

**ANALYTICAL APPENDIX I**  
OAS Investigation Report Narrative Summary  
Pp. 12-17



## II. Principal Actors in the Arms Diversion:

The following persons had substantive roles in the arms transaction:

### *In Guatemala:*

- Ori Zoller: An Israeli citizen and owner of GIR S.A., a firearms dealership and brokerage agency established in Guatemala in 1996, and a representative of Israeli Military Industries (IMI). Zoller was formerly a member of the Israeli Army's special forces, and an intelligence officer. He was the broker who organized and managed the transfer of the NNP firearms.
- Uzi Kissilevich: An Israeli citizen and partner of Zoller's in GIR S.A., also formerly a member of the Israeli military. He serves as GIR S.A.'s general manager and was also involved in the NNP firearms transfer.

### *In Nicaragua:*

- General Roberto Calderón Meza: Inspector General of the Nicaraguan Army and formerly its Chief of Logistics. Over the years, General Calderón allegedly had a number of business dealings with Zoller. Calderón became involved in the present case through his relationship with Zoller. He was instrumental in providing Nicaraguan Army firearms to the NNP when the firearms that the NNP was planning to transfer were found to be unsatisfactory to the ultimate buyer.
- Major Alvaro Rivas Castillo: Major of the Nicaraguan Army, and Aide de Camp of General Calderón. He took responsibility for logistics and the actual export of the firearms that are the subject of the investigation.
- René Herrera: Nicaraguan Minister of Government (*Gobernación*) until September 30, 2000. Ex-Minister Herrera approved the terms of the transfer of the NNP firearms to GIR S.A. Herrera also requested Nicaragua's Comptroller General (*Contraloría General*) to exempt this firearms transaction from Nicaragua's Law governing State Contracts (*Ley de Contrataciones del Estado*). Herrera personally briefed the then United States Ambassador to Nicaragua on the terms of the original arms deal – describing it as a sale of antiquated arms to a broker for re-sale to collectors in the United States.
- Commissioner Francisco Montealegre: Chief of Police from September 1996 to September 6, 2001. Montealegre concluded the initial arms exchange contract with Zoller.
- Edwin Cordero Ardilla: Present Chief of the NNP. He became involved in the firearms transfer following Montealegre's retirement and saw it through to final completion.

### *In Panama :*

- Shimon Yelinek: Actual purchaser of the Nicaraguan firearms, through GIR S.A., purportedly for the PNP. He is an Israeli citizen.



- Marco Shrem: A business associate of Yelinek. Shrem put Yelinek in contact with Zoller, collaborated with Yelinek in the purchase of the Nicaraguan firearms through Zoller, and attempted to buy/sell additional arms through Zoller. He is a Peruvian citizen.
- Miguel Onatopp Ferriz: General Manager and owner of Trafalgar Maritime Inc., the company identified as the registered owner of the Otterloo. The Otterloo loaded the arms in El Rama, Nicaragua, and transported them to Colombia. Miguel Onatopp Ferriz is a Mexican citizen.
- Jesús Iturrios Maciel: Captain of the Otterloo at the time of the diversion, employed by Trafalgar Maritime Inc. He is a Mexican citizen.

Annex II contains a complete listing of all of the natural and legal persons and other entities involved in the case.

### **III. The Chain of Events:**

The chain of events of the case can be broken down into the following four phases:

- The first phase, from October 1999 to June 2000, begins when the Chief of the NNP, Commissioner Francisco Montealegre, aware that his police force has insufficient and inappropriate firearms and a lack of financial resources to acquire new ones, is introduced to Ori Zoller of GIR S.A. by the Inspector General of Nicaragua's army, General Roberto Calderón. A proposed arms transfer was conceived whereby the NNP would provide a quantity of AK47 firearms to the broker Zoller, and in exchange, Zoller would provide the NNP with more suitable firearms (pistols and mini-Uzis). During this stage, the necessary approvals within the Nicaraguan Government were sought and obtained, and a formal contract to effect the exchange was entered into between the NNP and Zoller's GIR S.A.
- The second phase occurred between July 2000 and July 2001, when Zoller identified a buyer for the Nicaraguan arms, Shimon Yelinek and his associates. A shipping company was established in Panama, Trafalgar Maritime Inc., apparently for the purpose of transporting the arms to the AUC in Colombia. It was during this stage that the arms diversion appears to have been planned.
- During the third phase, between July 4, 2001 and November 3, 2001, there was a flurry of activity, beginning when Yelinek inspected the NNP arms being offered for sale by Zoller and determined that their condition was not adequate for the transaction to proceed. In an attempt to salvage the transaction, Zoller and General Calderón entered into an agreement whereby the Nicaraguan Army offered to exchange the unacceptable NNP arms for better quality ones in the army's possession. This was also the period when the final logistical arrangements and customs and export procedures were executed, and culminated with the arms and ammunition being exported from Nicaragua and diverted to Colombia.
- The fourth and final phase took place from late November 2001 to February 2002, when preparations were made to purchase a second shipment of arms from Nicaragua, again ostensibly for the Panamanian Police. The intelligence services of Colombia, Panama, and Nicaragua, through a tri-national operation, proposed by the Nicaraguan Army, attempted to put together a "sting", supposedly to uncover those responsible for the diversion.



Narrative Summary of the Chain of Events:

The narrative presented below was reconstructed from interviews and documents obtained by the Investigative Team. A documented chronology of events is presented in Annex I which provides additional details regarding the events surrounding the diversion, and the persons, institutions, and businesses involved.

*Phase I:*

The Nicaraguan National Police, a force consisting of approximately 7000 police officers, has only about half the number of side-arms necessary to equip every officer. This has forced the police to issue AK47 assault rifles to many officers, these arms being plentiful as they were left over from Nicaragua's civil war. The Police leadership recognizes that AK47s are not appropriate for a police force.

In 1999, General Roberto Calderón, the Inspector General of the Nicaraguan Army, introduced the Chief of the NNP, Commissioner Francisco Montealegre, to Ori Zoller, the owner of GIR S.A. Zoller and Calderón had a prior business relationship, as GIR S.A. had sold arms and equipment to the Nicaraguan military in the past. In the fall of 1999, Zoller presented Montealegre with a proposal to obtain suitable side arms which would not require the NNP to pay cash for the arms.

Zoller and Montealegre worked out an exchange, whereby GIR S.A. would provide the NNP with new side arms (465 Jericho pistols and 100 Uzi-submachineguns) in exchange for aging surplus police AK47s, ammunition and bayonets (initially, 5000 AK47s, 2.5 million rounds of ammunition, and 6000 bayonets).

Between February and the end of May, 2000, various bureaucratic procedures were undertaken within the Nicaraguan Government to obtain approval for the exchange of arms. The exchange was approved by the Minister of *Gobernación*, who has responsibility for the NNP; it was also approved by the President of the Republic (as mentioned in a February 3, 2000 letter from the Minister of *Gobernación*, see document No. 156 in Annex V). An exemption to the state purchases Law, to allow for a "sole source" transaction of the arms, was approved by the Comptroller General on May 22. The Minister of *Gobernación* also informed the United States Embassy in Managua of the possible exchange, as Zoller originally indicated he would sell the AK47s as collectors items to a broker in the United States, Century International Arms.

