suggested to me to put together a procedure in
 7 how those payments were supposed to be done.
 8 I put together a one-sheet summary, or two, I don't
 9 recall, sometime in '95, probably second quarter of '95 or
 10 third quarter, sometime between, that was addressed to (b)(7)(C)
 11 (b)(7)(C) with copy to (b)(7)(C)
 12 (b)(7)(C) describing how the
 13 sensitive payments are supposed to be treated in Colombia.
 14 The memo was very simple. I said: "We want to
 15 open two accounts in Colombia."
 16 BY (b)(7)(C)
 17 Q You said?
 18 A "We are going to create -- we are going to create
 19 two accounts" --
 20 Q Two accounts.
 21 A -- in the general ledger."
 22 (b)(7)(C) This is in your memorandum --
 23 THE WITNESS: Yes --
 24 (b)(7)(C) -- to (b)(7)(C)
 25 THE WITNESS: To (b)(7)(C) correct. "We are

1 going to create those two accounts. One of the accounts is
 2 going to be only to register payments to the guerrillas."
 3 BY (b)(7)(C)
 4 Q To register?
 5 A Yes, payments done to the guerrillas, and the other
 6 account was for payments done to the government, meaning
 7 army, police in Colombia.
 8 The memo said clearly that the only person who has
 9 the power to authorize this kind of payment is the general
 10 manager (b)(7)(C) in this case.
 11 Prior to this memo, I was able to identify payments
 12 done of this nature that were authorized by other people in
 13 the organization, because they didn't have the matrix, the
 14 approval authorization, they didn't have anything in writing
 15 properly.
 16 Therefore, I found that it was a major exposure for
 17 the company, and I put together this one-sheet summary saying
 18 how it's supposed to be treated. Has to be done with the
 19 approval of the general manager. The 1016s have to be signed
 20 by him, and I will sign, as well, the 1016s to proceed the
 21 payment, to proceed the payment.
 22 It was requested by (b)(7)(C) to do it this way,
 23 mainly because he didn't want to have this kind of 1016 going
 24 through the normal accounting process, where a lot of people,
 25 you know, are going to get a copy and read, and create a

1 speculation in the company why those payments were done.
 2 His intention was one, to centralize the
 3 responsibility in one man, the general manager, and secondly,
 4 with my signature, this is supposed to, you know, speed up
 5 the process, rather than going -- when we do a normal payment
 6 for purchase of materials, usually the purchase takes a week
 7 or sometimes two weeks, because we are trying to pay less for
 8 cash flow purposes, and it's going to go from one desk to the
 9 other one, it's going to go to -- we have so many legal
 10 entities. Therefore, we have a person in charge of a legal
 11 entity who will receive the document, pass to the next. It
 12 was a two-week process. And we thought that it was not
 13 prudent to let those 1016s into the hands of a lot of people
 14 there.
 15 Q So before any payment can be made, the 1016 has to
 16 be signed off on?
 17 A Yes, by only one person in the company, the general
 18 manager.
 19 (b)(7)(C) Let me understand. You sent
 20 (b)(7)(C) a one-or-two-page memo, but this is really his policy?
 21 THE WITNESS: It's something I put together. I
 22 proposed to him, and he -- he gave me some -- some ideas
 23 about, you know, who, and he -- I specifically recall. I
 24 said, "What about (b)(7)(C) He said "No."
 25 The only person --

1 BY (b)(7)(C)
 2 Q What about (b)(7) what?
 3 A (b)(7)(C) if he should -- I said, "Can he approve
 4 as well?"
 5 (b)(7)(C) You asked him?
 6 THE WITNESS: Yes, I asked him.
 7 BY (b)(7)(C)
 8 Q (b)(7)(C)
 9 A I said to (b)(7)(C) can (b)(7)(C) approve, as
 10 well, this kind of payment? He said: "No. This is
 11 something that only (b)(7)(C) has the authority to do, and you
 12 have to process this."
 13 Q So for either of these two categories of payments,
 14 these two accounts --
 15 A Yes, exactly.
 16 Q -- the 1016s had to be signed by (b)(7)(C) and
 17 then by you?
 18 A Correct.
 19 Q Did it have to be signed by you before the payment
 20 could be made?
 21 A No. Oh, before the payment can be made, yes.
 22 There's no way that the payment can be done without both
 23 signatures.
 24 (b)(7)(C) It's true, though, that you will
 25 not sign the 1016 unless the other signature is on it?

1 Q Why was he provided a copy of the memo?
 2 A Because my understanding was that he was the
 3 channel through -- to whom he was dealing with the
 4 government, with the police, the army, or any guerrilla group
 5 who was asking for money, somebody in his group received the
 6 request, and he was the main recipient of those kind of
 7 requests. He was the contact person.
 8 He reported directly to (b)(7)(C) and he was the
 9 only person, to my knowledge, that was preparing 1016s for
 10 sensitive payments.
 11 Q The only person in the Colombian operation?
 12 A In the Colombian operation --
 13 Q For these two categories?
 14 A Yes.
 15 (b)(7)(C) You mean, just to clarify the
 16 record, when you say "prepare," you mean actually filling
 17 them out?
 18 THE WITNESS: Filling them out, correct, writing
 19 all the 1016s.
 20 (b)(7)(C) For sensitive payments?
 21 THE WITNESS: For sensitive payments.
 22 BY (b)(7)(C)
 23 Q What is your basis for understanding that?
 24 A Because I mentioned to you that (b)(7)(C)
 25 did a lot of work summarizing all the different sensitive

1 THE WITNESS: Correct. My signature was only to
 2 make sure that the person who had the power to sign and
 3 approve did it. That was the intention why I signed it.
 4 BY (b)(7)(C)
 5 Q Just so the record is clear, this memo where you're
 6 proposing setting up these two accounts and this specialized
 7 process of authorization on the 1016s for these kinds of
 8 payments, was that procedure adopted?
 9 A Yes, immediately. Immediately.
 10 Q Do you recall about when this was?
 11 A It was, as I said, sometime between the second or
 12 third quarter of 1995.
 13 Q Okay.
 14 A Okay? But there was another person involved in the
 15 understanding, and also got a copy of this memorandum. It is
 16 (b)(7)(C)
 17 Q Can you spell that?
 18 A (b)(7)(C)
 19 Q Who is he?
 20 A (b)(7)(C)
 21 (b)(7)(C)
 22 Q What is that? What does that job entail?
 23 A To make sure that nobody is killed, that the farms
 24 are not burned, and to provide protection to people
 25 throughout the organization.

1 payments, several years. It was a nightmare to do it. We
 2 sent information to Cincinnati and they found
 3 inconsistencies.
 4 And I said: "It cannot continue. Therefore," I
 5 said, "I will do a different project. I will go back to the
 6 records and make photocopies of every single 1016 and every
 7 single payment that we did in Colombia back from 1993."
 8 I was not -- since my frustration reached the limit
 9 with the information that we sent, it took several months,
 10 and it was useless, to my standard. I said, "Let's go back
 11 and make a photocopy of every single payment." It was a
 12 titanic project, but we were able to collect, I don't know,
 13 four or five inches of support augmentation, with every
 14 single payment docs.
 15 What happened was that all the payments done in
 16 (b)(7)(C) All the payments
 17 (b)(7)(C)
 18 unknown -- I don't know who did it, okay? I cannot say who
 19 did it. I don't recall the writing, as well.
 20 But it was very clear to me that all the payments
 21 done in (b)(7)(C)
 22 (b)(7)(C)
 23 (b)(7)(C)
 24 Therefore, he was the person who was putting this
 25 together, and when I put this one summary sheet, or two, I

1 said: (b)(7)(C) do you agree? Is this what you think is
 2 correct? He said, "It is exactly." I sent this copy to
 3 Cincinnati, (b)(7)(C)
 4 Q Are we talking about your memo again?
 5 A Yes.
 6 Q Okay.
 7 A He agreed with that, and (b)(7) got a copy (b)(7)(C)
 8 got a copy, (b)(7)(C) in Cincinnati got a copy, and (b)(7)
 9 (b)(7)(C) got a copy. To my recollection, there
 10 were not additional copies.
 11 Q Was there a reason why you limited the distribution
 12 of your memo to those people?
 13 A There was no need for other people to be aware of
 14 this memo.
 15 Q Other than your understanding that (b)(7)(C)
 16 A (b)(7)(C)
 17 Q (b)(7)(C) thank you -- was a person who seemed to
 18 be involved on these types of payments, was there any
 19 procedure put in place so he was the only one who could fill
 20 out the 1016s with respect to these types of payments, these
 21 either guerrilla or military payments?
 22 A I don't recall if it was in my memo. It might. I
 23 really don't recall.
 24 Because the intention of my memo was to narrow
 25 opportunities for other people to, you know, sneak things and

1 the guerrillas, but also with all the military?
 2 A Yes.
 3 BY (b)(7)(C)
 4 Q You talked about the project you undertook to
 5 gather together all of the 1016s relating to sensitive
 6 payments?
 7 A I didn't say undertook, I started, I initiated the
 8 project.
 9 Q Okay. What books did you go to to identify the
 10 payments, the sensitive payments?
 11 A I cannot tell you in detail which books I went,
 12 because I didn't go through the books. My instructions to
 13 the (b)(7)(C) was to get all the
 14 support augmentations for all the different payments.
 15 What I assume he did is he went to the general
 16 ledger, okay, and he saw the data for the accounts that were
 17 used in Santa Marta and the account that was used in
 18 Medellin, for those payments. Which accounts were those? I
 19 don't have the knowledge.
 20 And he went into each transaction from the general
 21 ledger and pulled the support augmentation, made a photocopy
 22 of the 1016s, and attached, and he started building all those
 23 inventories of documentation, of course, trying to match what
 24 he did previously, okay, and he found that, you know, during
 25 the, you know, typing, there was a mistaken or some expenses

1 get approvals, because my main concern was, as I said before,
 2 was the money ending with the customer, or whatever we call
 3 you know. And --
 4 Q Based on your subsequent experience in the
 5 Colombian operation, was there anybody else who was ever
 6 responsible for filling out 1016s for guerrilla or military
 7 payments?
 8 A No.
 9 Q Always (b)(7)(C)
 10 A Always (b)(7)(C) And the reason was, I'm
 11 assuming, nobody had contact with the guerrilla activity,
 12 nobody, or nobody had -- if perhaps some executive is going
 13 to visit a farm, an executive coming from Cincinnati going to
 14 go to Uraba, okay, (b)(7)(C) instructions to (b)(7)(C)
 15 you know, arrange extra protection.
 16 Therefore, (b)(7)(C) went to talk to the (b)(7)(C)
 17 whoever, in the army, and said, "Can you provide us with, you
 18 know, some escort?" And they said: "Okay, no problem, but
 19 we need a donation of fuel. Can you help us with fuel?" He
 20 said: "No problem, we're going to help you with fuel."
 21 Therefore, when the executive went to Uraba, you
 22 know, there was army in the airport, army on the roads, extra
 23 protection. Sometimes there was an escort coming in both
 24 locations, Turbo and Santa Marta, as well.
 25 Q So (b)(7)(C) was also -- was in contact not with

1 that were booked as a sensitive payment that were not
 2 sensitive payments, were normal expenses.
 3 He was able to identify some of the mistakes that
 4 were reported previously.
 5 Q How were guerrilla payments identified in the
 6 general ledger at this time?
 7 A At what time?
 8 Q During the time period prior to your arrival --
 9 A Okay.
 10 Q -- that you're looking at the books, now.
 11 A Those payments were registered as a purchase of
 12 gravel or purchase of wood. Those were under -- under
 13 different names that were names given by (b)(7)(C)
 14 (b)(7)(C)
 15 I don't know why he was using those descriptions.
 16 It is probable -- probably because he was aware that he could
 17 link perhaps a specific guerrilla group with gravel or, you
 18 know, probably a way that he was, you know, tracking those
 19 payments.
 20 BY (b)(7)(C)
 21 Q So sort of like a code?
 22 A For him, yeah.
 23 Q But it doesn't say "Payment to guerrillas"?
 24 A No. No.
 25 (b)(7)(C) But you don't know that, right?

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1 You're just speculating.
 2 THE WITNESS: I'm assuming that he was using those
 3 codes, because I read in the 1016s, "Gravel," or "Purchase of
 4 wood," or things like that, that doesn't mean anything to me,
 5 correct? It might be somebody else, probably the one who did
 6 it that way. I'm assuming this.
 7 In Colombia, we have a lot of guerilla groups. We
 8 have not only guerilla groups. We have the anti-guerilla
 9 groups, as well, and we have the army in between.
 10 Therefore, the anti-guerilla groups were people
 11 that the guerrillas killed a relative and they started
 12 killing the guerrillas, therefore at the end, the guerrillas
 13 were killing the army and the anti equal. It was really
 14 -- it was really bad.
 15 During my stay in Colombia, there was a day that
 16 20-some people were killed, in one day, from one bus, and I
 17 was in my office when people from Uraba called me and they
 18 said, "What can we do?" Okay. I have a wife that carried
 19 the body of her husband into the office to ask for money to
 20 bury him.
 21 I mean, there were situations where, I mean, things
 22 that I hope not to live again. But after being exposed to
 23 those horrible stories, I understood better if the money was
 24 reaching the end or not.
 25 Somebody in Cincinnati told me that -- I said to

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1 him: "How can I audit this?" And he said: "If nobody is
 2 killed, it's because the money is reaching the end. That's
 3 the only way to say that the money is there."
 4 Because I always had this concern, (b)(7)(C)
 5 (b)(7)(C) I was very tight with expenses. I was, you know,
 6 concerned a lot. That was a major area of expenditure. I
 7 recall we reached, you know, six figures in dollars once.
 8 Q U.S. dollars?
 9 A U.S. dollars.
 10 Q Before you came and started implementing this new
 11 procedure, was there anywhere in the books or records that
 12 reflected that these payments were being made to, to
 13 guerrillas? Was there something that would identify them as
 14 payments to guerrillas or to the military?
 15 A Yes. In one of the accounts in the general ledger,
 16 I don't recall which account, or how it was treated, but
 17 there was a way that the prior controller was able to get
 18 this information.
 19 Apparently, the information was not consistent to
 20 Cincinnati. That's why Cincinnati asked me to reconstruct
 21 everything from the past and see if what the person prior to
 22 me was reporting was accurate or complete. That's why I
 23 started this project.
 24 The only person who -- the person who did this
 25 project for me was (b)(7)(C)

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1 BY (b)(7)(C)
 2 Q I'm a little bit confused, because -- I want to
 3 make sure I understand what you're saying -- I thought you
 4 said that the general ledger had had cryptic descriptions
 5 that didn't mean anything to you, and now I just thought I
 6 heard you say that the general ledger actually had statements
 7 that these were payments to guerrillas.
 8 A No. There is a confusion, definitely, there.
 9 Q Okay.
 10 A The general ledger had an account called, probably
 11 prior to my arrival, "General Manager's Expense."
 12 (b)(7)(C) Do you know that, or --
 13 THE WITNESS: I don't recall. That's what I'm
 14 assuming. Okay?
 15 (b)(7)(C) It's important, when you testify,
 16 to state on the record what you're assuming --
 17 THE WITNESS: Okay.
 18 (b)(7)(C) -- and what you know
 19 specifically, what you've seen, or what someone told you,
 20 because they don't know what's in your mind.
 21 THE WITNESS: As I said before, I don't know how
 22 they were booking, but I'm assuming that they had an account
 23 in the general ledger, probably called "General Manager's
 24 Expense," to book every single sensitive payment.
 25 The description was in the 1016. When they did the

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1 1016, to justify the expenditure, they would put different
 2 concepts.
 3 BY (b)(7)(C)
 4 Q Well, I mean, did they put "Payment to this
 5 guerilla group?"
 6 A No, never.
 7 Q Okay.
 8 A They never did that.
 9 Q Because what we're trying to understand is if
 10 somebody came in, like you, who didn't know whatever they had
 11 set up, how would you find, how would you know what the
 12 payments were that were made to the guerrillas, based on
 13 their books and records?
 14 A I'm assuming, because the general manager's
 15 account, that account was created by Cincinnati to book those
 16 kind of payments. Therefore, whoever, who knows the
 17 procedures or policies from Cincinnati will go into this
 18 general manager's account that is utilized around the world,
 19 to know what is there.
 20 That is, it doesn't have the -- it doesn't give the
 21 option to each subsidiary to really own, okay. In my case,
 22 because the whole, you know, nightmare I had with the lack of
 23 good understanding, because the synergies, everything, I
 24 asked authorization to perform an audit, to creating two
 25 accounts, to have a good control of each type of expenditure.

