

INDUSTRY 5/7/97 ^{with} _{OSM}

[redacted] - OUR SECURITY
[redacted] - OUR ATTORNEY

FIRST SUBJECT:

~~THE SUBJECTS~~

I. SECURITY PAYMENTS ~~AND CUSTOMS PAYMENTS~~

Confidential Treatment
Request by Chiquita Brands

1. [redacted] I HAVE COMPLETED OUR WORK ON LOGIC AT IMMIGRATION ENTRANCE AND SECURITY PAYMENTS IN COLOMBIA
• HAD DIFFICULT OBTAIN SUPPORT AND DOCUMENTATION IN THE PAST
• NOW HAVE IT FOR LAST 4 YRS 1993, 94, 95, 96

575
43
618

2. RESULTS + WANTED ^{TO OWE YOU THE RESULTS} ~~TO~~

• SPENT APPROX \$575,000 OVER LAST 4 YEARS ON SECURITY PAYMENTS + CUSTOM PAYMENTS

• \$22,000 IN 1996 ^{\$225} 21,763 CONVULS REST GURULAS

• BUDGET FOR 1997: \$80,000 GURULAS 120,000 CONVULS

- FORMED 1991
- NOT OUR AGENCY
- LEGAL PAYMENTS
- COMMON ON GURULAS
- OBTAINING TO FORM A LEGAL ENTITY TO DEPEND BOTH ON GURULAS

• [redacted] INDICATES CONVULS LEGAL
• NOT FOR ISSUE

222
43
265

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3. APPROVAL:

• NORMALLY [redacted] APPROVES PAYMENTS WHEN REQUEST BROUGHT BY [redacted]

[redacted] (PACKAGE SECURITY ONLY)

• NORMALLY OBTAIN INTERVIEWS AFTER THE PAST. \$25,000 PAY BURNDICK STA

[redacted] SUGGESTED. 0 → 50,000
50 - 100,000 [redacted]

2CHQ6-000633

4. Recommendations

1. [redacted] should know amounts in Budget before Budget prepared
2. Security is an issue / Confidentiality so would like to keep Approvals Low
3. Set Approval Level for [redacted] to approve Indiv. Trans. Above a certain amount.
4. To what extent would [redacted] like to be involved - say when to make payments report a certain \$ amount
5. They should continue to send QTR statements to us and to us + review the details
6. At this point it is ~~not~~ the group doesn't believe this is an Audit Comm issue - is a Mgmt issue
" " " " Board issue
7. [redacted] will make RCPA presentation in next couple of months.
8. Need CAO involvement
9. Above \$10M own needs to approve before
10. reconcile GL with [redacted]

• Find out someone from disk
• Find out other companies
• How even we need less
• Who else is funding program
• What is our involvement in program

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Review the Logistics - General
Operations
Managers Expense

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Second Issue - Customs Payments

QUESTIONS

MOR. & KPSUSE MEMO

COLOMB
4/22/97

PROCEDURAL:

1. HOW WERE AMOUNTS BUDGETED FOR 1997?
200000 ⁶⁰⁰⁰⁰ 1997 ; BUDGETED 1400000
CONVINTL 120000
BASED ON BEST GUESS OF WHAT IT WILL BE

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b7C

TCMR #439 1996 #542 1997 #1031 INC

2. WHERE DID THEY SHOW UP IN THE BUDGET

(WHAT LINE ITEM AND IN WHICH ACCOUNT?)
TCMR - [] ON DW. MAL - WILL FIND OUT

~~TCMR~~
IN BUDGET IS "ADMINISTRATIVE"

SAVINGS

3. WHO APPROVED THE TOTAL AMOUNT 1997

(WHAT APPROVAL LEVELS WERE INVOLVED)

• JUST [] NOT []

[] HAS NOT BEEN TOLD ABOUT AMOUNT

4. WHO APPROVED THE AMOUNTS SPENT

IN EACH CATEGORY OF EXPENSE.

[]

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5. WHAT APPROVAL LEVEL IS REQUIRED
ON EACH PAYMENT MADE?

[] APPROVES BEFORE MADE NO MATTER WHAT
AMOUNT

[] BEFORE THE FACT & SOMETIMES DISCUSSES
WITH [] BEFORE THE PAY

HOW MANY
TRANSACTIONS
are

are
[]

SHOULD ADDITIONAL APPROVALS BE REQUIRED?

Below 5000 - []
YES \$5000 - OVER THIS GET [] APPROVAL

FIRST
Over 10000 - [] APPROVES IT
2 SIGNATURES [] AND [] SIGNED

[]

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6. QUARTERLY SUMMARIES SENT TO CINCINNATI

- WHO REVIEWS FOR APPROVAL OF EXPENDITURES?