While these internal procedures were being followed, Montealegre and Zoller formalized the agreement by jointly signing a letter of intent, outlining the terms under which the exchange was to be made. Once the various approvals were obtained for the exchange, Zoller and Montealegre signed a formal contract on June 2, 2000. Among other clauses in the contract was a requirement for Zoller to produce an end-user certificate for the Nicaraguan arms to be exported.

Meanwhile, in order to make the maximum cash profit on the exchange, Zoller was searching for buyers for the military equipment. He found three potential buyers for the arms: 1) Brian Sucher, of Century International Arms Inc., based in Miami, Florida; 2) Pedro Bello, another Miami-based arms broker; and 3) Shimon Yelinek, an Israeli citizen residing in Panama.



Shimon Yelinek was introduced to Zoller by Marco Shrem, another resident of Panama, and an associate of Yelinek. Zoller's business partner, Uzi Kissilevich, had been informed by Haim Geri, an advisor to Century International Arms Inc. and former representative of Israeli Military Industries in Colombia, that Marco Shrem was seeking to purchase AK47s. Once Kissilevich contacted Shrem, and the latter introduced Yelinek, it was only a short time before Zoller and Yelinek reached a deal, as the latter apparently offered Zoller the best price for the Nicaraguan arms and ammunition.

Yelinek and Shrem purported to be acting as brokers or middlemen for the Panamanian National Police, which was allegedly the entity ultimately interested in purchasing the arms and ammunition<sup>3</sup>. Yelinek, Shrem, Zoller, and Yelinek's brother in law, Haviv Aviad, traveled to Nicaragua on April 28, 2000, to inspect the arms that the Nicaraguan National Police was to provide as part of the exchange. On May 18, Zoller traveled to Panama to meet Yelinek and Shrem. Yelinek agreed to purchase 2500 AK47s (later increased to 3000) and 2.5 million rounds of ammunition (later increased to 5 million rounds). Zoller agreed to have the NNP arms reconditioned and crated, a task which was contracted to the NNP and associates of General Calderón. That same day, Zoller instructed Kissilevich to fax to Panama GIR S.A.'s bank account information so Yelinek could make a down-payment for the arms purchase. On June 16, \$75,000 was deposited in GIR S.A.'s account, via wire transfer. The total value of the Zoller-Yelinek deal was approximately \$575,000.

#### *Phase II*

Over the next several months, Yelinek and Shrem solicited additional price quotes from GIR S.A. for firearms, missiles and other kinds of military equipment. At the same time, GIR S.A. sent a series of reminders and instructions to Yelinek as to how to send wire-transfers to GIR S.A.'s bank account. On May 15, 2001, Yelinek met Zoller at his offices in Guatemala City, where he provided Zoller with an alleged Panamanian Police purchase order<sup>4</sup>, which specified a much larger quantity of arms and ammunition. The purchase order included language which could allow the order to be used simultaneously as an end-user certificate.

Yelinek inspected the NNP arms in Nicaragua a second time (this time in the presence of Uzi Kissilevich, Zoller's associate) on July 4, 2001. As a result of this inspection, at some point in July or August of 2001, Yelinek indicated to GIR S.A. that the police arms were of poor quality and did not meet his requirements. Zoller quickly corrected this problem by making a side deal with the army through General Calderón, whereby the army agreed to accept the NNP's 5000 old AK47s, in return for 3117 new AK47s in the possession of the army. As a result, these new army weapons would then be the arms exchanged with GIR S.A. under the original contract signed between the NNP and GIR S.A. In a further modification of the original deal, the Nicaraguan Army also agreed to provide an additional 2.5 million bullets and 3000 additional bayonets; GIR S.A. agreed to provide the army with a number of bullet-proof vests. Zoller also hired Haim Geri to train the police on their new weapons.

---

<sup>3</sup> Yelinek, in a affidavit sworn on July 1, 2002, before a notary public in Tel Aviv, Israel, denies that he concluded any business dealings with Zoller (see document No. 1 in Annex.III). However, the Investigative Team has concrete documentation which shows this is untrue.

<sup>4</sup> The Investigative Team is satisfied that the alleged Panamanian Purchase Order is a forgery. The document seems to have been created from a true blank purchase order form, but the signatures on the document have apparently been forged, and there are other irregularities as well. See Annex IV for information and analysis on the alleged purchase order, provided by the Government of Panama.



Two side-deals were also arranged by Zoller. One hundred fifteen of the guns supplied by the Nicaraguan Army, were to be sold to the Guatemalan Military. Nine thousand bayonets were to be sold to Century International Arms, Inc, in Miami. From the perspective of laws on international arms trafficking, both of these two side-deals appear to be legitimate.

Virtually at the same time, on July 11, 2001, a Mexican National, Miguel Onatopp Ferriz, reportedly a Captain in the Mexican Merchant Marine, established a new shipping company in Panama City, Trafalgar Maritime Inc., through a Panamanian lawyer, Gustavo Padilla. The company's only ship, the Otterloo, had been purchased from Dutch owners in early July 2001, and was given a provisional Panamanian ship's license on July 24.

### *Phase III*

All of the arrangements necessary to export the arms and ammunition were coordinated between the Nicaraguan Army, which undertook this role on behalf of the NNP, GIR S.A.'s shipping agent, Guatemala-based Leonel Cordon, a shipping agent in Nicaragua, Agencia Vassali S.A., and a customs broker, hired by the police, *Agencia Aduanera Canales Aguilar*.

By the end of October, 2001, GIR S.A. had virtually fulfilled its side of the bargain with the NNP, providing all but five of the side-arms stipulated in the original contract with the police. By the middle of the month, Yelinek had wire-transferred to GIR S.A. approximately \$550,000, which was only \$25,000 short of the total owed. The logistical aspects had also largely been arranged, and the arms and ammunition were ready to be exported. On October 19, 2001, Yelinek informed Zoller that the arms and ammunition were to be transported on a Panamanian-flagged vessel, the Otterloo, owned by Panamanian-based Trafalgar Maritime Inc, whose representative was Miguel Onatopp Ferriz. On October 22, 2001, Police Commissioner Edwin Cordero Ardilla notified the *Contraloría General* of the quantitative change in the arrangement with GIR S.A., and also the army-police arms exchange.

The Otterloo sailed from Veracruz, Mexico, on October 15. Before sailing, the captain of the Otterloo, Iturrios Maciel, provided Mexican authorities with a signed Bill of Lading in which he stipulated that his ship was transporting 9 containers of plastic balls to Panama. The Otterloo arrived at the Nicaraguan port of El Rama on November 26. After a delay of several days, on November 2, 2001, the Otterloo was loaded with 14 containers of arms and ammunition. The Otterloo's captain signed a ship manifest and a Bill of Lading stating that the ship had been loaded with the 14 containers and that the ship's destination was the port of Colón, Panama. The Otterloo left Nicaragua on November 3, 2001.