1 Prior to my arrival, I don't recall how they were
 2 doing. I'm assuming they were using the general manager's.
 3 Q So one big designation to cover any variety of
 4 these payments?
 5 A Correct.
 6 Q Whether they're to guerrillas, whether they're to
 7 the government, it's all just sort of all put into this one
 8 account?
 9 A Correct.
 10 Q Just's your understanding?
 11 A Yeah.
 12 (b)(7)(C) Can I just ask a followup question?
 13 (b)(7)(C) Mm-hmm.
 14 (b)(7)(C) Would it be in that account, the
 15 general manager's expense account, where you talked about the
 16 descriptions for wood or gravel?
 17 THE WITNESS: Correct. Correct.
 18 BY (b)(7)(C)
 19 Q I want to go back to after your procedures are
 20 implemented.
 21 Could you give me an example of a payment to either
 22 a guerrilla or government, and just step by step, explain to
 23 me what documentation there would be for such a payment,
 24 where it was entered in the books and records, and to the
 25 extent that you know, who would be responsible, each step of

1 new procedures.
 2 A Okay. Okay. Let's start with the prior to my
 3 arrival, okay?
 4 (b)(7)(C) asked you about after your
 5 arrival.
 6 THE WITNESS: After.
 7 (b)(7)(C) After you implemented your
 8 procedure.
 9 THE WITNESS: Okay.
 10 (b)(7)(C) Yeah.
 11 THE WITNESS: Okay. Yeah, he would fill in this,
 12 you know, like a memo to address to (b)(7) for the request,
 13 kind of a backup --
 14 (b)(7)(C) This is not the 1016?
 15 THE WITNESS: It's not the 1016.
 16 (b)(7)(C) It's a memo?
 17 THE WITNESS: It's a form, it's a memo asking for
 18 the approval of, you know, two loads of gravel. Okay.
 19 And, at the same time, he prepared a 1016, and (b)(7)
 20 (b)(7)(C) himself called the 1016, according to
 21 the one, two sheets memo that I prepared, explaining if this
 22 is going to be a guerrilla payment or a government payment.
 23 The terminology that I used in my memo was
 24 "logistics" or "operaciones," okay?
 25 BY (b)(7)(C)

1 the way?
 2 A Okay. We're going to start with the assumption
 3 that a guerrilla group is going to ask for \$10,000. Okay?
 4 And this information reaches (b)(7)(C) in some
 5 way, I don't know if he has middlemen, messengers, or
 6 whatever.
 7 It is quite possible that the trip, it is going
 8 from the guerrilla group to the farm manager, saying, "We need
 9 this money, or we're going to burn your station and your
 10 workhouse."
 11 Therefore, the farm manager reports this to
 12 security, who security, you know, knows about the request,
 13 and what he does is he -- he will fill in one sheet, like a
 14 memo.
 15 (b)(7)(C) You're talking about (b)(7)(C)
 16 THE WITNESS: (b)(7)(C) I recall that
 17 he would fill in one sheet --
 18 BY (b)(7)(C)
 19 Q What do you mean, fill in one sheet?
 20 A -- saying perhaps, "We need to purchase one truck
 21 of gravel," in one sheet, "for \$10,000."
 22 Q This is what he's doing under your new procedures,
 23 or are you talking -- I want to distinguish between what
 24 happened before you got there and what was -- and what I want
 25 to talk about is what happened after you got there, with the

1 Q What was logistics?
 2 A Logistics was guerrilla payments -- I'm sorry
 3 -- government payments.
 4 Q To the government?
 5 A Government payments. And operaciones, guerrilla
 6 payments.
 7 Q So that's what it says on the 1016s --
 8 A Correct.
 9 Q -- is one of these two, so you know whether it's
 10 government or whether it's guerrilla?
 11 A Correct. He filled the 1016s, the amount. He
 12 signed as preparer, and he coded, if it's going to be
 13 logistics or operaciones, and he attached the 1016, the memo
 14 that he prepared, and he goes to (b)(7)(C) to get his
 15 authorization.
 16 Q Now, just so I'm clear, the memo that he writes
 17 that he's attaching to this doesn't really say what these
 18 payments are for?
 19 A No.
 20 Q It says for gravel, for wood or something?
 21 A Yes. Correct.
 22 Q It doesn't say, "Payment to guerrillas so they
 23 don't burn our farm down"?
 24 A Correct.
 25 Q Okay. So it goes to (b)(7)(C)

1 A He has to explain to him what is all this about.
 2 (b)(7)(C) had a very good knowledge of all the different
 3 threats that occurred in the production area, the different
 4 groups, what's happening, that were threatening our
 5 organization in Colombia.
 6 Therefore, (b)(7)(C) signs the 1016 and the 1016
 7 was brought, hand-delivered from (b)(7)(C)
 8 Q Who hand-delivered it?
 9 A (b)(7)(C)
 10 Q How far -- is your office near (b)(7)(C) or how
 11 close were you?
 12 A Fairly close. Maybe, you know, 10 yards or
 13 something.
 14 Q You're in the same building?
 15 A Same floor. Same building.
 16 Q So (b)(7)(C) brings you --
 17 A Yes.
 18 Q -- the form. And --
 19 A And 99 percent, probably 100 percent of the time,
 20 he was already late, before he -- he was in a rush. "It has
 21 to be done, has to be done, sign this," et cetera, et cetera.
 22 He was always rush, rushing these payments.
 23 (b)(7)(C) Who?
 24 THE WITNESS: (b)(7)(C) Okay. And,
 25 you know, I understood sometimes timing. They were expecting

1 (b)(7)(C)
 2 THE WITNESS: correct.
 3 (b)(7)(C) -- and others, right?
 4 THE WITNESS: Yes, sir.
 5 BY (b)(7)(C)
 6 Q So you signed the 1016. And then what happens?
 7 A The 1016 was brought into accounts payable.
 8 Q Is the memo still attached to it?
 9 A Yeah. Yes. Himself goes into the accounts payable
 10 and somebody in accounts payable puts the information into
 11 the system, and a check is generated immediately.
 12 Q Does (b)(7)(C) take this to accounts payable
 13 himself?
 14 A Yes, himself.
 15 Q You don't go with him?
 16 A Never.
 17 Q Where is accounts payable?
 18 A It was two floors down, one or two floors down. It
 19 was one floor down.
 20 Q Does anybody have to sign this check?
 21 A If the -- the signatures were two "A" signatures.
 22 In this case, it is (b)(7)(C) Okay. "A" signatures
 23 were (b)(7)(C)
 24 Q Can you spell that?
 25 (b)(7)(C) What kind of signatures?

1 by that time. They want to meet to give the money. And I
 2 thought that, you know, time is crucial.
 3 (b)(7)(C) Right.
 4 THE WITNESS: I cannot say that as a fact, but, you
 5 know, that made sense to me, sometimes.
 6 Therefore, the payment, the 1016 was brought to me,
 7 I signed, and a check was issued.
 8 BY (b)(7)(C)
 9 Q Did (b)(7)(C) explain to you what the payment
 10 was --
 11 A No. No.
 12 Q -- or give you any information?
 13 A No. No.
 14 Q Was it your understanding that he in fact explained
 15 to (b)(7)(C) whatever the real payments --
 16 A Yes.
 17 Q -- the payment was?
 18 A Yes. And the reason is, he is the only person who
 19 can authorize the payment, nobody else.
 20 Q (b)(7)(C)
 21 A (b)(7)(C)
 22 (b)(7)(C) This is based on the policy that
 23 you --
 24 THE WITNESS: I created.
 25 (b)(7)(C) -- you implemented with (b)(7)(C)

1 THE WITNESS: (b)(7)(C) (b)(7)(C)
 2 (b)(7)(C) signature meaning a -- some payments must
 3 have (b)(7)(C)
 4 signatures. It was (b)(7)(C)
 5 (b)(7)(C)
 6 (b)(7)(C)
 7 Okay. You had (b)(7)(C) It could go
 8 into the system and generate a check with automatic check.
 9 (b)(7)(C) Okay. I'm a little confused.
 10 What you're hypothetically using is a guerilla payment. You
 11 said that (b)(7)(C) has to sign off on that, any kind of
 12 sensitive payment, right?
 13 THE WITNESS: Correct.
 14 (b)(7)(C) Do these other folks have to also
 15 sign off on it?
 16 THE WITNESS: No, no. The (b)(7)(C)
 17 matrix of authorization. That is, at the highest level who
 18 can have the highest (b)(7)(C)
 19 BY (b)(7)(C)
 20 Q You're talking about issuing checks for a certain
 21 amount of dollars?
 22 A Correct.
 23 Q Unrelated to what they're for?
 24 A Correct. For the generic case of issuing a check
 25 for X amount of dollars and above, needs a handwriting

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1 signature, correct.
 2 (b)(7)(C) What if it's a very, very large
 3 check to a guerrilla?
 4 THE WITNESS: It's going to require two "A"
 5 signatures.
 6 (b)(7)(C) Requires (b)(7)(C) had someone else?
 7 THE WITNESS: Exactly. In this case, (b)(7)(C) and
 8 (b)(7)(C)
 9 BY (b)(7)(C)
 10 Q Well, my understanding is that the requirement that
 11 (b)(7)(C) sign off on guerrilla payments is with respect to
 12 the 1016?
 13 A Correct.
 14 Q He doesn't necessarily have to sign the check; is
 15 that correct?
 16 A Correct.
 17 (b)(7)(C) Oh, so you're talking about
 18 signing the check and not the 1016?
 19 (b)(7)(C) Right.
 20 THE WITNESS: Correct. The 1016 is the
 21 authorization to issue a check. That is why we have the
 22 1016. The check - the check doesn't say anything. It can
 23 be signed by the person according to the matrix.
 24 (b)(7)(C) I understand.
 25 BY (b)(7)(C)

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1 Q Okay. A check is issued.
 2 A A check is issued, in most of the cases to the name
 3 of somebody that I think worked for (b)(7)(C)
 4 okay, who was the person who was getting the check and
 5 cashing the money to do whatever (b)(7)(C) had to
 6 do.
 7 (b)(7)(C) Who is that person?
 8 THE WITNESS: The number that I will call is
 9 (b)(7)(C)
 10 BY (b)(7)(C)
 11 Q Can you spell it?
 12 A (b)(7)(C)
 13 Q Anybody else?
 14 (b)(7)(C) Was that his last name, first
 15 name?
 16 THE WITNESS: (b)(7)(C) that is --
 17 (b)(7)(C) His last name?
 18 THE WITNESS: That's the last name. I don't recall
 19 - I think (b)(7)(C) Yeah, (b)(7)(C)
 20 BY (b)(7)(C)
 21 Q (b)(7)(C)
 22 A (b)(7)(C) There were probably
 23 other names, but most of the checks were to the name of this
 24 person, and I recall clearly, on more than one occasion, to
 25 raise this issue to (b)(7)(C)

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1 I said, I mean, we are giving -- exposing this
 2 person to a major audit." And he said to me: (b)(7)(C)
 3 (b)(7)(C)
 4 (b)(7)(C)
 5
 6 Q According to your books and records, he was getting
 7 a lot of money?
 8 A Yes, exactly. That's why I raised the issue to
 9 him. I said, "We are exposing," and that was a contingency I
 10 sought from the company, because if something happened, I
 11 mean, he needs to explain, and how are we going to explain?
 12 I don't know. That's why I raised the issue with him.
 13 Whatever.
 14 Q How did these payments get recorded in the books
 15 and records?
 16 A Okay. At that time, that accounts payable is going
 17 to enter the 1016. The clerk is going to type the account
 18 that was coded previously by (b)(7)(C)
 19 Q This is one of the two codes?
 20 A Correct.
 21 Q Whether it's operational or --
 22 A Logistics.
 23 Q -- logistics, right.
 24 A It is a pretty large code, but the last three
 25 digits is the one that usually details where it goes, okay?

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1 Q So it's a numerical code?
 2 A It's a numeric chart of account. Okay? Therefore,
 3 the person puts the entry in the system, okay, and the system
 4 immediately captures the expense.
 5 Q What do you mean system?
 6 A I mean the one that (b)(7)(C) the data
 7 into the general ledger immediately. And, at the end of the
 8 day or whenever, the accounts payable supervisor runs the
 9 process in the accounts payable system to generate the
 10 checks.
 11 Therefore, the normal procedure was that sometime,
 12 once a day or two or three times a week, I don't recall how
 13 often, (b)(7)(C) all the, you know, the
 14 thousands -- we have 7,000 invoices per month to pay.
 15 Therefore (b)(7)(C) as running all those patches of information
 16 to generate all the checks.
 17 But when these priority checks came, priority like
 18 utilities, perhaps, you know, you have two days to pay.
 19 Therefore, it cannot wait, or we run out of water.
 20 Therefore, they had the option to run specific patches with
 21 the specific payments to be generated. Therefore (b)(7)(C) as
 22 able to generate a check quickly.
 23 Q Who is this person?
 24 A The (b)(7)(C)
 25 Q Do you know (b)(7)(C)

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1 A I think it was (b)(7)(C)
 2 (b)(7)(C)
 3 (b)(7)(C) I'm a little confused here. I
 4 apologize. The checks aren't cut 'til the end of the day?
 5 THE WITNESS: Not necessarily. It could be cut
 6 earlier.
 7 (b)(7)(C) If (b)(7)(C) he needs a
 8 guerilla check, time is of the essence, because people can
 9 get killed here?
 10 THE WITNESS: Correct.
 11 (b)(7)(C) It's cut individually, right?
 12 THE WITNESS: Yes. Yes. (b)(7)(C) had the
 13 option to cut it as a priority in a matter of hours, not
 14 necessarily in the normal process.
 15 (b)(7)(C) Okay.
 16 BY (b)(7)(C)
 17 Q So it gets entered into the general ledger.
 18 A Correct, and sits in the general ledger.
 19 Q Until --
 20 A Until once a quarter (b)(7)(C) had the
 21 instruction to bring from the general ledger the transactions
 22 recorded under each account, logistics and operaciones, and
 23 with the information that he had coming from the general
 24 ledger, he was preparing for me the FCPA form that was
 25 basically a copy of the government payments into the FCPA

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1 form.
 2 He was typing the information into the form that we
 3 get from Cincinnati and he was bringing the form to me to
 4 sign and send to Cincinnati.
 5 Q This is an FCPA form you're talking about?
 6 A Yes, the FCPA form.
 7 Q So you're reporting everything that's in both of
 8 these accounts?
 9 A No. No.
 10 Q Okay. How are you sorting it out?
 11 A Only the payments to the government.
 12 Q So only the logistics account?
 13 A Correct, only the logistics account. Now, it was
 14 not until sometime mid-1996 when I had a clear understanding
 15 on what is supposed to be reported in the FCPA form. Okay?
 16 And meaning, I thought that sensitive -- excuse me
 17 -- sensitive payments have to be reported in this quarterly.
 18 therefore, for the prior quarters, we were sending guerilla
 19 payments, as well.
 20 I had a conversation with people from Cincinnati
 21 legal department, that they told me --
 22 (b)(7)(C) Wait.
 23 THE WITNESS: Okay.
 24 (b)(7)(C) Stay away from that.
 25 (b)(7)(C) Yeah.

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1 B (b)(7)(C)
 2 Q On sometime, mid-1996, you determined that the ones
 3 in the operation account were no longer necessary to report
 4 on the FCPA?
 5 A Correct. Correct.
 6 (b)(7)(C) Just for some clarity in the record.
 7 I'm going to hand you a document that's been previously
 8 marked as SEC Exhibit Number 5. That's for your counsel to
 9 look at.
 10 Would you take a quick look at this and see if you
 11 recognize this document or this type of document?
 12 (The witness examined the document.)
 13 (b)(7)(C) It's a multi-page document, for the
 14 record, addressed: "Dear Associate," from Chiquita Brands.
 15 THE WITNESS: I clearly recognize only the last two
 16 pages.
 17 BY (b)(7)(C)
 18 Q The last two pages are labeled as Appendix A, and
 19 the "Re:" line is, "Foreign Corrupt Practice Act
 20 Compliance"?
 21 A Correct.
 22 Q What do you recognize about these two pages?
 23 A This is the form that I was filling every quarter,
 24 from the time that I arrived to Cincinnati to the time I left
 25 -- I'm sorry -- from the time I arrived to Colombia to the

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1 time I left.
 2 Q Prior to arriving in Colombia, had you ever seen a
 3 form like this before at Chiquita?
 4 A I don't recall. I don't recall. The other pages,
 5 the one in front, I don't recognize those sheets that I read.
 6 As a matter of fact, those were apparently done in 1998. You
 7 can see on Page 3 the dates. These are an example.
 8 Q Correct.
 9 A No, I've never seen these.
 10 Q But the last two pages are basically the form you
 11 are somewhat --
 12 A Are the ones that I recognize.
 13 (b)(7)(C) What you are referring to is the
 14 appendix?
 15 THE WITNESS: Yeah. Correct.
 16 BY (b)(7)(C)
 17 Q Just so I'm clear, on the 1016, who decides which
 18 of the two codes, the logistics or the operation, gets
 19 entered?
 20 A (b)(7)(C)
 21 Q (b)(7)(C)
 22 A Yes.
 23 Q How do you know that?
 24 A Because he is the one who prepared the 1016, nobody
 25 else except him.

1 (b)(7)(C) When you get them, you recognize
 2 his handwriting?
 3 THE WITNESS: Oh, yeah, immediately.
 4 (b)(7)(C) So when you get one, you're able
 5 to recognize his handwriting?
 6 THE WITNESS: Yes.
 7 (b)(7)(C) So you're assuming that he's the
 8 one who is classifying it?
 9 THE WITNESS: Correct.
 10 (b)(7)(C) Or do you know for a fact he is?
 11 THE WITNESS: I know for a fact that he is --
 12 (b)(7)(C) Why do you know for a fact that
 13 he's doing that?
 14 THE WITNESS: Because he's the only person who know
 15 about those payments. He is the person who basically started
 16 and ended the whole process of the payments. And he knew
 17 very well the procedure
 18 He tried at the beginning of my two-page summary or
 19 instruction, policy -- I said -- he tried to sneak approvals,
 20 because previously those 1016s were signed by (b)(7)(C)
 21 (b)(7)(C) by a lot of people, and I said, "Not any more."
 22 After I put this in place, he tried more than once,
 23 because (b)(7)(C) not in the office most of the time, he was
 24 traveling to the production areas, he tried to get the
 25 payment, and he was sneaking those in (b)(7)(C)

1 "No way," and I talked to each one of them, that they were
 2 not allowed to sign those.
 3 And that's why he is the person who -- the only
 4 person who wrote those 1016s and the only person who was
 5 fully aware of the codes, and he was the person who coded the
 6 1016s during my stay in Colombia.
 7 BY (b)(7)(C)
 8 Q Do you know whether (b)(7)(C) was aware of the two
 9 separate codes, the logistics and the operation?
 10 A Yes, he was aware.
 11 Q How do you know that?
 12 A Because the memo that I put together with the
 13 policy was addressed also to him. It was (b)(7)(C)
 14 (b)(7)(C) got a copy of this paper.
 15 Q Did you ever have any discussions with (b)(7)(C)
 16 about these codes?
 17 A Yes, I had a meeting with (b)(7)(C)
 18 (b)(7)(C) office about the procedure before the procedure was
 19 implemented.
 20 Q What do you recall about that meeting? What was
 21 said?
 22 A I had a meeting with (b)(7)(C) on one of his trips
 23 to Medellin. You know, we had a meeting, the three of us.
 24 And I showed him. And (b)(7)(C) That's the way that
 25 we should proceed."

