

DRAFT

Memo

Confidential and Legally Privileged

To: File
From: [redacted]
Date: September __, 2000
Subject: Colombia Security

I asked [redacted] to meet in Colombia with the relevant Banadex managers and review the history of Banadex's payments to La Tagua del Darien, the Convivir organization in Uraba region of Antioquia, and to learn how Banadex started making payments to the Autodefensas de Colombia operation in Magdalena. Banadex's Turbo Division is in Uraba, and its Santa Marta Division is in Magdalena. Antioquia and Magdalena are Departments (similar to a state or a province), and Medellin is the capital of Antioquia.

On July 21, [redacted] met in Medellin, with [redacted] one of Banadex's in-house attorneys, and [redacted] a consultant and outside counsel to Banadex. [redacted] described how Banadex was first contacted by supporters of a Convivir organization for the Uraba region of Antioquia. [redacted] described his administration of the La Tagua and Autodefensas payments since his predecessor [redacted] left in October, 1999. [redacted] had nothing specific to add, but as Banadex's senior lawyer handling labor relations in Turbo and Santa Marta, he is quite familiar with the security issues raised by Autodefensas' activities.

Later that day, also in Medellin, [redacted] interviewed [redacted]. [redacted] was not involved in the initial discussions regarding La Tagua or Autodefensas. But he knows about the payments and believes Banadex must make them. [redacted] said he would not want to travel to Banadex's farms in Santa Marta or Uraba if Banadex stopped making the payments. The risk of renewed guerilla attacks and reprisals from Autodefensas would be too great.

That evening, [redacted] met with in Bogota with [redacted] until October, 1999. [redacted] described how the Autodefensas operation in Magdalena first informed Banadex that payments would be required and how Banadex made those payments while he worked for Banadex.

On August 1, [redacted] told me what he learned in these meetings and gave me the attached documents. He did not keep any notes or other documents. This memorandum summarizes what [redacted] told me.

La Tagua (Antioquia)

About 3½ to 4 years ago, a prominent Medellin banana producer and cattle farmer contacted [redacted] and told him that Autodefensas was supporting the establishment of a new Convivir organization for the Uraba region and would like to meet with Banadex management. [Autodefensas is a widely-known, illegal vigilante organization.] [redacted] explained to [redacted] that Banadex had no choice but to attend the meeting. Banadex was, and still is, a well-known member of the Medellin business community. Refusing to meet would antagonize the Colombia military, local and state government officials, and Autodefensas.

[redacted] and [redacted] were told to go a very large, private home in Medellin where they were met by [redacted] the national leader of Autodefensas, and two others whose names [redacted] does not remember. [redacted] recounted the well-known killings and property destruction carried out in Uraba by various guerilla groups, and he told [redacted] and [redacted] that Banadex shared a common interest with the government, military, and business community in driving the guerillas out of Uraba. It was well-known at the time that senior officers of the Colombian military and the Governor of the Department of Antioquia were campaigning for the establishment of a Convivir organization in Uraba. [redacted] said he was sure [redacted] agreed the guerillas needed to be driven out of Uraba and looked forward to their support of Convivir.

Although [redacted] was polite and made no explicit threats, he sent an unspoken but clear message - Autodefensas was already well established in Antioquia (e.g. a very wealthy person had offered their home for the meeting) and supported the establishment of a Convivir organization in Uraba, Autodefensas expected Banadex to support Convivir, and if Banadex did not, Autodefensas would attack Banadex's people and property. [redacted] understood the unspoken threat in [redacted] remarks, and after the meeting, they agreed that when asked Banadex would have to support Convivir.

About 4 or 5 months after this meeting, a known Autodefensas organizer and supporter contacted [redacted] and told him that Banadex needed to start paying 3¢/box to the new Convivir organization in Uraba called La Tagua del Darien. [How did we know how much to pay and where to send the money? [redacted]] Like [redacted] at the earlier meeting, this representative made no threats; he didn't need to. Escobar knew Autodefensas supported Convivir and expected Banadex to make the payments, and he knew what would happen if Banadex refused.

[Add history of payments and attempts to slow down and reduce the payments when possible.]

[redacted]

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

Autodefensas (Magdalena)

About 1 to 1½ years ago the same Medellin banana producer and cattle farmer that first approached [redacted] about Convivir contacted [redacted] and told him that the leader of the Autodefensas armed operation in Magdalena wanted to meet with him at a hotel in Cienaga, a small town near Santa Marta. [redacted] believed he could not refuse to go to the meeting. [redacted] told [redacted] about the meeting, and [redacted] agreed [redacted] needed to attend.

[redacted] described the hotel as "... an armed camp..." - the only people at the hotel were Autodefensas soldiers. He said the leader "had the coldest eyes he had ever seen." During a very short meeting, the leader bluntly and as matter of fact told [redacted] that Autodefensas had arrived in Magdalena and had started operations and that it was time for Banadex to start making payments to Autodefensas. He did not threaten [redacted] neither did he indicate any willingness to discuss the issue. The leader's unspoken but clear message was "we are here in Santa Marta and we are strong (e.g. all the soldiers at the hotel), we know who you are, and you need to make sure Banadex pays when we ask."

The leader frightened and intimidated [redacted]. He also worried that police, Colombian military, or guerilla informants might have spotted him arriving for the meeting. Guerillas commonly execute people they believe are Autodefensas sympathizers.

[redacted] promptly reported leader's demand to [redacted] who agreed that when the request was made, Banadex would have to make the payments.


Two weeks later, a business man serving as an Autodefensas "collector" contacted [redacted]. The collector told Alyarado to have Banadex make payments to Inversiones Manglar, S.A., which Autodefensas has created to collect payments. [Who did we give the checks to? [redacted] to check with [redacted]. The collector did not say how much Banadex should pay, but [redacted] understood that since Autodefensas was demanding the payments, the amount would be the same as Banadex was paying to Convivir in Turbo. [redacted] will check on whether any cash payments were made, and if so, how much, when, and how.]

[How much time between this meeting and the first payment? Does chronology make sense? Hotel meeting 1 to 1½ years ago (Jan. to June 1999). 2 weeks later collector contacts [redacted]. First Manglar 1016 is undated - I thought I saw a copy dated 10/99. If it is 10/99, seems like a long time to wait to make first payment. [redacted] will check chronology.]

Banadex paid Manglar 40,000,000 pesos in _____, 1999, 12,000,000 pesos in February, 2000, and 57,500,000 pesos in June 2000. Banadex's Director of Security prepared a payment request form (Form 1016) for each payment, the General Managers signed each form, and the Cashier's Office cut a check and gave it to the [redacted] (initially [redacted] now [redacted]).

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

The first two payments were given to Manglar [How?]. The third payment was given to La Tagua, which forwarded it to Autodefensas in Magdalena. Future payments will also be made through La Tagua. Banadex will manage the amount and timing of these payments as they do the La Tagua payments. Despite these efforts, the payments are expected to average _____ per month.

 to get same facts for Santa Marta re: efforts to delay and reduce payments.]



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