On November 5, 2001, the Otterloo arrived at the port of Turbo, on Colombia's Caribbean coast, without ever having stopped in Panama. The ship was unloaded two days later by a Colombian shipping company called Banadex S.A., at the request of a shipping agent Turbana Ltd. The Otterloo sailed for Baranquilla on November 9, where the Captain, Jesus Iturrios Maciel disembarked, stating he was ill, and disappeared. After a series of other stops, the Otterloo returned to Panama.

In April 2002 Trafalgar Maritime, Inc. was dissolved and the Otterloo was sold to a Colombian citizen, Edgar Enrique Aaron Villalba (see document No. 11, Annex III). The Investigative Team was informed that the new owner may have registered the ship in Belize. However, the Government



of Belize has not been able to find the vessel in its registry, the International Merchant Marine Registry of Belize.

A final footnote to this arms diversion was provided by the leader of the United Self-Defense Forces of Colombia, Carlos Castaño, On June 30, 2002, in an interview granted to Colombia's newspaper, El Tiempo, he answered a question about the Otterloo, and said "This is the greatest achievement by the AUC so far. Through Central America, five shipments, 13 thousand rifles", (see document No. 14a in Annex V).

#### *Phase IV*

Almost immediately after the Otterloo unloaded its cargo in Turbo, a second, larger arms sale began to be organized by Zoller, at the request of Yelinek, also allegedly for the Panamanian National Police. On November 21, Zoller sent a fax to the Nicaraguan Army, explaining that the PNP wished to purchase an additional 5000 AK47s and 17 million rounds of ammunition. He attached a copy of the same Panamanian purchase order, dated February 10, 2000. Zoller began making arrangements with his shipping agent to purchase 23 containers for this second shipment of arms. A January 3, 2002, fax from Kissilevich to Leonel Cordon informed Cordon that the containers should be sent to the Nicaraguan Army in Managua, and that the contact person was General Calderon's aide, Major Rivas. On January 11, 2002, the Nicaraguan Army issued a bill for \$980,000 addressed to the PNP. On January 16, 2002, Yelinek wire-transferred \$50,000 to GIR S.A's account as a down-payment.

Towards the end of January, 2002, Colombian authorities became aware that the AUC had received the Nicaraguan arms, and informed the Panamanian Naval Intelligence Service, who in turn informed the Nicaraguan Army on January 30, 2002. This put into motion a three-nation effort on the part of Colombian, Panamanian and Nicaraguan intelligence services<sup>5</sup>. Representatives of the three services met in Managua in early February, and on February 6, signed an agreement called "Operation Triangle" (*Operación Triangulo*), described as a "sting" operation to catch the arms traffickers, utilizing the second deal being organized by Zoller (See Annex V, document No. 24). The NNP was not informed by the Nicaraguan Army that the arms they had exchanged had been diverted to Colombia, nor were they included in *Operación Triangulo*.

Zoller, in an interview with the Investigative Team, said that on or about February 15, 2002, he decided to stop the second deal when General Calderón informed him of *Operación Triangulo*. He notified Julio Solis of *Agencia Vassali* as well as his own agent, Leonel Cordon, that he no longer needed the containers. General Calderón told the OAS Investigating Team that Zoller knew nothing about *Operación Triangulo*.

#### **IV. Analysis:**

Although it was not the purpose of this investigation to uncover wrongdoing on the part of any specific individual, governments may wish to probe further into the facts to determine if their national laws have been violated. The following provides the Investigative Team's own perspective.

As a general comment, the Team would note that although a great deal of interest and attention to detail is evident in the movement of the firearms out of Nicaragua, Zoller, Kissilevich and the others involved readily accepted the bogus Panamanian purchase order, and displayed a complete lack of

<sup>5</sup> The army is responsible for Nicaraguan intelligence.



## **ANALYTICAL APPENDIX II**

Annotated Maps Following the Goods

Pp. 19-21



Nicaraguan military trucks transport the weapons on October 30, 2001

Managua, Nicaragua

Port of El Rama, Nicaragua

Data SIO, NOAA, U.S. Navy, NGA, GEBCO  
Image Landsat  
Image © 2014 TerraMetrics

Google earth

Imagery Date: 4/9/2013 12°04'40.56" N 84°51'34.52" W elev 190 m eye alt 292.28 km



Port of El Rama, Nicaragua

Port of El Bluff, Nicaragua

Otterloo leaves Nicaragua with the goods on November 2, 2001 and docks in Turbo on November 5

Port of Turbo, Colombia

Data SIO, NOAA, U.S. Navy, NGA, GEBCO  
Image Landsat

Google earth

Imagery Date: 4/9/2013 9°55'42.08" N 79°32'34.06" W elev -1547 m eye alt 1220.61 km



23 trucks carry the weapons to the AUC on November 7, 2001

Planeta Rica, Colombia

Port of Turbo, Colombia

Data SIO, NOAA, U.S. Navy, NGA, GEBCO  
Image Landsat

Google earth

Imagery Date: 4/9/2013 8°25'14.50" N 76°00'10.37" W elev 54 m eye alt 165.02 km



**ANALYTICAL APPENDIX III**  
US Justice Department Indictment Against Chiquita  
Pp. 23-27



13Mar07

---

**Full text of Justice Department Indictment  
stating that Chiquita gave more than \$1.7  
million to the United Self-Defense Forces of  
Colombia (the "AUC")**

---

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA  
UNITED STATES OF AMERICA,  
v.  
CHIQUITA BRANDS INTERNATIONAL, INC.,  
Defendant.

**CRIMINAL NO.:**

**VIOLATION:**

Engaging in Transactions with a Specially-Designated Global Terrorist (50 U.S.C. § 1705(b); and 31 C.F.R. § 594.204)

**INFORMATION**

The United States Attorney charges that:

**COUNT ONE**

(Engaging in Transactions with a Specially-Designated Global Terrorist)

At all times material to this Information:

**A. General Allegations**

**Defendant Chiquita Brands International, Inc.**

1. Defendant **CHIQUITA BRANDS INTERNATIONAL, INC.** ("**CHIQUITA**"), was a multinational corporation, incorporated in New Jersey and headquartered in Cincinnati, Ohio. Defendant **CHIQUITA** engaged in the business of producing, marketing, and distributing bananas and other fresh produce. Defendant **CHIQUITA** was one of the largest banana producers in the world and a major supplier of bananas throughout Europe and North America, including within the District of Columbia. Defendant **CHIQUITA** reported over \$2.6 billion in revenue for calendar year 2003. Defendant **CHIQUITA** had operations throughout the world, including in the Republic of Colombia.



2. C.I. Bananos de Exportación, S.A. (also known as and referred to hereinafter as "Banadex"), was defendant **CHIQUITA'S** wholly-owned Colombian subsidiary. Banadex produced bananas in the Urabá and Santa Marta regions of Colombia. By 2003, **Banadex was defendant CHIQUITA'S** most profitable banana-producing operation. In June 2004, defendant **CHIQUITA** sold Banadex.