1 (b)(7)(C) Showed him what?
 2 BY (b)(7)(C)
 3 Q Showed him the memo?
 4 (b)(7)(C) Showed him the memo?
 5 THE WITNESS: Yes. He had a copy of the memo
 6 before the memo was released formally, and he agreed, and he
 7 gave me his approval, that that's the way that we should
 8 proceed.
 9 BY (b)(7)(C)
 10 Q Do you recall any discussions about these two
 11 codes, these two accounts that were being coded as logistics
 12 and operations, in that meeting?
 13 A Yes, I described clearly that we are going to use
 14 those two accounts to facilitate the tracking of the expenses
 15 for each measure, for the expense, I recall that.
 16 (b)(7)(C) There were three of you at this
 17 meeting?
 18 THE WITNESS: Yes.
 19 (b)(7)(C) (b)(7)(C)
 20 (b)(7)(C)
 21 THE WITNESS: Correct.
 22 (b)(7)(C) -- in a discussion about your
 23 memo, and the breakdown of logistics and operations is in the
 24 memo?
 25 THE WITNESS: Yes.

1 (b)(7)(C) What about the numerical codes?
 2 THE WITNESS: It was there, as well. Yeah.
 3 (b)(7)(C) All right.
 4 BY (b)(7)(C)
 5 Q Do you recall anything else about the discussion
 6 about the coding?
 7 A Yes, I recall one more thing. Not the coding, the
 8 discussion I had (b)(7)(C)
 9 A Okay.
 10 Q (b)(7)(C) asked me if, in order to avoid exposing
 11 this document, the 1016, through the normal accounting
 12 process, he said if I could issue a check myself, you know,
 13 as a question.
 14 And I said: "No, that's not possible, because we
 15 don't have checks. There is one system, there is one
 16 procedure, and no exception." Okay. And he agreed with
 17 that.
 18 A Do you recall anything that (b)(7)(C) in this
 19 meeting?
 20 Q He was in agreement, and -- not necessarily at this
 21 meeting. There was another meeting, I don't know when it
 22 happened, when I -- I tried to question the expenses to (b)(7)(C)
 23 (b)(7)(C) and I said --
 24 A Question what expenses, the manager's expense?
 25 Q Yeah, the guerrilla payments. I said, I mean, you

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1 I know, there is like a pattern, correct, and whenever there
 2 was something that wasn't part of the pattern, I recall one
 3 day, I questioned to him. I said - I mean I don't recall
 4 the detail what I question, or how do I say, but I questioned
 5 the nature of the payment.
 6 And he said: (b)(7)(C) "Don't get involved in this.
 7 I'm handling this and I know this is correct." And
 8 basically, that was an invitation to get out. I mean, I
 9 wasn't - I shouldn't worry about questioning those payments,
 10 because, as I said, if no killings are, meaning that the
 11 payments were correct, reached the end user.
 12 (b)(7)(C) Let me just go back to - I'm not
 13 clear on this. The question was, at the meeting, was (b)(7)(C)
 14 in agreement with your conclusion at the meeting, you said
 15 yes, but you jumped to this other discussion you had with him
 16 where he told you to keep out of it, basically, let him
 17 handle it.
 18 What about the meeting that you had with (b)(7)(C)
 19 (b)(7)(C) Do you remember (b)(7)(C) saying anything?
 20 THE WITNESS: No. He was in agreement. I mean, he
 21 didn't - you know, wasn't against this, and he just - I
 22 don't recall an active participation from him questioning or
 23 why, you know. He was like kind of a passive reaction. If
 24 (b)(7)(C) said "This is correct," he said, "Okay,
 25 we will do it."

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1 (b)(7)(C) So he didn't oppose it?
 2 THE WITNESS: He didn't oppose at all.
 3 (b)(7)(C) Okay. Thank you.
 4 (b)(7)(C) Let's talk about the form that you
 5 recognized.
 6 (b)(7)(C) The appendix?
 7 (b)(7)(C) Yeah. Let me hand you a document
 8 that's been previously marked as SEC Exhibit Number 8, a one-
 9 page document. Take a look at that and see if you recognize
 10 it.
 11 (The witness examined the document.)
 12 THE WITNESS: Correct.
 13 BY (b)(7)(C)
 14 Q. Have you seen this before? Do you recognize it?
 15 A. It's my signature here, meaning that I signed it.
 16 I don't recall this document, per se, but it's my signature
 17 there, meaning that I saw it before.
 18 Q. What kind of document is this? What do you
 19 recognize it as?
 20 A. This is the Page Number 2 of the FCPA report.
 21 Q. So this would be the second page of that -
 22 A. Correct.
 23 Q. - Appendix A we looked at?
 24 A. This is what (b)(7)(C) typed and prepared
 25 for me to sign.

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1 Q. Did it come with the cover letter on it, or did you
 2 just get this page?
 3 A. The - what I was getting is this page with a
 4 printout of the general ledger almost all the time, yeah.
 5 Q. Printout of the general ledger reflecting?
 6 A. These expenses.
 7 (b)(7)(C) So you wouldn't get - this starts
 8 at Number 5, or Number 6.
 9 THE WITNESS: Correct.
 10 (b)(7)(C) You wouldn't get the part that was
 11 Numbers 1 through 4?
 12 THE WITNESS: No.
 13 (b)(7)(C) You would just get the ledger -
 14 THE WITNESS: I would just get this, correct.
 15 (b)(7)(C) - with the signature page?
 16 THE WITNESS: Correct. As you can see, this is
 17 - this was done in a computer or typewriter, and they just
 18 describe at this Page Number 2 of the document.
 19 Usually what he was doing is, as I said, he had a
 20 printout of the general ledger. He brought this to me, and
 21 you know, confirmed that the payments were equal to the
 22 general ledger, and the information was sent to Cincinnati.
 23 BY (b)(7)(C)
 24 Q. Step back a minute. When he provided you this
 25 document, like Exhibit Number 8, and pages from the general

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1 ledger, what did you do?
 2 A. My first reaction is going to be just to quickly
 3 check if the numbers agree, okay?
 4 Q. Which numbers agree?
 5 A. Of the payments that we have here were in the
 6 general ledger under the logistics account.
 7 Q. And the logistics account, why would you be looking
 8 for that account, because it was the police and the army?
 9 A. Yeah. Yeah. Because only the government payments
 10 are supposed to be reported here.
 11 Q. Now, there's a fair amount of other information on
 12 this sheet. I mean, it's not just logistics account.
 13 A. Correct.
 14 Q. It's - let's look at the first line. It says,
 15 under the institution, it says "Police."
 16 A. Correct.
 17 Q. On the second one, the institution is "Army", and
 18 the third one it's also "Army."
 19 A. Correct.
 20 Q. Where did that information come from, that this was
 21 either a police payment or an army payment, if it was all
 22 under one account? Where was the detail that showed you
 23 whether it was police or army?
 24 A. I don't - I don't know. Probably from the 1016.
 25 If the information was not in the 1016, it's quite probable.

1 that (b)(7)(C)

2 Q "What is this?"

3 A -- "What is this?" Because --

4 Q Do you know for a fact that he did that?

5 A -- you will see -- you will see that this is

6 the --

7 (b)(7)(C) again, you're speculating.

8 THE WITNESS: I'm speculating.

9 (b)(7)(C) If you are speculating, you need

10 to say that, okay?

11 THE WITNESS: I'm sorry.

12 (b)(7)(C) That's all right. I just want to

13 know what the basis is.

14 (b)(7)(C) They're doing an investigation,

15 and you don't want to tell them that you know something --

16 THE WITNESS: Correct.

17 (b)(7)(C) -- give the impression you know

18 something for sure happened, when you're speculating.

19 THE WITNESS: I don't know.

20 BY (b)(7)(C)

21 Q But it came to you like this?

22 A Correct.

23 Q Do you know with respect to the other columns

24 -- the recipient's name, recipient's position, the purpose of

25 the payment -- where that information was contained?

1 (b)(7)(C)

2 A Correct.

3 Q Do you know who that is?

4 A No.

5 Q Do you know whether or not he is affiliated with

6 (b)(7)(C)

7 A I don't know.

8 Q You would check this, I believe you testified. And

9 then what was the next step after you checked it?

10 A I signed this and I gave it to my secretary to send

11 it to Cincinnati.

12 Q Did you have any discussions with anyone else about

13 it?

14 A No.

15 Q Did you talk to (b)(7)(C) about it?

16 A Not at all.

17 Q Who was your direct supervisor?

18 A (b)(7)(C)

19 Q Did you have any discussions with (b)(7)(C) about

20 these forms?

21 A No, not at all.

22 Q Do you know whether anyone else in the Colombian

23 operation was required to fill out these FCPA forms?

24 A I knew that (b)(7)(C)

25 (b)(7)(C) had to sign these FCPA forms.

1 A In the 1016.

2 Q So that information would definitely have been in

3 the 1016?

4 A I'm sorry. I want to correct my answer. Not all

5 was in the 1016. The recipient's name, it was in the 1016.

6 because it's the person to whom the check was issued. The

7 recipient's position was not in the 1016.

8 Q Do you have an understanding where that information

9 came from?

10 A No.

11 Q What about the purpose of the payment?

12 A That's supposed to come from the 1016.

13 Q I notice under the recipient's name column, the

14 first one and the third one, the top name is (b)(7)(C) with a

15 name under it.

16 A Correct.

17 Q Under the first one is (b)(7)(C)

18 it looks like.

19 A Yeah.

20 Q Do you know who that person is?

21 A No.

22 Q And under the third one, the name is (b)(7)(C)

23 think you had identified previously, it looks like.

24 A Correct. Correct.

25 Q The middle one, the second designation, is (b)(7)(C)

1 Q Do you know who prepared their forms?

2 A No.

3 Q Do you know if -- I forget the gentleman's name who

4 is the chief --

5 A (b)(7)(C)

6 Q Yes. Do you know whether or not he filled out

7 their forms?

8 A Probably. It is possible that he did.

9 Q But you don't know?

10 A I -- I don't know.

11 Q Did you ever have discussions with either (b)(7)(C)

12 (b)(7)(C) about their forms and how they were

13 filling them out or how they were being filled out?

14 A No. No.

15 Q Did you ever see their forms?

16 A No.

17 Q How did your form come to you?

18 A By mail from Cincinnati, they sent me the last two

19 pages from the, you know, the Appendix A, I guess.

20 Q All right. Like we saw in Exhibit 5, Appendix A?

21 A Correct. The last two pages is what I was getting

22 in the mail. And usually, I just wrote a note in the first

23 page to (b)(7)(C) saying "Please prepare accordingly."

24 He would prepare it and bring it in to me.

25 (b)(7)(C) So it would come to you, you

1 I think, or you know, by mail?
 2 THE WITNESS: Yes.
 3 (b)(7)(C) Not courier, but mail?
 4 THE WITNESS: I don't know -- you know, I don't
 5 know the way that it came.
 6 (b)(7)(C): It came from Cincinnati?
 7 THE WITNESS: It came from Cincinnati.
 8 (b)(7)(C) Okay. And once you got it, you
 9 would just route it over to (b)(7)(C)
 10 THE WITNESS: Correct.
 11 (b)(7)(C) Who, would get the necessary
 12 documents.
 13 THE WITNESS: Correct.
 14 BY (b)(7)(C)
 15 Q And when you had your secretary send it, did you
 16 instruct her on how to send it? Was it to be sent by fax, by
 17 Federal Express, by regular mail? How was it sent out?
 18 A I don't recall I gave her instructions, but I think
 19 it was done by fax.
 20 Q Do you know who received it?
 21 A (b)(7)(C)
 22 department in Cincinnati.
 23 Q Do you know what her position is?
 24 A No.
 25 Q Are you aware of any other procedures to check that

1 that at the end are payments that, you know, are
 2 questionable. We are funding their activities, or we are
 3 protecting ourselves. It's questionable.
 4 Q The only payments that you reported on the FCPA
 5 form, like Exhibit Number 8, were those that were recorded in
 6 a sensitive payment account for logistics?
 7 A Correct.
 8 Q Are you aware of any other payments to government
 9 officials or employees that were not recorded on the
 10 sensitive payment accounts?
 11 A No, not at all.
 12 Q I want to turn now to the general category of the
 13 general manager's sensitive payments. We've gone through the
 14 ones on the logistics side. Was there anything -- let me
 15 strike that.
 16 With respect to the authorization, the 1016, and
 17 the issuance of the check, I'm assuming that that process
 18 would have been the same regardless of whether it was a
 19 guerrilla payment or a payment to the government.
 20 A Correct. Correct.
 21 Q With respect to reporting the payments in the books
 22 and records, is there anything, any other report that would
 23 have encompassed the payments to the guerrillas? We talked
 24 about the FCPA as the one report that captured the ones that
 25 were to the government.

1 the payments being reflected in here were being accurately
 2 reflected? When I say here, I mean on the report?
 3 A No. No. Probably there is one. It's again,
 4 speculation. You recall that I said that when I sent the
 5 general manager summaries the first time to Cincinnati, there
 6 were inconsistencies, correct?
 7 Q Right.
 8 A And they said, "But the number is different than
 9 the one that we have." With that theory, there was another
 10 copy or summary sent to Cincinnati that I wasn't aware of.
 11 Okay? And the only person who had those details, that I know
 12 had those details and was reconciling all the expenses was
 13 (b)(7)(C)
 14 Therefore, my speculation is, in addition to what
 15 they were sending, there was somebody else who was sending
 16 information. To whom, I don't know. But in order for them
 17 to say that my number doesn't agree with somebody else's, it
 18 means that there was another report.
 19 Q Those summaries were for all the sensitive
 20 payments, correct?
 21 A Yes.
 22 Q Not just the FCPA?
 23 A No. We never had any special treatment. For me,
 24 sensitive payments were all the same, okay, were payments
 25 that, you know, are questionable, payments to the guerrillas.

1 A Okay.
 2 Q Are there any other reports?
 3 A There is one report. Okay. This request that came
 4 from internal audit to detail the general manager's expense
 5 that I mentioned, (b)(7)(C) collected information and the
 6 information had a lot of discrepancies.
 7 What I gave instructions was now, rather than just
 8 sending this summary, summary detailing the payments, we are
 9 going to attach to a summary the 1016s.
 10 Therefore what I asked was every month (b)(7)(C)
 11 (b)(7)(C) is supposed to do the printout of the two sensitive
 12 accounts, logistics and operations, and behind the printout,
 13 he should have all the 1016s, and put it in a book.
 14 Rather than just fill in the form, that Cincinnati
 15 was saying, I went a step ahead. That's why all the
 16 different sensitive payments from 1993 all the way to 1996,
 17 sometimes 1996, were photocopied and documented in those
 18 books.
 19 Q When you say books, can you describe what you mean?
 20 A Yes. Due to the, you know, number of payments down
 21 through the years, we just put in a -- we put in a, with
 22 rings, we just paste -- how do you say -- in different little
 23 books.
 24 (b)(7)(C) Threc-ring binders?
 25 THE WITNESS: No, we don't have threc-ring binders.

1 These are plastic rings, okay?
 2 (b)(7)(C) Yeah.
 3 THE WITNESS: We just group by location for prior
 4 years and by year. Therefore, I had a book that has all the
 5 1993 payments for Turbo and one for Santa Marta. In 1995 and
 6 1996, we had only one for Turbo and Santa Marta for each
 7 year, and some day in 1996, we started grouping these by
 8 quarter.
 9 The last book that I recall we did was the second
 10 quarter of 1996.
 11 BY (b)(7)(C)
 12 Q But this was something you were doing on your own;
 13 it was not required by Cincinnati?
 14 A Correct. And the reason was, they required only a
 15 list of the payments, okay?
 16 Q Right.
 17 A And I said, "I want to go a step ahead, going
 18 beyond their request," saying "I'm going to give you not only
 19 the list but all the support augmentation for those
 20 payments."
 21 (b)(7)(C) Let's talk about what Cincinnati was
 22 requiring of you. And I'm going to be handing you what's
 23 being marked as Exhibit Number 24. It's a multi-page
 24 document, the top of which is entitled 1996 General Manager's
 25 Expenses, and there's a "Prepared by" line, which is you.

