

<p style="text-align: right;">Page 81</p> <p>1 My involvement to go into a division and review a 2 budget would be from an extremely high level, you know, a 3 detail level. And as much as I know the details of the 4 operations having been in the business for 20 years, you 5 know, I wouldn't get into the specifics of that type of 6 detail.</p> <p>7 First of all, it's not something that would ever 8 appear in a budget, you know. We would never have something 9 like that to the best of my knowledge and recollection ever 10 appear in the budget because the budgets are something that 11 are circulated too broadly and too widely.</p> <p>12 And this is not something that is broadly and 13 widely known. So there is no question in my mind that there 14 would be no indication in our budget documents anywhere that 15 something like that was taking place, a normal budget 16 document, so it would not come up in a normal budget review.</p> <p>17 Q How is money then set aside? I mean maybe my 18 question is just not that —</p> <p>19 A You have to view this as being a normal expenditure 20 of running this operation. Okay? So just like they would go 21 out and spend money on fertilizers and agrichemicals and 22 transport to wharf and wharf-loading costs and stevedoring 23 costs and things of that nature, this is an ongoing cost of 24 this business is the way it's operating; so, therefore, it is 25 included as an ongoing cost. Not as "guerrilla payments."</p>	<p style="text-align: right;">Page 83</p> <p>1 has in their mind that, "We're going to need \$250,000 at 2 least around."</p> <p>3 A Right.</p> <p>4 Q Because, you know, we are paying last year in the 5 area of two-and-a-quarter maybe and who knows in an unstable 6 environment like Colombia what we are going to need going 7 forward. You know, we have got security concerns. We are 8 going to need to have this cash around in case we have to 9 make a payment.</p> <p>10 A Let's put it in perspective. This is an operation, 11 the Colombian operations, a combination of Turbo and Santa 12 Manta, that probably had at that point in time an annual 13 budget of somewhere in the range of 50, 75, 100 million 14 dollars. Okay? Because we're talking about somewhere 15 between 10 and 20 million boxes of bananas.</p> <p>16 So for me to see something in the magnitude of \$100 17 to \$200,000 ain't gonna happen. Okay? It's not something 18 that's going to jump out in the budget process to me. Nor, 19 like I said, would it appear anywhere in the budget process 20 because of the confidential nature of it.</p> <p>21 So my belief would be that that would be a 22 discussion that would take place between (b)(7)(C) based 23 on what's happening on a going forward basis. I believe they 24 would be talking about it on a rather frequent basis, perhaps 25 as much as quarterly, keeping track of the amount of money</p>
<p style="text-align: right;">Page 82</p> <p>1 But as an ongoing operating cost.</p> <p>2 So, you know, do I go through and look at, you 3 know, "What's the cost of the trucking operation? What's the 4 cost of the loading operation? What's the cost of all the 5 fertilizers and agrichemicals?"</p> <p>6 Of course not. It doesn't happen at my level. We 7 don't do things like that. So, therefore, the budget 8 process, per se, especially with guerrilla payments doesn't 9 exist.</p> <p>10 Q Maybe I am parading my lack of accounting knowledge 11 somewhat. I assume — and maybe wrongly so — that at some 12 level somebody has to decide that they need to request from 13 Chiquita Brands generally a certain amount of money to run 14 the Colombian operations.</p> <p>15 A That's correct.</p> <p>16 Q And I make that assumption based on what knowledge 17 I have gathered that this is a sourcing essentially 18 operations. That they are — you know, — exporting — I 19 think they give the product to Chiquita International, Ltd., 20 or another entity, but they are not running their own 21 business and generating their own funds.</p> <p>22 A That's correct.</p> <p>23 Q Okay. Now, someone in that request for money has 24 to have in their mind that — and maybe this is where I am 25 just totally off-base is that I think in terms of somebody</p>	<p style="text-align: right;">Page 84</p> <p>1 that's being spent. And, if it becomes important enough, as 2 happened in the case of (b)(7)(C) somebody is going to bring 3 it to my attention. Because, all of a sudden the number is 4 jumping from, let's say, \$100,000 to \$200,000. And that's 5 the way our process is established.</p> <p>6 So somebody is smart enough to know that this is 7 not the type of thing I'm going to monitor and track, but I 8 am aware of the situation, but we've got policies and 9 procedures in place where somebody says, "You know what? 10 This is the type of thing I'm going to bring to (b)(7)(C) 11 attention because all of the sudden I'm seeing an increase in 12 the level of expenditure."</p> <p>13 And the process works where they bring it to my 14 attention and I say, "Thanks for bringing it to my 15 attention." You know? "Let me have a discussion with (b)(7)(C) 16 Let me understand it a little bit better."</p> <p>17 But I got to tell you, it doesn't surprise me 18 because look what's happening week in and week out at this 19 place in terms of the activity. I mean, you know, the fact 20 that we have our loading facility blown up and spent hundreds 21 of thousands if not millions of dollars repairing things. 22 Now, we have people kidnapped and killed. It's happening all 23 around us all the time. It does not surprise me that that 24 level of expenditure is increasing.</p> <p>25 But for there to be a, quote, budget process, there</p>



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