### The AUC

3. The United Self-Defense Forces of Colombia -an English translation of the Spanish name of the group, "Autodefensas Unidas de Colombia" (commonly known as and referred to hereinafter as the "AUC"), was a violent, right-wing organization in the Republic of Colombia. The AUC was formed in or about April 1997 to organize loosely-affiliated illegal paramilitary groups that had emerged in Colombia to retaliate against left-wing guerillas fighting the Colombian government. The AUC's activities varied from assassinating suspected guerilla supporters to engaging guerrilla combat units. The AUC also engaged in other illegal activities, including the kidnapping and murder of civilians.

4. Pursuant to Title 8, United States Code, Section 1189, the Secretary of State of the United States had the authority to designate a foreign organization as a Foreign Terrorist Organization ("FTO") if the organization engaged in terrorist activity threatening the national security of the United States.

5. The Secretary of State of the United States designated the AU as an FTO, initially on September 10, 2001, and again on September 10, 2003. As a result of the FTO designation, since September 10, 2001, it has been a crime for any United States person, among other things, knowingly to provide material support and resources, including currency and monetary instruments, to the AUC.

6. The International Emergency Economic Powers Act, 50 U.S.C. § 1701, *et seq.*, conferred upon the President of the United States the authority to deal with acts to the national security, foreign policy and economy of the United States. On September 23, 2001, pursuant to this authority, President George W. Bush issued Executive Order 13224. This Executive Order prohibited, among other things, any United States person from engaging in transactions with any foreign organization or individual determined by the Secretary of State of the United States, in consultation with the Secretary of the Treasury of the United States and the Attorney General of the United States, to have committed, or posed a significant risk of committing, acts of terrorism that threaten the security of United States nationals or the national security, foreign policy or economy of the United States (referred to hereinafter as a "Specially-Designated Global Terrorist" or "SDGT"). This prohibition included the making of any contribution of funds to or for the benefit of an SDGT, without having first obtained a license or other authorization from the United States government.



7. The Secretary of the Treasury promulgated the Global errorism Sanctions Regulations, 31 C.F.R. § 594.201., *et seq.*, implementing the sanctions imposed by Executive Order 13224. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), located in the District of Columbia, was the entity empowered to authorize transactions with an SDGT. Such authorization, if granted, would have been in the form of a license.

8. Pursuant to Executive Order 13224, the Secretary of State of the United States, in consultation with the Secretary of the Treasury of the United States and the Attorney General of the United States, designated the AUC as a Specially-Designated Global Terrorist on October 31, 2001. As a result of the SDGT designation, since October 31, 2001, it has been a crime for any United States person, among other things, willfully to engage in transactions with the UC, without having first obtained a license or other authorization from OFAC.

### Relevant Persons

9. Individual A was a high-ranking officer of defendant **CHIQUITA**.

10. Individual B was a member of the Board of Directors of defendant **CHIQUITA** ("Board").

11. Individual C was a high-ranking officer of defendant **CHIQUITA**.

12. Individual D was a high-ranking officer of defendant **CHIQUITA**.

13. Individual E was a high-ranking officer of defendant **CHIQUITA**.

14. Individual F was a high-ranking officer of Banadex.

15. Individual G was an employee of Banadex.

16. Individual H was an employee of defendant **CHIQUITA**.

17. Individual I was an employee of defendant **CHIQUITA**.

18. Individual J was a high-ranking officer of defendant **CHIQUITA**.

### **Defendant Chiquita's Payments to the AUC**

19. For over six years - from in or about 1997 through on or about February 4, 2004 - defendant **CHIQUITA**, through Banadex, paid money to the AUC in the two regions of Colombia where it had banana-producing operations: Urabá and Santa Marta. Defendant **CHIQUITA** paid the AUC, directly or indirectly, nearly every month. From in or about 1997 through on or about February 4, 2004, defendant **CHIQUITA** made over 100 payments to the AUC totaling over \$1.7 million.

20. Defendant **CHIQUITA** had previously paid money to other terrorist organizations operating in Colombia, namely to the following violent, left-



wing terrorist organizations:

Revolutionary Armed Forces of Colombia-an English translation of the Spanish name of the group "Fuerzas Armadas Revolucionarias de Colombia" (commonly known as and referred to hereinafter as "the FARC"); and the National Liberation Army - an English translation of the Spanish name of the group "Ejército de Liberación Nacional" (commonly known as and referred to hereinafter as "the ELN"). Defendant **CHIQUITA** made these earlier payments from in or about 1989 through in or about 1997, when the FARC and the ELN controlled areas where defendant **CHIQUITA** had its banana-producing operations. The FARC and the ELN were designated as FTOs in October 1997.

21. Defendant **CHIQUITA** began paying the AUC in Urabá following a meeting in or about 1997 between the then-leader of the AUC, Carlos Castaño, and Banadex's then-General Manager. At the meeting Castaño informed the General Manager that the AUC was about to drive the FARC out of Urabá. Castaño also instructed the General Manager that defendant **CHIQUITA'S** subsidiary had to make payments to an intermediary known as a "convivir." Castaño sent an unspoken but clear message that failure to make the payments could result in physical harm to Banadex personnel and property. Convivirs were private security companies licensed by the Colombian government to assist the local police and military in providing security. The AUC, however, used certain convivirs as fronts to collect money from businesses for use to support its illegal activities.

22. Defendant **CHIQUITA'S** payments to the AUC were reviewed and approved by senior executives of the corporation, to include high-ranking officers, directors, and employees. No later than in or about September 2000, defendant **CHIQUITA'S** senior executives knew that the corporation was paying the AUC and that the AUC was a violent, paramilitary organization led by Carlos Castaño. An in-house attorney for defendant **CHIQUITA** conducted an internal investigation into the payments and provided Individual C with a memorandum detailing that investigation. The results of that internal investigation were discussed at a meeting of the then-Audit Committee of the then-Board of Directors in defendant **CHIQUITA'S** Cincinnati headquarters in or about September 2000. Individual C, among others, attended this meeting.

23. For several years defendant **CHIQUITA** paid the AUC by check through various convivirs in both the Urabá and Santa Marta regions of Colombia. The checks were nearly always made out to the convivirs and were drawn from the Colombian bank accounts of defendant **CHIQUITA'S** subsidiary. No convivir ever provided defendant **CHIQUITA** or Banadex with any actual security services or actual security equipment in exchange for the payments, for example, security guards, security guard dogs, security patrols, security alarms, security fencing, or security training. Defendant **CHIQUITA** recorded these payments in its corporate books and records as "security payments" or payments for "security" or "security services."



24. In or about April 2002, defendant **CHIQUITA** seated a new Board of Directors and Audit Committee following defendant **CHIQUITA'S** emergence from bankruptcy

25. Beginning in or about June 2002, defendant **CHIQUITA** began paying the AUC in the Santa Marta region of Colombia directly and in cash according to new procedures established by senior executives of defendant **CHIQUITA**. In or about March 2002, Individual C and others established new procedures regarding defendant **CHIQUITA'S** direct cash payments to the AUC. According to these new procedures:

(A) Individual F received a check that was made out to him personally and drawn from one of the Colombian bank accounts of defendant **CHIQUITA'S** subsidiary. Individual F then endorsed the check. Either Individual F or Individual G cashed the check, and Individual G hand-delivered the cash directly to AUC personnel in Santa Marta.