1 the general manager's account.
 2 Q The first page?
 3 A The first page.
 4 Q Is this a form that was generated by Cincinnati?
 5 A No, it was generated by Banadex.
 6 Q What is behind it?
 7 (b)(7)(C) Page 2?
 8 (b)(7)(C) 3.
 9 THE WITNESS: Page 3?
 10 (b)(7)(C) We should probably talk in terms of
 11 pages.
 12 THE WITNESS: We have --
 13 (b)(7)(C) Just for the record, the Bates range
 14 is 2CHQ6-000454 through 467. Okay.
 15 BY (b)(7)(C)
 16 Q If you can reference the Bates range, that would be
 17 useful. Do you see where those numbers are?
 18 A Correct. Can you give me time to --
 19 (b)(7)(C) Absolutely, take your time. Why
 20 don't we go off the record a moment, and let you look at
 21 this.
 22 (A brief recess was taken.)
 23 (b)(7)(C) We'll go back the record. No
 24 discussions of substance while we were off.
 25 BY (b)(7)(C)

1 THE WITNESS: Correct.
 2 (SEC Exhibit No. 24 was marked
 3 for identification.)
 4 (b)(7)(C) Let me give you this document and see
 5 if you recognize it.
 6 (b)(7)(C) : It's 24?
 7 (b)(7)(C) Yes.
 8 (The witness examined the document.)
 9 (b)(7)(C) Are you letting him keep these?
 10 (b)(7)(C) Hmm?
 11 (b)(7)(C) These are our copies?
 12 (b)(7)(C) No.
 13 (b)(7)(C) No?
 14 (b)(7)(C) You only get to keep what you bring
 15 in.
 16 THE WITNESS: Correct. This is where I mentioned
 17 to you we had the 1016, and we have a letter, then, to
 18 support -- defend the 1016.
 19 BY (b)(7)(C)
 20 Q First, before we get going, do you recognize this
 21 document?
 22 A Yes.
 23 Q Can you tell me what it is?
 24 A This form is the form that we are using to
 25 summarize all the payments to be reported to Cincinnati for

1 Q We were just going through Exhibit Number 24. We
 2 discussed the first page, Bates 454. Can you identify for me
 3 the documents following that, to the extent you're able?
 4 A Correct. The Page Number 2 is nothing that we can
 5 read. Page Number 3 --
 6 (b)(7)(C) No --
 7 THE WITNESS: I'm sorry. Can I say only the last
 8 three digits?
 9 (b)(7)(C) Yes, that's fine.
 10 THE WITNESS: Okay. Page 455, there's nothing
 11 there to read. 456, there is a letter from the police group
 12 to Banadex, requesting a donation to fix a vehicle.
 13 BY (b)(7)(C)
 14 Q To fix what?
 15 A A car.
 16 Q Oh, I'm sorry.
 17 A Vehicle.
 18 Q What is your understanding of the significance of
 19 this letter as it is attached to this document?
 20 A I cannot --
 21 Q Do you know why it's here?
 22 A I cannot track -- I cannot match these to each
 23 expenditure it's related.
 24 Q Okay. Let's go to the next page, 457.
 25 A 457, this is the purchase of two pigs to be donated

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1 to the -- to the Platoon 17 of the army.
 2 Q Is this a 1016?
 3 A This is a 1016.
 4 (b)(7)(C) You said purchase of two -- ?
 5 THE WITNESS: Pigs.
 6 (b)(7)(C) Pigs.
 7 (b)(7)(C) Okay.
 8 THE WITNESS: Yeah.
 9 BY (b)(7)(C)
 10 Q That's the description in the -- can you tell us
 11 where it says -- since we don't read Spanish, can you tell us
 12 where it says that?
 13 A Yes. He says --
 14 Q The first line says "CI Banadex," obviously.
 15 A Correct, that's the company.
 16 Q Then it's the next line that there is --
 17 A It means in (b)(7)(C)
 18 Q Who is that? Do you know?
 19 A No, I don't.
 20 Q Okay. He's a member of the (b)(7)(C)
 21 A No. No. I was saying, 10 percent of the
 22 Colombians (b)(7)(C)
 23 Q (b)(7)(C)
 24 A Yeah.
 25 Q Okay. It's like (b)(7)(C) I guess.

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1 A Exactly.
 2 Q Then the next line?
 3 A The amount is 170,000 pesos. To do an easy
 4 conversion to U.S. dollars, just remove the last three
 5 zeroes.
 6 (b)(7)(C) 170 bucks?
 7 THE WITNESS: \$170. The sale of two pigs donated
 8 to the, I don't know, Platoon 17. Okay.
 9 BY (b)(7)(C)
 10 Q Was it two pigs or is it \$170?
 11 A No, it's -- this is for the purchase of two pigs.
 12 Q Oh, they're buying two pigs.
 13 A They are buying two pigs to donate to the platoon.
 14 Okay.
 15 Q Okay.
 16 A Who did this is (b)(7)(C)
 17 Q Right.
 18 A Department of Industrial Protection, meaning
 19 security. And who approved this was the (b)(7)(C)
 20 (b)(7)(C)
 21 Q Is who?
 22 (b)(7)(C) The one on the left?
 23 THE WITNESS: The one on the left, the second
 24 signature on the lefthand side-next to the date of --
 25 BY (b)(7)(C)

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1 Q That's (b)(7)(C)
 2 A -- August 20, 1996. I'm guessing, yeah.
 3 Q Now what about on the right side? Does that
 4 "aprovado" mean approved?
 5 A Correct.
 6 Q There's no signature on the first line, which is
 7 controller, is that --
 8 A Correct.
 9 Q You didn't sign this?
 10 A I didn't sign this.
 11 Q Okay. And then the next line is?
 12 A The next line is the signature of the general
 13 manager's assistant.
 14 Q Who is?
 15 A (b)(7)(C)
 16 Q Okay. Well, how come (b)(7)(C) didn't sign this?
 17 (b)(7)(C) And you didn't sign it, either.
 18 BY (b)(7)(C)
 19 Q And you didn't sign it either. Do you know
 20 anything about how that happened?
 21 A No. This is definitely a break in the process, a
 22 break in the procedure.
 23 (b)(7)(C) Even though it was only \$170, you
 24 were supposed to sign this, right?
 25 THE WITNESS: Correct.

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1 BY (b)(7)(C)
 2 Q How can you tell that this is a -- goes into one of
 3 the sensitive payments? I don't see a "logistics" or
 4 "operation" thing on here.
 5 A Correct. It will go into the account. We have at
 6 the bottom, "quenta."
 7 Q Where are you?
 8 A On the lefthand side.
 9 Q Oh, yes.
 10 A Just above the code, we have "216," and I don't
 11 know what 216 -- 216 is logistics.
 12 Q Okay.
 13 A That's why --
 14 Q So it is coded.
 15 A Correct. Now, it's important to mention the
 16 following. Who did this 1016 (b)(7)(C) from
 17 (b)(7)(C) correct.
 18 Q That's the (b)(7)(C)
 19 A Prepared by, prepared by. Correct. It was signed
 20 by (b)(7)(C) and it was coded by
 21 the same person.
 22 Q How do you know?
 23 A Because whoever did this had to type it, correct?
 24 Because you will notice that, I cannot say 100 percent, but
 25 most of the 1016s prepared by (b)(7)(C) were

1 handwritten. This wasn't, because it wasn't done by him, it
2 was apparently done by (b)(7)(C)
3 and it was coded 216. That is logistics.

4 Therefore, this information was recorded, general
5 ledger, as logistics and reported as logistics.

6 Q Since it was not signed by (b)(7)(C)
7 do you recall this 1016 --

8 A Never.

9 Q -- that came through like this?

10 A No.

11 Q Is this something you would have seen --

12 A Yes.

13 Q -- in preparing the first page of Exhibit 24?

14 A Correct. Correct.

15 (b)(7)(C) Can we actually go back to the first
16 page? Can I ask a question?

17 (b)(7)(C) Yeah.

18 (b)(7)(C) This says it was prepared on October
19 17, 1996. Did you prepare this form?

20 THE WITNESS: No.

21 (b)(7)(C) How do you know that you didn't
22 prepare this form?

23 THE WITNESS: My signature is not there.

24 (b)(7)(C) Who did you normally have prepare
25 these forms for you?

1 tracked it down through your passport?

2 THE WITNESS: Yes.

3 (b)(7)(C) Go ahead.

4 THE WITNESS: Okay. I mentioned before that during
5 my transition, I was asked to be outside of (b)(7)(C)

6 (b)(7)(C)

7 (b)(7)(C)

8 (b)(7)(C)

9 (b)(7)(C)

10 BY (b)(7)(C)

11 Q (b)(7)(C)

12 A (b)(7)(C)

13 (b)(7)(C)

14 (b)(7)(C)

15 (b)(7)(C)

16 (b)(7)(C)

17 (b)(7)(C)

18 (b)(7)(C)

19 (b)(7)(C)

20 (b)(7)(C)

21 (b)(7)(C)

22 (b)(7)(C)

23 (b)(7)(C)

24 (b)(7)(C)

25 (b)(7)(C)

16 When I came (b)(7)(C) didn't go into the
17 office at all. I didn't have --

1 THE WITNESS: (b)(7)(C) is the person who
2 was putting all these forms for me.

3 BY (b)(7)(C)

4 Q So on this particular document that we're looking
5 at, you didn't prepare the first page on 24?

6 A No. I never, ever prepare myself this document.

7 Q Right.

8 A My assistant did it for me, and whenever I reviewed
9 it, I put my signature.

10 Q Okay. So you don't think you reviewed this one?

11 A I don't think so. My signature is not here.

12 Q Okay. Were you there October 17, 1996? Were you
13 in Colombia at that point?

14 A In Colombia, yes.

15 (b)(7)(C) Why don't you explain those dates
16 that we went over yesterday?

17 THE WITNESS: Yeah.

18 (b)(7)(C) Just for the context of where you
19 were.

20 THE WITNESS: Okay.

21 (b)(7)(C) I think -- is this some of what we
22 did before? Is this the period --

23 (b)(7)(C) Some of it.

24 (b)(7)(C) You didn't get the exact dates.

25 (b)(7)(C) Tell them where you were. You

1 Q Okay.

2 A Correct. Now, between the time on September to,

3 (b)(7)(C)

4 (b)(7)(C)

5 (b)(7)(C)

6 (b)(7)(C)

7 (b)(7)(C)

8 (b)(7)(C)

9 (b)(7)(C)

10 (b)(7)(C)

11 (b)(7)(C)

12 (b)(7)(C)

13 (b)(7)(C)

14 (b)(7)(C)

15 (b)(7)(C)

16 (b)(7)(C)

17 (b)(7)(C)

18 (b)(7)(C)

19 (b)(7)(C)

20 (b)(7)(C)

21 (b)(7)(C)

22 (b)(7)(C)

23 (b)(7)(C)

24 (b)(7)(C)

25 (b)(7)(C)

7 Now, this form that we have here, the Form 454 --
8 (b)(7)(C) Exhibit 24, Bates stamp.

9 (b)(7)(C) Oh, okay.

10 THE WITNESS: Exhibit 24, it doesn't have my
11 signature. I don't recognize that I did it or I signed it.

12 (b)(7)(C) Okay.

13 THE WITNESS: Okay.

14 BY (b)(7)(C)

15 Q Let's nonetheless go through, just so I can
16 understand.

17 A Correct.

18 Q Is this the type of documentation that would
19 typically be attached --

20 A Yes.

21 Q -- to the report that you prepared, or that you
22 reviewed?

23 A Yes.

24 Q So here we have a 1016 we are looking at on 457.

25 A Correct.

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1 Q And then what is 458?

2 A 458 says (b)(7)(C) identified with the

3 (b)(7)(C)

4 (b)(7)(C) you know, the amount

5 of 170,000 pesos for the concept of the sale of two pigs

6 value, one for 100,000 pesos and the other one for 70,000

7 pesos.

8 Q So it's like a receipt?

9 A It's a receipt, exactly.

10 Q The next one, 459.

11 A Okay. The next one is -- it's a summary of

12 expenses that were booked in the general ledger. We have

13 -- we don't have a line there. Prior to the last line, we

14 have "venta" then two circles, 170,000 on the right. On the

15 left, we have the account code with the 216 number there.

16 Q So this would be the general ledger that --

17 A Correct.

18 Q Was the general ledger done by hand?

19 A No. This is -- this is probably something that

20 they coded in this legal entity and they put it in the

21 system.

22 Q The system would be the general ledger?

23 A General ledger. They put it here. You can see the

24 seal on the left-hand side, it was coded, entered to the

25 system on August 28th. The right-hand side, lower right-hand

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1 Q These memos.

2 A Correct, the memos.

3 Q Just so that I'm clear, when he wrote these memos

4 that got attached to the 1016s, did they always stay with the

5 1016s?

6 A All the time.

7 Q Okay.

8 A Yeah. And the reason --

9 Q Was there a back to these 1016s? Was there a back

10 side to the 1016s?

11 A No.

12 Q They're just a one-sided form?

13 A One side.

14 Q Nothing on the back?

15 A Nothing. Nothing. The reason why I requested to

16 have these kind of memos --

17 Q And "this kind," you're referring to Bates 461?

18 A To the Exhibit 461, the following. Rule Number 1,

19 no cash payments are done in the complex, except petty cash.

20 Correct.

21 Number 2, there is no way that we're going to pay

22 anything without an invoice. Okay. In this case, we don't

23 have an invoice. Therefore (b)(7)(C)

24 reproduce a memo. That can explain why it is kind of -- and

25 this is, the memo was intended to document the 1016, because

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1 side, keypunched into the system.

2 Q The next --

3 A The next, the exhibit --

4 Q 460.

5 A -- 460 is, was issued by CI Banadex, and the

6 (b)(7)(C) for the amount of

7 1,000,500 pesos, and the concept is Auxilio Battalion

8 Cordova.

9 Q What does that mean?

10 A The, like Auxilio is like support or help to the

11 Battalion Cordova, B meaning brigade or platoon, I said

12 previously -- Brigade is the right way -- 17. And you can

13 see clearly the concept of logistics there.

14 Q Yeah. Mm-hmm.

15 A Correct?

16 Q Yeah. And then down below, we have your 216.

17 A Correct.

18 Q But then there are some other entries under that.

19 What are those?

20 A Correct. There might be a support. If we go into

21 the Exhibit 461, next page --

22 Q The next page.

23 A Okay. You can read the summary that I mentioned to

24 you earlier, that (b)(7)(C) was preparing, that

25 got attached to the 1016.

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1 the 1016 is an approval authorization, it's not supporting

2 anything else.

3 Q But as you described earlier, these memos from (b)(7)(C)

4 (b)(7)(C) didn't really describe what the payments were being

5 made for or who they are being made for.

6 A Correct. He was using codes, correct.

7 (b)(7)(C) This 1016 is not signed by --

8 THE WITNESS: (b)(7)(C)

9 (b)(7)(C) Which Bates number?

10 (b)(7)(C) 460?

11 (b)(7)(C) 480, yeah.

12 (b)(7)(C) Yeah.

13 THE WITNESS: Correct. It was signed by (b)(7)(C)

14 (b)(7)(C)

15 BY (b)(7)(C)

16 Q Who is that?

17 A He was -- (b)(7)(C)

18 (b)(7)(C) Okay?

19 (b)(7)(C) So you were out by then?

20 THE WITNESS: I was -- at that time (b)(7)(C)

21 already did his changes.

22 BY (b)(7)(C)

23 Q This is -- it looks like the 1016 is September 1,

24 1996?

25 A Correct. He already did the changes in my area.

1 and (b)(7)(C) who took
 2 over the (b)(7)(C) Okay.
 3 Now, I want to emphasize the following. You can
 4 read this Exhibit 460. You can clearly see the writing is a
 5 very unique writing. It's not the average, at least to my
 6 knowledge.
 7 This is the (b)(7)(C)
 8 (b)(7)(C) You can see the signature below, under
 9 (b)(7)(C) Okay. It's his
 10 signature; and you can see that the code also was done,
 11 logistics, by him.
 12 Q Why does this have "Canoclado" stamped across the
 13 middle of it?
 14 A Paid. It's paid.
 15 Q Paid?
 16 A Yeah.
 17 (b)(7)(C) Oh.
 18 (b)(7)(C) It doesn't mean voided.
 19 (b)(7)(C) Yeah. Well, I was wondering.
 20 BY (b)(7)(C)
 21 Q Is that a requirement, that these things get
 22 - these 1016s get stamped when they're paid?
 23 A Usually, yes.
 24 Q Okay. Because the last one we looked at didn't --
 25 A Yeah. I don't know why.

1 Control Nuevo." meaning payments for new controls, apparently
 2 a new group. I'm assuming as well. I don't know; and
 3 "auxiolos" means, you know -- I don't know how to explain
 4 "auxiolos." Help or subsidy, or I don't know how to
 5 translate that.
 6 And the next group is "Santa Marta Logistica,"
 7 "Auxilio Battalion Cordova." Total amount asked, 14 million
 8 pesos, equivalent to \$14,000. The signature on this document
 9 is, it was prepared (b)(7)(C)
 10 (b)(7)(C)
 11 Q Is he required to sign these memos?
 12 A Yes.
 13 Q Okay.
 14 A Okay? Now, I would like to emphasize one more
 15 thing. It is clear to me that whoever prepared this
 16 document, 461, had a good understanding of what to report
 17 where and how to describe it. That's something I believe in
 18 reference to this.
 19 Q Why? Why do you say that?
 20 A Because (b)(7)(C) who prepared
 21 these documents, he knew what goes in operaciones and what
 22 goes in logistics. There is no -- you know, I can read that
 23 it's well done, according to the instructions that I
 24 instructed.
 25 Q Okay. But does this Page 461 correspond to 460?

1 Q Okay. And the next --
 2 A Now, you asked me about the other amounts
 3 underneath.
 4 Q Yes.
 5 A Okay.
 6 Q Correct.
 7 A Are we going to the Exhibit 461?
 8 Q Right.
 9 A We have -- we have four bolded headings on the
 10 left-hand side. One, "Uruba Operaciones." Number one, "Pagos
 11 por Control," meaning payment for control. "Honorarios
 12 Ultima Quota," meaning fees last quote. And "Viaticos,"
 13 meaning meals and -- okay.
 14 Q Mm-hmm.
 15 A The next group is "Uruba Logistics."
 16 Q Now, are these two -- are these corresponding to
 17 these two accounts?
 18 A Exactly. Okay. The number one, "Operaciones," you
 19 can -- you can, through my translation, you can guess that
 20 the Spanish words were kind of not clear.
 21 Okay. Number one, payment for control, fees last
 22 quota, and meals. Okay?
 23 The next group is "Uruba Logistics." And it is
 24 "Auxilio Brigada," meaning help to the brigade. Very clear.
 25 The third is "Santa Marta Operaciones." "Pagos por

1 A Correct.
 2 Q Because they're all different numbers.
 3 A Okay. Let's see now. We have only the 1500 at the
 4 top, and the other one. Okay. Because there are different
 5 locations, don't forget. We have Uruba and Santa Marta,
 6 okay? Two different locations.
 7 Q Right.
 8 A Now --
 9 (b)(7)(C) : I'll be right back.
 10 (b)(7)(C) Should we continue?
 11 (b)(7)(C) Sure.
 12 (b)(7)(C) Okay.
 13 BY (b)(7)(C)
 14 Q So 461 is actually a memo that covers two different
 15 locations?
 16 A Yes.
 17 Q And what does the 1016 on 460 cover?
 18 A It's Banadex. All the payments, regardless the
 19 location, were booked in CI Banadex.
 20 Q Right.
 21 A Correct.
 22 Q But why are these numbers not the same?
 23 A Apparently -- again, assumption -- even though it
 24 was here, the payment, the 14 million pesos were not required
 25 to be issued at that time.