* [] PREPARES FROM GC. WILL SEND TO ME WITH 1-7
[] OWES THE FEE. [] APPROVES
SITUATION? - DO THIS 3 COPIES RELAY [] OWES []
[] OWES NEED TO - WHO REVIEWS [] PROPERTY
KNOW
OF EXPENDITURES
[] OWES AFTER THE FACT

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7. WHAT ASSURANCE DO WE HAVE THAT CASH OUT EQUALS CASH RECEIVED?

- [] AMCS []
- OWE TO [] MONEY (OUTSIDE CASH)
- OWE TO REVENUE
- DEPENDS ON [] TO OWE MONEY
- * THE RISK [] NEGOTIATES FOR \$10000 + CHARGES US \$12000 SINCE HE DOES THE NEGOTIATION

8. WHAT IS THE FEE FOR TIME INTERMEDIARY AND HOW IS DETERMINED

[] - \$20M 1994
\$6M SO FAR IN 1997 (AS OF APRIL 21, 1997)
NO CONTRACT! ONLY [] APPROVES []
[] NEGOTIATES WITH []

WE PAY HIM NOW

9. HOW IS [] INFORMED OF:

- AMOUNT BUDGETED DURING BUDGET PROCESS? ISNT TOLD

- AMOUNTS SPENT QUARTERLY / ANNUALLY? ISNT TOLD

- AT WHAT LEVEL SHOULD I BE INVOLVED IN A SINGLE PAYMENT OR NEW CATEGORY OF EXPENSE? SINGLE PAYMENT - OWE WITH FULL OFFER

ASSUME THIS IS COMMON

NEW CATEGORY - IVE DONE IT

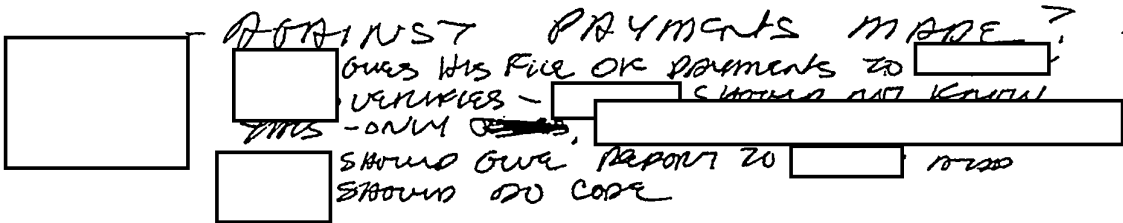
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10. How are amounts recorded in
TIE G/L

- WHAT ACCOUNTS EXPENSE PART MAND
 - WHAT DESCRIPTIONS
- USE 3 ACCOUNTS - SEE MEMORANDUM
- LOGISTICS
 OPERATIONS
 MEMORANDUM EXPENSES
- 3 WAYS FOR

b6
b7c

11. How are G/L amounts verified



- AGAINST AMOUNTS REPORTED EACH QUARTER TO CINCINNATI?
- SEE #11

DECORER WILL USE CODE 1-7 SEE ATTACHED FOR COPYR EXPENSES.

To Do:

1.

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SPECIFIC QUESTIONS

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1. COMPETITIVE INFO

- SMART 1995 190.70 Q:

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2. From \$139m (95) to \$231m (96)

- WHY INCREASE

- WILL IT CONTINUE TO INCREASE

3.



PAID 12/96

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[Redacted]

Believes:

- WE SHOULD TELL [Redacted] ONLY GENERALLY WHAT WE ARE DOING - NOT THE SPECIFICS
- BELIEVES IT IS [Redacted] ^{PRO} TO ADMINISTER THE PROGRAM LOCALLY AND TO NOT INVOLVE [Redacted]
- [Redacted] ^{PREFER TO} MAY ~~NOT~~ NOT HAVE KNOWLEDGE OF THE SPECIFICS IN CERTAIN SITUATIONS
- AUDIT COMMITTEE MAY OVER REACT TO THIS SINCE LEGAL WHY DO THEY NEED TO KNOW
- THE AMOUNTS WE ARE PAYING ARE NOT CHANGE IN COMPARISON TO WHAT OTHER COMPANIES ARE DOING (OCCIDENTAL PETROL \$50 MILLION) JUST WAS IN PAPER ~~BEFORE~~ WERE PAYING TOO MUCH
- THE ANNUAL PAYMENTS ARE GOING DOWN
 - \$80000 EST. FOR 1997 VS 1996
 - \$120000 " " CONTINUED 1997 VS -0- 1996
 - NO LONGER PAYING
- COST OF DOING BUSINESS IN COLOMBIA - MAKE THE QUESTION IS NOT WHY ARE WE DOING THIS BUT RATHER WE ARE IN COLOMBIA AND DO WE WANT TO STOP PAYMENTS FROM COLOMBIA
- NEED TO KEEP THIS VERY CONFIDENTIAL - PEOPLE CAN GET KILLED.

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[Redacted] VERIFIED WITH [Redacted] WHICH I WAS THERE THAT THESE PAYMENTS WERE LEGAL TO CONSIDER

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