(B) Banadex treated these direct cash payments to the AUC as payments to Individual F, recorded the withholding of the corresponding Colombian tax liability, reported the payments to Individual F as such to Colombian tax authorities, and paid Individual F's corresponding Colombian tax liability. This treatment of the payments made it appear that Individual F was being paid more money and thus increased the risk that Individual F would be a target for kidnapping or other physical harm if this became known.

(C) Individual F also maintained a private ledger of the payments, which did not reflect the ultimate and intended recipient of the payments. The private ledger only reflected the transfer of funds from Individual F to Individual G and not the direct cash payments to the AUC.

26. On or about April 23, 2002, at a meeting of the Audit Committee of the Board of Directors in defendant **CHIQUITA'S** Cincinnati headquarters, Individual C described the procedures referenced in Paragraph 25. Individual A, Individual B, and Individual E, among others, attended this meeting.

### Designation of the AUC as a Foreign Terrorist Organization

27. The United States government designated the AUC as an FTO on September 10, 2001, and that designation was well-publicized in the American public media. The AUC's designation was first reported in the national press (for example, in the Wall Street Journal and the New York Times) on September 11, 2001. It was later reported in the local press in Cincinnati where defendant **CHIQUITA'S** headquarters were located - for example, in the Cincinnati Post on October 6, 2001, and in the Cincinnati Enquirer on October 17, 2001. The AUC's designation was even more widely reported in the public media in Colombia, where defendant **CHIQUITA** had its substantial banana-producing operations.

28. Defendant **CHIQUITA** had information about the AUC's designation as an FTO specifically and global security threats generally through an



**ANALYTICAL APPENDIX IV**  
Edited OAS Chronology of Payments Made to GIR S.A.  
Pp. 29-30



- On or about May 18, 2000, Zoller traveled to Panama to conclude the sale of 2500 AK47s (later 3000) and 5 million rounds of ammunition to Shimon Yelinek. Once the deal was concluded, Kissilevich (from Guatemala) sent Zoller a fax to his hotel room in Panama, with information on how Yelinek could send a wire transfer to GIR S.A.'s bank account (Westrust Bank Ltd, account 40692-9) [Interview with Zoller]. This was so that Yelinek could send GIR S.A. a down payment.
- On June 7, Zoller sent Shrem information on how to send a wire transfer to GIR S.A.'s Westrust bank account number 010063264, sub account 40692-9 - through Barclay's Bank in Miami Fl, explaining that the transfer that Shrem attempted to do one week before did not go through.
- On June 16, \$74,972 was deposited in GIR S.A.'s account as a down-payment for the purchase of 2500 AK47s and 5 million rounds of ammunition by Yelinek.
- On October 2, 2000, \$50,000 was deposited by Yelinek in GIR S.A.'s bank account. [Interview with Zoller].
- On February 1, 2001, Zoller sent Yelinek a fax, with the details of how to send a wire-transfer to GIR S.A.'s bank account (the Westrust Bank account).
- On February 9, 2001, Kissilevich sent Yelinek a fax, with the technical specifications of AK47 assault rifles and ammunition, and the details of how they were packed.
- On March 5, 2001, Zoller sent Yelinek a fax, with the details of how to send a wire-transfer to GIR S.A.'s bank account (the Westrust Bank account).
- On March 6, 2001, \$100,000 was deposited in GIR S.A.'s bank account via wire transfer from Discount Bank and Trust Company, Geneva, Switzerland; through Citibank, New York.
- On July 3, 2001, \$10,450 was deposited in GIR S.A.'s bank account. [Interview with Zoller].
- On September 28, Kissilevich sent General Calderon a fax, providing an accounting of a transaction in which the army sold to GIR S.A. 2.5 million rounds of AK47 ammunition worth \$112,000, agreed to exchange the 5000 old NNP AK47s, for 3117 new AK47s for a fee of \$20,000, and sold 300 ammunition-carrying vests worth \$15,000 - in return for 500 bullet-proof vests and accessories from GIR S.A., valued at \$185,620. Kissilevich informed Calderon that the army owed GIR S.A. \$68,120 for the balance of the transaction, and attached information on how to send a wire-transfer to GIR S.A.'s account.



- On October 15, 2001, \$99,775 was deposited in GIR S.A.'s bank account via wire transfer from a certain Kolel Shomrei Aahomot by way of the Mercantile Discount Bank Ltd, Tel Aviv, Israel.
- On October 16, 2001, \$212,265 was deposited in GIR S.A.'s bank account via wire transfer from S.H and A. Diamonds Ltd, by way of Chase [bank] in New York.
- On November 9, 2001, GIR S.A. sent Yelinek a fax outlining the entire transaction on the sale of equipment and related shipping costs, and detailing payments received from Yelinek. The entire cost of the operation amounted to \$603,805, of which GIR S.A. had received \$547,642 from Yelinek - GIR S.A. was owed \$ 56,343.
- On December 4, 2001, Zoller's bank account received two wire transfers. The first, for \$6,475, from a certain Stein Svi, by way of the Mercantile Discount Bank Ltd, Tel Aviv, Israel; the second, for \$49,568 from a certain Chaim Mann, by way of the First International Bank of Israel, Ltd. Tel Aviv, Israel.



**METHODOLOGICAL APPENDIX**

Pp. 32-33



The author of this paper conducted the research mainly online and in libraries. It is thus unnecessary to detail the various steps, as these types of research are not special in anyways. Rather, the Methodological Appendix aims to provide a general assessment of the sources on which the case study is based.

Added to this Methodological Appendix is an email interview done by the author of Christopher Hernández-Roy, Deputy Investigator of the OAS Investigative Team that wrote the report cited in the paper. Since the events occurred ten years ago and Hernández did not recall all the details, the main interesting point that comes out of the interview is the insights it offers vis-à-vis sources' reliability. "You need to keep in mind the nature of our investigation – we did not have any police powers. *We relied on what information we were able to obtain from the governments and the actors involved,*" commented Hernández (emphasis added). Investigative reports like the OAS and UNODC ones, books, court cases, newspapers articles and government material must be carefully analyzed for two reasons. First, the author's access to information was limited as Hernández illustrates. Second, the author changes the information to achieve a certain purpose. For instance, the paper discussed the ties between Jorge Milton Cifuentes Villa and the leaders of the AUC in hypothetical terms since the only sources obtained were US government documents and a newspaper article. While the former is known to have conducted misinformation and disinformation campaigns (the presence of weapons of mass destruction in Iraq being the most obvious case), journalists sometimes do not thoroughly investigate the reliability of their sources or overemphasize a particular issue to attract more readers. On the contrary, primary sources such as the ones obtained from "The Chiquita Papers" are more reliable as they are not altered by interpretations. The author of this paper attempted to remove as much hearsay as possible and provide an impartial analysis.



From: **Hernandez, Christopher** CHernandez@oas.org  
Subject: RE: Interview request: OAS Investigation on the "Otterloo Incident"  
Date: November 5, 2014 at 11:54 AM  
To: Aliaume Leroy aliaumeleroy@hotmail.fr

1) What role did you play in the investigation?