1 Q Okay. So is this memo going to end up getting
 2 attached to subsequent 1016s?
 3 A Yes. Yes. It's possible.
 4 Q Where are the 1016s and the followup memo
 5 maintained? Where are they kept?
 6 A These documents, these are in the general ledger
 7 files, with all the other documents.
 8 Q In Colombia?
 9 A In Colombia. A copy of this document is what I
 10 personally brought, hand-delivered to Cincinnati sometime in
 11 August 1996.
 12 Q Copies of them, though?
 13 A Copies.
 14 Q The originals would stay in Colombia?
 15 A Yes. Yes. Yes.
 16 Q Now, assume that this memo on Page 461 doesn't
 17 completely, or does not accurately describe what these
 18 payments are being made for. Is there a document anywhere
 19 that accurately describes that?
 20 A No.
 21 Q The only place where anybody understands what these
 22 payments were, is in the (b)(7)(C)
 23 (b)(7)(C)
 24 A Yes.
 25 Q Do you know if anyone in Cincinnati ever reviews

1 A Not to my knowledge.
 2 (b)(7)(C) Can I just jump in?
 3 (b)(7)(C) Sure.
 4 (b)(7)(C) Do you know, does (b)(7)(C) does he
 5 report to anyone in Cincinnati?
 6 THE WITNESS: Yes. Yes. I should probably
 7 -- yeah, you're right (b)(7)(C) indirectly reports to (b)(7)
 8 (b)(7)(C)
 9 BY (b)(7)(C)
 10 Q Who is that? Who is he?
 11 A (b)(7)(C)
 12 Q Okay.
 13 A (b)(7)(C)
 14 Q (b)(7)(C)
 15 A (b)(7)(C) Okay.
 16 Q We can figure that out. All right.
 17 A He is the (b)(7)(C)
 18 (b)(7)(C) for the company, for Chiquita Brands.
 19 Q Where is (b)(7)(C) located?
 20 A In Cincinnati.
 21 Q And he is indirectly (b)(7)(C)
 22 A Yes. Yes. (b)(7)(C) has a very good
 23 understanding on the different locations around the world
 24 with respect to exposure, to problems with the guerrillas,
 25 with any security-related term for you company (b)(7)(C)

1 the sensitive payments to determine whether or not they're
 2 legitimate payments?
 3 In other words, does anybody in Cincinnati ever
 4 find out what these payments were actually made for? Are
 5 there any discussions? Is there any communication of that
 6 information?
 7 A There was a communication with Cincinnati when the
 8 first summaries that (b)(7)(C) mailed.
 9 Q What first summaries are you referring to?
 10 A Do you remember the general manager's summaries for
 11 several years --
 12 Q Oh, right right.
 13 A Okay. Those were mailed, or sent to Cincinnati.
 14 -- I don't know how, I don't recall -- were sent to
 15 Cincinnati, and there were some discrepancies. There was a
 16 communication with it. Okay? They were line-by-line.
 17 Q Right.
 18 A There was a communication with that.
 19 Q Oral communication?
 20 A Yes.
 21 Q Anything in writing?
 22 A Not that I recall.
 23 Q Are you aware of whether there are any oral
 24 communications with Cincinnati with respect to what these
 25 payments actually are for, other than that instance?

1 (b)(7)(C)
 2 (b)(7)(C) Is that your opinion, or do you
 3 know? Have you ever talked to him?
 4 THE WITNESS: That's my opinion.
 5 (b)(7)(C) Be careful here, now.
 6 THE WITNESS: That's my opinion.
 7 (b)(7)(C) Okay.
 8 (b)(7)(C) How do you know (b)(7)(C) has
 9 talked to (b)(7)(C) How do you know for a fact?
 10 THE WITNESS: Because when I (b)(7)(C)
 11 (b)(7) had some conversation with (b)(7)(C) There were
 12 some killings in Colombia, and -- and we were talking, you
 13 know, nothing business related. We were talking about the
 14 environment in Colombia, et cetera.
 15 And then he knew a lot about Colombia. I was very
 16 surprised. He knew about the guerrillas, the names, the
 17 leaders. I mean, he knew top to bottom what was going on
 18 with security in Colombia.
 19 Therefore, I understand, I assume again, that all
 20 the different payments, all the different activities that we
 21 were doing in Colombia, he was fully aware, reported to
 22 (b)(7)(C) to him directly.
 23 BY (b)(7)(C)
 24 Q Other than your assumption, do you have any other
 25 basis --

1 A No.

2 Q -- for understanding that (b)(7)(C) was

3 communication what the realities of these payments were to

4 (b)(7)(C)

5 A No. The second assumption that I have is when

6 internal audit or legal department said that, "We received

7 another summary or sensitive payment that doesn't agree with

8 the one that you report in, you know, none of your

9 summaries," that is my second assumption, that he is the only

10 person who was manually tracking those expenses.

11 Q (b)(7)(C)

12 A No. (b)(7)(C)

13 Q Oh, (b)(7)(C)

14 A (b)(7)(C)

15 1016s.

16 Q Right. Right.

17 A He was, you know, probably tracking those, and I

18 can assure that that's the case. That is true.

19 Q Do you know whether (b)(7)(C) submitted any

20 additional materials, in writing or orally, to Cincinnati

21 relating to the --

22 A I'm not aware.

23 Q -- purpose of the payments?

24 A No, I'm not aware.

25 Q You're not aware?

1 A No.

2 Q You mentioned that -- oh, I know what I wanted to

3 ask you. There was this one time where you recalled and told

4 that there were discrepancies between your summary of the

5 general manager's expenses and some other source of

6 information.

7 Other than that time we've described, were there

8 any subsequent occasions where you got phone calls or where

9 anybody said to you, "The summaries of the general manager's

10 expenses are not the same as what we understand them to be?"

11 A No. I don't recall. I would like to leave another

12 opinion for the record. Sometime, I mentioned before, in

13 August (b)(7)(C)

14 Cincinnati, I carried with me all the photocopies of the

15 1016s for prior years, and the last summary that I carried

16 with me was (b)(7)(C)

17 At that time, I had a meeting (b)(7)(C)

18 (b)(7)(C) I had a meeting with

19 the --

20 Q Who is that?

21 A (b)(7)(C)

22 Q (b)(7)(C)

23 A (b)(7)(C)

24 (b)(7)(C)

25 Q Yes.

1 A And (b)(7)(C)

2 (b)(7)(C) the company.

3 The reason of me asking a meeting with all of them,

4 (b)(7)(C) (b)(7)(C) to

5 (b)(7)(C)

6 (b)(7)(C) is (b)(7)(C)

7 THE WITNESS: The attorney.

8 (b)(7)(C) Okay. You may not want to go into

9 these conversations.

10 THE WITNESS: Okay.

11 (b)(7)(C) When was this, (b)(7)(C)

12 THE WITNESS: It was in (b)(7)(C)

13 (b)(7)(C)

14

15

16 And I raised the issue to (b)(7)(C)

17 (b)(7)(C) about the magnitude of those payments. I said,

18 that is, "We cannot audit these." I raised what I mentioned

19 before. "No, I wish I could, but there is no way that we can

20 do this."

21 And he told me, he said, (b)(7)(C) if there are no

22 killings -- he told me the same story -- "it means that the

23 payments are reaching the end user."

24 And he asked me to check with (b)(7)(C) we

25 were complying with requirements, our external firm. I went

1 I to talk to him, and I raised the issue to him, and I never

2 got any details of his conversation.

3 (b)(7)(C) Who did you go to?

4 THE WITNESS: To (b)(7)(C) the

5 controller.

6 (b)(7)(C) In Cincinnati?

7 THE WITNESS: In Cincinnati. I said to him, "This

8 is something that you should be aware of."

9 And also, (b)(7)(C)

10 payments, to let him know, this is a fact okay, and this is

11 the magnitude. And all the copies were already delivered to

12 the legal department. Okay. That was (b)(7)(C)

13 instructions that I gave to people in the Banadex

14 organization were to keep doing and fully documenting

15 everything, and report everything to Cincinnati, copies of

16 everything here.

17 BY (b)(7)(C)

18 Q When you say you were hand-delivering the books,

19 why don't you tell me what exactly it was you were

20 delivering?

21 A Okay.

22 (b)(7)(C) Could we have a break pretty soon?

23 (b)(7)(C) Yeah. Let's just finish this.

24 THE WITNESS: This is the copy of the sensitive

25 payments, and the 1016s for 1993, 1994, '95, '96, the whole.

1 project that we did.
 2 (b)(7)(C) Okay. I think this is an okay time.
 3 Why don't we go off the record, break for lunch?
 4 (Whereupon, at 1:10 p.m., a luncheon recess was
 5 taken.)
 6

1 done on a quarterly basis. At that point, when (b)(7)
 2 (b)(7)(C) was preparing all the books for all the years, was
 3 he preparing these forms, or had they already been done; do
 4 you recall?
 5 THE WITNESS: Can you repeat?
 6 (b)(7)(C) Sure. She just asked you if these
 7 were prepared on a quarterly basis, and you testified that
 8 they were.

9 THE WITNESS: Yeah.
 10 (b)(7)(C) My question was, during the time
 11 period from 1993 to 1996, were they done during a quarterly
 12 basis during that time, or did (b)(7)(C) have to
 13 prepare them based on the 1016s?

14 THE WITNESS: Yeah. I am not aware that the
 15 quarterly reports were done prior to my arrival. I don't
 16 know. I don't have any knowledge of that.

17 When I arrived, I got a request from internal audit
 18 to prepare, back from 1993, and that is when I asked (b)(7)
 19 (b)(7)(C) to do it.

20 (b)(7)(C) And then those books were taken to
 21 Cincinnati?

22 THE WITNESS: Cincinnati, yes.
 23 (b)(7)(C) In September?

24 THE WITNESS: Sometime in August of 1996.
 25 (b)(7)(C) Okay. And after that point, then,

1 AFTERNOON SESSION
 2 (2:00 p.m.)
 3 (b)(7)(C) Back on the record at 2 O'clock,
 4 after a lunch break. No discussions of substance during the
 5 break.
 6 BY (b)(7)(C)
 7 Q Before we went on break, we were talking about the
 8 Exhibit Number 24, which is an example of a general manager's
 9 expense report.
 10 (b)(7)(C) were these reports while you were
 11 responsible, while you had a responsibility for them -- did
 12 anybody else submit them, or were you the only one who
 13 submitted them?
 14 A I was the only one.
 15 Q How did they come to you, to be filled out?
 16 A They came to me filled already by (b)(7)(C)
 17 (b)(7)(C) who was doing these every quarter or
 18 every time that it was requested.
 19 Q Were they done quarterly?
 20 A Yeah. Yeah.
 21 Q This one, obviously, at the top corner --
 22 A I think it is quarterly.
 23 Q -- looks like it's a quarterly.
 24 A Yeah. Yeah. Correct.
 25 (b)(7)(C) Can I actually inject, you say they're

1 they were done on a quarterly basis?
 2 THE WITNESS: Correct, supposed to be done
 3 quarterly basis.

4 BY (b)(7)(C)
 5 Q How did you send the subsequent quarterly reports
 6 to Cincinnati?

7 A The only one that I remember was the one that I
 8 (b)(7)(C)

9 (b)(7)(C)

10 (b)(7)(C)

11 (b)(7)(C) The notebooks?
 12 THE WITNESS: All the, you know, photocopies of the
 13 1016s for those years that were put in books with plastic
 14 rings on one side.

15 (b)(7)(C) This is 24?

16 THE WITNESS: 24. My instructions after that was
 17 to send those reports on a quarterly basis directly to
 18 Cincinnati.

19 BY (b)(7)(C)
 20 Q If you look on 24, there's an account column there.

21 A Yeah.

22 Q "Account Charged."

23 A Correct.

24 Q Can you tell me what that -- is that that 216

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1 designation for the --

2 A Logistics.

3 Q -- logistics?

4 A Or government payments.

5 Q I'm going to hand you what has been previously

6 marked as Exhibit 15.

7 A Correct.

8 Q A multi-page document, also on the front, it says.

9 "Prepared (b)(7)(C)

10 A Correct.

11 Q -- "1996 General Manager's Expenses," and it's the

12 January 1, 1996 through March 31, 1996 period.

13 A Correct.

14 Q Take a look at that and see if you recognize it.

15 A Yes. (b)(7)(C)

16 Q Okay.

17 A Meaning (b)(7)(C)

18 (b)(7)(C) Before you start talking about it, can

19 we take a few minutes to look at the document?

20 (b)(7)(C) Sure. Let's go off the record a

21 moment and let them review the record.

22 (A brief recess was taken.)

23 (b)(7)(C) Back on the record that 2:04 p.m. No

24 discussions of substance while we were off.

25 Just for the record, the document, Exhibit 15.

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1 bears the Bates range 2CHQ6000365 through 374.

2 BY (b)(7)(C)

3 Q (b)(7)(C) do you recognize Exhibit 15?

4 A Yes. I do. The Exhibit 165, I recognize it. I

5 (b)(7)(C)

6 Q Okay. I notice here on the front page -- what is

7 this document?

8 A This is the summary of the sensitive payments, sent

9 to Cincinnati.

10 Q I notice on this one, the "Account Charged,"

11 there's a different number there.

12 A Correct.

13 Q What is that account?

14 A That, if I'm not wrong -- I cannot say exactly,

15 because I don't recall the description of each account from

16 the general ledger -- this is related to the purchase of

17 information.

18 What we call information is the purchase of all the

19 vessels that were that sail the Port of Uruba or Santa

20 Marta, after the vessels sailed, the company was getting

21 information about what was the destination and who was

22 loading the vessels, et cetera, et cetera, and this

23 information was purchased by the Department of Materials and

24 Supplies from Banadex.

25 Q You're getting that out of the fourth column over,

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1 the "Account Charged"?

2 A I'm arriving to that conclusion from the seventh

3 column, "Description of Payment" related to confidential

4 information for the months of January, February, March, and

5 April.

6 Q What I'm looking at -- I mean, we looked at the

7 previous document.

8 A Correct.

9 Q And it looked like -- and we had established that

10 the account charged, which has the 216 at the end, was

11 logistics.

12 A Correct.

13 Q And I was wondering if the 045 account is the

14 operation account?

15 A No, it is not.

16 Q Okay.

17 A It is not. This is -- this is not operations

18 This is, you know, the purchase of information. This is not

19 payments to the guerilla or payments to the government.

20 Q This is neither one of those?

21 A. This is neither one of those.

22 Q Why is it showing up on the sensitive payments

23 schedule?

24 A Because it was the purchase of information, that

25 probably we were not sure how to classify this, because it's

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1 to get information through our -- you know, through our. I

2 don't know who, but agents that were working at the port.

3 correct, private companies.

4 Q So the general manager's expense report included

5 other categories --

6 A Correct.

7 Q -- of payments, other than just those two

8 sensitive payments we talked about?

9 A Correct. Correct.

10 Q That's all I have on that. Okay. I want to move

11 on. (b)(7)(C) did there come a time where you learned that

12 Banadex needed to renew a permit for a free zone at the Turbo

13 area?

14 A Correct.

15 Q Why don't you tell me the first time you learned

16 anything about that?

17 A Okay. It was sometime in 1995. I don't recall when

18 during that year, when in one of the Monday morning staff

19 meetings, (b)(7)(C) raised

20 the issue to (b)(7)(C) related to the need to renew the

21 license to operate in the free zone in -- in Turbo. That was

22 the first time that I heard about the need to renew this

23 item.

24 (b)(7)(C) I'll try to help you along.

25 Sometime in '95 -- I mean, you got there in January of '95. I

1 I mean.
 2 THE WITNESS: Correct.
 3 (b)(7)(C) So can you be a little bit more
 4 specific?
 5 THE WITNESS: Sometime, probably the third quarter.
 6 (b)(7)(C) Okay. Well, that's helpful.
 7 Third quarter.
 8 (b)(7)(C) Okay.
 9 BY (b)(7)(C)
 10 Q Now, this Monday morning staff meeting, is this a
 11 regular occurrence, every Monday morning --
 12 A Yes.
 13 Q -- there's a big meeting? And who's at this
 14 meeting?
 15 A It is headed by (b)(7)(C) who is the
 16 general manager.
 17 (b)(7)(C) Do you mean this particular
 18 meeting, or in general?
 19 BY (b)(7)(C)
 20 Q I'm asking generally about Monday morning staff
 21 meetings.
 22 A Okay. Also was present (b)(7)(C)
 23 (b)(7)(C)
 24
 25

1 (b)(7)(C) Well, we were talking about the first
 2 time he ever learned about the renewal.
 3 (b)(7)(C) Right. It wasn't the first Monday
 4 meeting.
 5 (b)(7)(C) Right.
 6 BY (b)(7)(C)
 7 Q No, the first meeting where you learned --
 8 A Correct.
 9 Q Right. Okay. And you said that there was a check
 10 to see whether there had been any fines or penalties
 11 within --
 12 A Correct.
 13 Q And (b)(7)(C) stated at the meeting that there
 14 was a problem with that?
 15 A There was a problem there, and he raised this issue
 16 to the (b)(7)(C)
 17 Q What happened next at the meeting?
 18 A (b)(7)(C) I
 19 don't recall exactly the words that he used, but all he
 20 basically could say was, (b)(7)(C)
 21 (b)(7)(C)
 22 Q Was there any discussion of that problem?
 23 A Not at all. No.
 24 Q Just, "There's a problem, please take care of it"?
 25 A Correct.

1 (b)(7)(C)
 2
 3 It was also (b)(7)(C) who was the
 4 (b)(7)(C)
 5
 6
 7 Q These are generally the people who at the Monday
 8 morning meetings?
 9 A The heads of departments. Yeah, the heads of
 10 departments.
 11 Q Okay. Now, at this particular Monday morning
 12 meeting staff meeting, what did (b)(7)(C) say about the
 13 license, that you recall?
 14 A Yeah. What I recall is, we have to renew the
 15 license; the we have the potential problem because there was
 16 a change in the law that, in order to renew the license, they
 17 have to check back several years that no fines or penalties
 18 were incurred, and that was not the case. Therefore, the
 19 probability to lose the renewal was there.
 20 Q He said all of this at that first Monday morning
 21 meeting?
 22 A Correct.
 23 Q Okay.
 24 A I mean --
 25 (b)(7)(C) It wasn't the first.