I was the deputy investigator, working under Ambassador Morris Busby, who was the lead investigator.

2) How long did the investigation last?

To be honest, I can't remember. Busby was appointed sometime in the late spring, early summer of 2002, and the report was presented to the Permanent Council in January 2003. So it was probably around 6 months.

3) Did you take part in the interviews that the OAS Investigative Team set up with Ori Zoller, head of the GIR S.A.? If yes, what was your impression on the character? Did you personally feel that he was aware of the real destination of the weapons? Busby and I interviewed Zoller. My recollection is that he was completely disingenuous. As to whether he knew about the final destination, I can only say that any reasonable person should have been suspicious and should have done a minimum of due diligence with the supposed buyers, the Panamanian National Police.

4) Were you aware at the time of the investigation that Zoller had collaborated with the DEA, which was investigating Shimon Yelinek's ties to Jorge Milton Cifuentes Villa's drug trafficking organization, right after the delivering of the weapons to the AUC?

I was not aware of this.

5) Did the investigation look at the money trail? If yes, where did it lead to? Who, in your opinion, masterminded the "Otterloo Incident"? (On a side note, the official version of the OAS report are missing annexes, do you know where I can get a hand on them? I already emailed the OAS Information Officer but he stated that they did not exist)

There was some degree of financial information that we analyzed - but I can't recall the details. You need to keep in mind the nature of our investigation - we did not have any police powers. We relied on what information we were able to obtain from the governments and the actors involved. The annexes were never published because there were just too many papers.

6) Do you have by any chance any information on Shimon Yelinek and his links to Cifuentes Villa at the time?

No.

7) I am having difficulty finding info on Marco Shrem and the extent of his involvement in the deal. Do you recall, by any chance, anything that could advance my knowledge on this particular character?

Unfortunately, no.

8) Was anyone prosecuted in the aftermath of the investigation?

If I recall correctly, the Panamanians tried to prosecute Yelinek. I believe he may have been held briefly in custody, but nothing prospered. The Colombians did detain and convict a handful of people who were in Turbo and I believe unloaded the arms. US authorities investigated Chiquita for their involvement, and I believe there were some corporate fines. Zoller did not break any Guatemalan laws, so nothing happened there.

9) In your opinion, does the "Otterloo Incident" reflect common patterns observed in other arms trafficking cases? What specific aspects does it contain?

I can't comment on this, as I am not familiar with other cases. I can say that this incident involved fake purchase orders which appears to be a common trick.

Hope this helps. CHR>



**FULL LIST OF REFERENCES**  
Pp. 35-36



## Books

Jamail, Milton and Gutierrez, Margo. *It's No Secret: Israel's Military Involvement in Central America*. Association of Arab-American University Graduates, 1986.

Lumpe, Lora. *Running Guns: The Global Market in Small Arms*. London: Zed Books, 2000.

## Reports

Organization of American States (OAS). *Report of the General Secretariat of the Organization of American States on the Diversion of Nicaraguan Arms to the United Defense Forces of Colombia*. January 6, 2003. Accessed at URL [http://fas.org/asmp/campaigns/smallarms/OAS\\_Otterloo.htm](http://fas.org/asmp/campaigns/smallarms/OAS_Otterloo.htm).

United Nations Office on Drugs and Crime (UNODC). *Transnational Organized Crime in Central America and the Caribbean: A Threat Assessment*. 2012. Accessed at URL: [http://www.unodc.org/documents/data-and-analysis/Studies/TOC\\_Central\\_America\\_and\\_the\\_Caribbean\\_english.pdf](http://www.unodc.org/documents/data-and-analysis/Studies/TOC_Central_America_and_the_Caribbean_english.pdf).

## Newspapers articles

Gerth, Jeff. "Israeli Arms Diverted to Colombia Drug Traffickers." *The New York Times*. May 6, 1990. Accessed on November 15 2014 at URL: <http://www.nytimes.com/1990/05/06/world/israeli-arms-diverted-to-colombia-drug-traffickers.html>.

Glass, Robert. "Arms Diversion to Colombia Clouds Antigua Ruling Family: Caribbean: Israel accuses the island prime minister's son of ordering weapons that ended up in the hands of the cocaine cartel." *Los Angeles Times*. May 20, 1990. Accessed on November 15 2014 at URL: [http://articles.latimes.com/1990-05-20/news/mn-298\\_1\\_deputy-prime-minister](http://articles.latimes.com/1990-05-20/news/mn-298_1_deputy-prime-minister).

Jackson, Eric. "Few degrees of separation." *The Panama News*. August 18, 2012. Accessed on November 15 at URL: [http://www.thepanamanews.com/pn/v\\_18/issue\\_07/economy\\_05.html](http://www.thepanamanews.com/pn/v_18/issue_07/economy_05.html).

## Court cases

Hernan David Quiñones Pabón, Specialized Prosecuting Attorney. "Office of the Colombian Prosecutor General Prosecutor General Prosecutor's Office For Criminal Courts of the Specialized Circuits National Anti-Terrorism Unit Office 18." Report of the Investigation and Proceedings on the DIAN and Banadex S.A. workers. July 23, 2004. Accessed at URL: <http://www.earthrights.org/sites/default/files/documents/Chiquita-MTD.pdf>.

United States of America v. Chiquita Brands International, Inc. "Full Text of Justice Department Indictment stating that Chiquita gave more than \$1.7 million to the United Self-Defense Force of Colombia." 13 March 2007. Accessed at URL: <http://www.derechos.org/nizkor/corru/doc/indictment.html>.



## Interview

Interview of Christopher Hernández, Deputy Investigator of the OAS Investigative Team, conducted by email on November 5, 2014.

## Other documents

McFarland. "Secret Guatemala Cable 001013. Visas Donkey: - ISRL (Zoller, Ori)." 2 December 2009. Accessed on *Wikileaks* website at URL:  
<[http://www.wikileaks.org/plusd/cables/09GUATEMALA1013\\_a.html](http://www.wikileaks.org/plusd/cables/09GUATEMALA1013_a.html)>.

National Security Archive Electronic Briefing Book No. 340. "The Chiquita Papers: Banana Giant's Paramilitary Payoffs Detailed in Trove of Declassified Legal, Financial Documents." *The Security National Archive* website. April 7, 2011. Accessed at URL:  
<<http://www2.gwu.edu/~nsarchiv/NSAEBB/NSAEBB340/>>.

US Department of State. "Narcotics Rewards Program: Jorge Milton Cifuentes-Villa, Bureau of International Narcotics and Law Enforcement Agencies." *US Department of State* website. Accessed at URL: <<http://www.state.gov/j/inl/narc/rewards/171614.htm>>.

US Department of the Treasury Office of Foreign Assets Control. "Cifuentes Villa Drug Trafficking Organization." February 2011. Accessed at URL:  
<[http://www.treasury.gov/resource-center/sanctions/Programs/Documents/cifuentes\\_villa\\_ind\\_022011.pdf](http://www.treasury.gov/resource-center/sanctions/Programs/Documents/cifuentes_villa_ind_022011.pdf)>.



**COPIES OF MAIN SOURCES**  
Pp. 38-50



# **IT'S NO SECRET**

***Israel's  
Military Involvement  
in Central America***



**Milton Jamail  
Margo Gutierrez**



RUNNING GUNS

The Global Black Market in Small Arms

1743

# RUNNING GUNS

The Global Black Market in Small Arms

EDITED BY LORA LUMPE



PERMANENT COUNCIL



OEA/Ser.G  
CP/doc. 3687/03  
29 January 2003  
Original: Spanish

REPORT OF THE GENERAL SECRETARIAT OF THE  
ORGANIZATION OF AMERICAN STATES ON THE  
DIVERSION OF NICARAGUAN ARMS TO THE  
UNITED DEFENSE FORCES OF COLOMBIA

January 6, 2003

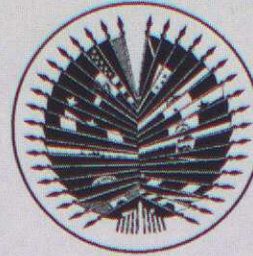
This document is being distributed to the permanent missions and  
will be presented to the Permanent Council of the Organization.



**NOTE:**

This edition of the General Secretariat's Report on the Diversion of Nicaraguan Arms to the United Self Defense Forces of Colombia does not contain Annexes III through VII. In all other respects this edition is identical to the complete report.





**Report of the General Secretariat of the Organization of  
American States on the Diversion of Nicaraguan Arms to the  
United Self Defense Forces of Colombia**

January 6, 2003



## INDEX

### **1. Executive Summary**

1. Summary
2. Recommendations

### **2. Report**

- I. Background
- II. Principal Actors in the Arms Diversion
- III. The Chain of Events
- IV. Analysis
- V. Legal Commentary
- VI. Application of the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and Other Related Materials, (CIFTA)
- VII. Issues Requiring Further Investigation
- VIII. Conclusions

### **3. Annexes**

- I. Documented Chronology of the Chain of Events
- II. List of all Actors
- III. Sworn Statements
- IV. Documents Related to the Supposed Purchase Order
- V. Supporting Documents
- VI. Application of the Inter-American Drug Abuse Control Commission's (CICAD) Model Regulations
- VII. CICAD Model Regulations





TRAFALGAR MARITIME INTERNATIONAL INC.

412001000573

C.I. BANADEX S.A.

PAGE 2

OCEAN BILL OF LADING FOR PORT TO PORT AND INTERMODAL SHIPMENT

SHIPPER'S (ISSUING) ADDRESS

CONSIGNEE (COMPLETE NAME AND ADDRESS)

IF "TO ORDER" SO SPECIFY BANADEX

NOT COMPLETE NAME AND ADDRESS

BANKA Y Ltda.

PLACED OF RECEIPT

VERACRUZ - MEXICO

OCEAN VESSEL

INVT. OTTERLOO

PLACE OF DELIVERY

MEXICO

PORT OF LOADING

VERACRUZ MEXICO

DOCUMENT No. (THM-004-2001) THM-003-2001

POINT AND COUNTRY OF ORIGIN QUADALAJARA - MEXICO

FOR TRANSHIPMENT TO TURBO - ANTIOQUIA - COLOMBIA

b6 b7c

MARKS AND NUMBERS	NO. OF PACKS	DESCRIPTION OF PACKAGES AND GOODS	GROSS WEIGHT	MEASUREMENT
PTQU 000629-9	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
MMWJ 00971811	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
PTQU 001349-2	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
SCZU 722508-4	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
TRLU 205275-7	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
MMWJ 2185820-4	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
MMWJ 1507947-6	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
PTQU 001467-1	100 BOLSAS	PELOTAS DE PLASTICO	2720 KG	20"
MMWJ 3449844	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
VS 458221-3	100 BOLSAS	PELOTAS DE PLASTICO	2720 KG	20"
MMWJ 0816305	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
PTQU 000434-1	100 BOLSAS	PELOTAS DE PLASTICO	2720 KG	20"
OCLU080854-3	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
PTQU 001046-8	100 BOLSAS	PELOTAS DE PLASTICO	2720 KG	20"
MMWJ 3543434	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
MMWJ 3431080	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
SZDU 3727734	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
SZDU 3631720	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
CLAU 2930117	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
CLAU 2930184	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
CLAU 2930204	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
272604-9	125 BOLSAS	PELOTAS DE PLASTICO	3400 KG	20"
250048-9	100 BOLSAS	PELOTAS DE PLASTICO	2720 KG	20"

TOTAL NUMBER OF CONTAINERS OR PACKAGES (IN WORDS): VENTICUATRO CONTENEDORES DE VENTE PIES

FREIGHT CHARGES PAYABLE AT A LOS 3 DIAS BANCARIOS DEL ZARPE DEL PUERTO DE ORIGEN

Shipped in apparent good condition, unless otherwise stated hereon, on board the above ocean vessel (or on board a prearranged vessel or other means of transport the Place of Receipt named above, for forwarding subject to clause on reverse side of this Bill of Lading).

IN WRITING WHERE OF, THERE HAVE BEEN EXCISES THREE (03) BILLS OF LADING, ALL OF THE SAME TENOR AND DATE, ONE OF WHICH BEING ACCOMPLISHED, THE OTHERS TO STAND VOID

DAILY DEMURRAGE RATE

POB

Month Day Year

THM-003-2001 October 19 2001

FIRST ORIGINAL

b6 b7c



412001000573

ANEXO AL CONOCIMIENTO DE EMBARQUE

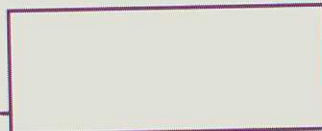
CORRECCIONES

• Casilla "Consignee":

Dice: BANADEX  
Debe decir: Inversiones Banoly Ltda.

• Casilla "Total Numbers Of Containers"

Dice: VEINTICUATRO CONTENEDORES DE VEINTE PIES  
Debe decir: VEINTITRÉS CONTENEDORES DE VEINTE PIES



b6  
b7C

CAPITAN M/N. OTTERLOO



OFFICE OF THE COLOMBIAN PROSECUTOR GENERAL  
PROSECUTOR'S OFFICE FOR CRIMINAL COURTS OF THE  
SPECIALIZED CIRCUITS  
National Anti-Terrorism Unit  
Office 18

109

File No. 59,516

Bogota, Capital District, July 23, 2004

MATTER TO BE DECIDED

Determine the propriety of the investigation being conducted by this prosecutor's office into the activities of HENRY HERNANDO RAMIREZ BAHAMON, HERMINIO MARTINEZ MERCADO, CARMELO CORDOBA CAMPO, PAOLA KATHERINE ROMERO BENAVIDES, YOVANNY HURTADO TORRES and LUIS ANIBAL CHAVERRA ARBOLEDA, who were linked to the investigation, by unsworn statement, as presumed perpetrators of the crimes as set forth in article 286, 322, amended by article 73 of Law 788 of 2002 and article 366 of the Criminal Code, concerning the issuance of false or inaccurate government documents, the fabrication, trafficking and carrying of weapons and munitions, the use of which is restricted to the armed forces, and favoritism by a civil servant, with respect to the first three individuals named, [and] the latter three individuals for the offense set forth in article 366 of the same text, once the investigational phase in these proceedings is concluded and the time allowed by law to present charges has expired.