1 Q Did anything else happen at that meeting with
 2 respect to this issue?
 3 A Not to my recollection.
 4 Q What was the next thing that happened with respect
 5 to this license, that you recall?
 6 A (b)(7)(C) asked some of my people to get
 7 some information for prior years.
 8 Q Do you know who he talked to?
 9 A No.
 10 (b)(7)(C) How do you know that?
 11 THE WITNESS: Because sometime during that year,
 12 1995, I was aware that we were looking into some historical
 13 information to file the request to renew the license, and
 14 they need some, you know, documentation from our files.
 15 If I'm not wrong, my assistant controller told me
 16 that they were working, helping the materials and supplies
 17 manager.
 18 (b)(7)(C) Who is that?
 19 THE WITNESS: My assistant manager is (b)(7)(C)
 20 (b)(7)(C)
 21 BY (b)(7)(C)
 22 Q Let me see if I understand that. Prior to the
 23 Monday morning meeting where (b)(7)(C)
 24 the problem with the sanction, you were aware of the process
 25 of gathering information for the renewal?

1 A No. He raised the problem in the staff meeting,
 2 and the project was assigned to (b)(7)(C) to solve it.
 3 (b)(7)(C)
 4
 5 And, I mean, that was nothing extraordinary. We
 6 were helping out each other all the time. And people were
 7 gathering information from the records to provide to (b)(7)(C)
 8 (b)(7)(C)
 9 BY (b)(7)(C)
 10 Q And you believe that (b)(7)(C)
 11 related this to you?
 12 A Yes. Yes. I never go into -- I wasn't, you know,
 13 never trying to know what exactly the clerk -- I had 75
 14 people in my group, and I cannot control what everybody was
 15 doing.
 16 BY (b)(7)(C)
 17 Q Prior to the Monday morning meeting we're
 18 discussing (b)(7)(C)
 19 requesting any information?
 20 A Not to my knowledge.
 21 BY (b)(7)(C)
 22 Q What is the next thing you recall happening with
 23 respect to the permit, or license?
 24 A Okay. I knew that this investigation was in
 25 process, trying to get support to file this renewal.

1 Q Okay, so a long time?
 2 A Yeah.
 3 (b)(7)(C) So this would put it, you're
 4 talking about the third quarter '95, when there was a staff
 5 meeting. This might be in '96?
 6 THE WITNESS: Yes, correct.
 7 (b)(7)(C) First quarter '96?
 8 (b)(7)(C) Around first quarter '96, okay.
 9 THE WITNESS: And he said not to get involved.
 10 BY (b)(7)(C)
 11 Q Did you have any understanding of what they were
 12 doing at that point with respect to trying to renew the
 13 permit?
 14 A What I understood is they were trying to find an
 15 alternative to get the renewal of the permit.
 16 Q Do you know what they were doing in that regard?
 17 A No.
 18 Q Did you have an understanding that getting this
 19 permit renewed was important, significant in any way?
 20 A I knew that losing the rights to operate in the
 21 free zone was cause to increase the operating cost to the
 22 division. We had some investments built, assigned to the
 23 free zone -- the wharf, equipment.
 24 And the alternative of losing the renewal was
 25 basically to use somebody else's facilities to do what we

1 shouldn't use -- sorry -- I should not use the work
 2 investigation, I should use the work search of documentation
 3 to build up the renewal.
 4 I don't know what kind of information or the
 5 specifics or what (b)(7)(C) was asking. I never was
 6 aware of the situation.
 7 I recall that, trying to ask more information to
 8 (b)(7)(C) I don't recall when, but something
 9 comes to my mind in the sense of asking (b)(7)(C) if I
 10 should be aware of, or jump into this project, and he said,
 11 "No, you don't have to get involved with this."
 12 In other words, they didn't need my support, direct
 13 support in this.
 14 (b)(7)(C) You asked whom?
 15 THE WITNESS: (b)(7)(C)
 16 (b)(7)(C) (b)(7)(C)
 17 THE WITNESS: And he said, (b)(7)(C)
 18 (b)(7)(C)
 19 BY (b)(7)(C)
 20 Q Do you recall when that was that you asked (b)(7)(C)
 21 (b)(7)(C)
 22 A No.
 23 (b)(7)(C)
 24
 25

1 were doing today, creating extra expenses, and also losing
 2 some business that we had at that time with the backhaul
 3 cargo.
 4 Q What's the next thing you remember happening?
 5 A The next time that I was aware is when (b)(7)(C)
 6 (b)(7)(C) came to my office saying: "We
 7 found a way to solve this problem. We need to do a payment."
 8 Q Do you remember when this was?
 9 A No. Sometime in second quarter, probably.
 10 Q Of '96?
 11 A Of '96.
 12 (b)(7)(C) Who came to your office?
 13 THE WITNESS: (b)(7)(C)
 14 BY (b)(7)(C)
 15 Q It was (b)(7)(C)
 16 A Yes. They said, "Do you remember the problem that
 17 we had in the renewal?" I said, "Yes." And he said, they
 18 said -- I don't know which one of them -- said: "We found a
 19 solution. We need to do a payment."
 20 And I said, you know, (b)(7)(C)
 21 (b)(7)(C) fine, you then have a payment."
 22 Q Did they tell you what sort of payment they were
 23 talking about?
 24 A No.
 25 Q Just a payment?

1 A A payment.
 2 (b)(7)(C) just for the record, I may have
 3 missed this, but so we know who (b)(7)(C)
 4 (b)(7)(C) his position was in the company?
 5 THE WITNESS: He was the (b)(7)(C)
 6 (b)(7)(C)
 7 (b)(7)(C) Okay.
 8 THE WITNESS: He was basically responsible to
 9 (b)(7)(C)
 10 (b)(7)(C) And how about (b)(7)(C)
 11 THE WITNESS: He was out (b)(7)(C)
 12 (b)(7)(C)
 13
 14 BY (b)(7)(C)
 15 Q When they came to you and said they needed to do a
 16 payment, did you have an understanding of whether or not what
 17 they were talking about was doing some sort of sensitive
 18 payment?
 19 A Yes. I had a feeling that that was a sensitive
 20 payment. That's why I requested (b)(7)(C)
 21 Before that, I might request - I cannot. I don't
 22 recall for sure - I might request that, since this is
 23 related, these payments, are going to be related to the area
 24 of materials and supplies under (b)(7)(C) his
 25 supervisor needs to approve, as well. In that case, it was

1 done to the Customs in Colombia.
 2 Q Ob, you did know that, at this --
 3 A At that time, I -- I don't know how, I don't recall
 4 if they told me that or not. It's possible that they did.
 5 Q But you did have some understanding that that's
 6 where this money was going to go?
 7 A Correct. That's why I asked (b)(7)(C)
 8 signature.
 9 Q Did you have any more conversation with them during
 10 this particular meeting, which is sometime in the second
 11 quarter of '96, you think?
 12 A No.
 13 Q And then what happened? Do you know what they did
 14 after that?
 15 A I don't know what they did but it was sometime
 16 after that conversation when they came with a 1016.
 17 Q They again, you mean (b)(7)(C)
 18 A Yeah, one of those two or both together, I don't
 19 recall to sign the 1016.
 20 Q For you to sign?
 21 A For me to sign.
 22 Q How long was this after the time when they said
 23 that they could solve this with a payment?
 24 A Maybe two, three months probably.
 25 Q Two or three months later?

1 (b)(7)(C)
 2 Q Let's go back, just go slowly, chronologically,
 3 through what happened.
 4 They came to your office and said that they had to
 5 do a payment, need a payment. And then you said to them?
 6 A I said to them: "Okay. It needs to be, it has to
 7 be approved by (b)(7)(C)
 8 That is something that I don't recall that I said,
 9 but it is a natural reaction, because this is an area
 10 materials and supplies was an area under my responsibility.
 11 They have a person in charge, (b)(7)(C) He is supposed
 12 to approve anything in that operation.
 13 And I said, "It needs" -- "it will need (b)(7)(C)
 14 (b)(7)(C) as well.
 15 (b)(7)(C) You told them you (b)(7)(C)
 16 signature?
 17 THE WITNESS: Approval, not signature. I mean, if
 18 (b)(7)(C)
 19
 20
 21 BY (b)(7)(C)
 22 Q Did they explain to you at all what this payment
 23 would do for them?
 24 A I don't recall the details on what they said, but I
 25 knew, I don't know how, but I knew that the payment was to be

1 A After they asked me, they told me that the payment
 2 is going to be done.
 3 Q And they brought you the 1016. Had (b)(7)(C)
 4 signed it?
 5 A No. And after I received the 1016, I rejected the
 6 1016. I said, (b)(7)(C)
 7 Q What did they say?
 8 A "Okay, we're going to get it." Later on, they
 9 brought back the 1016 to (b)(7)(C)
 10 (b)(7)(C)
 11 Q How long was it between the time (b)(7)(C)
 12 (b)(7)(C)
 13 A A few days, probably. I don't recall. But - I
 14 don't know exactly how many days.
 15 (b)(7)(C) Do you recall that (b)(7)(C)
 16 brought the 1016 (b)(7)(C) Do you specifically
 17 recall that?
 18 (No response.)
 19 (b)(7)(C) What you specifically recall in these
 20 instances, what we're talking about now, is extremely
 21 important.
 22 THE WITNESS: Okay. Okay.
 23 (b)(7)(C) That's why I'm asking.
 24 (b)(7)(C) You have to -- not what you think,
 25 but you have to think about who was actually there.

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1 THE WITNESS: Yeah. I should correct my statement.
 2 I'm assuming that (b)(7)(C)
 3 (b)(7)(C)
 4
 5 They told me that payment is going to be done. I
 6 recall that they came to explain to me about the payment.
 7 (b)(7)(C)
 8
 9 BY (b)(7)(C)
 10 Q Only (b)(7)(C)
 11 A Who could bring the 1016 (b)(7)(C)
 12 (b)(7)(C)
 13
 14 Q Why is that?
 15 A Because all the sensitive payments were done always
 16 by (b)(7)(C)
 17 (b)(7)(C)
 18
 19 And I'm (b)(7)(C)
 20 (b)(7)(C)
 21
 22 (b)(7)(C) You had mentioned earlier that you
 23 needed (b)(7)(C) Is that something you
 24 remember saying or something you think you said?
 25 THE WITNESS: That is something I think I said.

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1 (b)(7)(C) Be careful on that.
 2 THE WITNESS: I mentioned that. I said that I'm
 3 assuming that he did. I said that.
 4 BY (b)(7)(C)
 5 Q Do you remember if (b)(7)(C) was involved with
 6 this particular 1016 for those payments to the Customs
 7 official?
 8 A At that time, no. At that time, no.
 9 (b)(7)(C) You don't remember, or he wasn't
 10 involved?
 11 THE WITNESS: I don't remember that he was
 12 involved. Okay. Later, after the whole internal
 13 investigation came, I was able to see the 1016 and confirm
 14 that the 1016 was prepared (b)(7)(C)
 15 (b)(7)(C) I'm handing you what's been marked as
 16 Exhibit 25. Take a look at this one-page document. The
 17 Baxes stamp on it is -- I don't see it.
 18 (b)(7)(C) It's underneath the exhibit sticker.
 19 (b)(7)(C) It's hiding.
 20 (b)(7)(C) It's ICHQ17000 --
 21 (b)(7)(C) Or, there we go. 52. Thank you.
 22 Yeah.
 23 (SEC Exhibit No. 25 was marked
 24 for identification.)
 25 (The witness examined the document.)

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1 BY (b)(7)(C)
 2 Q Do you recognize this document, Exhibit Number 25?
 3 A Correct. I recognize this 1016.
 4 Q What is this?
 5 A This is the payment done for 18 million pesos to
 6 the name of (b)(7)(C) a 1016 with the signature of
 7 the general manager and my signature for the payment to
 8 "donacion maritima."
 9 Q Which means what?
 10 A A maritime donation. And payment was coded as
 11 operaciones.
 12 Q Which would indicate guerrilla?
 13 A Which indicates guerrilla payment. Obviously, the
 14 codification of this 1016 was erroneously done.
 15 Q Why is that?
 16 A Because the nature of the payment was a payment to
 17 the government official, and all government payments are
 18 supposed to be coded as logistics, and not as operaciones.
 19 Q Do you recall noticing that at the time of signing
 20 this?
 21 A No. No.
 22 Q Do you recall at the time when (b)(7)(C)
 23 (b)(7)(C) came to you to tell you that they thought they
 24 could --
 25 (b)(7)(C)

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1 (b)(7)(C) I'm sorry. Thank you.
 2 BY (b)(7)(C)
 3 Q -- (b)(7)(C) came to you and
 4 told you that they thought they could solve the problem of
 5 the permit with payment, if they indicated how much money --
 6 A At that time, no. I don't recall that they
 7 mentioned any amount. They just said "a payment."
 8 Q Is this a large payment, in your experience?
 9 A For sensitive payments, it is about the average.
 10 It is not the highest. There were payments to guerrillas or
 11 payments to the army for \$10-15,000 sometimes.
 12 (b)(7)(C) This is 18 million --
 13 THE WITNESS: \$18,000.
 14 (b)(7)(C) -- so it's 18,000.
 15 THE WITNESS: Yes. It's below that, but taking a
 16 thousand to one exchange rate.
 17 (b)(7)(C) Okay.
 18 BY (b)(7)(C)
 19 Q Did you ever learn of how, other than the fact of a
 20 signed 1016, did you ever learn of how this was approved?
 21 A No. My concern was if there is a sensitive payment
 22 like this, I applied the rule.
 23 The policy that I applied to any other sensitive
 24 payment is, it has to have the general manager's signature.
 25 That was my criteria for sensitive payments, and I didn't

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1 apply any differentiation for guerrilla or non-guerrilla
 2 payment. It was, for me, sensitive payment.
 3 Q Do you recall participating in or learning of any
 4 discussions prior to this authorization for this payment
 5 relating to the Customs official payment?
 6 A What I recall is, as I said, that (b)(7)(C)
 7 (b)(7)(C) came to my office saying, (b)(7)(C)
 8 (b)(7)(C)
 9 a payment to solve the -- to get the renewal." Okay.
 10 I do not recall participating in any meeting in
 11 which details on how, when or how much was going to be done.
 12 Q No, you didn't participate in such meetings? Did
 13 you learn of them or did you have an understanding that they
 14 occurred?
 15 A Probably I learned -- again, this is an assumption
 16 -- I learned about what was going on probably through (b)(7)(C)
 17 (b)(7)(C)
 18 Q Can you explain what you mean by that?
 19 (b)(7)(C) He was the attorney, correct?
 20 THE WITNESS: He was the attorney.
 21 (b)(7)(C) Don't mention any conversations that
 22 you had with him.
 23 THE WITNESS: Excuse me?
 24 (b)(7)(C) You don't want to share anything that
 25 he told you.

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1 THE WITNESS: Okay. But I don't -- I don't recall
 2 participating in a meeting where there were discussions on
 3 how, to whom, for how much, and the outcome of this. I never
 4 participated in any kind of meetings like that.
 5 BY (b)(7)(C)
 6 Q Did you have conversations with (b)(7)(C) at the
 7 time that the payment is being authorized here? And again,
 8 this is September of '96. Did you have any discussions with
 9 him at that time --
 10 A No.
 11 Q -- or prior regarding this?
 12 A I don't recall. No. Mainly because, as I said,
 13 the only person who had the power to do it was the GM. If he
 14 approved it, as he told me once, "This is not your area."
 15 Q You had referred to some conversations with (b)(7)(C)
 16 (b)(7)(C) and I'm trying to find out when those conversations
 17 occurred.
 18 A Okay. I don't recall that occurred. I cannot say
 19 I did it, but I'm assuming that we had some casual
 20 conversation that he was dealing with this problem.
 21 (b)(7)(C) But you don't have a specific
 22 recollection of that?
 23 THE WITNESS: No. I don't.
 24 (b)(7)(C) Okay.
 25 BY (b)(7)(C)

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1 Q Just to see if this -- do you recall a meeting in,
 2 approximately sometime in September of 1995, in which (b)(7)(C)
 3 (b)(7)(C)
 4 office, and there's a discussion about the need for the
 5 renewal of the license and discussions about the payment?
 6 A No.
 7 Q No recollection of that?
 8 A There is -- I can almost assure that I never
 9 participated in a meeting like that, otherwise I would at
 10 least remember that it happened.
 11 Q Do you recall any meeting -- I'm trying to see if I
 12 can refresh your recollection -- any meeting that involved
 13 these people where there were discussions about people in
 14 your area trying to determine whether there had been
 15 sanctions, whether the company had been sanctioned in the
 16 last number of years?
 17 A Can you repeat?
 18 Q Sure. Do you recall any meeting that involved (b)(7)(C)
 19 (b)(7)(C) where there were
 20 discussions with you about your people researching whether
 21 the company had been sanctioned in the last few years?
 22 A I don't recall that there was a meeting. I knew,
 23 as I said before, that my people were looking for information
 24 to be submitted to the materials and supplies manager to
 25 build his case. That is what I recall.

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1 Q Do you recall anyone ever explaining to you or
 2 discussing with you the details or the necessity of the
 3 payments to the Customs officials?
 4 A I knew that the renewal had a problem, and that
 5 (b)(7)(C) were trying to find a solution
 6 to the problem. How they were handling this, I never was
 7 aware.
 8 When they said sometime later that they found a
 9 solution, that they need a payment, you know, that was
 10 basically, for me, the end of the issue. They found a way to
 11 solve it. They're going to get a renewal.
 12 Q (b)(7)(C) recall any discussions at all about
 13 the impact of making payments to Customs officials in this
 14 case?
 15 A No. No.
 16 Q But you do recall having an understanding that's
 17 where this --
 18 A Yes.
 19 Q -- that's what they were doing?
 20 A Correct. I fully recall knowing that, yeah. That
 21 was the reason why they were asking the money.
 22 Q Did you have an understanding whether or not this
 23 payment was something that needed to be reported on your FCPA
 24 reports to Cincinnati?
 25 A Under the policy that I put together, this payment

1 is supposed to be reported on the FCPA for Cincinnati.
 2 That's correct. Since it was clearly a government payment.
 3 it's supposed to be reported there, yes.
 4 Q Do you recall filling out the FCPA report for the
 5 third quarter of 1996 when these payments were -- in which
 6 these payments had been made?
 7 A Do you have a copy of the --
 8 Q Yeah, I do. I'm going to be handing you what has
 9 been previously marked as SEC Exhibit Number 9. For the
 10 record, it's a one-page document, Bates ICHQ1002096.
 11 A Correct. Okay. This is, I will explain to you --
 12 Q Can you tell me what it is, first?
 13 A Yeah. Okay. The Exhibit 2096 is the --
 14 Q That's Exhibit 9, actually, but it's Bates 2096.
 15 A Oh, I'm sorry. Exhibit 9 is the second page of the
 16 FCPA form that relates to the third quarter of 1996, and it
 17 has my signature on it, with five payments described or
 18 mentioned in this form.
 19 Q Correct. Okay. If you wanted to --
 20 A Okay. I would like to explain to you how is the
 21 process that I established in filling this report.
 22 Q Okay.
 23 A You recall that we had two accounts, operations
 24 and logistics?
 25 Q Correct.

1 When I compared the quintuple general ledger with
 2 the form at that time, I said I signed it and I sent it.
 3 Okay?
 4 (b)(7)(C)
 5
 6
 7
 8
 9 BY (b)(7)(C)
 10 Q So you didn't notice, when you signed Exhibit 9,
 11 that it was missing anything?
 12 A Correct. (b)(7)(C)
 13 (b)(7)(C)
 14
 15 (b)(7)(C) Can we go off the record a second?
 16 (b)(7)(C) Go off the record.
 17 (A brief recess was taken.)
 18 (b)(7)(C) Back on the record. We went off for
 19 a moment so the witness could consult with counsel. No
 20 discussions of substance.
 21 (b)(7)(C) Thank you.
 22 BY (b)(7)(C)
 23 Q Did you have something you wanted to add after --
 24 A No.
 25 Q No? Okay. You noted the 11-19 fax line on Exhibit

1 A The codes were (b)(7)(C)
 2 Q Yes.
 3 A This information was keyed into the general ledger
 4 system. (b)(7)(C) printing a
 5 report of these sensitive payments, and using the sheet that
 6 relates to the government payments, he would fill in these
 7 reports (b)(7)(C)
 8 Every month, he was, or every quarter, he was
 9 bringing this form with a copy of the general ledger related
 10 to that account. I just quickly compared the numbers, making
 11 sure that the numbers were there (b)(7)(C)
 12 (b)(7)(C) sent to Cincinnati. Okay.
 13 I would like to mention one thing in this -- in
 14 (b)(7)(C)
 15
 16
 17 If your question is how come, if I was aware of the
 18 payment, it was not reflected here --
 19 Q Yes, that was my question.
 20 A Okay. It is --
 21 (b)(7)(C) It's your next question, anyway.
 22 THE WITNESS: -- on number one, as I recognized
 23 before, the codification of the 1016 was erroneously done.
 24 Okay. And the mistake was transferred into the quintuple
 25 general ledger.

1 9. Do you have a specific recollection that you signed this
 2 roughly the day after you got back from your vacation?
 3 A No.
 4 Q Okay.
 5 A No.
 6 Q There's another fax line on there, as well, you'll
 7 notice. There's an October 31.
 8 (b)(7)(C) There's also, on the bottom of the
 9 document, a fax cover sheet, if you want to call it that, the
 10 sticky that says that he's sending it on November 19th.
 11 (b)(7)(C) Oh, November 19th. Okay.
 12 THE WITNESS: And going to your question, October
 13 31st, I wasn't in Colombia.
 14 (b)(7)(C) Yes, I understand that.
 15 BY (b)(7)(C)
 16 Q But this is your signature, you did sign this,
 17 correct?
 18 A It is my signature, indeed I did, yes.
 19 Q Do you have any recollection of (b)(7)(C)
 20 -- sorry, I'm doing it again -- of (b)(7)(C) asking you
 21 about how to report the payment to the Customs officials?
 22 A How to report the payment? Can you elaborate a
 23 little more?
 24 Q Yes. Do you recall (b)(7)(C) asking you whether
 25 or not he had to report this on his FCPA report?

1 (b)(7)(C) On the quarterly report.
 2 THE WITNESS: I don't recall that that conversation
 3 happened. To my knowledge, until 1997, sometime in 1997 when
 4 the internal --
 5 (b)(7)(C) Don't get into the company's
 6 internal investigation, because they haven't released us from
 7 any privilege for that.
 8 THE WITNESS: Okay.
 9 (b)(7)(C) The question is, I think, you
 10 know, do you remember this --
 11 THE WITNESS: No.
 12 BY (b)(7)(C)
 13 Q Do you remember this conversation?
 14 A It never happened. It never happened.
 15 (b)(7)(C) Did you, at this time in 1996, did you
 16 know at that time, did you know that (b)(7)(C) was
 17 required to file an FCPA report?
 18 THE WITNESS: Never. To my knowledge, as I
 19 mentioned previously, to my knowledge, only (b)(7)(C)
 20 (b)(7)(C) had to fill those forms.
 21 BY (b)(7)(C)
 22 Q But do you recall any discussions with (b)(7)(C)
 23 or anybody about how this payment was to be reflected?
 24 A No. Not at all.
 25 Q On Exhibit Number 25, which is the 1016 for the

1 review the document?
 2 (b)(7)(C) Yeah.
 3 (A brief recess was taken.)
 4 (b)(7)(C) Back on the record. We went off the
 5 record to allow the witness a moment to review the document
 6 with counsel. Back on. No discussions of substance.
 7 BY (b)(7)(C)
 8 Q If you would look at the second through the fourth
 9 page of this Exhibit 16 --
 10 A Correct.
 11 Q -- they look like 1996 general manager's expenses.
 12 There's three different pages that look like the same form,
 13 for the same period, July 1, 1996 --
 14 A Correct.
 15 Q -- to September 30, 1996.
 16 (b)(7)(C) 625 through 627?
 17 (b)(7)(C) Correct.
 18 BY (b)(7)(C)
 19 Q Do you recognize these three pages, (b)(7)(C)
 20 A As?
 21 Q As anything.
 22 A Oh. Okay. The number one and the number two --
 23 (b)(7)(C) Which is 625.
 24 THE WITNESS: I'm sorry.
 25 (b)(7)(C) Do the Bates numbers.

1 payment --
 2 A Correct.
 3 Q -- in the lower, the righthand corner, I think
 4 there's a -- is that an account number there?
 5 A On the left?
 6 Q Yeah, on the left.
 7 A Yes. Yes.
 8 Q Is that the correct account number for the
 9 operations? Do you recognize the number?
 10 A It is. Let me confirm. (Examining) If the number
 11 is 070, it is.
 12 Q Okay.
 13 A I cannot recognize the number here.
 14 Q But 070 is the operations account?
 15 A Correct.
 16 Q That's one of the two accounts you set up for
 17 sensitive payments?
 18 A Correct. Correct, yes.
 19 (b)(7)(C) I'm going to hand you what's been
 20 previously marked as Commission Exhibit Number 16, which I
 21 will represent to you came from papers from (b)(7)(C) The
 22 Bates range is 2CHQ6000624 through 632.
 23 What I'd like to do is direct your attention to the
 24 second through fourth pages of this document.
 25 (b)(7)(C) Can we go off the record while we

1 THE WITNESS: 625 and 626.
 2 (b)(7)(C) Right.
 3 THE WITNESS: It doesn't have my signature on it,
 4 meaning that I didn't sign or I wasn't aware of this,
 5 probably.
 6 BY (b)(7)(C)
 7 Q So that signature up in the upper left is not you?
 8 A It's not my signature.
 9 Q Okay.
 10 A The same case for Exhibit 626.
 11 Q Okay. Do you recognize the forms, generally?
 12 A Correct. The forms are the form that we were
 13 reporting quarterly to Cincinnati.
 14 Q Now, I notice on each page, the first, 625, has
 15 -- all the account charges have that 216 account?
 16 A Correct.
 17 Q So would these be charges all to the --
 18 A The government, logistics, related to government.
 19 Q And the Page 626, the account charged is all
 20 -- well, there's several that are 07 and there's two that are
 21 04s.
 22 A Okay.
 23 Q The fourth and the fifth payment appear to be 04
 24 accounts.
 25 A Correct.

1 Q Do you know what the difference between those two
 2 accounts are?
 3 A Yes. The 070 is the operaciones, that is related
 4 to pagos to the guerrilla. And the 045 is --
 5 (b)(7)(C) 04.
 6 THE WITNESS: In this case, it's missing the "5."
 7 (b)(7)(C) Oh, okay.
 8 (b)(7)(C) Okay.
 9 THE WITNESS: Exactly the same, that 07 is missing
 10 the "0."
 11 (b)(7)(C) Okay.
 12 (b)(7)(C) Okay.
 13 THE WITNESS: The 04 is missing the "5" that
 14 relates to confidential information, industry information.
 15 (b)(7)(C) That's 0045?
 16 THE WITNESS: 045.
 17 BY (b)(7)(C)
 18 Q Just to complete, the last, 627, those have 045
 19 accounts?
 20 A Correct.
 21 Q Okay.
 22 A That have the confidential information.
 23 Q If you go to 0626, it looks like there is no entry,
 24 the third entry from the bottom.
 25 A Correct.

1 A Correct?
 2 Q Yes.
 3 A You will go to the exhibit --
 4 (b)(7)(C) Bates number?
 5 THE WITNESS: The last page.
 6 (b)(7)(C) That's Bates number 632.
 7 THE WITNESS: 632.
 8 BY (b)(7)(C)
 9 Q And what is this page?
 10 A This is a printout of the general ledger.
 11 Q Okay.
 12 A If you go into the first record, the first line --
 13 Q Yes.
 14 A -- and you go into the codes, Line 5 from the
 15 left-hand side, you have 09-30-00597.
 16 Q Okay.
 17 A This is the way that the number, the payment, the
 18 18,000 or 18 million was linked to that report. That was
 19 the, what is called the journal voucher number.
 20 Q Is there any way to link that to the 1016 that
 21 underlies that journal entry?
 22 A The 625, no.
 23 Q No?
 24 (b)(7)(C) How about by the date?
 25 THE WITNESS: By the date of the transaction, yes.

1 Q Appears to be for 18 million pesos?
 2 A Correct.
 3 Q Do you have an understanding, based on -- is there
 4 a way to tie this to the 1016?
 5 A There's a way to tie --
 6 (b)(7)(C) Which is Exhibit 25?
 7 (b)(7)(C) Yeah. There's also one on the next
 8 page, page down, 629 also has a copy of --
 9 (b)(7)(C) The same one?
 10 (b)(7)(C) Mm-hmm.
 11 (b)(7)(C) Yeah. Okay.
 12 (b)(7)(C) The question was, can you tie it
 13 to --
 14 (b)(7)(C) Yeah.
 15 BY (b)(7)(C)
 16 Q Does that reflect, in the summary, does that
 17 reflect this payment, and if so, can you tell me how you can
 18 tie it?
 19 A There is a way to link the information.
 20 Q Okay.
 21 A Okay. You have, under the Exhibit 626, third
 22 column from the left-hand side, the account journal voucher
 23 number, or reference number. You will see the last three
 24 digits, 597.
 25 Q Okay.

1 but that is probably the only way to track it, because the
 2 1016 was done on September 19, and it was registered in the
 3 general ledger the day after, September 20th.
 4 The concept, as well. You can link the concept,
 5 (b)(7)(C) (b)(7)(C) and the
 6 same in the 1016. Yeah.
 7 In the general manager's, as well, you have the
 8 date of the 1016. In the Exhibit 626, second column, you
 9 have September 19, 1996.
 10 BY (b)(7)(C)
 11 Q When you were reviewing these general manager
 12 expenses, did they print out, did they come like this on
 13 several separate pages?
 14 A Yes, and the reason was, we had to fill one for the
 15 logistics account, one for the operaciones account, one for
 16 the confidential information, one for Turbo -- I'm sorry
 17 -- one for Banadex Santa Marta. That was only sensitive
 18 -- sorry -- was only confidential information, because all
 19 the sensitive payments were done through Medellin Banadex.
 20 (b)(7)(C) He's, I think testified he never
 21 -- you're talking about these in question --
 22 (b)(7)(C) No, we're not.
 23 (b)(7)(C) Oh, it's generally. Okay.
 24 (b)(7)(C) We're talking generally.
 25 (b)(7)(C) Okay. Fine.

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1 (b)(7)(C) Do you know who signed Bates Number
 2 626 and Bates Number 625? Do you recognize the signature?
 3 THE WITNESS: The signature is (b)(7)(C)
 4 signature.
 5 (b)(7)(C) (b)(7)(C)
 6 THE WITNESS: Th (b)(7)(C)
 7 BY (b)(7)(C)
 8 Q Did you have an understanding in the September '96
 9 time frame that this was the complete amount of payment that
 10 was going to be made to these Custom officials for the
 11 license?
 12 A Yes. What I recall was the request from (b)(7)(C)
 13 (b)(7)(C) that: "We're going to -- we found a way to solve
 14 the problem. We need to do a payment." Okay. The payment
 15 was done, and I thought that that was it. The renewal was
 16 done, and I was not aware of any other official payment that
 17 was due.
 18 Q Did you ever learn that there was another payment?
 19 A There the internal investigation, yes.
 20 Q Okay.
 21 A I was very surprised.
 22 Q Do you recall having any discussions at all with
 23 (b)(7)(C) about this payment?
 24 A No.
 25 Q And this payment, I'm referring to the one in

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1 September that you know about.
 2 A Correct. No. No.
 3 Q Do you recall any discussions with (b)(7)(C) that
 4 you had --
 5 A No.
 6 Q -- about the September payment?
 7 A No.
 8 Q Other than what you've already testified to, do you
 9 recall any other discussions with (b)(7)(C) about this
 10 payment?
 11 A No.
 12 Q Other than what you've already testified to --
 13 A Correct.
 14 Q -- do you recall any other discussions with (b)(7)
 15 (b)(7)(C) about this payment?
 16 A No.
 17 Q Did you, while you were an Chiquita and/or Banadex
 18 employoe, did you receive any training on FCPA?
 19 A Never.
 20 Q Did you receive any materials on the FCPA, other
 21 than the report you filled out?
 22 A In addition to the quarterly letter, not that I
 23 recall.
 24 Q And the quarterly letter-again was that document we
 25 discussed?

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1 A The last two pages of that --
 2 Q Right.
 3 A Yeah.
 4 Q Was Exhibit A, I think, of --
 5 (b)(7)(C) Appendix A?
 6 BY (b)(7)(C)
 7 Q Appendix A of Exhibit 8.
 8 A Correct.
 9 Q What was your understanding at the time you were in
 10 Colombia as to what payments needed to be reported?
 11 A Erronously, I was reporting, until sometime the
 12 second quarter or first quarter of 1996, guerrilla payments,
 13 or all sensitive payments, under FCPA, until I had a
 14 conversation and qualification in what is supposed to be
 15 there.
 16 Q Did anyone ever talk to you, other than that
 17 conversation, did anyone ever talk to you about what needed
 18 to be reported under the FCPA?
 19 A Never. Never. Nobody told me anything about it.
 20 But even that, I would like to add also another thing for the
 21 record --
 22 (b)(7)(C) I'm sorry. I can't hear you.
 23 THE WITNESS: -- the fact that, in Latin America,
 24 bribery is not as serious as it is in the United States.
 25 Okay?

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1 Here in the U.S., with my new company, I learned in
 2 detail the training, and learned how serious it is. As I
 3 said, I'm training other people not to get in these kind of
 4 situations.
 5 And unfortunately, during my stay with Chiquita, we
 6 never had any formal training. And dealing in a country that
 7 is not compliant, in compliance, it is very difficult.
 8 BY (b)(7)(C)
 9 Q Did you have any understanding that there were
 10 certain payments that were prohibited by the FCPA?
 11 A No.
 12 Q Again, during the time that you were in Colombia?
 13 A No.
 14 (b)(7)(C) I just want to correct the record. I
 15 think we referred to the Appendix A, and I believe it was
 16 actually in Exhibit 5, not 8, just to correct the record.
 17 If you can pull Exhibit 5 out of there, once again,
 18 I would ask you to look at it again and to tell me, other
 19 than the last two pages, if you think you ever saw that
 20 document, or if you received a copy of it.
 21 (The witness examined the document.)
 22 THE WITNESS: I don't remember reading this before
 23 or receiving this copy before.
 24 (b)(7)(C) I'm handing you what has previously,
 25 been marked Exhibit 4. Would you look at that and tell me if

1 you recall receiving a copy of this document?
 2 (The witness examined the document.)
 3 (b)(7)(C) Drawing your attention in particular
 4 to Bates 0023, at the bottom of the page. For the record,
 5 Exhibit 4 is a multi-page document entitled Code of Conduct,
 6 a Handbook for Associates.
 7 (The witness examined the document.)
 8 (b)(7)(C) I can't see the Bates numbers.
 9 Here?
 10 (b)(7)(C) Yeah. Here's the page. It's over
 11 here.
 12 (b)(7)(C) It's not like the other Bates.
 13 (b)(7)(C) Yeah. I think it was an earlier
 14 production.
 15 (b)(7)(C) Okay.
 16 THE WITNESS: With respect to this exhibit, I don't
 17 recall signing this document. Okay?
 18 BY (b)(7)(C)
 19 Q Noting that the last page of the document, 0029,
 20 seems to require a signature.
 21 A Correct. I don't recall this.
 22 (b)(7)(C) Do you recall ever having seen it or
 23 have you read it before?
 24 THE WITNESS: No. It is -- I started with the
 25 company in 1990, and probably -- what we do in my current

1 Q Did you ever receive a copy of that, or have you
 2 seen that?
 3 A It is quite possible that I had a copy of this in
 4 my office, yeah.
 5 (b)(7)(C) Why don't we take a break, go off the
 6 record? I was going to say it's a good time.
 7 (A brief recess was taken.)
 8 (b)(7)(C) Back on the record after a brief
 9 break. No discussions of substance.
 10 BY (b)(7)(C)
 11 Q (b)(7)(C) wanted to go back to the FCPA
 12 reporting you were doing. Did you have any discussions with
 13 anyone about how you -- let me start again.
 14 Was your assessment that on the FCPA reports that
 15 we've been talking about, that you reported the sensitive
 16 payments that were made to government officials, that was the
 17 category you reported; is that correct?
 18 A Correct, after the first or second quarter of '96.
 19 Q Right. Right.
 20 A Yes.
 21 Q Did you ever discuss with anyone that that's what
 22 you were doing, and that was how you were configuring the
 23 stuff that was getting reported in that FCPA report?
 24 A Only with Cincinnati.
 25 Q Okay. What --

1 company is, before people are hired, they have to sign this.
 2 I don't recall this document, that I signed.
 3 And another thing is, you mentioned the Exhibit 23.
 4 I guess.
 5 (b)(7)(C) Bates Page 23.
 6 THE WITNESS: Pardon?
 7 (b)(7)(C) Bates, B-a-t-e-s.
 8 THE WITNESS: Okay.
 9 BY (b)(7)(C)
 10 Q There's a reference on that page, at the bottom of
 11 that page. It starts at the bottom of the page and continues
 12 on to the next. And that's --
 13 A Okay. I think it is very important that everybody
 14 in the company has to sign the business conduct policy. I'm
 15 not an attorney. Eighteen pages of business conduct, do you
 16 think that after reading 18 pages, I do not recall what
 17 you're supposed to do, on one hand?
 18 On the other hand, if I read the Bates Page 23 that
 19 relates to the FCPA, it's not telling me anything.
 20 Therefore, it's nice to have it, but no, thanks.
 21 Q You'll notice at the end of that, on Bates 0024,
 22 there seems to be a reference in a parenthetical there, "F&A-
 23 2-0." Do you have any idea what that's a reference to?
 24 A That is probably the financial and administration
 25 manual.