FACTUAL SUMMARY

In response to the arguments of counsel for the civil servants employed by the DIAN [Dirección de Impuestos y Aduanas Nacionales – Colombian tax and customs authority], we affirm that there can be no doubt whatsoever as to the manner in which the arms and munitions were brought into the country, which commenced in November 2001, military material intended for paramilitary groups operating in the Departments of Córdoba and Antioquia. This occurred once the ship Otterloo weighed anchor at the shores of Uraba on November 5, 2001 and unloaded 23 containers onto *bongos* (flat-bottomed vessels) that transported them to the Banadex S.A. yards at a



Nicaraguan port, or more precisely, Puerto El Rama, where the contents of 14 of the 23 containers (plastic balls) were exchanged for the 3000 rifles (AK-47 rifles) and 5,000,000 5.62 caliber cartridges for those rifles, which arsenal had documentation not only relative to the plastic balls purchased in Mexico, but also a supposed purchase of arms from the Nicaraguan police by its counterpart in Panama, the latter to avoid any problems in case of interception on international waters.

The 23 containers having arrived at Uraba on the motorboat Otterloo, they were placed in several bongos and brought onshore to the yards of the company Banadex S.A. at Puerto Zungo (Carepa), at which location the task of inspecting the containers was carried out by Messrs. HENRY HERNANDO RAMIREZ BAHAMON, HERMINIO MARTINEZ MERCADO and CARMELO CORDOBA CAMPO, agents of the DIAN office in Turbo commissioned for this purpose, in order to "verify compliance with custom laws in force and Merchandise Monitoring." Having completed this task, the customs agents recorded in the inspection report of November 8, 2001 (folio 192 c.c. 4.), that "the merchandise inspected corresponded to the merchandise declared."

But in addition to the DIAN agents, as stated by the accused in their unsworn statements and as appears in the corresponding documentation, also present at the Banadex S.A. yard were Mr. YOVANNY HURTADO TORRES, representing Banadex S.A.; LUIS ANIBAL CHAVERRA ARBOLEDA and ERASMO DE JESUS SALDARRIAGA CUARTAS, representing the owners of the merchandise (folio 112 et seq. c.c. 3), there being a document showing that CHAVERRA ARBOLEDA was handling vis-à-vis Banadex S.A. the matter concerning importation in the name of NELSON SALDARRIAGA CUARTAS, legal representative of Banadex S.A., and was the person who coordinated the arsenal's exit in 14 trucks he had arranged for this purpose and which arrived at their final destination, the paramilitary groups operating in the Antioquia and Córdoba departments (folio 54 et seq. c.c. 4).







documents, No indication that Chesquiter is being investigated.  
QJO: Original B/L had Comader as consignee. Captain changed. Miss.

**Colombian Television Program Referring to AK-47's**

**From:** [Redacted]  
**To:** [Redacted]  
**Date:** 7/18/2002 10:50 AM  
**Subject:** Colombian Television Program Referring to AK-47's

7/18/02; Left message for [Redacted]  
Any indication that Chesquiter is under investigation.

The story appeared in a Colombian television news program named *Noticias Uno*. This is the same program that some months ago presented a story on the "Chiquita Customs Bribery Scandal." One of the journalists who now works for *Noticias Uno* is the Colombian journalist who most aggressively pursued the bribery story. At that time he was working for a Bogota daily newspaper (*El Espectador*).

The story lasts a bit over three minutes.

Bear in mind that the incident in question occurred in November 2001, and it received significant press coverage last April and May. In a five-minute internet search I found four articles from last April-May, none of which refers to Chiquita. As mentioned below, the *Noticias Uno* story features Chiquita quite a bit.

The story is introduced as dealing with the trafficking of weapons to paramilitary groups, specifically the arrival of 1,500 AK-47 rifles at a private port in Uraba, which were declared to be toy plastic balls from Mexico.

It is stated that the weapons were sold by the Nicaraguan police to the paramilitary group lead by Carlos Castano. (Castano is famous in Colombia as the leader of the main paramilitary group, named "AUC.") Twenty-three containers were loaded in Mexico. Upon their arrival in Colombia fourteen of the containers actually contained the AK-47's. "As previously reported by *Noticias Uno*, the wharf in question has a special status that allows it to be operated exclusively by the multinational banana company Chiquita Brands." This statement is made while showing a brief (five seconds) excerpt from an old Chiquita television commercial with the Chiquita jingle.

Fourteen seconds into the piece, toward the bottom of the screen there appears - for four seconds - the phrase "Chiquita Trafficked in Arms." Beneath that phrase is the phrase "Multinational Banana Company Implicated in Contraband." This latter phrase remains on the screen for twenty-four seconds.

It is reported that the incident is being investigated by the DIAN (the Colombian customs authority). The AK-47's were loaded in Nicaragua. The Nicaraguan police force says it sold the rifles to the Panamanian police force, through a Guatemalan intermediary. This is denied by the Panamanians, who ask why the Nicaraguans never contacted them directly.

It is reported that the DIAN investigation is focused on the possible involvement of customs officials, who apparently certified that the items in question were "toys." "But they are also looking for those who, within the installations of the multinational banana company, unloaded the containers and sent the weapons in trucks to the criminal organization of Carlos Castano." (This statement is made while showing a Chiquita container being hauled through a gate which presumably is the entrance to the Chiquita facility.)

The DIAN investigation is supposed to be completed prior to the installation of the new President (August 7).

It is reported that the Organization of American States is also investigating the incident, from the perspective of treaties prohibiting arms trafficking. The OAS has appointed former US ambassador to Colombia Morris Busby to lead the investigation, which is to be completed by the end of this month. (The OAS website has a June 20 press release announcing Busby's appointment.)

Finally, it is reported that the US State Department has complained that the traffickers would have been caught red-handed had it not been for information leaked to and published by the Nicaraguan press.

7/19/02 TCW [Redacted]  
DIAN is investigation 2 employees DIAN employees who were responsible for clearance  
DIAN, Fiscalía & local police have all told us that were are not under investigation  
file://C:\Documents%20and%20Settings\cbuym\Local%20Settings\TEMP\GW\00009.HTM 7/18/2002



~~Sanader - Justice - outside~~  
asked legal rep to meet with team at Sta. Marta DAS office.  
Luis fernan went. Met with them on 6/15/02. Lights out. So went to  
Sanader office in Sta. Marta. About 2 hours.  
Had to show docs. related to shipment confiscated  
Working with Outside Police

DIAW interviewed our people related to the 2 DIAW employees.  
They wrote their own internal news on our computer.  
Did not delete. Very clear they are not focused  
on us.

Some authority (police, army) asked us to provide  
documents re shipment.

No add'l news or questions since Noticias Uno story