1 A When I got the clarification on what I'm supposed
 2 to report.
 3 Q Right. And this was somebody in the legal
 4 department in Cincinnati?
 5 A Yes.
 6 Q This morning we were talking about sometime in the
 7 third quarter of '96, that -- have I got this wrong? No. I
 8 do have it wrong. This is '97, I believe, that there was a
 9 change in management, and (b)(7)(C)
 10 A In 1996.
 11 (b)(7)(C) '96.
 12 (b)(7)(C) '96.
 13 BY (b)(7)(C)
 14 Q '96.
 15 A It was second quarter of 1996.
 16 Q Okay. Thank you. I'm getting into too many dates.
 17 Can you explain to me what your understanding was as to why
 18 (b)(7)(C)
 19 A (b)(7)(C)
 20 (b)(7)(C)
 21
 22
 23
 24
 25 And I recall that he mentioned to me that he was

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1 also considering the alternative to leave the company if that
 2 wasn't the case, if Chiquita was not able to find a position
 3 for him in Cincinnati.
 4 Q But as far as you understood, he left and went to
 5 Cincinnati at that point?
 6 A Yes. That's the reason why he left Banadex.
 7 Q Later, (b)(7)(C)
 8 (b)(7)(C)
 9 A Correct.
 10 Q -- asked (b)(7)(C)
 11 (b)(7)(C)
 12 A Correct.
 13 Q What was your understanding of what led to that?
 14 A That was also at my request, that I shouldn't
 15 remain in Colombia for more than two years.
 16 Q Was this a request you renewed in 1996?
 17 A It was very, you know -- each time that I had the
 18 chance to refresh people in Cincinnati about the agreement, I
 19 did it.
 20 Q But was it your understanding that (b)(7)(C)
 21 asking (b)(7)(C) had asked
 22 to leave?
 23 A (b)(7)(C)
 24 (b)(7)(C)
 25

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1 Therefore, this task force that was evaluating
 2 profit improvement for Colombia, which (b)(7)(C)
 3 of, and also (b)(7)(C) was part of this task force, they
 4 had spent a lot of time, already, reviewing all the processes
 5 in Colombia. And for (b)(7)(C) it was very convenient to
 6 have somebody who already knew the processes in the company,
 7 who had already spent a lot of time learning about the
 8 business in Colombia.
 9 Q Did you, during your transaction with (b)(7)(C)
 10 did you discuss with him at all these Customs payments?
 11 A No. I discussed with him the way that the
 12 sensitive payments are supposed to be done, and what was
 13 (b)(7)(C) about the books that are supposed to
 14 be sent quarterly, books meaning the 1016s, plus the printout
 15 of the general ledger, plus the general manager's summary, to
 16 be sent to Cincinnati.
 17 I explained in detail to him, to the assistant
 18 controller, as well --
 19 Q (b)(7)(C)
 20 A (b)(7)(C) -- and if I'm not wrong, even I put
 21 it in writing to the CAO, (b)(7)(C)
 22 Q So you think there's a written document somewhere,
 23 that has this in it?
 24 A I think there is, yes, especially when I handed to
 25 him the books that I kept in Colombia.

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1 Q (b)(7)(C) next time
 2 that you heard anything about these Customs, these payments
 3 to the Customs officials?
 4 A It was when I was invited -- I had a conference
 5 call with one of the attorneys from Cincinnati.
 6 Q Was anybody else on the call, other than the
 7 attorney?
 8 A I don't recall, from the Cincinnati side. From my
 9 side, there was only myself.
 10 Q Who called you?
 11 A (b)(7)(C)
 12 Q (b)(7)(C) Since you left Colombia, have you had
 13 any conversations with (b)(7)(C)
 14 A No. Once, we talked on the phone when I was in
 15 Cincinnati.
 16 Q When was that?
 17 A That was sometime, maybe May 1996 -- I'm sorry
 18 -- May 1997, or April, probably.
 19 Q Of '97?
 20 A Yeah.
 21 Q Do you recall what you talked about?
 22 A You know, nothing related to business. Everything
 23 was like, "How are you doing, where are you living," and how
 24 things are going, and that's it, nothing related to business.
 25

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1 Q You never talked to him about these --
 2 A Never.
 3 Q -- the payments or the --
 4 A Never.
 5 (b)(7)(C) Can I just clarify? (b)(7)(C) keeps
 6 asking you about the payments. At the time, did you know
 7 there were two payments --
 8 THE WITNESS: No.
 9 (b)(7)(C) -- or did you just know that there
 10 was one payment?
 11 THE WITNESS: I was never aware of a second
 12 payment.
 13 BY (b)(7)(C)
 14 Q Until the internal --
 15 A Until the internal investigation came, yes.
 16 Q (b)(7)(C) did you have any further
 17 discussion or any further conversations with (b)(7)(C)
 18 A Yes.
 19 Q When?
 20 A It was sometime early in 1997 when I asked (b)(7)(C)
 21 (b)(7)(C)
 22 Q 19 --
 23 A 1997.
 24 Q '97. Okay.
 25 A Yes. I'm sorry. I'm very sorry, 1998.

1 Q Okay.

2 (b)(7)(C)

3

4

5 Q Did you talk about anything else with him during

6 that conversation?

7 A Not that I recall. He probably mentioned to me

8 -- yeah, I recall something. He said to me that he was very

9 sorry about the whole process, the whole result of the

10 investigation, that --

11 Q When you say investigation, what are you referring

12 to?

13 A To the internal investigation of these matters.

14 Okay.

15 Q And "these matters," you're referring to the

16 payment?

17 A Correct.

18 Q Did you discuss any of the specifics of the

19 investigation, the internal investigation, with (b)(7)(C)

20 that conversation?

21 A No. No, the details of the investigation, no.

22 Q Did you discuss anything about the payment -- well,

23 by this point, did you know that there was more than one

24 payment?

25 A No. No.

1 A -- the specifics of why. We mainly talked about

2 our names were published, reputations destroyed, and all of

3 the damage done to our companies.

4 BY (b)(7)(C)

5 Q Do you know what happened to (b)(7)(C) Is he

6 (b)(7)(C)

7 (b)(7)(C)

8

9 (b)(7)(C)

10 Q Do you have any understanding if the events

11 relating to the payment of the Customs official had any

12 repercussions for (b)(7)(C) with respect to his employment

13 with Chiquita?

14 A Yes. I was told, as a rumor, that he was -- I'm

15 sorry. I should clarify. It was not a rumor. It was not a

16 rumor.

17 Q Okay.

18 A I was told that, as a result of the investigation,

19 three people were released from the company -- (b)(7)(C)

20 (b)(7)(C)

21 Q Who told you that?

22 A (b)(7)(C)

23 Q Did he tell you why each of those people were

24 released?

25 (b)(7)(C)

1 Q Did you discuss with him anything about the payment

2 to the Customs official?

3 A No.

4 (b)(7)(C)

5

6 A Yes.

7 Q When?

8 A It was sometime in 1998, as well, when we talked on

9 the phone about the whole process of internal investigation

10 related to -- it was after the article that was published in

11 the paper.

12 Q Referring to the --

13 A That was related to the article in the paper.

14 (b)(7)(C) The Cincinnati Inquirer.

15 THE WITNESS: Cincinnati Inquirer.

16 (b)(7)(C) Article, yes.

17 THE WITNESS: May or April 1998, I guess.

18 (b)(7)(C) May.

19 THE WITNESS: May 1998.

20 (b)(7)(C) May 3rd.

21 THE WITNESS: That's why we talked on the phone,

22 and -- but we never discussed any -- we never discussed

23 anything about --

24 BY (b)(7)(C)

25 Q The specifics?

1 THE WITNESS: Yes.

2 (b)(7)(C) But I don't see why this is

3 privileged conversation. He's just telling him why.

4 (b)(7)(C) It's the result of the investigation.

5 and it's an internal investigation. It's confidential.

6 (b)(7)(C) We don't have any waiver. I mean,

7 I can't imagine that they would --

8 (b)(7)(C) We're not going to --

9 (b)(7)(C) Yeah, but I can't -- we can't --

10 (b)(7)(C) Here's my problem with this --

11 (b)(7)(C)

12 (b)(7)(C) -- is that during the conversation

13 (b)(7)(C)

14

15 (b)(7)(C) Let's ask him --

16 (b)(7)(C) I mean, if you want us to call --

17 (b)(7)(C) I understand the interview with him

18 during the investigation, but when I'm telling someone

19 they're fired, that's not a privileged conversation.

20 (b)(7)(C) Right.

21 (b)(7)(C) So, you know, I would be willing to

22 stay away from the investigation, but --

23 BY (b)(7)(C)

24 Q What were you told about why you were being

25 released?

1 A What I was told?
 2 Q Yeah.
 3 A (b)(7)(C)
 4 (b)(7)(C)
 5
 6
 7
 8
 9 (b)(7)(C)
 10
 11
 12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 (b)(7)(C)
 2
 3
 4 (b)(7)(C) Yeah.
 5 BY (b)(7)(C)
 6 Q That's what I wanted to get into, was exactly what
 7 did they do for you after this?
 8 A Okay.
 9 Q They let you (b)(7)(C)
 10 A Yeah.
 11 Q What else did they do?
 12 (b)(7)(C)
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 (b)(7)(C)
 2
 3
 4
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 9
 10 (b)(7)(C)
 11
 12
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 18
 19
 20
 21
 22
 23
 24 (b)(7)(C) I just wanted to point out that, as
 25 far as the discussions with the legal counsel as far as why

1 (b)(7)(C)
 2
 3
 4
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 9
 10
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 14
 15 (b)(7)(C)
 16
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 20
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 22
 23 Q Other than counsel, have you had discussions with
 24 anyone else about this investigation?
 25 A (b)(7)(C)

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1 Q Our investigation, the SEC investigation.
 2 A (b)(7)(C) Off the record, please?
 3 (A brief recess was taken.)
 4 (b)(7)(C) No discussions of substance while we
 5 were off. Did you have anything?
 6 (b)(7)(C) No.
 7 BY (b)(7)(C)
 8 Q Do you know or are you aware of anyone else who has
 9 testified in this investigation by the SEC?
 10 A I'm aware - I'm aware that (b)(7)(C) I'm
 11 aware that (b)(7)(C)
 12 Q How are you aware of that?
 13 A My legal counsel.
 14 (b)(7)(C) That stops --
 15 (b)(7)(C) Yeah. I think I'm entitled to that
 16 much.
 17 (b)(7)(C) Yes.
 18 BY (b)(7)(C)
 19 Q Have you had any conversations with either of them
 20 about this investigation, (b)(7)(C)
 21 A No.
 22 Q -- or (b)(7)(C)
 23 A No. Never.
 24 Q Do you know what they testified to in this
 25 investigation?

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1 with him.
 2 (b)(7)(C) Right.
 3 (b)(7)(C) I'm saying --
 4 (b)(7)(C) Including documents that we
 5 produced to him.
 6 (b)(7)(C) And my question, asking him if he
 7 reviewed (b)(7)(C) transcript he cannot answer if you
 8 gave him that document?
 9 (b)(7)(C) Well, that's in the context of our
 10 representation.
 11 (b)(7)(C) I just want it clear on the record,
 12 that that's your position.
 13 BY (b)(7)(C)
 14 Q Do you recall, in late 1995, that there was an
 15 internal audit of the Colombian operation?
 16 A Late 1995?
 17 Q Yes.
 18 A Yes, I was in Colombia when the internal audit
 19 came. As a matter of fact, before I moved to Colombia, I
 20 personally asked for that audit to be performed, and I
 21 (b)(7)(C)
 22 Unfortunately, he was not able to travel himself,
 23 but the audit was to my request, in the U.S.
 24 Q Do you recall whether there were any issues raised
 25 in that audit regarding FCPA compliance?

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1 A I don't know anything about (b)(7)(C)
 2 (b)(7)(C) Again, this came -- what he
 3 learned about how they testified and how they didn't testify
 4 came through us, so I don't want him to answer that.
 5 BY (b)(7)(C)
 6 Q Did you review any documents in advance of your
 7 testimony here today?
 8 (b)(7)(C) Other than supplied by counsel.
 9 Other than supplied by counsel.
 10 THE WITNESS: No.
 11 (b)(7)(C) I'm qualifying this question.
 12 (b)(7)(C) I want to be clear.
 13 (b)(7)(C) Yeah.
 14 (b)(7)(C) You're saying that if he read (b)(7)(C)
 15 (b)(7)(C) transcript?
 16 (b)(7)(C) If we, in the course of
 17 representing (b)(7)(C) had discussions with him about, in
 18 any way, about (b)(7)(C) testimony, based on what we may
 19 have learned --
 20 (b)(7)(C) (b)(7)(C)
 21 (b)(7)(C) (b)(7)(C)
 22 (b)(7)(C) Now you're doing it.
 23 (b)(7)(C) Now I'm doing it. It's late.
 24 -- I'm not going to let him answer.
 25 (b)(7)(C) Understood. If you had discussions

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1 A I don't recall that.
 2 Q Do you recall whether there were any issues raised
 3 in that audit relating to the manager's expense account?
 4 A I don't recall the details of the result of the
 5 audit.
 6 Q Do you recall generally what the larger issues of
 7 the audit were?
 8 A Yes. They were mainly the whole implementation of
 9 the internal control that we were putting in place, all the
 10 deficiencies that we had in the organization due to the
 11 transition.
 12 And when the auditors came, I stated very clearly
 13 that -- I gave them a list of the different areas that we
 14 knew were not completed as part of the process improvement.
 15 And we were working. We showed them action plans, timelines,
 16 names and dates for each one of the processes.
 17 And I said to them: "These are the areas I'm
 18 working. I need for you to tell me, in addition to these,
 19 what else you find."
 20 Rather than having a report showing the findings,
 21 everything that we knew when we were working, I said, "In
 22 addition to these, tell me."
 23 Q With respect to the sensitive payments manager's
 24 expense account, is that an item that is budgeted each year?
 25 A Only the guerrilla payments, yes.

1 Q Only the guerrilla payments?
 2 A Yeah.
 3 Q Not the payments to the officials?
 4 A No.
 5 Q I'm sorry, government officials?
 6 A No. Not to my knowledge. Only the guerrilla
 7 payments we thought were substantial.
 8 Q Who determines the budget for those?
 9 A (b)(7)(C)
 10 Q Were you ever party to those discussions?
 11 A I questioned, but I was never part of the
 12 discussions.
 13 (b)(7)(C) Can we take a break for two minutes?
 14 (A brief recess was taken.)
 15 (b)(7)(C): Back on the record. No discussions
 16 of substance while we were off.
 17 BY (b)(7)(C)
 18 Q We were going down the list of the various people
 19 we talked about, whether there were any repercussions
 20 resulting from these payments to the Customs officials. We
 21 talked (b)(7)(C)
 22 Are you aware if there were any repercussions to
 23 (b)(7)(C)
 24 A Yeah. (b)(7)(C)
 25 Q Who told you that?

1
 2 PROOFREADER'S CERTIFICATE
 3
 4 In the Matter of: CHIQUITA BRANDS INTERNATIONAL, INC.
 5 Witness: (b)(7)(C)
 6 File Number: HO-3361
 7 Date: Tuesday, April 27, 1999
 8 Location: Washington, D.C.
 9
 10
 11 This is to certify that (b)(7)(C) (the
 12 undersigned), do hereby swear and affirm that the attached
 13 proceedings before the U.S. Securities and Exchange
 14 Commission were held according to the record and that this is
 15 the original, complete, true and accurate transcript that has
 16 been compared to the reporting or recording accomplished at
 17 the hearing.
 18
 19
 20
 21
 22 (Proofreader's Name) (Date)
 23
 24
 25

1 A I don't recall who said that.
 2 Q What about (b)(7)(C)
 3 A I wasn't aware of anything.
 4 (b)(7)(C) All right. I don't think we have any
 5 further questions at this time. Does counsel have any
 6 clarifying statements, or the witness?
 7 (b)(7)(C) No, I think that during the
 8 testimony it was clarified, and we appreciate that.
 9 (b)(7)(C) With that, we are off the record at 4
 10 O'clock.
 11 (Whereupon, at 4:00 p.m., the hearing was
 12 concluded.)
 13 *****